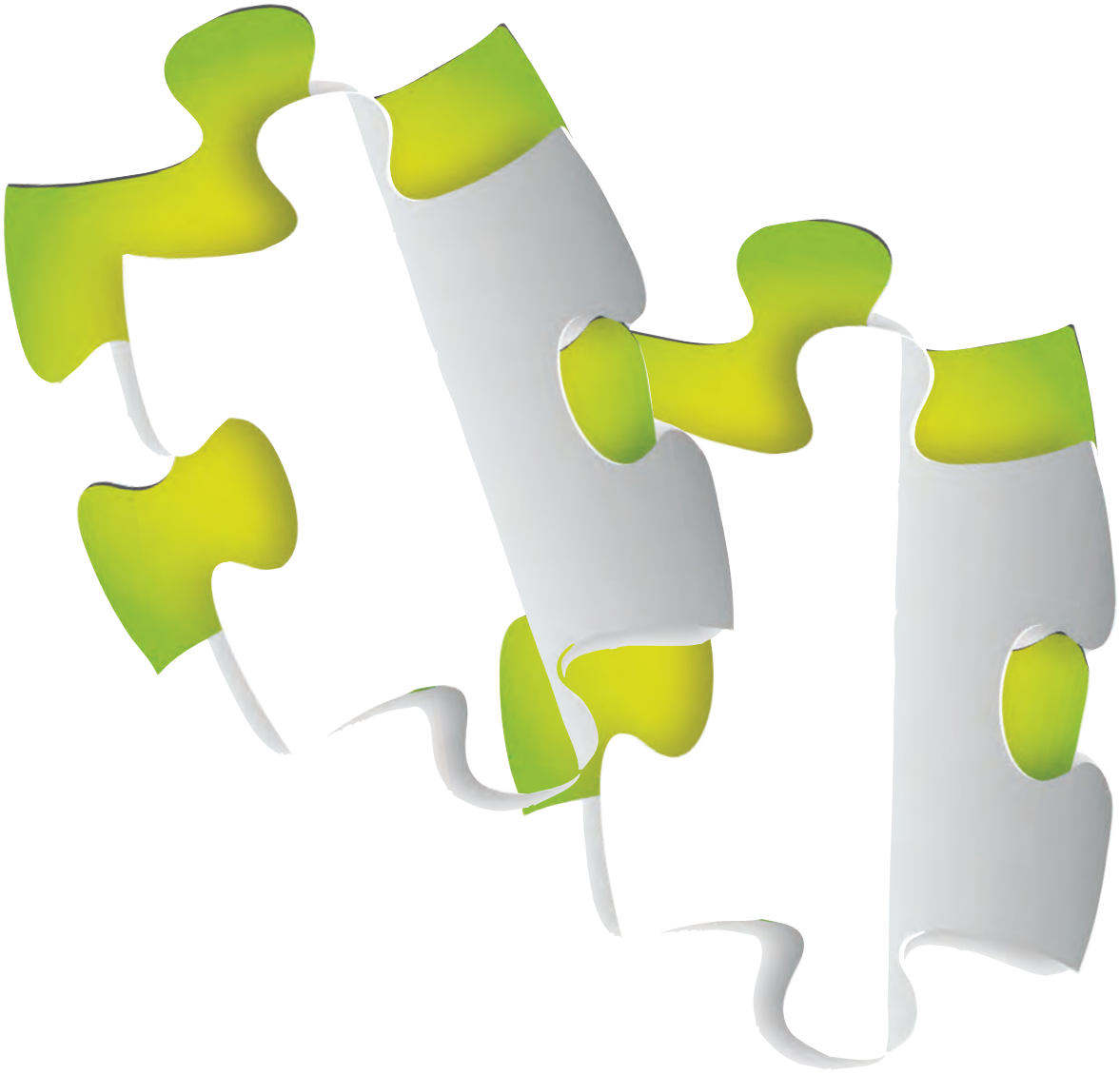
Annual Report & Accounts

1 April 2015 - 31 March 2016



all together, better

nep

North Essex Partnership NHS
University NHS Foundation Trust

Creative Collaboration

North Essex Partnership University NHS Foundation Trust

Annual Report & Accounts, 1 April 2015 – 31 March 2016

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

Contents

Foreword from the Chairman and Chief Executive

Chris Paveley, Chairman

Christopher Butler, Interim Chief Executive

Challenge and change are two words often heard spoken in the NHS these days; they are words that certainly apply to the year 2015/16 for this Trust.

Challenge came from external scrutiny, with the Care Quality Commission (CQC) rating the Trust as 'requires improvement'; from continued downward pressure on budgets from our Commissioners; from a continuing increase in demand and the level of acuity of patients; from the loss of the contract for community Children and Adolescent Mental Health Services (CAMHS) and from continuing uncertainty about the future place of mental health services in a changing commissioning landscape.

Change came internally with the introduction of a new approach to the delivery of community mental health services through our Journeys programme; with changes in senior management; and through our decision to pursue a merger with a neighbouring trust, South Essex Partnership University NHS Trust (SEPT).
But whether it was external challenge or internal change the Trust has responded well and continued to deliver excellent care to more than 13,000 patients and service users who rely on our services.

Details of all these challenges and changes appear throughout this report, but there are a few on which we need to comment more fully.
The main story of the year was the CQC inspection, when more than 80 inspectors spent a week visiting every part of the Trust. While their overall verdict was 'requires improvement', it should also be remembered that more than 60% of the individual service scores were 'good' and one was 'outstanding'. We should also remind ourselves that our community services for both adults and children and young people, which account for more than 80% of our patients, were rated 'good' in every one of the CQC scores. It was the same for our long stay inpatient rehabilitation services, and our inpatient wards for children and young people were 'good' in every area except care – where they were rated 'outstanding'.

It was in our adult inpatient areas where we were heavily criticised. As our then Chief Executive, Andrew Geldard, said, the CQC findings were 'a call to action' across the Trust and even before the CQC published their full report we had begun a £1.5 m. programme to improve safety and the ward environments, introduced a more personalised approach to care planning and begun building a stronger system for monitoring and improving safety and quality that runs from the 'Board to the ward'. It is this system that is the greatest legacy from the CQC visit, in that we are embedding a process of continuous improvement which does not stop when the CQC 'to do' list is completed. It is a process that will go on with everyone always looking for ways in which we can do even better.
The enthusiasm with which ward staff have begun these changes and are driving them forward bodes very well for the future, and a massive thank you goes to them all.

At the start of the year we introduced our Journeys programme, a completely new approach to community mental health services. Before the Journeys programme the Trust had 103 small teams with 16 points of access into our services. Journeys, designed to make things more straightforward for service users, begins with a single, comprehensive assessment on referral and then a programme of care delivered either by the assessment team (if only needed for a short period) or by specialist psychosis, non-psychosis or dementia teams as appropriate. It is a testimony to the teams that, although the programme had only been running for four months when the CQC inspected, it received

such a favourable report including very positive comments from service users. A massive thank you goes to the teams for their great work. Continuing reductions in income from our main commissioners; the loss partway through the year of the contract for CAMHS community services and the continual problems in recruiting full time staff, necessitating the use of expensive agency nursing, have combined to push the Trust into an underlying deficit position set out in this report, even though a one-off profit on sales means our accounts show a surplus of £3.7m. A robust programme of financial controls has been introduced restricting all but essential spending. We are seeking to comply with new national rules on the use of nursing agencies, although always being careful to balance this with ensuring we always have sufficient clinical staff on duty to deliver safe services and have developed further cost improvement savings to be delivered in 2016/17. The scale of our underlying financial position means we have set a deficit budget for 2016/17 and we are discussing our plans to return to a balanced financial position over a realistic timescale with NHS Improvement. It will be difficult and tough decisions will need to be made, but we must live within our means or all of our services are at risk.

As a Board, ensuring the continuation of high quality mental health services for the people we serve is our priority and so, with all the changes taking place in the NHS around us, we took the decision to look at what the future may hold and how we could best respond.

In addition to the continuing downward pressure on our budgets, despite Government commitments towards parity of esteem for mental health services, there is a direction of travel in NHS to develop models of 'integrated' care – although how this will look is not yet clear. The NHS Five Year Forward View has called for local Sustainability and Transformation Plans (STPs) from areas, but the geography we serve (north Essex) falls in three different planning areas (Mid and South Essex; Hertfordshire and West Essex; Suffolk and North Essex). Across the three STP areas there are a number of different ways in which providers can work together and we have thought through how, by collaborating with others, we can secure the future of specialist mental health services.

We are already working with our neighbouring Trust SEPT in some areas and so it was against this background that, together, we looked at options for the future and our preferred option is to merge. A merger of our two trusts will bring the different strengths of the two organisations together and secure the future of services through greater financial stability, allowing us to reduce costs through savings in administration.

We are actively pursuing this but it is not a 'done deal' and there is much more work to do. Our shared aspirations are improving our financial stability to enable us to attract the highest quality staff, give better career progression and research opportunities to our clinicians, maximise the joint pool of clinical expertise and, most importantly, enable us to ensure the continuation of high quality mental health services for the people of Essex. Seeing if we can make this a reality is a key activity for 2016/17.

Finally, we know just how hard people in the Trust work to improve the experience of people who need our services and to deliver the best possible outcomes across health and social care. We also know that there will be times when things go wrong and we always need to be up front when this happens, sincerely apologise, and improve what we do. However, every day we encounter people who go the extra mile to help service users and carers to the best of their ability, and we want to offer a sincere thank you to all of our colleagues, clinical and non-clinical, for their great work in our Trust, the NHS, and social care.

Chris Paveley, Chairman

Christopher Butler, Interim Chief Executive

Performance Report

Introduction - who we are

We are North Essex Partnership University NHS Foundation Trust (NEP). We provide specialist mental health and substance misuse services across Essex, Marginalised and Vulnerable Adults (MVA) and run three GP Practices in Thurrock.

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).

NEP was authorised, by Monitor, the independent regulator of NHS Foundation Trusts (now NHS Improvement) as an NHS Foundation Trust pursuant to section 35 of the National Service Act 2006, on 01 October 2007. NEP serves a population of c1 million people and employed just under 2,000 staff (as of April 2015). Our staff work from 60 sites including a number of in-patient units totalling more than 300 in-patient beds.

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 services
- Memory assessment services
- Child and adolescent services
- Specialist eating disorders services
- Community drug and alcohol services

In the last year, we provided:

- Occupied Bed Days – 121,872
- Adult Services Attendances – 124,297
- Older Adult Services Attendances – 25,497
- CAMHS Services Attendances* - 12,641
- Day Care Services Attendances*** - 691

- Drug and Alcohol Attendances – 19,034
- Telephone Contacts Recorded** - 55,398
- Telephone Contacts to Patients regarding their care – 2,789

*** Please note the number of Telephone Contacts recorded may not be with the client, where contact with client has been recorded in Remedy, this has been shown separately.*

** CAMHS Services transferred on 1 November 2015 to North East London NHS Foundation Trust.*

- 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

<u>To individuals and families (including carers):-</u>

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

<u>To our staff:-</u>

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.

Overview of Performance

In common with many other NHS organisations, 2015/16 proved to be a challenging year for the Trust. As described later in this report, the Trust's finances were put under significant strain as we sought to deliver clinical services that are safe, effective, caring, and responsive and of high quality in the context of reduced income from our commissioners. Nevertheless, despite a volatile external environment, NEP was able to make good progress in implementing its new strategic objectives of:

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

Key developments included:

- Strengthening our portfolio of specialist services by acquiring and implementing the following services: a pan-Essex Supported Employment Service, East of England Veterans well-being and Supported Employment Services and Offenders with Complex and additional Needs service.
- Reviewing our approach to improving Patient Experience by designating an Executive lead to drive forward an action plan emanating from the Patient Experience Board and improving its reporting and governance functions.
- Ensuring that quality remained at the heart of everything that we do following the launch of the quality conversation, development of the team/ directorate and Trust Quality Star and introducing the Quality Improvement Panels (QIP) supported by enhanced governance arrangements.
- Completing the implementation of the Community Mental Health Teams service Transformation programme and undertook a review of lessons learnt.
- Delivering against the majority of its contractual and performance targets, which were underpinned by a robust and rigorous programme management approach.

However, we were presented with a number of significant challenges to address in 2015/16, namely;

- For the third consecutive year contract negotiations with our commissioners were protracted, particularly around the Clinical Commissioning Groups (CCGs') plans for treating patients in Clusters 1-4, and the Trust experienced a significant reduction in income in 2015/16.
- The trust lost its community Child and Adolescent Mental Health Service (CAMHS) portfolio, following a pan Essex procurement and had to deal with the resulting financial implications.
- Recruitment and retention difficulties, particularly in respect of clinical staff, which contributed towards a significant increase in the use of agency staff.
- Following an inspection undertaken in August 2015, the Care Quality Commission (CQC) awarded the trust an overall "Requires improvement" rating". Whilst the child and adolescent mental health services (both inpatient and community services) and adult community services were rated good, the inpatient acute services were rated as "inadequate" which triggered implementation of a comprehensive improvement plan. Our Child and Adolescent Mental Health service was rated "outstanding" for caring.
- Given the Trust's deteriorating financial circumstances, and the outcome of the CQC inspection, our regulator (Monitor, now known as NHS Improvement) launched an investigation into the Trust. This resulted in the Trust providing two Undertakings to Monitor. The first concerned commissioning of a review, using Monitor's 'Well-Led' Governance Framework, of the Trust's governance processes and the second concerned additional assurances as to how the Trust will oversee the implementation of the CQC quality improvement plan and be able to subsequently demonstrate improvements in quality.

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 2015/16 regular reports were provided to the Risk and Governance Executive, the Quality and Risk Committee and the Board of Directors to ensure that the risk management and assurance systems remained productive and fit for purpose. The Risk Management Strategy was revised in May 2015, 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 (BAF). The format of the BAF itself was subject to review during the year, and a new format implemented from April 2016 that more clearly highlighted the current level of assurances and the actions that are proposed to mitigate the risk identified.

Twenty-two potentially significant risks were escalated to the Board Assurance Framework during the period 2015/16. These risks related to:

- financial risks arising from changes in service models;
- maintaining a viable organisation;
- non-compliance with Monitor's License and CQC Registration requirements;
- risks of serious incidents occurring as a result of the use of ligatures and ligature points in the inpatient wards;
- emergency preparedness;
- implementation of a new Clinical Information System (Remedy) does not realise service benefits;
- staff engagement;
- strategy development;
- health and safety compliance;
- information governance compliance;
- patient experience;
- mandatory training;
- realising benefits from service transformation reforms
- safeguarding;
- medicines management; and
- maintaining a fit for purpose estate.

Performance Analysis

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 2015/16 against the KPIs included within Monitor's Risk Assessment Framework, and demonstrates these targets were met over each quarter of the year. Further details regarding our performance against these KPIs and other indicators can be found within the Quality Report section.

Risk Assessment Framework Indicator no / Description	**Threshold**	***2015/16 Qrt 1***	***2015/16 Qrt 2***	***2015/16 Qrt 3***	***2015/16 Qrt 4***
9 **Care Programme Approach** (i) (CPA) patients receiving follow-up contact within 7 days of discharge	**95%**	98%	96%	98%	**98%**
(ii) (CPA) patients receiving a formal review within 12 months		96%	96%	96%	**95%**
10 Admissions to inpatients services had access to crisis resolution/home treatment teams	**95%**	99%	95%	98%	**97%**
11 Meeting commitment to serve new psychosis cases by early intervention teams	**95%**	194%	120%	132%	**112.6%**
16 Minimising MH delayed transfers of care	**≤7.5%**	*2%*	1%	1%	**1%**
17 Data completeness – identifiers	**97%**	99%	99%	99%	**99%**
18 Data completeness – outcomes for patients on CPA	**50%**	85%	87%	85%	**80%**
19 Certification against compliance with requirements regarding access to healthcare for people with a learning disability	**n/a**	Yes	*Yes*	Yes	**Yes**

In addition to these indicators (and the additional KPIs related to specific contracts), at each meeting the Board also receives detailed performance information on:

- financial performance;
- workforce metrics, including mandatory training uptake, staff turnover rate, vacancy and sickness levels, appraisals and bank and agency usage;
- quality, including a range of metrics on Patient Safety; Patient Experience; and Clinical Effectiveness. This report also summarises those Risks that have been escalated to Corporate and Area Risk Registers.

Sustainability

The Trust has continued to make progress during the year with the reduction in the carbon footprint across the properties owned or operated for our services.

A Sustainable Development Management Plan (SDMP) was written for the Trust during the year and was finalised in December 2015. The SDMP covers the period 2015 to 2018 but will be updated each year. This SDMP will help us achieve our overall vision. We are committed to providing high quality healthcare services in an environmentally sustainable manner. The SDMP provides a clear roadmap for our staff and partners, identifying the approach we will take to improve the Trust's social, environmental and financial performance. Demonstrating high quality health and care will be enhanced by embedding sustainable development into our management and governance processes.

This SDMP will help us:
- Meet minimum statutory and policy requirements of sustainable development
- Save money through increased efficiency and resilience
- Improve the environment in which care is delivered, for both patients and staff
- Have robust governance arrangements in place to monitor progress
- Demonstrate a good reputation for sustainability
- Align sustainable development requirements with the strategic objectives of the organisation

In 2009, the NHS Carbon Reduction Strategy for England outlined an ambition to reduce the carbon footprint of the NHS by 10% (from a 2007 baseline) by 2015. The Trust published a three year Carbon Management Plan in 2009. The plan established two targets related to the national Carbon Reduction Strategy:

- 10% reduction in carbon emissions in the use of buildings by March 2011 (from a 2007 baseline).
- 30% reduction in carbon emissions in its use of buildings by 2015 (from a 2007 baseline).

The SDMP identified that since 2007/08, the Trust had achieved a 40.8% reduction in scope 1 emissions (e.g. owned buildings and vehicles) and a 6.3% reduction in scope 2 emissions (e.g. electricity and imported steam). Overall the Trust had achieved a 24.4% reduction in scope 1 and 2 emissions. Even though the Trust has not achieved a 30% reduction in carbon emissions, the Trust has performed better than the national performance of NHS organisations as outlined in the NHS Carbon Reduction Strategy for England (i.e. 10% reduction by 2015).

The disposal of a number of properties during the year as part of our ongoing estate strategy has accelerated the overall reduction in carbon emissions emanating from the Trusts activities. Where we have undertaken refurbishment works to buildings or carried out extensive maintenance, sustainability and energy reduction has been a key factor in the works. This includes increasing building insulation levels, use of energy efficient lighting and heating

equipment, improvements to building management systems and better utilisation of existing space in buildings.

In the spotlight

In the past year, we had more negative media coverage than positive ones. There were several inquests into the deaths of people who sadly died whilst in the care of NEP. We sympathise with the families involved and have learnt lessons from these incidents. A death is often traumatic especially for the families and also our staff. Our priority is to ensure that our patients are safe. We have implemented new systems to improve our services. We have launched a Safety Matters newsletter which is all about sharing best practice, learning from past incidents and improving the safety of our patients. We have also produced a “Duty of Candour” leaflet and a “Serious Incident Investigation” leaflet. These are some examples of what we have done to improve the safety of our patients. We have taken on board the CQC’s comments and their rating of “Requires Improvement” and we are improving.

We have some of the best clinicians in the country who are making a difference to patients’ lives. Research is an important part of continuous development and plays a vital role in improving our services. Earlier in the year, Dr Syd Hiskey, Consultant Clinical Psychologist published his research into the positive effects of compassion in the treatment of psychological problems using Cognitive Behavioural Therapy (CBT). He titled this research paper: “It’s not what you do - it’s the way that you do it”.

Highlighting another innovative work is Dr Justin Marley, consultant older adult psychiatrist at NEP, who co-authored a paper on Mental Health Apps on Smartphones. The paper focussed on clinician-oriented apps that support assessment, diagnosis and treatment as well as patient-oriented apps supporting education and self-management.

We also had a Celebration of Achievements Awards and the theme was a Galaxy of Stars. Dr Zuzanna Walker and Jodi Symmonds won the £20,000 Research and Development Award prize for their pilot study on Couples Sexuality in Young onset Dementia (COSY).

Our partnership with the University of Essex is going from strength to strength. More than 20 staff who were sponsored to study by NEP graduated from the University of Essex in July last year.

Our Veterans First service continues to develop and attract attention nationally. The service was highly commended in two categories at the Positive Practice in Mental Health Awards 2015. David Powell, Clinical Nurse Specialist, Veterans First was highly commended in the “Making a Difference” category. The team was also shortlisted in the HSJ Awards.

We also won two new pilot contracts to provide substance misuse services for Veterans with moderate to severe Post Traumatic Stress Disorder.

The Care Programme Approach (CPA) team was highly commended at the National Care Coordination Association (CCA) Annual Good Practice Awards 2015. In our

Estates department, we piloted the use of electric vehicles in a bid to reduce waste and make less impact on the environment.

We also celebrated World Mental Health Day in Central park, Chelmsford on Friday 9 October 2015. We did not get as many people as in previous years but around 100 people took part in a celebration.

David Bamber and Cathy Trevaldwyn service users and public Governors spoke about their experience of mental illness and the help they received from NEP.

We continue to receive feedback from service users, their friends and family. Some say it through complementary letters and others through fundraising. A cheque for £9,220.72 was presented to the St Aubyn Centre in Colchester by friends of Charlotte Cobald (who sadly died in 2014). A further £1,400.00 was raised independently by another friend of Charlotte.

Safeguarding

This year the NEP safeguarding team has experienced a number of stressors due to vacancies and long-term sickness within the team alongside the implementation of the Care Act (2014) and new requirements for mandatory reporting of FGM.

During 2015-2016, NEP professionals have led 450 safeguarding adult investigations and despite the transition of Children and Young People Community Services to NELFT made over 70 safeguarding children referrals. The Trust has continued to participate 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.

The Safeguarding team have been in demand providing presentations at the Essex Safeguarding Adults Board Annual Conference, the Essex Safeguarding Children Board Annual Conference and the East of England (NHS England) conferences on both Children and Adults.

Regulatory Ratings

The Trust's performance for 2015/16 was assessed by Monitor against its Risk Assessment Framework.

NHS foundation trusts are assigned a financial sustainability risk rating (FSRR) calculated using a capital service metric, liquidity metric, income and expenditure (I&E)

margin metric and variance from plan metric. A foundation trust's governance rating is determined using information from a range of sources including national outcome and access measures, outcomes of Care Quality Commission (CQC) inspections and aspects related to financial governance and delivering value for money.

The financial sustainability risk rating is Monitor's view of the level of financial risk a foundation trust faces to the ongoing delivery of key NHS services and its overall financial efficiency. The rating ranges from 1, the most serious risk, to 4, the lowest risk.

The governance rating has three categories:

- green: no evident grounds for concern / no formal investigation
- under review: Monitor has identified a concern but not yet taken action
- red: enforcement action

2015/16	**Annual Plan**	**Q1**	**Q2**	**Q3**	**Q4**
Under the Risk assessment framework					
Financial Sustainability Risk Rating	**2**	**3**	**2**	**1**	**TBA**
Governance rating	**Green**	**Under Review - requesting further information**	**Under Review**	**Red- Subject to enforcement action**	**TBA**

The FSRR score of 1 at the end of Quarter 3 reflected a delay in the sale of Severalls hospital from December 2015 to January 2016. We anticipate receiving an FSRR of 2 at the end of Quarter 4 and a Red Governance rating.

Comparative information is also provided for 2014/15.

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**

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 2016. 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 2015 to 31 March 2016. 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 received a report considering a range of factors that might cast significant doubt on the going concern assumption. These include financial and operational considerations, such as significant operating losses, predicted cashflows, the risk of the loss of key staff and fundamental changes to the Trust's operating environment. On the basis of the responses received and the actions being taken, the Trust Director 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

As has been widely reported throughout 2015/16, the NHS, and NHS providers in particular, have faced significant financial difficulties over the past 12 months. This has been caused by the increased demand for healthcare services as the population ages outstripping increases in funding made available to the NHS. NHS Providers were also set a national efficiency requirement for 2015/16 of 3.5% that it is now recognised was too challenging given the level of savings that had been expected in previous years.

The Trust also operates within North Essex health system, where a number of local providers and Clinical Commissioning Groups face significant financial challenges.

In headline terms the Trust reported a net surplus of £3.7 million in 2015/16. However, when the effects of a number of technical financial adjustments, such as Surpluses on the Disposal of Assets (£13.4m) and impairments to the value of the Trust's asset (£-5.9m) following revaluation by the District Valuer, the Trust made an underlying deficit of £3.8m. This compares to an underlying deficit in 2014/15 of £1.3m.

There were three main causes of the underlying deficit. Firstly the level of funding received from North Essex CCGs for Adults and Older People fell compared to previous years as the CCG's withdrew the full cost of services for non-admitted patients with low to moderate depression for whom CCGs now expect to be treated by talking therapy services. In addition the CCGs transferred community services for children and adolescents with mental health services to a new provider from November 2015. In both cases the Trust was not able to reduce its costs by equivalent amounts as many of these costs are fixed, and in respect of community services for adults the Trust had already planned to make significant savings through its "Journeys" transformational programme.

Secondly the Trust experienced a significant growth in agency staffing expenditure. This was caused by two main factors – difficulties in recruiting to clinical vacancies, which were therefore covered by agency staff, and the high levels of occupancy within the Trust's inpatient wards meant that additional staff were required over and above the funded establishments.

The final reason was the difficulties the Trust experienced in delivering its planned cost improvement programme in 2015/16.

The underlying financial deficit also meant that the Trust's Financial Sustainability and Risk Rating, used by Monitor to assess financial performance fell to 2, compared to the planned level of 3.

As a consequence of the Trust's deteriorating financial position we were subject to investigation by Monitor (now NHS Improvement) in January 2016. This review looked at the causes of our financial pressures and assessed our plans to address them. Whilst no formal action was subsequently undertaken by Monitor in respect of our financial position, we continue to work closely with them as we develop our financial plans for the future.

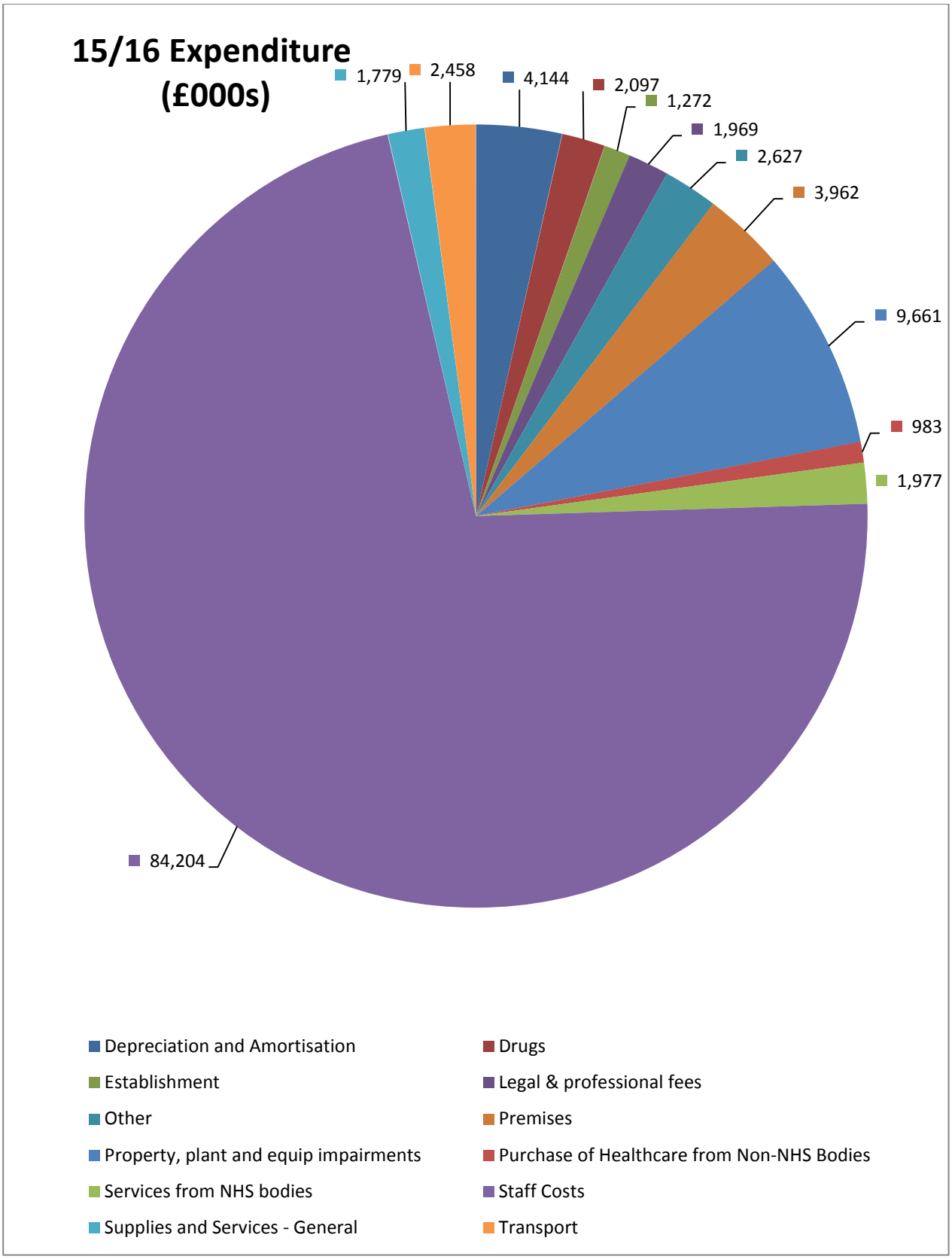
Income from Health Care Activities

Section 43(2) of 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 £120.8 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 £2.1 million.

Operating Expenditure

The total operating expenditure for the 12 month period ended 31 March 2016 was £117.1 million. Around 74 per cent of total operating expenditure was spent on staff costs. Further information on key items of expenditure is shown in Figure 1 overleaf

Figure 1: Key Items of Expenditure – 2015/16



Efficiency/Savings Initiatives

During 2015/16, the Trust delivered efficiency savings of £2.1m 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 2015/16, together with the recurrent impact is shown in table 1:

Table 1 – Efficiency/Savings Initiatives

Initiative	**Saving (£'000)**
Journeys	1,550
Other Pay-Related Savings	172
Recovery Services Re-design	601
Travel Expenses (due to changes in rates paid)	163
Financing Costs	156
Estates Costs	172
Prescribing Costs	150
Other	136
Total	**3,100**

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 2015/16 have been reflected within the Trust's Statement of Comprehensive income and reduced the Trust's surplus by £0.29 million. In addition, an actuarial gain of £0.99 million resulting from an increase in the value of scheme assets has been reflected as an increase 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 2 (below) summarises the Trust's capital expenditure for 2015/16.

Capital Programme	15/16 Spend £000
1. Strategic Schemes	
Refurbishment of the Derwent Centre, Harlow	6,708
Business Systems Development	913
Reprovision of Administrative Offices, Severalls	288
Mobility Workflow	256
Microsoft Licensing	46
Patient Safety and Environmental Works	512
Extension to Rainbow Unit	86
Extension to Christopher Unit	509
Strategic Schemes Total	**9,319**
Replacement & Refurbishment of Assets	995
Total Capital Expenditure	**10,324**

The Trust funds its capital programme from internally generated funds; accumulated cash balances and long-term loans. Major investments in the Trust's estate in 2015/16 included: the continuation of the Derwent Centre Refurbishment programme (£6.7m);

works to reduce ligature and other risks within our inpatient wards (£0.5m) and upgrades to the Psychiatric Intensive Care Unit in Chelmsford (£0.5m).

The Trust has continued to invest in IT hardware and software, with £1.7 million being spent on various projects during 2015/16. These include £0.9 million on the implementation of Remedy, the Trust's Clinical Records system and £0.3 million on deploying mobile solutions to allow staff to access clinical and administrative services.

Private Finance Initiative

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

Impaired Value of Land and Property

During 2015/16 the Trust undertook a full five yearly revaluation of its land and building assets, and reviewed its accounting policies for the valuation of these assets. Fixed Assets are now valued according to the following criteria.

- Specialised assets in use or surplus but with restriction on sale valued at current depreciated replacement cost of modern equivalent asset.
- Non specialised assets in use or surplus but with restriction on sale are valued at current existing use value.
- Surplus assets with no restriction on sale are valued at fair value. Fair value is the price that would be received to sell an asset.
- Assets held for sale are held at the lower of carrying value and fair value less costs to sell.

As approved by the Trust Board in March 2016, the Trust has adopted the Alternative Site Methodology for the valuation of a number of Trust properties. This approach means that the modern equivalent might be constructed on an alternative site and potentially on a smaller footprint, subject to service requirements.
This process resulted in three material accounting adjustments; the reversal of previous impairments treated as Other Operating Income of £3.8m; an Impairment Cost of £9.7 million being accounted for in Trust expenditure, with a further £4.1 million written off against Trust Reserves.

Assets Held for Sale

The Trust is holding assets in preparation for disposal with a market value of £0.7 million as at March 2016. These are shown as Non-Current Assets held for Sale on the face of the Statement of Financial Position. During 2015/16 the Trust completed the sale of Severalls Hospital in Colchester, along with a further 6 smaller properties that are no longer required for the delivery of services.

The receipt from the land sale at Severalls 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.

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 £49,000. Notwithstanding the challenging financial position experienced by the Trust in 2015/16, the Trust was able to maintain a healthy cash position throughout the year albeit that this in part reflected slippage on the planned capital programme. At the end of the financial year the Trust had cash balances of £8.3 million.

Events after the Reporting Period

In line with the Letter of Representation presented to the Trusts External Auditors in May 2016, 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 2015/16 financial year will be contained within the Annual Report and Accounts for the Funds Held on Trust.

A copy of this document will be available from January 2017, 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 Dossett and James Thirgood is the Trust's Engagement Manager.

During 2015/16, 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 2015/16 financial year was presented to the Board of Directors in May 2016. Reports issued during the 2015/16 financial year were as follows:

- Review of Financial Statements 2014/15, Final ISA 260 Report
- Draft Audit Plan 2015/16

The total fee for external audit for 2015/16 was £55,000 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 158 to169 of the 2015/16 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 2015/16 financial year, the Trust achieved an average of 79% of all trade invoices paid within 30 days. This figure was slightly lower than the previous year (performance in 2014/15 was 83%. No interest was paid under the late Payment of Commercial Debts, Interest Act 1998), caused in part by a large increase in the volume of agency invoices processed.

Cost Allocation and Charging Requirements

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

Counter Fraud Activities

The Trust receives a dedicated local counter fraud specialist advice service from RSM Risk Assurance Services 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 2015/16.

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 158 to 160 and pages 53

Future Financial Performance

For 2016/17 the Trust was required to submit an annual Operational Plan to Monitor in April 2016. We are also working with CCGs and other health and social care stakeholders to develop Sustainability and Transformation Plans (STPs) to be submitted in June 2016. The STPs represent a welcome change in emphasis in planning in the NHS, moving towards a more system-based approach as opposed to individual organisations planning in isolation.

The Trust prepared a detailed Financial and Operational Plan which covers all services for 2016/17. 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.

Reflecting the challenging financial position experienced by the Trust in 2015/16 the Operational Plan demonstrates that the Trust can only maintain a Financial Sustainability Risk Rating of 2, with a planned underlying deficit, excluding profit on asset sales, of £(4.8)m. In addition there are a number of significant risks and challenges within that plan, particularly around the delivery of a local efficiency requirement of 4.5%, 2.5% higher than the national expectation and the ongoing cost pressures within the Trust's inpatient services arising from increased levels of occupancy and acuity of patients.

During the year the Trust continued to keep its long-term financial plan under close review. The Trust maintains a detailed five year 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.

During 2015/16 the seven CCG's, three Local Authorities and two mental health providers in Essex commissioned a Strategic Review of Mental Health Services. The final report, published in Autumn 2015, made a number of recommendations around how best to provide mental health care to service users in the context of challenging financial, demographic and operational pressures. The most critical recommendation for providers around how best to ensure the sustainability of high quality mental health services moving forward is currently being progressed through a decision to pursue a merger of NEP and SEPT. An outline business case has been approved by both Trust Boards and was submitted to Monitor Improvement in January 2016. Following review of this case by Monitor both Trusts are now in the process of preparing a Full Business Case to support a merger by 1 April 2017.

Statement on disclosure 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 2015/16.

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).

Accountability Report

Director's Report

Our Board of Directors provides overall leadership and vision to the Trust and is ultimately and collectively responsible for all aspects of performance, including clinical and service quality, financial performance and governance as well as the management of significant risks. The Board leads the Trust by formulating strategy; ensuring accountability by holding the organisation to account for the delivery of the strategy and through seeking assurance that systems of control are robust and reliable; and shaping a positive culture for the Board and the organisation.

The Board exercises all the powers of the Trust on its behalf and delegates specific functions to committees of Directors:

- Audit Committee
- Quality and Risk Committee
- Nominations Committee
- Remuneration Committee
- Charitable Funds Forum.

The Executive Directors manage the day-to-day running of the Trust while the Chair and Non-Executive Directors provide experience gained from other public and private sector bodies. The Board of Directors includes members with a diverse range of skills, experience and backgrounds which incorporate the skills required of the Board.

The Board has a Deputy Chairman and has also appointed a Senior Independent Director. All Non-Executive Directors are considered by the Board to be independent as defined in the Code taking into account, character, judgement and length of tenure. None of the Executive Directors holds Non-Executive appointments. All Directors have confirmed that they meet the criteria for being a fit and proper person as prescribed by our Monitor Licence and Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

The Board of Directors is responsible for setting the strategy and direction of the Trust and for the oversight of its performance. The Executive Management Team is responsible for the day to day operation of the Trust under the oversight of the Board and its Committees

The NHS Foundation Trust Code of Governance (July 2014) requires the Board of Directors of NHS foundation trusts to draw up a "schedule of matters reserved for its decision" ensuring that management arrangements are in place to enable the clear delegation of its other responsibilities. All powers of the Trust which have not been retained as reserved by the Board of Directors or delegated to a committee or sub-committee of the Board of Directors, are exercised on behalf of the Board of Directors by the Chief Executive.

The Council of Governors is largely elected by the Trust's membership, with constituencies representing the public and trust staff. Its membership also includes governors appointed by our key stakeholders.

The roles and responsibilities of the Council of Governors are described in Monitor's publication 'Your Statutory Duties: A Reference Guide for NHS foundation trust governors' (August 2013), and include the following:

a. Representing the interests of trust members and the public;
b. Holding the Non-Executive Directors to account;
c. Appointing and removing the Chairman and other Non-Executive Directors;
d. Deciding the terms and conditions for the Chairman and other Non-Executive Directors;
e. Approving the appointment of the Chief Executive;
f. Appointing and removing the external auditor;
g. Taking decisions on significant transactions, mergers, acquisitions, separations and dissolutions;
h. Taking decisions on non NHS income;
i. Being consulted on the forward plans for the Trust;
j. Receiving the Annual Report; and
k. Receiving the Annual Accounts and the auditor's report on them.

The respective roles of the Board of Directors and the Council of Governors are clearly described in Monitors' publication 'Your Statutory Duties'. Although there are no formal processes in place for the resolution of any disagreements between the Council of Governors and the Board of Directors, the Chairman of the Board of Directors and the Chief Executive meet with the Lead Governor and Deputy Lead Governor every month to discuss matters which are within the role and responsibilities of the Council of Governors, and to resolve any disagreements/issues which may be between them.

Chairman and Non-Executive Appointments

Table below

Name	Role	Expiry of Term
Chris Paveley	Chairman	31/12/18
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	13/03/18
Jan Hutchinson	Non Executive Director	31/03/18

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
Christopher Butler	Chief Executive	22/02/2016	Interim	3 Months
Andrew Geldard	Chief Executive	20/07/2002 – 31/03/2016	Permanent	6 Months
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 Flechtner	Medical Director	01/02/2005	Permanent	3 Months
David Griffiths	Director of Resources	03/10/2015	Permanent	3 Months

Natalie Hammond	Director of Nursing & Quality	09/03/2015	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.

Staff Report

The Trust employs 1754 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.

Average staff numbers (whole time equivalents) in 2015/16 are shown in Table x

Table X Average number of employees (WTE basis) in 2015/16	**Total Number**	**Permanent Number**	**Other Number**
Medical and dental	**100**	100	
Administration and estates	**475**	475	
Healthcare assistants and other support staff	**56**	56	
Nursing, midwifery and health visiting staff	**756**	756	
Scientific, therapeutic and technical staff	**143**	143	
Social care staff	**57**	57	
Agency and contract staff	**166**		166
Bank staff	**216**		216
Total average numbers	**1,969**	**1,587**	**382**

Staff Survey

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 2015 staff survey conducted by The Picker Institute was 41%. The national average response rate was 46%.
Top and Lower Ranking Scores

The table below sets out our top 5 ranking scores and lowest 5 ranking scores from the 2015 survey as they compare with the national picture and inform the action plan for 2016:

Top 5 Scores	NAT Average	Trust 2015	Lowest 5 Scores	NAT Average	Trust 2015
% of staff/colleagues reporting most recent experience of violence	84%	86%	Support from immediate managers	3.85	3.68
% of staff experiencing physical violence from patients, relatives or the public in the last 12 months	21%	21%	% of staff experiencing harassment, bullying or abuse from staff in the last 12 months	22%	31%

Quality of non-mandatory training, learning or development	4.01	4.01	Recognition and value of staff by managers and the organisation	3.52	3.29
% of staff experiencing physical violence from staff in the last 12 months	3%	3%	Staff satisfaction with level of responsibility and involvement	3.84	3.68
% of staff working extra hours	74%	74%	% of staff suffering work related stress in the last 12 months	39%	49%

The staff survey indicates some areas that we have to focus on to improve our staff experience at work.

Staff Involvement and Engagement

The Trust has committed to the following actions to involve and engage with staff in response to their feedback via the staff survey.

1. **Improving staff well-being**
   49% of staff respondents to the staff survey reported experiences of work related stress in the last 12 months, in comparison to a national average of 39%. In response:

   We will be focussing on **improving our staffing position to relieve the pressure on services**. Recruitment to key posts is a significant challenge at this time in the context of a national shortage of health professionals. The trust has a

clear recruitment plan in place and progress against the plan is communicated to all staff at regular intervals. Improved staffing levels is an imperative factor if we are to increase staff morale and well-being

We will also deliver a range of initiatives focused on health and well-being. **Stress management workshops** will be conducted to teach employees effective stress management skills. Employees will sign up for the workshop and attend during the workday as part of their professional development.

We will provide **Management training** to address workplace stressors caused by poor management skills. Respect and dignity is paramount and ensuring the delivery of adequate training in areas of conflict resolution, effective project management and other supervisory skills can help foster a more constructive and less stressful work environment

We will introduce **Walking Group.** Staff members can sign up to walk before or after work, or during lunch. As well as a number of eating a healthy culture including, lifestyle challenges, smoking cessation classes with prescribed Nicotine Replacement Therapy; Employee fitness incentive programs, online campaigns and workshops promoting healthy eating. We will also improve access to physiotherapy services for staff.

2. **Making staff feel more valued**
   We will be implementing a number of initiatives to recognise and reward staff for outstanding contributions that improve the quality of patient care and experience. We will reward teams (on the basis of Friends & Family test results), with a small financial contribution to the ward/team environment that will further improve the patient experience.

   We will also be implementing an online platform for staff to share their ideas for improving the experience of staff and service users.

3. **Improving staff confidence to raise concerns**
   We will appoint a Freedom to Speak Up Guardian (in line with national direction) to ensure an additional method for staff to raise concerns, safely and with complete confidence. It is critical that all staff feel the trust is an environment where concerns can be raised in a safe way. The Guardian will support the achievement of this aim.

   In partnership with trade union colleagues we will re-launch our Respect and Dignity Campaign and boost efforts to encourage staff who feel they have not

been treated with respect and dignity, to come forward and share their concerns in confidence and in the knowledge that they will be supported appropriately.

4. **Working together to act on the evaluation of the Journeys programme**
   It is essential that all community staff feel involved in the evaluation of the Journeys programme and equally feel able to influence any changes to future ways of working. Workshops have been established to commence this, recognising that this will be an ongoing process of improvement.

Monitoring arrangements
The Staff Survey Action Plan is monitored by the Board of Directors, the Staff Engagement 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 it 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

Our workforce numbers has reduced 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 and by a further 9.3% in 2015 as shown in Table 2 above. It is worth noting that we have a number of nursing vacancies which we are trying to fill within a context of a national shortage of qualified nurses.

Ethnicity: Our workforce continues to reflect the population that we serve with no significant changes noted. The majority of staffs are from a white ethnic background 81.95% compared with the North Essex population breakdown of 94.14%. 18.5% of staffs are from a BME background which is the same as the previous year.

There is an over representation of staff from Asian-Asian British ethnic groups 7.08% against a NE 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

10.4% of our Band 8a staff are from a BME background, 10.8 % of Band 8b's and 10.3% 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 staffs 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.

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.

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.

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

Sexual orientation: The percentage of staffs 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.

Religion: The number of staffs of a Christian faith has increased steadily over the last four years and is currently standing at 25% of the workforce. Only 2.7% of the current workforce has declared another religion and 66% of the workforce has not declared this information

Workforce diversity table

Table 1: Staff breakdown by protected characteristics from 2013-2015

	Year	2013	2014	2015
Protected characteristics		No of staff	No of staff	No of staff
Age	18-30	236	228	207
	31-40	465	424	392
	41-50	657	612	551
	51-60	543	537	479
	60 +	131	137	125
Sex	Male	516	512	446

	Female	1516	1426	1308
Ethnicity	White	1671	1587	1407
	BME	361	351	310
Religion or belief	Christian	365	391	432
	Atheist	98	97	107
	Other religion	36	35	47
	Not declared	1533	1415	1168
Sexual orientation	Heterosexual	670	696	764
	LGBT	14	13	17
	Not disclosed	1348	1229	973
Disability	Disabled	39	36	40
	Not Disabled	442	504	624
	Not Disclosed	1551	1398	1090
Marriage and civil partnership	Married	1021	946	845
	Single	579	573	538
	Divorced	203	193	169
	Widowed	19	12	14
	Civil partnership	4	5	8
	Unknown	177	180	154
	Total number of staff	2032	1938	1748

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Table 2: Grievance, disciplinary and harassment cases by protected characteristics

Protected characteristics		Disciplinary			Grievances			Harassment		
	Year	2013	2014	2015	2013	2014	2015	2013	2014	2015
	Total number of cases	42	52	19	17	18	9	9	7	4
Age	18-30	3	2	1	0	2	0	0	0	
	31-40	5	7	4	1	0	2	2	1	
	41-50	17	23	6	9	7	2	1	2	1
	51-60	15	15	7	6	8	4	6	2	2
	60 +	2	5	1	1	1	1		2	1
Sex	Male	21	19	11	7	7	1	3	5	4
	Female	21	33	8	10	11	8	6	2	0
Ethnicity	White	24	31	13	11	14	7	8	3	2
	BME	18	21	6	6	4	1	1	4	1
Religion or belief	Christianity	7	12	4	3	5	3	2	4	2
	Atheist	1	3	1	0	0	1	0	0	0
	Other religion	2	2	3	1	2	2	0	0	0
	Not declared	32	35	11	13	11	3	7	3	2
Sexual orientation	Heterosexual	9	16	7	4	6	6	1	3	1
	LGBT	0	0	0	0	1	0	1	1	1
	Not disclosed	33	36	12	13	11	3	7	3	2
Disability	Disabled	0	0	0	0	1	3	1	1	1
	Not Disabled	3	10	3	0	2	1	8	1	0
	Not Disclosed	39	42	16	10	15	5	0	5	3
Marriage and civil partnership	Married	18	25	11	7	7	4	5	5	3
	Single	18	16	6	2	8	3	1	1	0
	Divorced	3	5	2	0	2	1	0	1	1
	Widowed	1	0	0	0	0	0	0	0	0
	Civil partnership	0	0	0	0	0	0	0	0	0
	unknown	2	6	0	1	1	1	3	0	0

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Disciplinary Cases: The number of disciplinary cases felt sharply in 2015 (60% decrease from 2014), reversing the upward trend noticed over the last three years, out of all the disciplinary cases in 2015, two thirds were White British and 42.11% of cases are female.

The outcomes of the disciplinary cases were as follows- - 9 cases were resolved with informal action, 7 were referred to a hearing, one resigned and two had no outcome. Out of the 6 cases from BME staff 3 were referred to a hearing- (3 out of four cases related to Black /Black British was referred to a hearing) , whereas out of 13 cases related to white, only 4 went to a hearing, 52% were dealt with through informal action.

Grievances: The number of grievances fell by 50% as compared to the previous year. 9 cases remain open- -the majority (88.9%) of cases are female with 11% of cases from BME.
Outcome – Out of the nine cases investigated, two were upheld in part, 3 upheld in full, 2 were resolved, one was withdrawn and one has no outcome recorded.

Harassment: The number of harassment cases reported continues to go down with only 4 cases reported last year, all the cases were from male staff and 25% from non-white.
Outcome- out of the four harassment cases reported, the investigation concluded that there was no harassment for two cases, one went for further investigation and the outcome of the other one was unknown.

Sickness Absence

Table 4: Staff absence by directorate

2016		
Directorate		
Mid Essex Directorate	24.72%	3.32%
North East Essex Directorate	22.09%	3.63%
West Essex Directorate	19.03%	4.21%
Children & Young People Directorate	6.90%	1.49%
Corporate Directorate	6.44%	1.72%
Director of Operations & Nursing Directorate	1.43%	0.80%
Business Information Systems Directorate	3.09%	0.89%
Enable East Directorate	0.26%	0.0%
Trust Total	84.08%	15.92%

Table 5: Staff sickness absence by month (March 15-16)

12 month period Mar-15 to Feb-16			
Month	Threshold	Long Term Sickness	All Sickness
Mar-15	4.5%	1.97%	4.0%
Apr-15	4.5%	2.54%	3.96%
May-15	4.5%	2.23%	3.93%
Jun-15	4.5%	1.93%	3.52%
Jul-15	4.5%	2.10%	3.79%
Aug-15	4.5%	2.33%	4.26%
Sep-15	4.5%	1.75%	3.95%
Oct-15	4.5%	2.12%	4.26%
Nov-15	4.5%	1.98%	3.83%
Dec-15	4.5%	1.70%	3.91%
Jan-16	4.5%	1.99%	4.41%
Feb-16	4.5%	1.78%	4.00%

Patient Care

Table 3: Patient breakdown by protected characteristics from 2013-2015

	Year	2013	2014	2015
Protected characteristics		No of patients	No of patients	
Age	Under 15	1,021	745	93
	15-25	2,131	2,101	967
	25-35	1,760	1,832	1,457
	35-45	2,169	2,113	1,531
	45-55	2,213	2,194	1,736
	55-65	1,526	1,594	1,333
	65 +	6,156	6,352	5,621
Sex	Male	7,448	7,458	5,518
	Female	9,520	9,472	7218
Ethnicity	White	15,534	14,475	11,513
	BME	467	452	396
	Not disclosed/ recorded	975	2,010	830
Religion or	Christian	4,404	4,739	3,829

belief	Atheist			
	Other religion	608	572	405
	Not declared	11,974	11,626	8505
Sexual orientation	Heterosexual			538
	LGBT			12
	Not disclosed			12,189
Disability	Disabled	870	137	263
	Not Disabled	8,030		75
	Not Disclosed/ recorded	8,086	16,800	12,401
Marriage and civil partnership	Married	5,291	4,719	3,746
	Single	7,113	6,392	4,090
	Divorced	1,167	1,088	804
	Widowed	2,109	1,734	1,331
	Separated	391	366	270
	Unknown	915	2,638	2,498
	Total number of patients	16,986	16,937	12,739

Within the last year, the total number of service users under the care of North Essex Partnership NHS FT reduced by 24.8% compared to December 2014. There was a total 12,739 service users in receipt of care with a split of 23.7% being managed on the Care Programme Approach and 76.3% being on non-CPA.

Age: Overall there has been in reduction in the number of service users receiving care from the trust. The reduction of service users in the under 15 & 15-24 years age bracket is in part due to the CAMHS Tier 3 service being transferred to North East London. However, the smallest reduction was noted within the 55 - 64 & 65 + age groups (16.4% & 11.5% respectively). Service users in the 65 + age range account for 44.1% of all service users compared to 37.5% in December 14.

Gender: Female service user's account for 56.6% of all service users compared to 55.9% in December 14, however the overall gender split is comparative to last year.

Ethnicity: Our figures suggest that 90.4% of service users are of a White ethnic background. A small percentage of service users 6.5% do not have their ethnicity recorded which is an improvement when compared to 11.9% in December 14. The percentage of service user from a BME background increased slightly to 3.1% compared to 2.6% the previous year.

Religion/ Belief: One third of service users in our care have declared their religion or belief as Christian, and 3.2% have declared having another religion. The number of clients with no religion or belief not disclosed/recorded remains high.

Sexual orientation: Following an enhancement to our Clinical records system, the ability to record sexual orientation is now available, however this is not routinely being populated, only 4.3% of service users have this information on their records.

Disability: Disability status was not migrated from our previous to our current clinical system, which accounts for the increase in the number of service users with a “Disability” status of not disclosed/recorded in December 14, this information is still not being routinely captured.

Marital status: 32.1% of service users have declared their marital status as Single, this compares to 37.7% in December 14. 29.4% are married, 10.5% are widowed and 19.6% have not disclosed or do not have their marital status recorded.

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 conducted by the Foresight Centre for Governance at GE Healthcare Finnamore, 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. This was complemented by a system of appraisal for individual Board members with a separate report to the Council of Governors in respect of the appraisal of the Chairman and Non-Executive Directors. A further full ‘Well Led’ review is planned early in 2016/17. Key aspects of the Board Evaluation included; an enhancing strategic focus, development of Quality and Risk Committee, strengthening key external relationships and increasing Board visibility.

Profile of Board Members

Chris Paveley, Chairman
Appointed January 2013

Responsibilities:
- 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

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.

Christopher Butler, Interim Chief Executive
Appointed February 2016

Responsibilities:
- Trust Accounting Officer
- Leading strategic development, corporate and clinical governance
- Internal Control Systems
- Assurance Framework Implementation

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.

Mike Chapman, Director of Strategy
Appointed October 2013

Responsibilities:
- Strategy
- Communications
- Commissioner Relationships
- Annual Planning
- Social Care

Experience, Expertise and Other Interests:
- 2009 - 2013 Director of Commercial and Service Development
- 2006 - 2009 Area Director for Tendring 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

David Griffiths, Director of Resources
Appointed November 2014

Responsibilities:
- Finance
- Estates & Facilities
- IT and Clinical Systems
- Contracting and Performance
- Procurement

Experience, Expertise and Other Interests:
- 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

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

Brian Johnson - updated
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 - updated
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)
- Director Care Quality for Mihc(MITIE PLC)

Jan Hutchinson

Appointed April 2015

Responsibilities:

- Quality and Risk Committee
- Liaison with Governors – North East Area
- Nominations Committee
- Patient Experience Board
- Assurance Framework Implementation

Experience, Expertise and Other Interests:

- Qualified Mental Health Social Worker
- Researcher
- MA in Applied Social Studies
- MSc in Diversity Management
- 13 years voluntary sector mental health management experience
- NHS Senior Management experience in Essex and Bedford
- Employed as Director of Programmes at Centre for Mental Health
- Regular working party advisor to UK government
- Voluntary Hon Treasurer for Essex Mind and Spirit

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)

Non-executive directors are appointed by the Council of Governors, usually for a term of 3-years, with the potential to be appointed for a second term (in accordance with Monitor's Code of Governance). Non-executive directors may be removed in accordance with the Trusts' Constitution (para 25): "The Council of Governors at a general meeting of the Council of Governors shall appoint or remove the chairman of the Trust and the other non-executive directors. Removal of the chairman or another non-executive director shall require the approval of three-quarters of the members of the Council of Governors".

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Remuneration Report

Annual Statement on Remuneration

The Remuneration Committee met on two occasions during 2015/16. The membership of the Committee and attendance at meetings is set out below:

- Charles Beaumont, Committee Chair
- Chris Paveley, Trust Chairman
- Amanda Sherlock, Deputy Chair
- Peter Little, Non Executive Director
- Brian Johnson, Non Executive Director
- Jan Hutchinson, Non Executive Director
- Lisa Anastasiou, Director of Workforce and Development (Advisor to the Committee)
- Andrew Geldard, Chief Executive
- Dermot McCarthy, Trust Secretary

Committee Member	**Meeting held on 24/06/2015**	**Meeting held on 12/01/2016**
Charles Beaumont (Chair)	Y	Y
Amanda Sherlock	Y	N
Peter Little	Y	Y
Brian Johnson	Y	Y
Jan Hutchinson	Y	N
In attendance:		
Chris Paveley	**Y**	**Y**
Lisa Anastasiou	**Y**	**Y**
Andrew Geldard	**Y**	**N**
Dermot McCarthy	**N**	**Y**

At its first meeting on 24 J une 2015 the Committee reviewed the current remuneration of Executive Directors (2014/15) and considered remuneration for the period 2015/16. 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 annual reports)

Based on the market information available, NHS pay award and g eneral climate of financial restraint, the zero cost of living increase proposed as appropriate for consideration by the Committee was agreed.

The Committee also considered a l etter from the Department of Health dated 2 June 2015 addressed to trust Chairs. The letter set out a number of measures in connection with Very Senior Managers (VSM) remuneration which was duly considered by the Committee including the fact that approval must now be sought from the Treasury before making appointments on salaries that exceed £142,500 per annum.

The second meeting of the Remuneration Committee took place on 12 J anuary 2016. On this occasion the Committee met to discuss and agree the tenure and remuneration of the interim Chief Executive. As per Department of Health Guidelines, approval was sought and subsequently received in relation to the proposed remuneration agreed by the Committee.

Senior Managers Remuneration Policy

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 were no substantial changes relating to senior managers' remuneration made during the year and no payments made for loss of office.

Non Executive Director remuneration is agreed and reviewed by Governors at the Remuneration and Appointments Committee. R emuneration comprises of a s ingle 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.

There are no obligations on the trust 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.

Payments for loss of office are made in accordance with a 3 months contractual notice period. 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.

Directors Remuneration

The table below sets out the remuneration of all Board Directors:

Director Post	**Current Remuneration**
Chief Executive	£153,015 per annum
Interim Chief Executive (from 22/02/2016)	£162,500 per annum
Director of Resources	£117,000 per annum
Director of Nursing and Quality	£100,527 per annum
Director of Operations	£100,989.90 per annum

Medical Director	£31,431.24 per annum (plus clinical commitments and clinical excellence awards)
Director of Strategy	£100,527 per annum
Director of Workforce and Development	£100,527 per annum

Director's Remuneration

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 2016 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2016 (bands of £5,000)	Cash equivalent transfer value at 31 March 2015 £'000	Annual real increase in cash equivalent transfer value £'000	Cash equivalent transfer values at 31 March 2016 £'000
C Paveley, Chairman	40,001-45,000	-	-	-	-	-	-	-	-	-
B Johnson, Non-Executive Director	10,001 – 15,000	-		-	-	-	-	-	-	-
C Beaumont, Non-Executive Director	10,001 – 15,000	-		-	-	-	-	-	-	-
A Geldard, Chief Executive[9]	150,001 – 155,000	-	300	0– 2,500	60,001– 65,000	5,001– 7,500	185,001– 190,000	1,175	(1,189)	0
M Flechtner, Medical Director [2]	195,001 – 200,000	-	800	2,501– 5,000	35,001– 40,000	7,501– 10,000	115,001– 120,000	745	66	819
L Anastasiou, Director of Workforce and Development	100,001 – 105,000	-	1,500	0– 2,500	15,001– 20,000	(0,001– 2,500)	50,001– 55,000	271	17	291
M Chapman, Director of Strategy	100,001 – 105,000	-	300	0– 2,500	35,001– 40,000	2,501 - 5,000	105,001– 110,000	662	21	691
V McCabe, Director of Operations	100,001 – 105,000	-	7,500	5,001– 7,500	40,001– 45,000	15,001– 17,500	130,001– 135,000	730	103	842
N Hammond, Executive Director of Nursing and Quality [5]	100,001 – 105,000	-	200	7,501– 10,000	30,001– 35,000	20,001– 25,500	85,001– 90,000	324	140	468

Directors' Remuneration Year Ended 31 March 2016

P Little, Non-Executive Director [6]	10,001 – 15,000	-								
A Sherlock, Deputy Chairman [7]	10,001 – 15,000	-								
D Griffiths, Director of Resources [8]	115,001 – 120,000			5,001-7,500	35,001-40,000	10,001-12,500	110,001-115,000	551	89	646
C Butler, Interim Chief Executive [10]	15,001 – 20,000			0-2,500	20,001-25,000	0 – 2,500	70,001-75,000	-	5	524
J Hutchinson, Non-Executive Director[11]	10,001 – 15,000									

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report.
Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

The Medical Directors remuneration in relation to his clinical duties are £160,001- £165,000

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]	-	-	-	-	-	-	-	-	-	-
B Johnson, Non-Executive Director	10,001-15,000	-		-	-	-	-	-	-	-
C Beaumont, Non-Executive Director	10,001-15,000	-	-	-	-	-	-	-	-	-
A Geldard, Chief Executive[9]	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 [2]	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 [3]	80,001-85,000	-	4,300	0–2,500	40,001–45,000	2,501–5,000	130,001–135,000	764	24	808
R Tazzini, Director of Resources [4]	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 [5]	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 [6]	5,001-10,000	-	-	-	-	-	-	-	-	-
A Sherlock, Deputy Chairman [7]	5,001-10,000	-	-	-	-	-	-	-	-	-
D Griffiths, Director of Resources [8]	50,001-55,000	-	-	N/A	30,001-35,000	N/A	95,001-100,000	N/A	N/A	516

1 R Cox resigned as a Non-Executive Director on 31st March 2015.

2 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.

3 P Keedwell resigned as a Director on 18th January 2015. P Keedwell held Non-Executive Directorships in other organisations during the preceding years. No remuneration was received for these positions.

4 R Tazzini resigned as a Director on 31st October 2014.

5 N Hammond was appointed as a Director on 9th March 2015.

6 P Little was appointed as a Non-Executive Director on 1st June 2014.

7 A Sherlock was appointed as Deputy Chairman on 1st June 2014.

8 D Griffiths was seconded to the post of Director of Resources from South Essex Partnership NHS Foundation Trust on 17th November 2014, pension figures for 14/15 were provided by South Essex Partnership NHS Foundation Trust as values at 31st March 2015. No comparison information was available for 14/15. D Griffiths was appointed as Director of Resources on 3rd October 2015.

9 A Geldard resigned as a Director on 31st March 2016. CETV calculation is not applicable in 2015/16 as member is claiming benefits from 31st March 2016

10 C Butler was appointed as Interim Chief Executive on 22nd February 2016. Pension figures were provided by Leeds and York Partnership NHS Foundation Trust.

11 J Hutchinson was appointed as a Non-Executive Director on 1st April 2015.

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.

Fair Pay Multiple

	31 March 2016 £'000	31 March 2015 £'000
Band of highest paid Director's total remuneration	195,001-200,000	195,001-200,000
Median total remuneration	23,150	23,132
Ratio	**8.5**	**8.5**

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)

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

The banded remuneration of the highest paid director / member in NEPFT in the financial year 2015/16 was £195,001-200,000 (2014/15 £195,001-200,000). This was 8.5 times (2014/15 8.5 times) the median remuneration of the workforce which was £23,150 (2014/15, £23,132).

In 2015/16, no employees received remuneration in excess of the highest paid director / member. Remuneration ranged from £5,168 to £197,293 (2014/15 £5,673-£153,015)

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

Exit Packages

There are no exit packages this year.

Expenditure on consultancy services, as defined in the Department of Health's Manual for Accounts was £5,000.

Off Payroll Engagements

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 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

Interim Chief Executive
23/5/16

Overseas Operations

NEP has no overseas operations.

Governance Review

Annual Governance Statement

This year's Annual Governance Statement is made during a challenging period for the NHS nationally and in particular for Essex as it becomes part of the Success Regime, launched in June 2015. This recognises key local issues including a complex commissioning landscape, rising demand for health and social care services and the distance between actual and target funding for Essex. Within the Mid and South Essex footprint that the Essex Success Regime now covers there is an estimated deficit of c£90m in 2015/16, and in addition to this there are c£80m pressures within the West Essex and North East Essex areas. Whilst the Trust's underlying deficit (c£3.8m) in 2015/16 may be considered small in comparison, it reflects a significant proportion of our turnover, and is forecast to grow further given the funding constraints placed upon us.

Within this context NEP has faced some significant challenges in 2015/16 including a CQC inspection that concluded that NEP 'Requires Improvement' and a Monitor investigation.

Following my appointment as Interim Chief Executive on 22 February 2016, I have prioritised compliance with the requirements of our regulators. In the context of CQC concerns about the pace of change following previous inspections, the Trust has, in-year, produced and demonstrated significant progress against a funded CQC action plan; the continuation of this programme into 2016/17 is a key issue. Monitor has carried out an investigation into the Trust focusing on the outcome of the CQC inspection, the Trust's financial position and governance issues. The outcomes include formal undertakings from the Trust in respect of the development and completion of an independent review based on Monitor's full Well-Led Framework and a quality recovery plan. We must also continue to take every opportunity to mitigate and reduce our financial deficit. The Board has actively engaged with Monitor with regard to these issues and is fully committed to the resolution of the matters raised.

This report both outlines the assurance processes we have in place and reports on major governance findings in-year. It reviews all aspects of our system of governance and control.

Looking forward, NEP is planning a merger with South Essex Partnership University NHS FT from 01 April 2017, in order to deliver high quality care to the population of Essex whilst ensuring that this is achieved in a way that makes the most of NHS resources. The merger process is receiving its own dedicated and proportionate support and the capacity of the senior team to deliver on quality and financial goals is at the heart of NEP's plans for 2016/17.

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 on-going 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 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Leadership was given to the risk management process through the establishment of a Risk Management Strategy, approved by the Board of Directors on 27 May 2015. The Board has established an Assurance Framework and retains strategic responsibility for the risk management agenda supported by the Quality and Risk Committee (QARC) which was formally established as a Board Committee on 28 January 2015. Operational responsibility is delegated to the Executive Risk and Governance Executive (R&GE), chaired by the Director of Operations. The risk register, which defines actions and sources of assurance, has been established and is kept under active review by QARC. Following a review by Internal Audit the Trust has strengthened the associated processes, with QARC reviewing the Board Assurance Framework (BAF)/Risk Register at each meeting and reporting to the Board twice a year. There is a risk escalation report as part of the quality report at every Board meeting. Following the Internal Audit report giving an opinion of Partial Assurance, further work is underway to strengthen the BAF, led by the Director of Nursing and Quality and supported by the Internal Audit Team.

Arrangements have been embedded to manage appropriate risks at a local level. 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 share good practice specialist risk assessment training is provided to staff who have been delegated a risk assessor role.

Quality Improvement Panels have been established at Area and Executive level. These have a key role in risk management. All Managers are expected to maintain a team risk register within the Datix system and this is shared with the area Quality Improvement Panels and Executive Quality Improvement Panel to ensure appropriate learning and linkages can be made to manage risk consistently and effectively.

Incident reporting is a crucial source of risk information and the reporting of all incidents including near misses is actively encouraged. Incidents are analysed on a monthly basis to highlight trends and hot spots that require proactive risk management. Patient safety incidents

are followed up to extract learning and actions required. Incident analysis is undertaken at area and team level and fed back to teams through the Quality Improvement Panels. The Trust has also instigated an alert system to provide staff with immediate access to key learning and raising risk awareness across the Trust.

All teams have identified staff members 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 quarterly. Local risk management structures ensure that capacity exists to undertake assessments, identify hazards and to create and maintain the local risk registers.

Looking forward these processes will be strengthened by the establishment of Quality Improvement Panels at Ward/Team level. Training is being delivered to ensure that there is a consistent approach to the escalation of risk from team and area level to the Trust's risk register.

The risk management framework

The Board approved Risk Management Strategy sets out how appropriate risk management processes work within the Trust. It includes:

- An overview of the risk management framework
- A narrative relating to responsible clinical risk taking
- An overview of the process for the maintenance of risk registers including those that operate at Trust, area and team levels
- A summary of the processes re the Board Assurance Framework
- A explanation of the risk evaluation matrix and associated definitions
- A summary of responsibilities of the Board, Board Committees, Executive, Managers and Staff
- How the strategy will be implemented .

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 a Board Committee, 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 Risk and Governance Executive Committee (R&GE) has adopted a collaborative 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. The Trust is committed l, through the governance process, to carrying out regular monitoring to ensure these policies and procedures are being used effectively, so that risk assessments are supported by risk treatment plans. This creates 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. This assists in embedding the risk management culture and activity throughout the Trust. The Trust uses the sources of assurance contained within this framework to underpin this Annual Governance Statement.

The BAF includes a detailed risk description, assessment of consequences, risk appetite, gross risk (unmitigated) actions required and current risk score (mitigated) and allocated Executive Lead. The R&GE is responsible for the operational monitoring of the framework. The Board of Directors updates the Council of Governors on risk issues, 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 2015/16 the Board took forward the action plan resulting from its second review (carried out in 2014/15) based on Monitor's 'Well Led Framework for Governance Reviews' (following a comprehensive exercise the previous year) and this resulted in a Board development plan. This plan was monitored through the bi-monthly Board Seminar sessions, and complemented the non-executive appraisal process.

Following the investigation by Monitor in Q4 of 2015/16 the Trust is commissioning external support to undertake comprehensive review of the Trust's performance against the 'Well Led Framework for Governance Reviews'. This is planned to be completed during Quarter 1 of 2016/17, and the Trust is committed to implementing the resulting action plan as quickly as possible.

Key governance structures are reviewed via 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 resulted in the re-appointment of the Chairman of the Trust for a second term by the Council of Governors on 09 June 2015. Board members are subject to an annual 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 in accordance with Monitor's Code of Governance.

Information regarding quality of care is brought to each Board meeting in public via a detailed Performance Report, Quality Report and a Safe Staffing Report; these are considered at each meeting in public. In 2015/16 these were supplemented by the consideration of regular reports including, the Patient Led Assessment of the Care Environment (PLACE), and the 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. This includes metrics required by the regulator and a set of indicators identified by the Trust.

The highest scored organisational risks contained within a refreshed BAF at the end of 2015/16 were:

- If services fail to deliver sufficient efficiency savings and/or changes to support agreed savings and efficiency targets through the delivery of effective CIP programmes, the Trust's financial position will deteriorate.
- If services consistently do not meet regulatory standards in respect of CQC and Monitor for quality and safety, this will impact on care given to patients.
- Failure to have in place effective financial controls could affect the long term financial viability and sustainability of the organisation
- Failure to provide high quality services from premises that are well-maintained and fit for purpose will impact upon patient experience and safety.

These will be managed by Board oversight of a refreshed BAF, developed in partnership with RSM.

Performance information is produced via the Trust's information team and specific indicators are tested by the External Audit team as part of their work re the Quality Report/Account.

Compliance

Assurance in respect of the CQC registration requirements is provided via a regular report to the R&GE. The Trust is fully compliant with the registration requirements of the Care Quality Commission.

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.

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 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.

Compliance with Code of Governance

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

The Trust fully complies with these requirements with the exception of: “The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns”. Although no formal policy is in place there is effective engagement of governors and directors where concerns can be raised through forums including area Non Executive; Governor meetings and regular meetings of the Lead and Deputy Lead Governor with the Chairman and Chief Executive.

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 having a Monitor Continuity of Service (financial) risk rating of 3 (scale 4 = lowest risk to 1= highest risk) and a governance (performance) rating of ‘Under review-requesting further information’. For Quarter 2 the Trust recorded a financial risk rating of 2 and a Governance rating of ‘Under review’. For Quarter 3 the Trust recorded a Financial Sustainability Risk Rating of 1 and a governance (performance) rating of Red-subject to enforcement action’. For Quarter 4 the Trust expects to record a Financial Risk Rating of 2 and the same governance (performance) rating. In response to the deterioration in the Trust's Financial Risk Rating, the Trust implemented a short-term financial recovery plan, and updated its medium term financial projections to assess the options, and associated timescales, for long-term sustainability. Partly as a consequence of this review the Trust is now pursuing a merger with South Essex Partnership University NHS Foundation Trust.

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. As set out below the Head of Internal Audit concluded that overall the Trust had an adequate and effective framework for risk management, governance and internal control although a number of areas for improvement were identified.

From 2015/16 the Trust’s external auditors are also required to satisfy themselves that "the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". In doing so they evaluate whether "in all significant respects, the audited body has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The Trust has received an unqualified conclusion to this effect for 2015/16 from our external auditors, Grant Thornton.

Information Governance

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 Trust has appointed a full-time Freedom of Information (FOI), Information Security & Governance Manager who acts as a catalyst for the implementation of policy and guidance acts as the Trust's adviser in this area and supports associated training and development.

The Trust completes an annual assessment against the Information Governance Toolkit as required by all NHS bodies. For 2015/16 the Trust continued to be assessed as "satisfactory", with an overall score of 75%, a 5% improvement from 2014/15.

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 2015/16 the Trust recorded 22 Information Governance incidents, all of which were investigated fully and appropriate actions taken as necessary. All bar one of these incidents were classified as Level 1 under the Information Governance Incident reporting Tool. There was one Level 2 incident that was reported to the Information Commissioner's Office (ICO). This involved the theft of a Trust vehicle which contained a small number of patient records that had been inappropriately left in the vehicle overnight. A comprehensive action plan was put in place which was shared with the ICO who took no further action following receipt. Implementation of the action plan is now being monitored by the Information Governance and Security Steering Group.

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 Quality Accounts 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 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 R&GE 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 R&GE. The host Commissioners are also involved in the process and are kept appraised 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.

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 Audit Finding Report. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Quality and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

During the year internal audit issued 13 reports. Five of these received an Amber/Red assurance level (Management of safer staffing levels; effectiveness of Safeguarding Training and Referrals Management Processes; Management of Patient Safety Indicators; Board Assurance Framework and Divisional Governance). An Amber/Red assurance level is defined as meaning that 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.

One report (Financial Planning and Reporting - CIP Management) received a Red Assurance Level. This is defined as meaning that the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. All reports with less than Amber/Green assurance are taken to the Executive Management Team for review. Detailed action plans have been implemented to address the weaknesses identified in all these reports and further work has been commissioned to validate the implementation of the relevant corrective actions.

In addition, two reviews have been undertaken on an advisory basis where no formal opinion has been provided. These audits have specifically been undertaken to support the development of new systems and processes. Where there are recommendations made these are supported by action plans and monitored in the same way as actions arising from Internal Audit Assurance opinion reports. Plans have also been put in place to address other, less significant, weaknesses and ensure continual improvement in systems of internal control.

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 2016 is as follows:

'The organisation has an adequate and effective framework for risk management, governance and internal control. However our work has identified improvements to the framework of risk management, governance and internal control to ensure it remains adequate and effective.'

The process applied in maintaining and reviewing the effectiveness of the system of internal control, centres on:

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 R&GE.

ii) Executive Directors:

Executive Directors are responsible for risk management within their area of control and also have corporate responsibility as Board members.

iii) 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.

iv) 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.

v) 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 purpose is continuing 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.

vi) The Risk and Governance Executive

Operational management of the risk management agenda sits with the R&GE, 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 QARC and approval by the Board

vii) Internal Audit

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

viii) 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.

ix) Monitor

As a Foundation Trust NEP is accountable to Monitor, the independent regulator for Foundation Trusts. As described above the NEP Board is committed to completing its undertakings to Monitor following its investigation in Q4 of 2015/16.

x) Care Quality Commission (CQC)

The Trust had a full planned inspection during August 2015 which, while providing positive assurance around our Community Services and Inpatient services for Children and Adolescents, identified key weaknesses especially in inpatient areas. The headlines of the report were:

CQC Inspection Area Ratings
(Latest report published on 26 January 2016)

Safe	Inadequate
Effective	Requires improvement
Caring	Good
Responsive	Requires improvement
Well-led	Requires improvement

The Board is committed to completing the action plan submitted to the CQC.

At its meeting held on 06 October 2016 the Council of Governors received an approve a recommendation from the Audit Committee to exercise the option to extend the primary external audit contract for two further periods of one year; subject to the normal annual process for the Council of Governors to appoint the Trust' external auditor; and re-appointed Grant Thornton as the Trust's external auditor for the audit of the 2015/16 accounts.

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 identified the following significant internal control issues in respect of 2015/16.

The safety of care provided within the adult and older adult inpatient units as assessed by the Care Quality Commission. This is being addressed through a comprehensive quality improvement plan;

- A failure of governance processes to identify and correct these shortcomings in an appropriate manner. Improvements to the quality governance assurance processes have been put in place and the Trust is also commissioning an independent review of its overall Governance framework against Monitor's "Well-Led Framework";
- A lack of effective controls over the development and implementation of the Trust's CIP plan for 2015/16. An action plan is in place to address these which will be fully completed by end of June 2016; and
- The need to strengthen the BAF to ensure that it provides sufficient information to support the Board in ensuring that there are effective controls in place to manage the Trust's key

risks. A revised BAF has been developed and was presented to the Quality and Risk Committee sub-committee in April 2016.

As set out in this Annual Governance Statement the Trust is fully committed to addressing these issues to ensure that it is best placed to deliver on our core purpose of providing high quality, safe and effective services for the clients that we serve.

Signed.....

Christopher Butler

Interim Chief Executive

Date: 25/5/16

Disclosures set out in the NHS Foundation Trust Code of Governance –

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 it the *NHS Foundation Trust Accounting Officer Memorandum* issued by Monitor.

Board Members' Attendance at Meetings of the Board of Directors

Name		Notes	27/05/2015	29/07/2015	23/09/2015	25/11/2015	16/12/2015	27/01/2016	03/02/2016	23/03/2016	No of Meetings Attended	Out of
Chris	Paveley		1	1	1	1	1	0	1	1	7	8
Charles	Beaumont		1	1	0	1	1	1	1	1	7	8
Christopher	Butler	From 29/02/16	0	0	0	0	0	0	0	1	1	1
Jan	Hutchinson		1	1	1	1	1	1	1	1	8	8

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Brian	Johnson		0	1	0	1	1	1	1	1	6	8
Peter	Little		1	1	1	0	1	1	1	1	7	8
Amanda	Sherlock		1	1	1	1	0	1	1	1	7	8
Andrew	Geldard	To 28/02/16	1	0	1	1	1	1	1	N/A	6	7
Mike	Chapman		1	1	1	1	1	1	1	0	7	8
Dr Malte	Flechtner		1	0	1	0	1	1	1	0	5	8
David	Griffiths		0	1	1	1	1	1	1	1	7	8
Natalie	Hammond		1	1	1	1	1	1	1	1	8	8
Lisa	Anastasiou		0	1	1	1	1	1	1	1	7	8
Vince	McCabe		1	1	1	1	1	1	1	1	8	8

Board Member's Attendance at Meetings of the Council of Governors

Name		Notes	09/06/2015	AMM 10/09/15	06/10/2015	08/12/2014	08/03/2016	Meetings Attended	Out of
Chris	Paveley		1	1	1	1	1	5	5
Charles	Beaumont		1	1	1	1	1	5	5
Christopher	Butler	From 29/02/16	N/A	N/A	N/A	N/A	1	1	1
Jan	Hutchinson		1	1	1	1	1	5	5
Brian	Johnson		1	1	1	1	1	5	5
Peter	Little		1	0	1	1	0	3	5
Amanda	Sherlock		1	1	1	1	1	5	5
Andrew	Geldard	To 28/02/16	1	1	1	1	N/A	4	4
Dr Malte	Flechtner		1	1	0	0	1	3	5
Natalie	Hammond		1	1	1	1	0	4	5
David	Griffiths		1	0	0	0	1	2	5
Mike	Chapman		1	1	1	1	1	5	5
Lisa	Anastasiou		1	1	1	1	1	5	5
Vince	McCabe		1	1	0	0	0	2	5

The Trust Secretary holds registers of governors' and director's interests which are available to the public. Access to these can be obtained by contacting the Trust Secretary at 103 Stapleford Close Chelmsford CM2 0QX.

The Council of Governors

The Council of Governors works with the Board of Directors, which is responsible for the day-today 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.

During the financial year, the Governors have not exercised their power under paragraph 10C of schedule 7 of the NHS Act 2006' i.e. the power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance.

Members are encouraged to communicate with Governors through the Trust membership office by telephone – 01245 546400, or in writing to the Trust Secretary at the address below.

Trust Secretary, North Essex Partnership NHS Foundation Trust

First Name	Last Name	09/06/2015	AMM 10/09/15	06/10/2015	08/12/15	14/01/2016	08/03/16	Meetings Attended	Out of
Lloyd	Armstrong	1	0	1	1	1	1	5	6
David	Bamber	1	1	1	1	1	1	6	6
Rachna	Bansal	1	0	0	0	1	0	2	6
Peter	Cheng MBE	1	0	1	1	0	1	4	6
Benita	Christie	0	1	1	0	0	1	3	6
Janet	Crane	0	1	0	1	1	1	4	6
Mark	Dale	0	0	Resigned	Resigned	Resigned	Resigned	2	2
Pippa	Ecclestone	1	1	1	1	1	1	6	6
Jane	Elliott	N/A	N/A	N/A	1	1	1	3	3
Adrian	Faiers	0	1	1	1	0	0	3	6
David	Fairweather	0	0	0	0	0	0	0	6
Hamid	Farahi	0	0	1	Resigned	Resigned	Resigned	1	6
Dr Pavel	Fridrich	1	1	0	0	0	1	3	6
Ray	Hardisty (Deputy Lead Governor)	1	1	1	1	1	1	6	6
Andrew	Hensman	1	1	1	1	1	1	6	6
Annemarie	Hockney	1	0	1	1	1	1	5	6
Chuda	Karki	1	0	0	0	Resigned	Resigned	1	4
Pauline	Keeling	0	0	1	1	0	0	2	4
Keith	Lever	1	1	0	1	1	0	4	6
Mark	McGrath	0	0	1	0	0	0	1	6
James	McQuiggan	1	1	0	0	1	1	4	6
Nigel	Mountford	1	0	0	0	Resigned	Resigned	1	3
Alison	Nettleship	0	0	1	1	1	1	4	6
Fiona	Nelmes	1	0	0	0	1	0	2	6
Linda	Pearson	1	1	0	0	0	0	2	6
Hazel	Ruane	1	0	1	0	0	1	3	6
Paul	Sergent	0	0	0	0	0	0	0	6
Nazir	Shivji	0	1	1	1	1	1	5	6
Andrew	Smith	1	1	1	1	1	1	6	6
Lucy	Taylor	1	1	1	1	1	1	6	6
Hugh	Thompson	0	Resign	Resigned	Resigned	Resigned	Resigned	0	1

			ed						
Cathy	Trevaldwyn	Sabbatical	Sabbatical	1	1	1	1	4	4
Graham	Underwood	1	0	1	0	0	0	2	6
Brian	Weavers	N/A	1	0	1	1	1	4	5
Clive	White (Lead Governor	1	1	1	1	1	1	6	6
Andy	Wood	0	0	0	1	1	1	3	6
David	Williams	0	0	1	1	1	0	3	6
Paul	Williams	1	0	1	1	1	1	5	6

Membership numbers are reported to the board at every meeting by the Chief Executive.

The Council of Governors has approved a 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.

Governors' Attendance at meetings of the Council of Governors

First Name	Last Name	09/06/2015	AMM 10/09/15	06/10/2015	08/12/15	14/01/2016	08/03/16	Meetings Attended	Out of
Lloyd	Armstrong	1	0	1	1	1	1	5	6
David	Bamber	1	1	1	1	1	1	6	6
Rachna	Bansal	1	0	0	0	1	0	2	6
Peter	Cheng MBE	1	0	1	1	0	1	4	6
Benita	Christie	0	1	1	0	0	1	3	6
Janet	Crane	0	1	0	1	1	1	4	6
Mark	Dale	0	0	Resigned	Resigned	Resigned	Resigned	2	2
Pippa	Ecclestone	1	1	1	1	1	1	6	6
Jane	Elliott	N/A	N/A	N/A	1	1	1	3	3
Adrian	Faiers	0	1	1	1	0	0	3	6
David	Fairweather	0	0	0	0	0	0	0	6
Hamid	Farahi	0	0	1	Resign	Resig	Resi	1	6

First Name	Last Name	09/06/2015	AMM 10/09/15	06/10/2015	08/12/15	14/01/2016	08/03/16	Meetings Attended	Out of
					ed	ned	gne d		
Dr Pavel	Fridrich	1	1	0	0	0	1	3	6
Ray	Hardisty	1	1	1	1	1	1	6	6
Andrew	Hensma n	1	1	1	1	1	1	6	6
Annem arie	Hockney	1	0	1	1	1	1	5	6
Chuda	Karki	1	0	0	0	Resig ned	Resi gne d	1	4
Pauline	Keeling	0	0	1	1	0	0	2	4
Keith	Lever	1	1	0	1	1	0	4	6
Mark	McGrath	0	0	1	0	0	0	1	6
James	McQuigg an	1	1	0	0	1	1	4	6
Nigel	Mountfor d	1	0	0	0	Resig ned	Resi gne d	1	3
Alison	Nettleshi p	0	0	1	1	1	1	4	6
Fiona	Nelmes	1	0	0	0	1	0	2	6
Linda	Pearson	1	1	0	0	0	0	2	6
Hazel	Ruane	1	0	1	0	0	1	3	6
Paul	Sergent	0	0	0	0	0	0	0	6
Nazir	Shivji	0	1	1	1	1	1	5	6
Andrew	Smith	1	1	1	1	1	1	6	6
Lucy	Taylor	1	1	1	1	1	1	6	6
Hugh	Thompso n	0	Resig ned	Resign ed	Resign ed	Resig ned	Resi gne d	0	1
Cathy	Trevaldw yn	Sa bb atic al	Sabb atical	1	1	1	1	4	4
Graha m	Underwo od	1	0	1	0	0	0	2	6
Brian	Weavers	N/ A	1	0	1	1	1	4	5
Clive	White	1	1	1	1	1	1	6	6
Andy	Wood	0	0	0	1	1	1	3	6
David	Williams	0	0	1	1	1	0	3	6
Paul	Williams	1	0	1	1	1	1	5	6

Audit Committee Report

1. Introduction

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

The members who served during the entire year are scheduled below:-

- Charles Beaumont
- Peter Little
- Amanda Sherlock

The Committee held 4 regular meetings, one accounts review meeting.

The regular meeting attenders during the year were:-

- Carol Edwards, Committee Administrator
- Sally Felton, LCFS RSM (previously Baker Tilly) until July
- David Foley, LCFS RSM (previously Baker Tilly) from October
- David Griffiths Director of Resources
- David Lambert Associate Director Finance
- Jo Baker Head of Financial Accounts
- Dermot McCarthy, Trust Secretary
- Paul Hughes, External Auditor, Grant Thornton
- Tim Merritt, Internal Audit (RSM previously Baker Tilly)
- Chris Rising, Internal Audit (RSM previously Baker Tilly)
- Mark Kidd LCFS RSM (previously 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, Quality Accounts ,value for money statement, 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 recommended to the governors that the option, to appoint Grant Thornton for a further 2 years, be exercised.

- The committee's overdue debtors review has resulted in improved process and cash recovery.
- The Committee reviewed the Anti Fraud and Bribery Policy made appropriate amendments and recommended to the Board.
- The committee scrutinises the draft accounts
- The committee approves and scrutinises compliance with accounting policies.
- The Committee regularly monitored the progress towards the disposal of the Severalls site and other significant estates issues.
- The committee has used internal audit reports to drive improvements, for example in the planning and implementation of cost improvement programmes.
- The Committee overviews of the Charitable Funds Accounts.
- The committee carried out a review of its own effectiveness. This review has helped the members transition the role of the committee from score keeping to actively advising the board.
- 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 RSM to assess, scrutinise and strengthen internal control processes and raise levels of assurance. Significant issues have been reported to and acted upon by the board.

The committee has received additional value added from RSM, including hot topics training session, on-going advice on the Board Assurance Framework, and merger issues.

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, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines, or other regulatory action.

Medium: Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible; reputational damage, negative publicity in local or regional media

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

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 the identified risk(s) are suitably designed, consistently applied and operating effectively.
- 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.
- Amber Red – Taking account of the issues identified, the Board can take partial 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).
- 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. Urgent action is needed to strengthen the control framework to manage the identified risk(s).

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 a dvisory 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 2015/16 audit plan:-

Audit Subject	**Assurance Level**
Management of safer staffing levels	Amber/Red
Effectiveness of Safeguarding Training and Referrals Management Processes	Amber/Red
Management of Patient Safety Indicators	Amber/Red
Delivery of all together better strategy	Amber/Green
Information Governance	Amber/Green
Implementation of Journeys programme (draft)	Advisory
Payroll (draft)	Amber / Green
Board Assurance framework (draft)	Amber / Red

Implementation of remedy System Benefits Phase 1	Advisory
Financial Planning and Reporting	Red
Risk management (draft)	Amber / Green
Divisional Governance (draft)	Amber / Red
Implementation of Remedy System (draft)	Advisory
CQC Compliance	TBC
Key Financial Controls	TBC
Care Clustering	TBC

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 confirmed that the Trust had adequate and effective framework for risk management, governance and internal control although a number of areas for improvement were identified.

4. Counter Fraud

Local counter fraud specialist (LCFS) services are provided by RSM. 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 52 (plus 3 days contingency) days planned work per year plus additional reactive days as required for investigations. For 2015/16, 52 days of planned work were delivered, plus a further 11 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 2015/16 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.

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 whose 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

Nominations Committee Report

Member	Role	Attendance (out of 2 meetings)
Chris Paveley	Chairman	2
Charles Beaumont	Non-Executive Director	2
Jan Hutchinson	Non-Executive Director	1
Brian Johnson	Non-Executive Director	2
Peter Little	Non-Executive Director	2
Amanda Sherlock	Deputy Trust Chairman and Non-Executive Director	1

The Nominations Committee consists of all the Non-Executive Directors, and is chaired by the Trust Chairman. 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 2015 to 31 March 2016 the Nominations Committee of the Board of Directors met on two occasions on 21 October 2015 and 12 January 2016.

At its October 2015 meeting the Committee;

- considered the process and timescale for the Council of Governors to consider this recommendation in respect of the continuation of Charles Beaumont as a Non-Executive Director (term expires 30 September 2016) and;
- recommended to the Board approval of its terms of reference. These were approved by the Board of Directors on 25 November 2015.

At its January 2016 meeting the Committee:

- received a report on the process to recruit and select an interim Chief Executive and;
- unanimously recommended that the Council of Governors approve the appointment of Chris Butler as Interim Chief Executive of NEP.

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. PALS enable people to resolve issues and concerns quickly and effectively.

A total of **709** enquiries were received during the period April 2015 - March 2016.
North East: 92 – **Mid**: 126– West: 75– **CYPS**: 10– **Community Services**: 3– **Corporate**: 5 – **Total LOW Concerns**: **311**.

Information and Signposting: 398 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 **311** Key issues were received by the Trust Directorates. PALS LOW complaints are included in the Patient Safety and Complaints report to the Board.

PALS Categories	Total
Information	398
Care & Treatment	95
Communication	106
Attitude	19
Appointment	32
Access to Services	12
Facilities	8
Medication	10
Compensation/Reimbursement	4
Change of mental health worker	10
Health & Safety	3
Confidentiality	6
Respect & Dignity	2
Service Re-provision	4
Funding/Commissioning	0
	709

Membership Report

Membership is free and open to anyone aged over 14 who lives in north Essex. You are also eligible if you live outside these areas but you are receiving NEP services, or you care for someone who is receiving NEP services.

Membership - all		Public			
Item	**Actual**	**Population**	**Percentage**	**Index**	
Gender					
Female	**3,150**	**1,176,045**	**0.27%**	**111**	
Male	**2,416**	**1,162,282**	**0.21%**	**86**	
Not Specified	**35**	**0**	**N/A**		
Prefer not to say	**22**	**0**	**N/A**		

Total	**5,623**	**2,338,327**	**0.24%**		

All		**Ethnicity**			
Member ethnicity	**Actual**	**Population**	**Percentage**	**Index**	
White	**4924**	**2199909**	**0.22**	**93**	
Black	**81**	**37701**	**0.21%**	**89**	
Asian	**106**	**55468**	**0.19%**	**79**	
Mixed	**37**	**36857**	**0.10%**	**41**	
Other	**27**	**8392**	**0.32%**	**133**	
Unknown	**448**	**0**	**N/A**		
Total	**5623**				

	Membership by Area					
	NE	**Mid**	**West**	**Suffolk**	**South Essex**	
Female	**990**	**1233**	**602**	**111**	**214**	
Male	**790**	**860**	**367**	**130**	**269**	
Not Specified	**8**	**12**	**7**	**1**	**7**	
Prefer not to say	**10**	**5**	**3**		**4**	

North Essex Partnership University
NHS Foundation Trust

Draft
Quality Report
2015/16

all together, better

SECTION 1 STATEMENT ON QUALITY FROM THE CHIEF EXECUTIVE

This is the 2015/16 Quality Report of North Essex Partnership University NHS Foundation Trust (NEP). I am pleased to present my first Quality Report since joining NEP in March 2016 as Interim Chief Executive and to have the opportunity to look back on its achievements and challenges.

We provide core mental health services to a large population across the whole of North Essex from areas of outer London, such as Epping and Loughton, to the coast as far as Harwich. In addition, we manage specialist services such as substances misuse across Essex and health outreach for marginalised and vulnerable adults in Suffolk, as well as three GP practices in Grays Thurrock. As a partnership organisation, we work closely with other organisations, agencies, and stakeholders across North Essex in addition to developing a close working relationship with our counterparts in South Essex.

NEP has a strong and committed workforce made up of key frontline professionals, supported by those working in essential corporate functions. I am pleased to have joined an organisation that works to the following 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 are 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.

Our Quality Report outlines our achievements over the past year, including the implementation of our Journeys pathway project, an innovative way of providing community services that has proved to have a positive impact on service users. Our key challenge during the year was a full Chief Inspector of Hospitals Care Quality Commission Inspection in August. Our overall rating was 'Requires Improvement' and whilst some of our results were disappointing we see this very much as an opportunity to take stock, take both immediate and longer term action to address the issues and change the pace at which we make and implement decisions. You will see from the ratings grid that there is also a large number of green 'goods' and an 'outstanding' for our child and adolescent in-patient services at The St Aubyn Centre.

I am happy to state that, to the best of my knowledge, the information included in our Quality Report is accurate.

Christopher Butler
Chief Executive
Date: 25 May 2016

SECTION 2 PRIORITIES FOR IMPROVEMENT AND STATEMENTS OF ASSURANCE FROM THE BOARD

Review of Priorities for improvement 2015/16

In our 2014/15 Quality Report, we set ourselves a number of priorities for improvement for 2015/16. This section looks back at what we said we would measure and what we actually achieved during the year.

Priority for improvement	CQC domain	What we said we would do	What we achieved
1 Better communication and information			
Improving communication with Governors	Responsive	Prompt and timely responses to communications from Governors – acknowledge emails within 48 hours and respond within 1 week	Completed and on-going
		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 does this on an on-going basis
		3 slides on priority improvement progress included in Chief Executive presentation to Council of Governors on a quarterly basis	Slides produced for stakeholder event and for Q4 Chief Executive presentation
		Protocol in place for formal and information communication with Governors	MC sending important information from each local health economy to Lead Governor and appropriate area governors. Lead Governor sending précis of Board meetings to Governors (with AD Communications acting as critical friend) Events information. AD Communications sending Chief Executive update to Lead and Deputy Lead Governor. AD Communications produced matrix of formal and informal communications
Monitoring the implementation of the Public and Member Engagement Strategy	Responsive	Quarterly progress reports to the Executive Team, Board and Council of Governors	Member and public engagement group set up. MC producing quarterly spreadsheet and update on activity.
Preparing for CQC new style inspections	Well led	Communication work stream plan	Completed prior to CQC inspection w/c 24th August 2015
		Staff are engaged through a clear communication strategy	
		Stakeholders are engaged through a clear communication strategy	
		Lines of communication are clear between NEP and the CQC	

Priority for improvement	CQC domain	What we said we would do	What we achieved
More effective communi-cations support function	Well led	Performance measurement based on Government Communications Service (GCS) CORE system with measurement against: • Changing behaviours • Operational effectiveness of services • Reputation management • Explanation of the organisation's policies and programmes	Communications performance reports from Associate Director to Director of Strategy monthly. Bi-monthly performance report to Performance EMT
	Responsive	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	
2 Implementation of Journeys programme			
Create a narrative on implementation	Well led	Narrative on implementation of Journeys to Council of Governors	This was presented to the June 2016 Council of Governors meeting, following a roadshow and development of a development plan agreed with staff
Develop clinical audits in parallel with Journeys	Effective	Clinical audits relating to Journeys (prospective)	Waiting times are monitored. Care plan audit completed and to be repeated every six months. Clinical audits will be developed within the proposed streamlined governance structure. See reference to CQUIN below under improving physical health checks
Maintain engagement with staff and patients throughout implementation	Well led Responsive	Communications with staff and patients	The Lessons Learned survey asked respondents "How well did the Journeys programme engage service users and carers in shaping the proposals for change that were implemented?" (see review of services for more information) The same survey asked the same question relating to engagement of staff (see review of services). The Review of Journeys highlighted the outcomes of the above survey
	Well led	Staff feedback on implementation of Journeys	Benefits realisation programme and Lessons Learned Survey undertaken with comprehensive feedback in Review of Journeys

Priority for improvement	CQC domain	What we said we would do	What we achieved
	Caring Responsive	Patient feedback on implementation of Journeys including PROMs and PREMs	Evidencing improvement to patient outcomes and experience presented to Board Seminar February 2016 by Director of Strategy – outlining patient experience metrics – Friends and Family Test; PALS, complaints and compliments, CQC community survey and PLACE. In addition – outlining patient outcomes metrics – SWEMWEB (thoughts and feelings), QOL-AD (quality of life), supported employment, and length of stay.
Evaluate Journeys project	Well led	Formal evaluation of Journeys programme	Review of Journeys completed by Enable East January 2016
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	Monitoring of activity levels	Detailed review of all sites underway by AD for OT/AHPs Weekly conference calls to share and embed activity ideas for wards to deliver utilising an MDT approach across all NEP inpatient sites. OT Consultants prioritising inpatient adult services, focusing on MDT approach to therapeutic environment, activity and occupation, embedding OT prioritisation tool and supporting/developing more robust OT treatment processes. OT Consultants to visit units monthly and speak to users to obtain qualitative feedback on experience of care. This will focus on the therapeutic environment, MDT activities available and OT specific assessment and treatment. This will be discussed at local clinical boards and shared with the AD for OT/AHPs.
	Responsive Effective	Patient feedback on structure and quality of activities	A new programme of activities/therapies 7 days a week and some evenings has been established and patient feedback will be monitored

Priority for improvement	CQC domain	What we said we would do	What we achieved
Improving physical health checks	Caring Effective	Outcome of joint project between NEP and CCGs	There has been a CQUIN (commissioning for quality initiative) relating to improving physical health by delivery of health promotion information and support to people with mental health conditions. This has encouraged uptake of screening opportunities, health skin awareness, smoking cessation, sexual health promotion, health, diet and exercise promotion. A range of leaflets implemented and signposting to an Essex County Council IPhone app. Specific guidance issued on recording on Remedy patient information system.
Improving physical health checks	Well led	Ward and community barometers	The metric on physical healthcare check – all service users will have at least one complete physical healthcare check recorded on Remedy is now showing consistently green overall on the in-patient barometer. On the community barometer, the same metric is showing improvements, however, there is a caveat on data quality as there are anomalies with old CMHT and new Journeys pathways teams still showing in parallel with each other. Only Journeys pathway teams will be included in future barometers with new thresholds developed.
Triangulating information from staff surveys, community surveys and Friends and Family Test	Well led	Reports from Pickers	Community survey results published. Picker system in place for FFT feedback to location, to service, to Trust. Friends and Family Group meeting once a quarter, first meeting held in October at Cricket Club. Response rates from in-patients good. Work progressing to improve community. Friends and family protocol written and implemented. Picker being used for staff FFT from Q4 as a pilot.
		Analysis of reports	Achieved through Picker Institute and presented to the Board
Monitoring the implementation of the Carer's Strategy	Well led Responsive	Progress reports	The Carers' Strategy has been reviewed and an update due to go shortly to the BOD. The carers' leaflet has been updat ed in line with the Care Act 2014. The carers' survey is due to begin shortly; we will be using methodology that will incorporate both qualitative and quantitative data. The qualitative data will be generated by area specific focus groups. A new training package that incorporates
		Feedback from carers	
		Analysis of feedback	

Priority for improvement	CQC domain	What we said we would do	What we achieved
			the Care Act 2014 is now being delivered as part of the induction of new staff to the Trust on a monthly basis. Building on the training programme, we are intending to develop a future training package that will be co-produced and co-delivered with carers. The carer pages on our website have been updated and a self-referral form and portal for carers has been created.
Monitoring the implementation of the Patient and Carer Involvement Strategy Monitoring the implementation of the Patient and Carer Involvement Strategy	Well led Responsive	Progress reports Feedback from patients and carers Analysis of feedback	A new 'service user and carer involvement strategy' has been drafted. Principles of 'co-production' were followed in drafting the strategy. A number of one to one meetings, discussions in locality forums and a Trust wide involvement event were utilised to identify key priorities. There has been dialogue with in-patients and their key priorities have been incorporated into the strategy. An Involvement Co-ordinator has been recruited and has been in post since January 2016 We have re-established the involvement database, and currently have 27 service users & carers who have confirmed their active involvement and we are awaiting response from 26 others we have contacted. We are soon to finalise various promotional materials to further increase the numbers of people that want to get involved. We will ensure representation is diverse in relation to demographics, experience of mental ill health and services. We have started work on the development of evaluations mechanisms & reporting templates in order to evidence the impact of involvement and the improvement of experience.

Priorities for improvement 2016/17

NEP held a stakeholder event late 2015 that included Governors and members of staff as well as other agencies/partners. In addition, a Survey Monkey invited staff and members of the public to contribute to suggestions for priorities for improvement. The feedback from these is in alignment with the report of the Chief Inspector of Hospitals Care Quality Commission Inspection to ensure a robust focus moving forward.

We will monitor these through dashboards monthly and report quarterly to Risk and Governance Executive and/or Quality and Risk Committee, as well as to the Trust Board of Directors, and Council of Governors as required. We will report outcomes and achievements in the 2016/17 Quality Account.

Priority for improvement	CQC domain	What we will do	How we will measure
Improve safety within the Trust			
Sign up to safety campaign	Safety	Develop safety improvement plan by May 2016	Demonstrate clear progress against safety improvement plan during 2016/17 • Assessing and preventing deterioration • Achieve 95% harm free care • Datix – supporting a just, open, and honest culture • Interventions
STORM training	Safety	Set improvement trajectory for all registered in-patient clinical staff to receive STORM training	60% of all in-patient qualified staff trained by end December 2016
Improve staff awareness of managing the risk of ligature points	Safety Well led	Implement ligature awareness module as part of Health and Safety for Managers training	100% inpatient wards covered by Health and Safety Awareness Week Decrease number of suicides on in-patient areas
		Health and Safety Awareness Week May 2016 – ligature management	
		Implement observation e-learning module	E-learning module launched 85% compliance achieved in year
		Implement ligature e-learning module	E-learning module launched 85% compliance achieved in year
	Safety Well led	Review top 10 clinical policies and structured summaries to include management of ligature points	Policy Advisory Group agree top 10 inpatient and top 10 community policies and produce structured summaries for each
		All relevant staff to be sent all top 10 clinical inpatient and community policy structured summaries	100% ward/community staff receive structured summaries
Patient Safety Audits	Safety Well led	Implement all 2015/16 patient safety audit action plans	100% action plans implemented and validated
Medicines management	Safety	Encourage all staff to use Datix to report medicines related incidents. Include Datix incidents in the performance barometers to be reported regularly to RGE	5% increase of Datix incidents related to medicines following establishment of baseline figure
Improve patient outcomes and experience			
Informal and low level complaints	Caring Well led	Centralise reporting and logging of informal/low level complaints to improve the management and monitoring of complaints central database	Meet complaint logging and response deadlines
Health based places of safety (S136 suites)	Caring Responsive	Review design, fabric, and furnishings of seclusion and places of safety suites. Develop and implement a programme of works. Complete works.	100% compliance with Mental Health Act
Hello, my name is ….	Caring	Introduce the 'Hello, my name is …..' campaign throughout the Trust	Improved patient feedback through local and national patient surveys

Priority for improvement	CQC domain	What we will do	How we will measure
Provide effective care			
The Short Warwick-Edinburgh Mental Well-being Scale (SWEMWBS) aims to measure mental well-being itself	Effective	Use SWEMWBS to demonstrate that mental wellbeing meaningfully improves over the course of treatment	Increase individual and collective patient scores by 1.5 to 4.0 (or more) points during treatment
Outcome measures	Effective	Use QOL-AD brief 13 item measure to obtain a rating of the patient's quality of life from both the patient (interview) and caregiver (questionnaire)	Maintain quality of life for dementia patients pre and post treatment
CQUINS	Well led	Agree CQUINS with Commissioners and achieve all	Meet quarterly and end of year CCG targets
Care Planning	Caring	Ensure person centred care and treatment that is appropriate to meet needs and reflect personal preferences and be holistic in approach – My Care My Recovery (adult acute wards) Develop My Care My Support plans for older adult wards Develop holistic care planning for CAMHS inpatients Develop holistic care planning for 'Journeys' community teams	Roll out of holistic care planning across the whole of NEP Regular auditing of care plans Demonstrable improvement in signing and sharing of care plans

Review of services

The Trust has reviewed all the data available to it on the quality of care in the services covered by our three main contracts (Mental Health services for adults and older people; Tier 3 CAMHS services (until end October 2015); and Forensic, Perinatal and Tier 4 CAMHS inpatient services) that are subject to monthly/quarterly quality assurance and contract monitoring processes. The income generated by the NHS Services reviewed in 2015/16 represents 85% (£83.1m) of the total income of £98.1m generated from the provision of NHS Services by the Trust for 2015/16.

The following service reviews/changes have taken place during 2015/16:

- The transition to Journeys, the new system of working for community services, is complete. The new teams and operational and caseloads have been transferred. A formal post implementation review took place, including a benefits realisation programme and lessons learned survey undertaken with comprehensive feedback. The report of the CQC inspection in August included the following comment "Despite concerns arising from the changes, and the size and significance of the community transformation, the teams were organised and

delivering an effective service. Morale was good and little disruption to patient care took place." Staff comments about the Journeys programme overall were that it "Designed a good model for local community services" and "Gave community services clear focus and purpose." The Journeys Programme has been successful in delivering the transformational change but the changes are very new and need to be further embedded.

- System wide discharge planning work with ECC and CCG – reduction in delayed discharges

- The Derwent Centre contract with Vinci Construction has now been running for over two and a half years. The project has had a number of challenges during its gestation and in the earlier stages of the construction. The contractor continues to work closely with the operational and estates staff to minimise the impact of their activities and takes part in monthly operational meetings where all risk issues are discussed and mitigated. The contract will run into May 2017. Work to Stort Ward will continue when patients move into their new accommodation. The works associated with the external review of the clinical model are in place and design work completed. Oversight of the construction process is through the Derwent Centre Project Board, chaired by the Director of Operations. The Strategic Capital Group, chaired by the Director of Resources, reviews a monthly project update.

- During 2015/16 NEP reviewed its compliance with Department of Health guidance in relation to mixed sex accommodation. Service users on six of the seven adult acute wards are now same sex wards occupied by males or females only. Estate planning and consultation is underway to move Peter Bruff Ward in Clacton-on-Sea to accommodation that is more appropriate. Building work is complete in The Christopher Unit (Psychiatric Intensive Care Unit) to allow gender separation. Breaches can only be agreed at appropriate levels and to an agreed set of criteria, followed by root cause analysis. Daily bed management meetings take place to ensure and monitor correct identification of services for patients admitted.

- 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.

- The Essex Specialist Treatment and Recovery Service (STaRS) forms a county wide health, social care, police, probation, prison and independent sector response to substance misuse in Essex. In addition, it also forms part of the integrated approach to substance misuse in HM Prison Chelmsford. The aims of the service are:
    - To reduce the harm caused by drugs and alcohol
    - To promote independent and healthy living
    - To improve the health, social, psychological, legal, welfare and life chances of people who are vulnerable through the use of alcohol and drugs,

- Following a bidding process, Tier 3 community mental health services for children and adolescents transferred to North East London Foundation Trust (NELFT), leaving Tier 4 inpatient services, children's community learning disabilities services and children's eating disorders within NEP.

- Our specialist Veterans service has received multiple national and local awards in recognition of the excellent services provided to military/armed services veterans. Following a bidding process, this service won a contract in January 2016 to expand the service and provide treatment for post stress traumatic disorder and employment support to veterans.

- NEP was awarded the contract to provide Supported Employment Services Essex wide from May 2015. NEP has established itself as a centre of excellence in delivering evidence based

Individual Placement and Support (IPS) over the last few years; this new contract enables us to expand our good practice beyond the north Essex boundaries into south east and south west Essex. The team is currently on track to meet its job retention and employment outcomes targets.

- NEP re-launched its out of hours service for people in need of urgent mental health input in January 2016. Within the first quarter of this year, the service has responded to 1979 calls from service users between the hours of 1800 hours and 0200 hours. The new service model has the benefit of ensuring that service users are signposted to the most appropriate services in a timely manner.

Participation in clinical audits

The trust has a programme of national and corporate audit managed through the Risk & Governance Executive. This is overseen by the Quality and Audit Team and reviewed/monitored in line with Risk & Governance reporting on a quarterly basis.

During 2015/16, there were 4 national clinical audits (including POMH) and 1 national confidential enquiry covering NHS services that the Trust provides. During that period, 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, in which it was eligible to participate.

The national clinical audits and national confidential enquires that NEP was eligible to participate in during 2015/16 are listed in the table below. The national clinical audits and national confidential enquiries that NEP participated in, and for which data collection was completed during 2015/16, 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 100%	Data collection completed 2015/16	No. of cases submitted to audit as % no. of registered cases required by the terms of the audit
EIP baseline audit	Yes	Yes	100%
Prescribing Observatory in Mental Health (POMH)			
Topic 13b prescribing for ADHD in Children Adolescents and Adults.	Yes	Yes	100 patients, 3 teams*
Topic 15a Use of Sodium Valproate	Yes	Yes	143 patients * 9 team
Topic 14b Prescribing for substance misuse; alcohol detoxification	Yes	Yes	7 patients* 1 team
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

Following a number of challenges and barriers with engagement in clinical audit to drive improvements, coupled with some restructuring of services, a review of NEP's clinical audit process took place. A clinical audit workshop took place with the following agreed outcomes/actions for 2016/17:

- Annual plan to focus purely upon the national (priority 1) and Trust required (priority 2) audits only. There will be no priority 3 audits, as these will all become Trust driven priorities. Clinician interest (priority 4) audits to have oversight and management through professional leads with an emphasis on relevant academic programmes with support from the team.
- Professional leads/Directors/Senior Managers to advise the team of audit requirements for inclusion on the next annual plan. Flexibility will factor in for the inclusion of additional activity onto the plan, taking account of resource and capacity.
- All planned activity must clearly link to risk registers and/or business plans etc., evidencing what the drivers are for the audit activity
- Review of all current documentation will be undertaken to streamline this, simplifying the registration process. In the medium term, the plan is to build this into Datix as the system for monitoring and reporting on activity.
- To address governance a corporate audit group will be set up to oversee and monitor activity ensuring completion within required timescales, reports and appropriate action plans formulated, agreed and overseen by identified steering groups.
- To set up good practice days, although this could be factored into a wider programme of promoting the good work our staff do including R&D, patient experience/stories etc.

The reports of 4 national clinical audits were reviewed during 2015/16 directly to either the Risk and Governance Executive, Quality Prescribing Group or through another identified group, reporting to the clinical boards and to the Risk and Governance Executive, and the Trust intends to take the actions listed in the table to improve the quality of healthcare provided. The reports of 11 local clinical audits were received and reviewed during 2015/16 and the Trust intends to take the actions listed in the table to improve the quality of healthcare provided. Some of the learning and actions from these audits are iterated in the table below.

Title/ Subject	Learning/actions
Patient safety audits	Learning and actions: To raise greater awareness with our staff following the patient safety audits we have developed photo albums for each inpatient ward that identified their ligature risks. Upon completion of the photo albums these were emailed through to all staff with a hard copy produced and made available on the wards for bank and agency staff to familiarise themselves with. With the distribution of these photo albums, these are now part of staff supervision and an essential element of staff induction. In addition, we developed a risk plan from each audit undertaken. The design enables adjustments in clinical practice to mitigate risks if removal of the risk is not possible a change to the environment is required. A list of likely adjustments was put into place highlighting the highest scoring risks that will lead to a decision to be made in relation to the ligature point as follows: • Remove /replace /report • Adjust clinical practice • Fix and make good • Take immediate action

Title/ Subject	Learning/actions
	In addition, a weekly progress meeting takes place by Estates to the Executive Team for governance and assurance. The Patient Safety Audit Group meets every two months to review progress, identify solutions and emerging issues /risks. A work plan covering the acute inpatient wards to address ligature risks is in place for phases 1 & 2 with a completion date of Summer 2016. This will include door top alarms and integrated sinks and basins with integrated taps. Heat maps are in place across all inpatient facilities, both adult and older adult. The older adult facilities now have installed door top alarms and hinges to all doors to address the improvements required. An eLearning package is in place for all clinical staff to address ligature risks and raise awareness.
Audit of discharge summaries	The audit identified a number of issues /concerns that will need addressing following the first audit undertaken in quarters one/two. The action plan developed at the time enables the professional leads/teams to review the report and its findings and agree appropriate plans of actions to address their specific issues. This can become one overarching action plan for the trust. There is a need f or clear ownership and accountability preventing any further low results within this audit; real change is required to the standards within this audit. The trust needs to take action to address the issues, to ensure real change in quality improvement will come about and to ensure any lessons learned. Action plan agreed and approved by RGE as follows: • Continuous monitoring of discharge letters for each patient discharged from the Trust • Monthly monitoring via performance Executive Management Team • Monitoring via clinical quality review group (CQRG) • Patients identified as not having a di scharge audit against standards will be case reviewed
Delayed discharge	This audit is partially complete (North East). Timescales for the audit in Mid and West go into the new financial year. The NE delayed discharge audit outcomes remain in draft and will link, when the other areas are complete, into a wider NEP action plan. The draft findings are below: • Clinical presentations change over time, thus a service user may not consistently meet the criteria for delayed discharge, for example, the service user may not always be 'safe to discharge'. Records of whether a service user meets all of the criteria to be deemed a delayed discharge should be logged at weekly reviews and CPA (if supported by Mid area audit, the plan is to analyse current working practices and suggest changes). This is particularly relevant to mental health services as the definition of delayed discharges within the NHS originates from physical health, wherein subjective risk assessments regarding being 'safe to discharge' may differ to mental health risk assessments. • Reasons for delay may be multiple and change as discharge planning continues. Monitoring all reasons for delays at each stage of the discharge process will give a more accurate picture of the dynamic nature of delayed discharges and encourage joint working by not isolating responsibility for delays on health or local authority (if supported by Mid area audit, the plan is to analyse current working practices and suggest changes). • There is a difference in how formal delayed discharges (service users who are formal patients treated under sections of the mental health act) and informal delayed discharges (service users who are informal patients) are subject to report in the trust. Both type of service user experience delays in this audit with informal delays accounting for more bed days lost. A new means of capturing both types of delays would provide a truer reflection of the extent of delayed discharge within the trust (if supported by Mid area audit, the plan is to analyse current working practices and suggest changes). • Homelessness was the most associated social factor when experiencing a delay. The Department of Health's report 'getting through: access to mental health services for people who are homeless or living temporary or insecure accommodation' (DoH, 2010) suggests ways to combat the difficulties homelessness presents to mental health hospitals.

Title/ Subject	Learning/actions
	• Having a chronic health condition was the clinical factor most associated with experiencing a delay. Of note is that for two service users suffering with chronic health conditions, their physical disabilities resulting from ill health directly led to delays in discharge as their housing is no longer appropriate. The relationship between chronic health conditions and delays is likely to be more complex than the examples given here. Further investigation of this area may be beneficial (future audit applications planned). • Future audits could explore how specific personal and clinical demographics interact to increase the vulnerability to delayed discharge. Due to the small number of service users (*n*=9) experiencing delays, it was not possible to reliably explore this statistically in this audit. Re-audit of service users experiencing delays could increase the sample size to statistically explore the interactions between vulnerability demographics (future consideration for audit/data collection - plan to discuss at local quality/audit groups once Mid area audit is complete). Action: Audit will be completed in Mid and is to be undertaken in West during 2016/17 to complete the Trust wide data collection on delayed discharges (Commissioner audit)
EIP baseline audit	The learning from data generation and cleansing, and without analysis, is as follows: • NEP is unable to deliver NICE concordant services to EIP patients • NEP does not have the capacity to deliver NICE concordant services to patients • NEP does have the capacity to meet the 2 week RTT for FE but not ARMS • Staff have now started training in both FI and CBTp so the audit analyses is going to be somewhat out of date by the time it is published • The inability to deliver is in line with all other Trusts in the Eastern Region. National report not received to date; once received action plan to be devised.
Use of occupational therapy referral priority checklist as an OT triage tool on acute psychiatric wards	• The Checklist proved effective in the majority of cases in assisting the prioritisation of newly admitted patients on the acute wards. • Administering the Checklist requires a time allocation, as this was the main barrier. The average time taken was 15-30 minutes without copying the form into a Word document and uploading this onto Remedy, which would require further time. • Integration of the Checklist, or other OT assessments, into Remedy would reduce the need for therapists' time. • Different clinical areas (e.g. frail and elderly, adult acute, Mother and baby, etc.) may require different criteria for prioritisation to be used alongside the Checklist. • Some of the information required was difficult to find in Remedy, e.g. date of admission, physical health or disability status, social support. • It was often difficult to establish whether a person had problems with confidence and interest on admission. Consider how best to gather this information. Action: being rolled out across North East and West during 2016/17
Audit high dose anti-psychotic monitoring across adult inpatient wards	• High dose antipsychotic treatment monitoring is not compliant with Trust policy. Where there is a lack of clearly identified responsibility for completing a task, there is a greater risk of this not happening. Whilst monitoring may have occurred, the lack of documentation means it is not possible to say that it has definitely happened. One of the reasons is a lack of awareness of the requirements. Complicated policies and forms also contribute to disengaging people from following the policy. We also need to be better at communicating areas of high risk such as HDAT. Action plan to be agreed and implemented by Quality Prescribing Group during 2016/17
Use of the patient safety climate tool	• Action planning from the findings enabling teams to be responsive and also creating sustainable change • Findings facilitate reflection on patient safety culture and patient experience by putting the patient in the middle of the safety discussions • It has enabled the teams to shift their thinking from assurance to inquiry

Title/ Subject	Learning/actions
	• Stimulate discussion about the strengths and weaknesses of the patient safety culture • Findings reveal any differences in perception between patient groups along gender lines • Has helped evaluate specific intervention needed to change the patient safety culture • Findings prompts daily community meeting safety discussion – track changes and conversations • It has a created a culture of transparency because data from findings is made visible including actions being taken to improve things • Findings area also revealing so much about how much time staff are engaging with patients and whether patients find staff easily accessible irrespective of how many staff are on a shift – it is about meaningful engagement with the patients Action: to be re-audited in 2016/17
Care plan/risk assess-ment audit	• Where implementation of the audit tool is robust and the findings linked into individual staff performance management action plans, there has been a noticeable improvement in terms of the quality of care plans and risk assessments formulated. • Use of the tool to aid in staff performance management has enabled resource prioritisation towards the underperforming individual staff members. • Findings have also help guide supervision discussions. • Findings from the audit highlights that the use of My Care My Recovery has enabled the formulation of a recovery focused care plan, which the patient actively participates in compared to care plans formulated without My Care My Recovery. • Assessment of capacity and consent remains an issue with staff not routinely undertaking these assessments hence often underplayed within the care planning process. • Lack of meaningful structured one to one sessions with patients impacting on the quality of the patients feedback within the care planning process • MDT input into care planning still hit and miss. Not all disciplines are prioritising evidencing their input in an MDT care plan. • The tool has enabled themes to be picked up which can help map training needs for staff • The tool has also enabled standardisation across the Trust Action: to be re-audited during 2016/17
Audit of medication prescribed to those detained under the MHA across the Trust's S136 suites.	Some variation in the sampling of the audit across the S136 localities, but generally, this audit highlighted a number of key issues with the current working situation. The key issues can be broken down into the following areas: 1. A lack of documentation especially relating to (history, drug history and a history of substance misuse; this is important given the high number of service users assessed within the s136 suite already known to Trust services. Demographic information was lacking which contravenes the MHA code of practice 2. Lack of evidence of any examination carried out prior to the prescribing of medication for service users. 3. Lack of clarity regarding medication prescribed and administered whilst detained under section 136. There was little recorded evidence of medicines reconciliation attempted by s136 staff. 4. Lack of clarity and guidance for staff around the issue of medication with a number of inconsistencies found. Currently being shared and disseminated and an action plan will be developed in 2016/17

Research and Development (R&D)

The number of patients receiving NHS services provided or sub-contracted by North Essex Partnership University NHS Foundation Trust in 2015/2016 that were recruited during that period to participate in research approved by a research ethics committee was 400.

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 22 new research projects in 15/16. A total of 65 studies are recruiting or are in follow-up within the organisation. The majority of studies are around Mental Health (51%) and Dementias and Neurodegenerative Diseases (40%) themes. Research topics include depression, 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 mental health and 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 2015/16 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 for the provision of NHS services, through the Commissioning for Quality and Innovation payment framework.

Further details of the agreed goals for 2015/16 and for the following 12-month period are outlined in the table below with the headline goals attached to the schemes. NB this information is not available via a web link.

Contract	2015/16	2016/17		
	£	£		Goals
Adult and Older Adult Main block	£1,455,049 (estimation based on current performance)	2016/17 CQUIN Value £1,653,622	1	(National) NHS Staff Health & Wellbeing
			2	(National) Improving Physical Healthcare to Reduce Premature Mortality in People with SMI
			3	Smoking Cessation & Physical Healthcare (continued)
			4	Outcome Measures (continued)
			5	Shared Education and Training Programme (continued)
			6	Workforce Development
Children & Young People (Tier 3)	£108,588	*No longer applicable - Tier 3 CAMHS Services transferred to NELFT 01 November 2015*		
Specialised Commissioning Group	£213,409 (£29k lost on national scheme)	£238,855	1	(Low Secure) Reducing Restrictive Practices within Adult Secure Services
			2	(Perinatal) Perinatal Involvement and Support for Partners/Significant Others
			3	(CAMHS Tier 4) Improving CAMHS Care

Contract	2015/16	2016/17		
	£	£		Goals
				Pathway Journeys by Enhancing the Experience of Family/Carer
			4	(Perinatal QIPP) Reducing Length of Stay within Perinatal Inpatient Services
MVA	£22,863	£22,863	1	Encouraging Information Sharing between Organisations with regards to Marginalised and Vulnerable Service Users (cont.)
Total	**£1,799,909**	**£1,915,340**		

Registration with the Care Quality Commission

NEP is required to register with the Care Quality Commission and its current registration status is registered with no conditions attached. The Care Quality Commission has taken enforcement action against NEP during 2015/16, the details of which are included in the statement below.

Statements from the Care Quality Commission

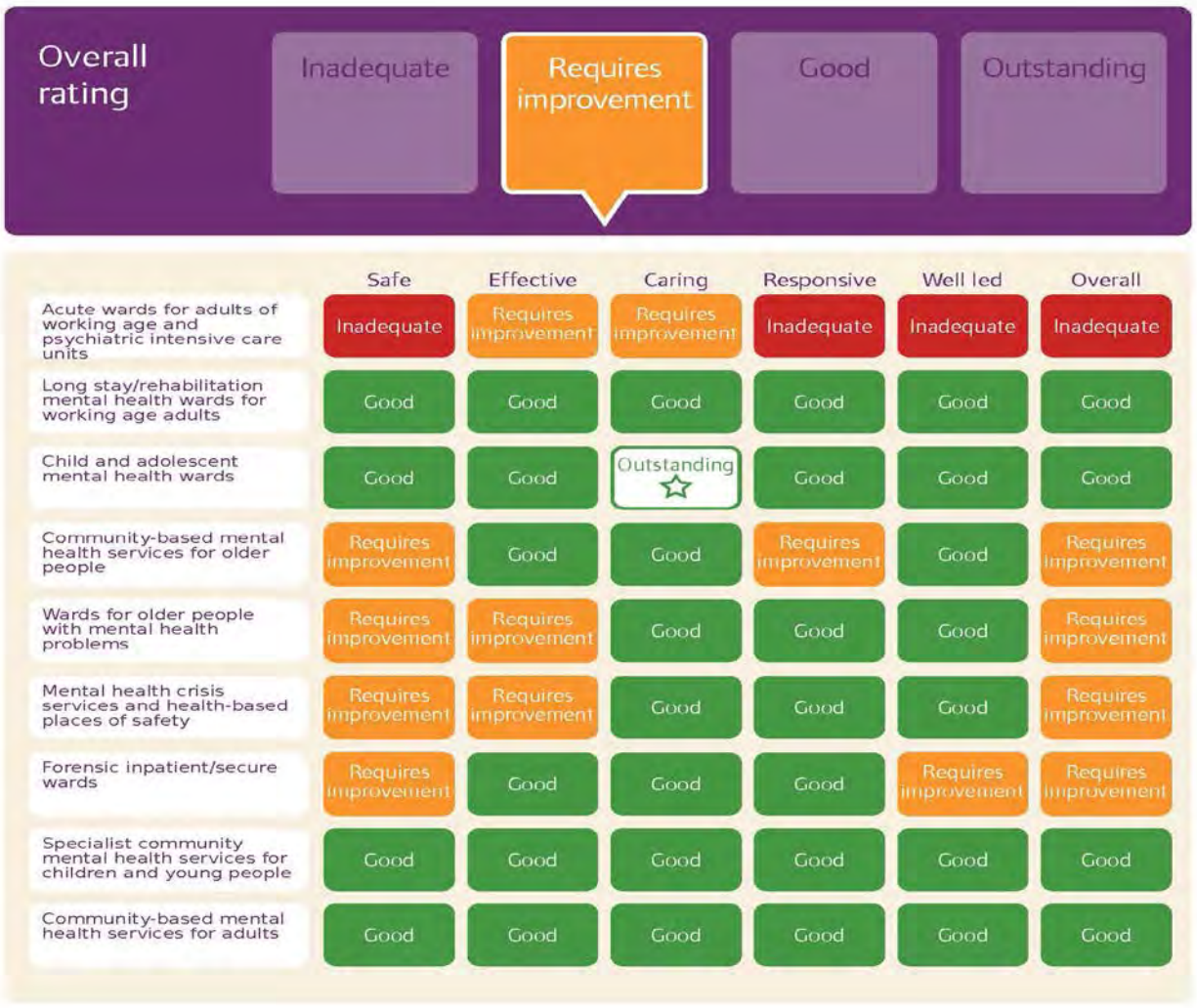
Extracted from CQC website http://www.cqc.org.uk/provider/RRD/reports

Inspection carried out on 24 - 28 August 2015

In order to set the context of the commentary below the following is an overview of the ratings issued to NEP by the Care Quality Commission. Our overall rating is 'Requires Improvement'.

Last rated
26 January 2016

North Essex Partnership University NHS Foundation Trust



	Safe	Effective	Caring	Responsive	Well led	Overall
Acute wards for adults of working age and psychiatric intensive care units	Inadequate	Requires improvement	Requires improvement	Inadequate	Inadequate	Inadequate
Long stay/rehabilitation mental health wards for working age adults	Good	Good	Good	Good	Good	Good
Child and adolescent mental health wards	Good	Good	Outstanding ☆	Good	Good	Good
Community-based mental health services for older people	Requires improvement	Good	Good	Requires improvement	Good	Requires improvement
Wards for older people with mental health problems	Requires improvement	Requires improvement	Good	Good	Good	Requires improvement
Mental health crisis services and health-based places of safety	Requires improvement	Requires improvement	Good	Good	Good	Requires improvement
Forensic inpatient/secure wards	Requires improvement	Good	Good	Good	Requires improvement	Requires improvement
Specialist community mental health services for children and young people	Good	Good	Good	Good	Good	Good
Community-based mental health services for adults	Good	Good	Good	Good	Good	Good

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During a routine inspection

When aggregating ratings, our inspection teams follow a set of principles to ensure consistent decisions. The principles will normally apply but will be balanced by inspection teams using their discretion and professional judgment in the light of all of the available evidence.

We rated North Essex Partnership University NHS Foundation Trust as requires improvement overall because:

- On the acute admission wards there were 25 incidents relating to the use of a ligature attached to a fixed object. One patient attempted to strangle themselves with a ligature during our inspection. This was in spite of serious concerns identified to the trust by the

Care Quality Commission as part of our ongoing regulatory inspections. Two deaths due to self-ligature had happened over the past 12 months. There were a number of similar deaths in the previous years. The trust had made ligature risk assessments and had plans to address these but there were still an unacceptable number of ligature risks identified during the inspection.

- Finchingfield, Gosfield and Peter Bruff wards, Christopher unit and Shannon House failed to provide segregated accommodation for men and women when the Department of Health said this should no longer happen.

- Some care records and risk assessments did not contain enough detail. They were not personalised or kept up to date. This meant that staff did not know the full or current risks of the patients that they were caring for.

- Restrictive practices were seen on the wards. Patients could not always go to the toilet freely, get into the garden area, or have food and drink when they wanted while they were being nursed by the trust.

- The trust had very high bed occupancy rates. Patients were regularly admitted to beds reserved for patients on leave or patients were sent to hospitals out of the area. This meant that patients could be nursed a long way from home. Patients returning from a period of leave may not have a bed to return to if they needed one.

- The trust's leadership style did not promote sufficient grip or pace to bring about changes where necessary in a manner that showed stakeholders or internal staff that there was any urgency about improvements. Changes took a long time to implement and consultations on improvements were not given the urgency necessary to give confidence that matters would be resolved. Ligature free doors had not been installed or even commissioned despite these having been agreed some time ago.

- The trust did not have robust governance processes, particularly in the assessment and management of clinical risks, assessment of the quality of care plans, and the management of environmental risks. For example, although the trust had a comprehensive risk management framework that informed management decisions in the identification, assessment, treatment and monitoring of risk, we found little record of the trust acting on these findings. While throughout 2014/15 regular reports were provided to the risk and governance executive, the quality and governance committee and the board of directors, there was little record of action taken to reduce risks to patients.

- The Care Quality Commission and Mental Health Act reviewers have inspected the trust several times over the last five years. Each time they identified areas where the trust must act. For example, around safety on both the Linden Centre and The Lakes locations. Each time the trust made assurances that they would make changes. Senior managers and board directors could not explain why the trust had not addressed the problems.

However:

- The trust spent two years planning and consulting for the community transformation programme. They started running this fully in April 2015. Patients confirmed that these changes had led to improved community mental health care and treatment delivery by the trust.

- We found some good examples of positive multidisciplinary work and individual staff support for patients

- Front line staff consistently demonstrated good morale

- There was highly visible, approachable and supportive local leadership within some of the services we visited. For example, in the child and adolescent mental health service and community mental health services for adults

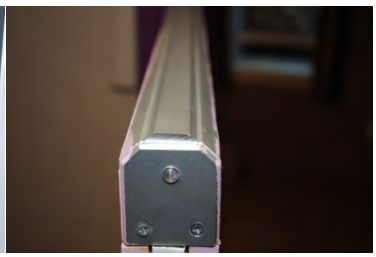
Following this inspection, we identified that the trust was not meeting Regulations 9,10,12 and 17 of The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. We carried out enforcement action with the trust and told them to ensure compliance by 30 November 2015. The trust sent us their action plan to meet the regulation and we will check further on this.

Our response to the CQC report – safety and quality at the heart of services

Action on safety:

- Joined the national 'Sign up to Safety' campaign
- Begun our £1.6m 10 month capital programme to reduce ligature risk and enhance ward environments – this programme is costed, funded and monitored weekly
- Enabling risk management, patient centred and responsive
- Eliminated mix sex accommodation where feasible and compliance achieved
- Recruitment and retention strategies to reduce vacancies
- Re-design of 'places of safety' in development





Action to improve outcomes:

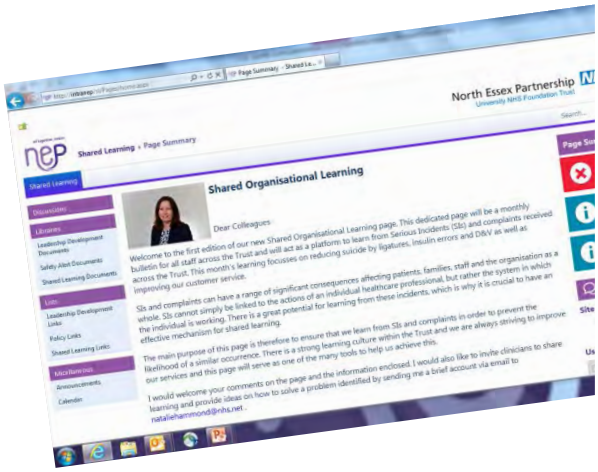
- Monitoring quality care delivery with teams reviewing a quality dashboard and driving progress
- Have established a new programme of activities and therapies 7 days a week and some evenings
- Emergency responsiveness and supporting systems review by Nurse Consultant for Physical Health, including enhanced training

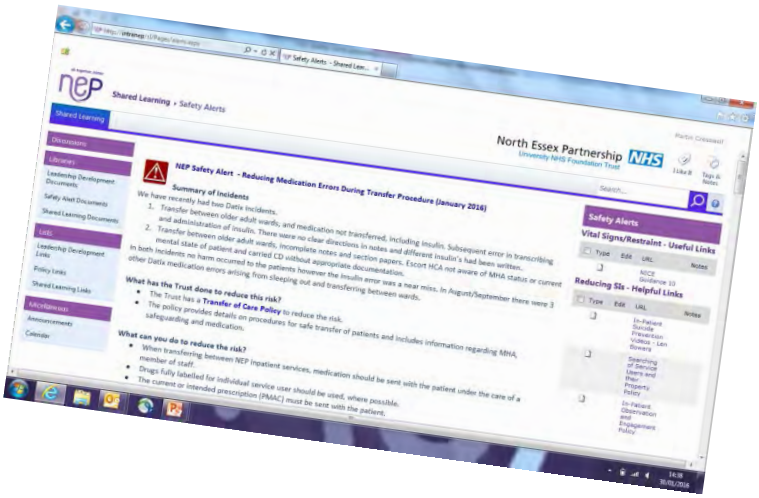
Providing the best care:

- Reviewing the patient experience agenda
- Launching the ‘Hello, my name is’ campaign
- Launched the ‘My Care My Recovery’ initiative in adult wards – rolling out across Trust
- Focusing on collaborative and co-produced care
- Ensuring recovery at the heart of what we do
- Identifying service user strengths and defining their preferred outcomes – the patient’s voice at the centre

More responsive:

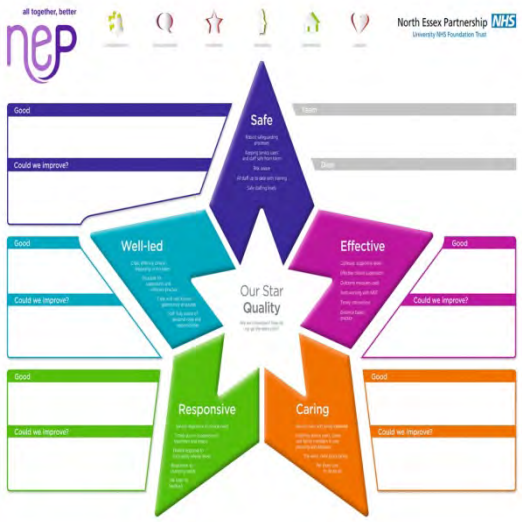
- Action plans are in place from the ‘you said we did’ leaflets
- Duty of candour established
- Increasing contact with service users families and carers with concerns and complaints
- Waiting times reducing and being monitored
- Immediate safety alert system in place
- Shared organisational learning





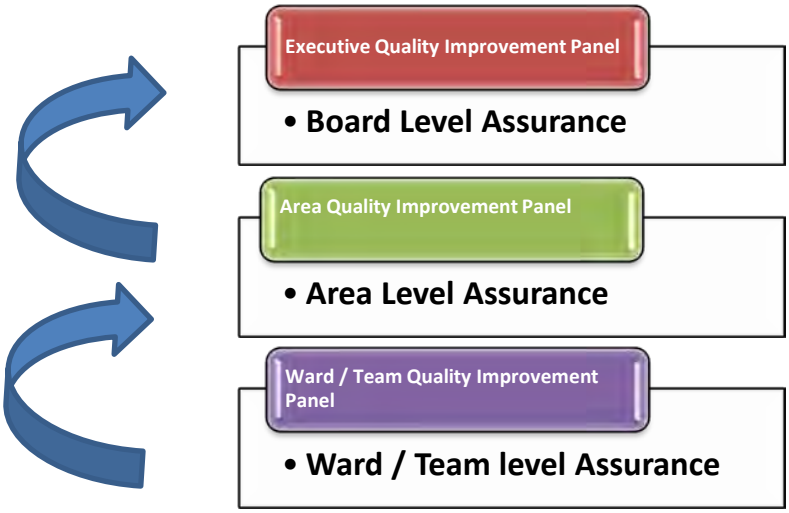
Moving forward:

- Embedding a system of continual improvement – our ‘Quality Star’ approach
- A tool for constant review and a focus for on-going ‘Quality Conversation’ at team, ward and Trust level
- ‘Quality Star’ charts use CQC five key lines of enquiry
- What is positive – what needs improvement – actions – review



Strength of the assurance framework:

- Quality Improvement Panels from Board to Ward to drive quality improvements
- Executive and Non-Executive visits to Services 'holding a quality conversation'
- Quality meetings with Matrons and Clinical Services Managers
- Ward Manager development days
- Development agreement with South Essex Partnership Trust (Memorandum of Agreement)
- A review of Governance processes



Quality assurance framework – how the pieces fit together

Special reviews and investigations

The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

NHS Number Validity and General Medical Practice Code

NEP submitted records during 2015/16 to the Secondary Uses Service (SUS) 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 99.7%. There is an increase of 0.3% for NHS Number (reported 100% GP Code) on 2014/15 position. We currently have 7 records with no NHS Number recorded in the SUS Submission data.

Finished Consultant Episode

- NHS – 99.7% valid
- GP code – 100% valid

Unfinished Consultant Episode

- NHS – 100% valid
- GP code – 100% valid

Admitted patient care

- NHS – 99.7% valid
- GP code – 100% valid

Clinical Coding Error Rate

NEP was not subject to the Payment by Results clinical coding audit during 2015/16 by the Audit Commission. No Monitor or DoH work has been carried out in relation to payment by results.

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 Information Governance Assessment Report overall score for 2015/16 was 75% and was graded satisfactory:

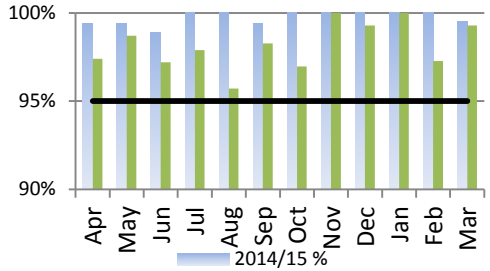
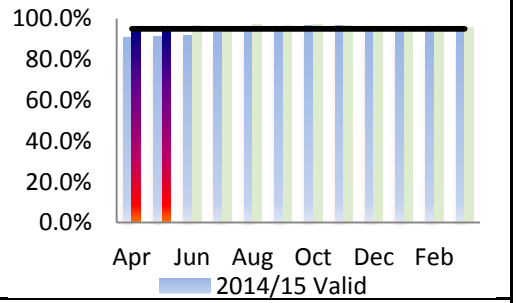
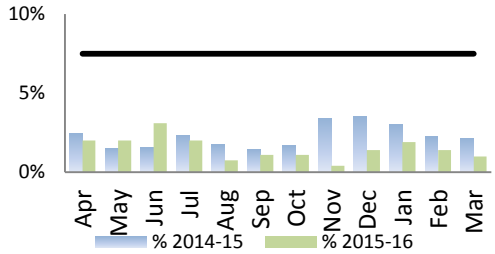
Information governance management	Score: 100%	Grade: satisfactory
Confidentiality and data protection assurance	Score: 81%	Grade: satisfactory
Information security assurance	Score: 66%	Grade: satisfactory
Clinical information assurance	Score: 80%	Grade: satisfactory
Secondary use assurance	Score: 66%	Grade: satisfactory
Corporate information assurance	Score: 77%	Grade: satisfactory
Overall assessment Version 12	**Score: 75%**	**Grade: satisfactory**

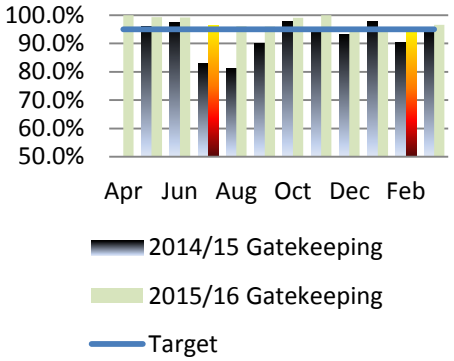
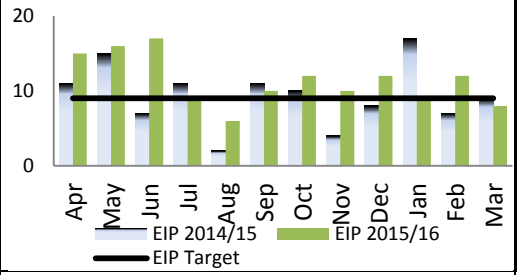
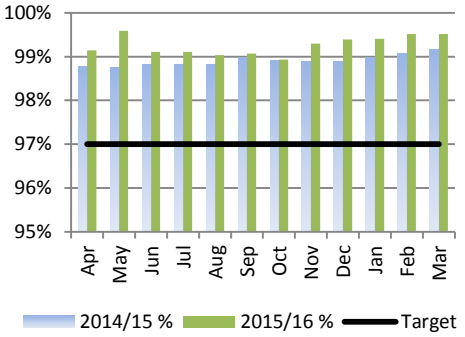
Data Quality

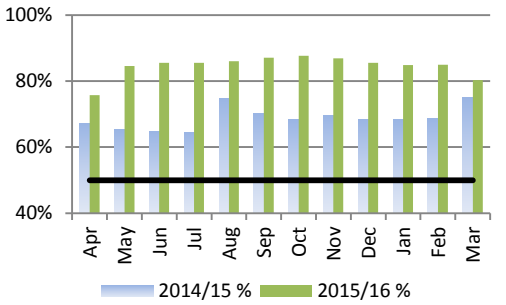
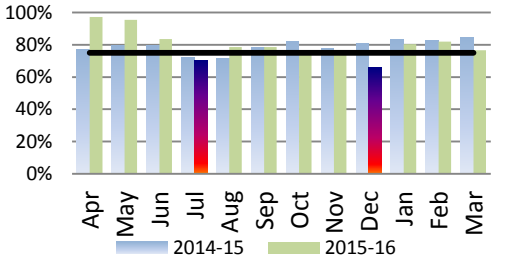
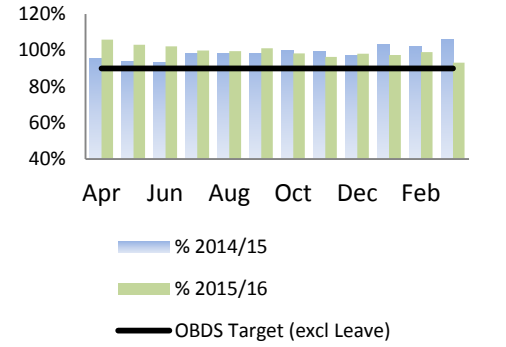
There are no additional actions in the Data Quality and Improvement Plan contained within the 2016/2017 Adult and Older Adults Contract.

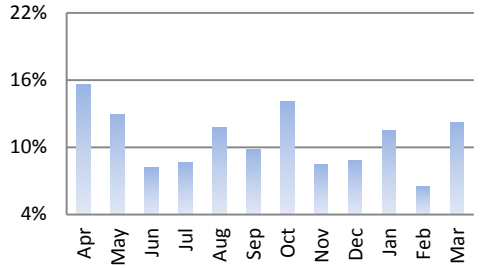
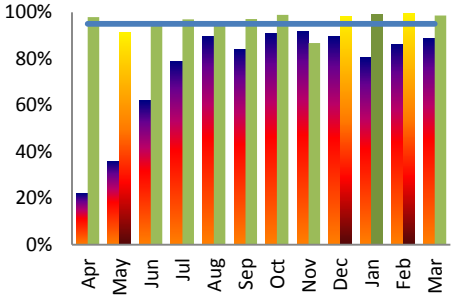
Board Performance Report

All core indicators are covered in the following Board performance report. A trend and commentary column is included for each indicator. These are monitored by the Board on a monthly basis and in addition an informal process is in place to put in extra resources to address any issue with falling target. A formal process exists to address any key issues and NEP does not currently require actions to improve these indicators.

		Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
A. Monitor Compliance Framework	1	Care Programme Approach (CPA) patients receiving follow-up contact within 7 days of discharge	95%	% Followed-up within 7 Days	100.0%	100.0%	96.9%	100.0%	99.3%	98.8%	↑	
	2	Care Programme Approach (CPA) patients receiving a formal review within 12 months	95%	% Reviewed within 12 months	95.5%	96.1%	94.8%		95.6%	95.6%	↑	
	3	Minimising delayed transfers of care	Less than or equal to 7.5%		0.0%	0.0%	3.8%	0.0%	1.0%	1.1%	↑	

	Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
4	Admissions to inpatients services had access to crisis resolution home treatment Teams	95%	% Gatekept	90.0%	97.7%	100.0 %		96.5%	97.8%	↑	
5	Meeting commitment to serve new psychosis cases by early intervention teams	95%		0.0%	200.0%	77.4%		93.2%	112.6%	↓	
6	Data completeness – identifiers (aggregate)	97%	Overall	99.5%	99.6%	99.4%	-	99.5%	99.5%	↔	
			NHS Number	99.0%	99.2%	98.1%	-	98.8%	98.8%		
			Date of Birth	100.0%	100.0%	100.0 %	-	100.0%	100.0%		
			Postcode	99.2%	99.3%	99.6%	-	99.3%	99.3%		
			Gender	100.0%	100.0%	100.0 %	-	100.0%	100.0%		

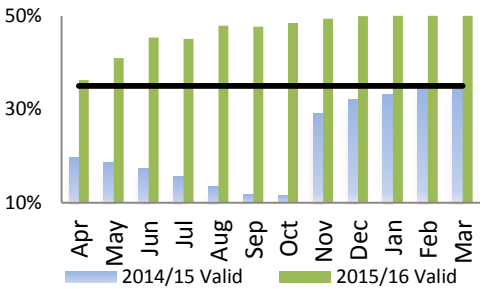
		Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
				GP Practice	99.4%	99.4%	99.5%	-	99.4%	99.4%		
	7	Data completeness – outcomes (aggregate)	50%	Overall	77.8%	83.5%	79.8%	-	80.3%	80.3%	↓	
				Accommodation	81.5%	84.3%	91.2%	-	85.3%	85.3%		
				Employment	77.8%	76.7%	83.0%	-	79.0%	79.0%		
				HoNOS in past 12 Months	75.7%	86.2%	69.7%	-	78.2%	78.2%		
B. Other KPIs	8	Carers Assessments Completed	75%	Percentage of carers who have been offered an assessments and subsequently accepted	66.2%	87.0%	93.3%		76.6%	79.2%	↓	
	9i	Inpatient Occupancy Rate, excl Leave	90%	Adults of working age	74.6%	109.3%	101.3 %		96.1%	97.7%	↓	
				Older Adults	106.0%	84.5%	87.5%		91.5%	97.5%		
				PICU	59.7%				59.7%	74.5%		
				Low Secure	95.2%				95.2%	96.8%		
	9ii	Inpatient Occupancy Rate, incl Leave		Adults of working age	85.8%	112.2%	101.3 %		101.1%	101.0%		
				Older Adults	106.0%	88.2%	88.1%		93.0%	98.5%		

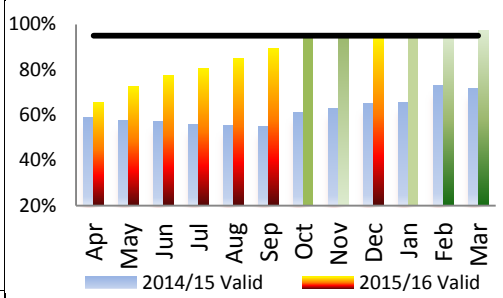
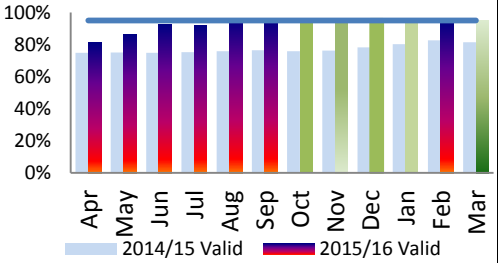
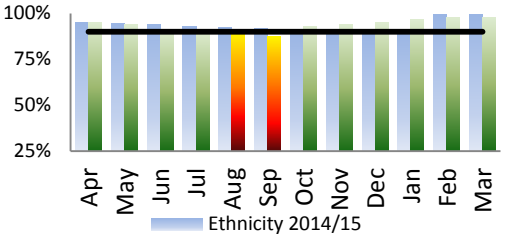
	Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
			PICU	65.7%				65.7%	77.2%		
			Low Secure	98.9%				98.9%	102.6%		
10	Emergency Re-admissions within 28 days of previous discharge (Governor selected KPI)		% Readmissions	14.3%	13.4%	9.1%	0.0%	12.2%	9.9%		
11	ICD Diagnosis	95%	At Inpatient Discharge	100.0%	97.0%	100.0 %	100.0%	98.6%	98.9%	↑	
12	MH Clusters	TBA	Active Clients in Month	6,567	6,249	4,458		17,274	17,274		
			MH Cluster Assigned	4,709	4,802	3,081		12,592	12,592		
			Valid Cluster Assigned	3,076	3,952	2,085		9,113	9,113		

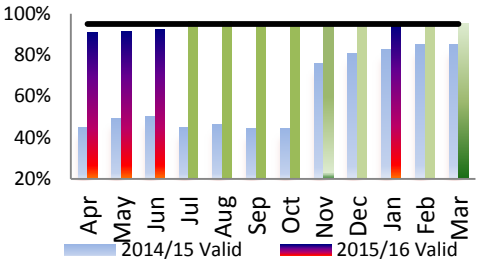
		Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
				% Valid	65.3%	82.3%	67.7%		72.4%	72.4%		
Other KPIs	13	Essex County Council	93%	18+ years assessment in 4 wks	7.7%	30.8%	78.8%		76.6%	79.2%		
			80%	% Social Care Service Users in receipt of a personal budget	41.1%	27.9%	35.0%		32.3%			
			95%	Review of Section 117	92.9%	95.8%	97.5%		95.2%			
			111 per month	Carers Assessments Completed	138.9%	50.9%	106.6 %		98.3%	137.9%		
	14	Health Outreach	90%	Registered with GP and/or Dentist					91.0%			All indicators now above target
			90%	Ethnicity Recorded					98.3%			
			90%	Accommodation Status					97.2%			
			95%	Percentage of Service Users with a Care Plan					95.4%			
	15	Acorns	95%	% of maximum QOF points achieved					93.6%			St Clements has achieved target
		Dilip Sabnis							93.6%			
		St Clements							96.0%			

		Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary

Note: KPI 8 (CCG set) measures the proportion of Carers who have been offered an assessment; KPI 13 (Essex CC set) measures the number of Carers who have accepted an Assessment

C. Health Commissioners KPI's	16	Psychiatric Liaison	95%	Number of Assessments at A&E or Hospital	101	55	80		236	747		
				% Assessed within 4 hours	100.0%	100.0%	97.5%		99.2%	99.1%		
	17	Physical Healthcheck	35%	% with healthcheck	45.7%	56.4%	60.3%		53.0%	53.0%	↑	

		Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
	18	Care Plan Shared	95%	% with a care plan shared	96.2%	97.6%	97.9%		97.2%	97.2%	↑	
	19	Crisis Plan in Place	95%	Number of patients with a crisis plan	94.7%	96.1%	96.0%		95.5%	95.5%	↑	
	20	Ethnicity	90%	% Valid Ethnicity Recorded	96.5%	98.3%	99.4%	94.1%	97.9%	97.9%	↑	

		Indicator	Target		Mid	North East	West	C&YP	Mar-16	Quarterly to Date	Performance	Trend/Commentary
	21	Section 117 Reviews	95%	% with a formal review in 12 months	92.9%	95.8%	97.5%		95.2%	95.2%	↓	
	22	DQUIP (Quarterly)	Amber									
	23	SDIP (Quarterly)	Green									

There were no patient 0-15 years or 16 years and over re-admitted to NEP adult wards in 2015/16.

SECTION 3: OTHER INFORMATION AND REVIEW OF QUALITY PERFORMANCE INDICATORS

Duty of Candour

How does the Trust comply with the Legislation?

Below identifies the measures that have been implemented to ensure the Trust is compliant:

• Once an incident/serious incident has been identified it is reported on the Trust incident reporting system, DATIX
• There is a governance process implemented regarding the oversight of incidents and now has an established incident triage process to ensure all incidents of moderate harm and above are analysed to ensure none of these meet the serious incident criteria as laid out by NHS England in April 2015
• The Trust is currently updating the DATIX system to version 14, which has a clear set of questions for staff around the requirements for ensuring Duty of Candour requirements have been met. This will be audited as part of the audit cycle and ensure compliance
• All serious incident investigations have a focus on Duty of Candour to ensure that all requirements have been implemented and documented
• The new Incident Reporting Policy which includes the serious incident investigation process, has a clear section on Duty of Candour so staff are aware of their responsibilities
• The Root Cause Analysis (RCA) training includes Duty of Candour and as an investigating officer, what you legally need to perform to ensure the Trust meets its requirements
• A training session has been held between the Trust and Clinical Commissioning Group (CCG) for staff on how to perform the Duty of Candour responsibilities and this will now be held twice yearly to ensure we have staff trained in this critical area of practice
• The Trust holds a weekly SI, which includes reviewing all serious incidents and ensuring that Duty of Candour has been implemented
• The Trust's Being Open Policy was approved in April
• The Trust has standard templates for the apology that comes from the Chief Executive in line with the requirements of this legislation
• As part of the Trust Induction process, being open and honest is part of the Making Patient Experiences Count training which reinforces the legislation requirements
• A staff booklet produced by the NHS Litigation Authority on saying sorry has been used for staff within the Trust, and in the future will be provided to staff involved in serious incidents to ensure staff are clear on what their responsibilities are
• A booklet has now also been produced for patients and carers on what Duty of Candour is and what they should expect from the Trust
• The Associate Director of Quality holds SI investigator update sessions quarterly and this also includes updates on Duty of Candour

How will the Trust monitor its compliance with Legislation?

The duty placed on NHS organisations in line with the Duty of Candour legislation is complex and requires us to have a systematic monitoring process in place via:

• The formal Trust Serious Incident Panel
• The governance forums in each of the areas within the Trust
• The serious incident scrutiny process as no final report will be approved unless full Duty of Candour requirements have been fully implemented
• DATIX reporting to formally audit the compliance rate with Duty of Candour

How does the Trust practically apply the Legislation?

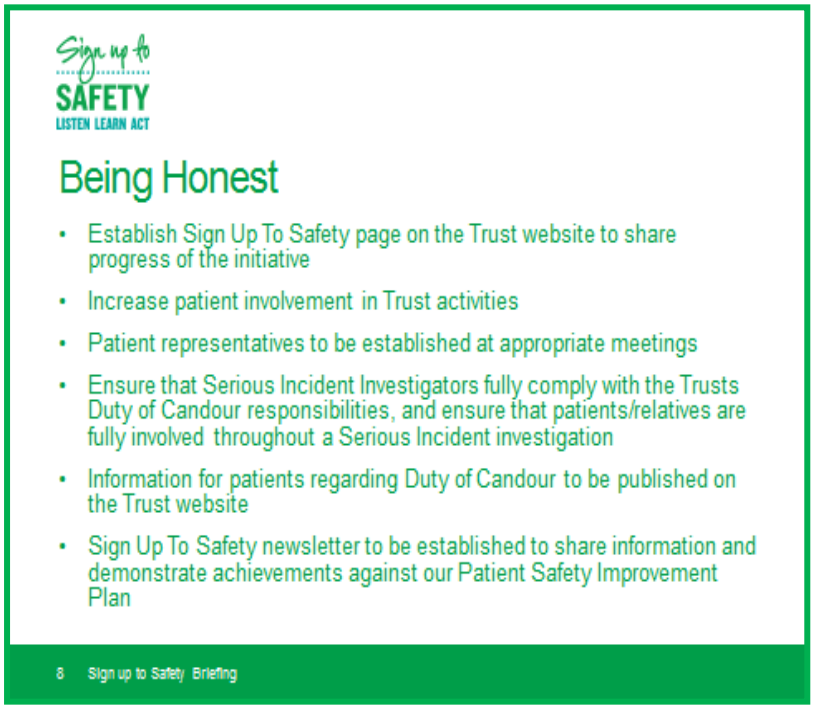
The responsibility for ensuring it is fully implemented rests with the Patient Safety and Complaints Team (PSCT). To ensure we meet the expectations the list below identifies what the Trust requires of those investigating serious incidents:

• The PSCT send a letter of apology from the Chief Executive
• Information leaflet on Duty of Candour is also sent, and if a death is involved, a bereavement information leaflet is sent
• The Investigating Officer is appointed and makes contact with the relative or patient involved in the serious incident and identifying that they are now the point of contact from that point on if they require further information
• If the patient/relative has concerns around what has happened, the Investigating Officer should meet to document their concerns so that these can be incorporated into the investigation, so that these questions can be answered and clear answers given to the patient or relative when the investigation report is handed over to the relatives
• If required, to keep the relatives updated as the investigation progresses
• A meeting will be established with the patient/relative when the report is available so that the Investigating Officer can discuss the findings of the investigation with them
• If they have comments with the report this can be included as an addendum to the final report

The following developments need to continue to ensure Duty of Candour is fully implemented:

• Two training days per year on Duty of Candour and this should be held jointly between the Trust and the CCG
• Specifically designed update sessions for Investigating Officers, and as part of this, it identifies what the requirements under Duty of Candour are for staff
• Continued development of the organisational culture around the fact that it is OK for Trust staff to apologise, and if they do, they are saying sorry for the experience that they have had and not an admission of any liability
• Continue with the quarterly update sessions for serious incident investigators to encompass Duty of Candour

Sign up to safety campaign


Sign up to
SAFETY
LISTEN LEARN ACT
Being Honest
• Establish Sign Up To Safety page on the Trust website to share progress of the initiative
• Increase patient involvement in Trust activities
• Patient representatives to be established at appropriate meetings
• Ensure that Serious Incident Investigators fully comply with the Trusts Duty of Candour responsibilities, and ensure that patients/relatives are fully involved throughout a Serious Incident investigation
• Information for patients regarding Duty of Candour to be published on the Trust website
• Sign Up To Safety newsletter to be established to share information and demonstrate achievements against our Patient Safety Improvement Plan
8 Sign up to Safety Briefing

Collaborating

- Look at working with another Mental Health Trust that is participating in the Sign Up To Safety programme to share ideas and learn from their programme
- The Trust is now starting to work closely with South Essex Partnership NHS Trust due to the Trusts starting on the journey to a merger in 2017
- Work is ongoing with UCLPartners, an Academic Health Science Network in order to share learning and collaborate over quality improvement initatives
- Launch event for Sign Up To Safety with key stakeholders across the health service

Continually Learning

- Increase the level of incident reporting across the Trust – working with wards and teams to positively promote incident reporting
- Identifying and sharing learning from incidents, serious incidents and complaints
- Ammendments to be made to the Datix System to allow recording of Never Events and sharing of learning from these
- Refocusing of the Trust Datix User Group to allow for more strategic discussion about the Datix system and sharing of learning across the Trust
- Production of a learning framework to facilitiate the sharing of learning across the Trust
- Complaint Oversight Committee being established to oversee learning from complaints and assurance that changes in practice have occurred

Being Supportive

- Thoroughly investigate serious incidents and robustly share the learning across the Trust, through Area Governance Meetings, to ensure that changes in practice are implemented
- Planned 1:1 time with staff and line managers to be adhered too and conducted in line with Trust policy
- Staff to attend Duty of Candour Training
- Appropriate staff to receive Complaint Training
- Serious Incident Investiagtors to attend Root Cause Analysis Training
- Use of patient stories at Trust meetings
- Clinical Audit within the Trust to be linked to patient safety priorities
- Being Open policy to be revised
- Information for staff regarding Duty of Candour to be posted on the Quality Team intranet site
- Patient Information Leaflets to be produced to give information on Duty of Candour and Being Open

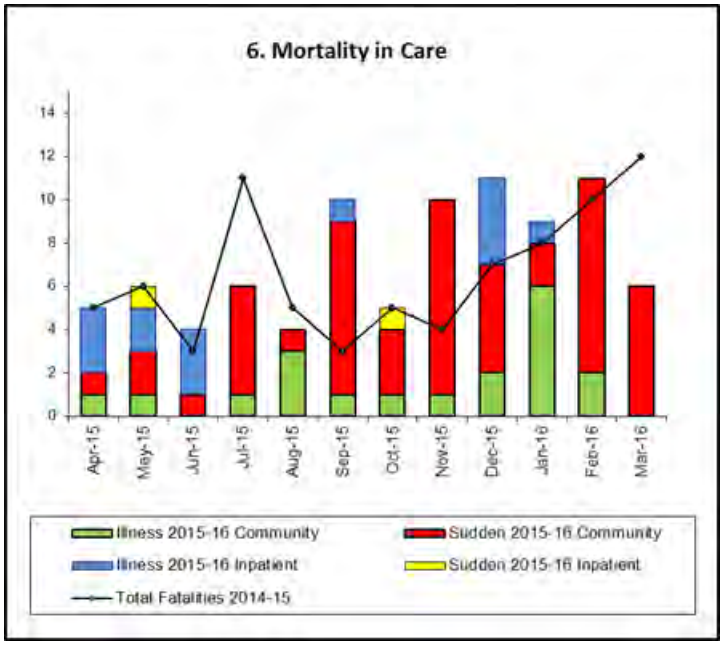
PATIENT SAFETY

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 2016. 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.

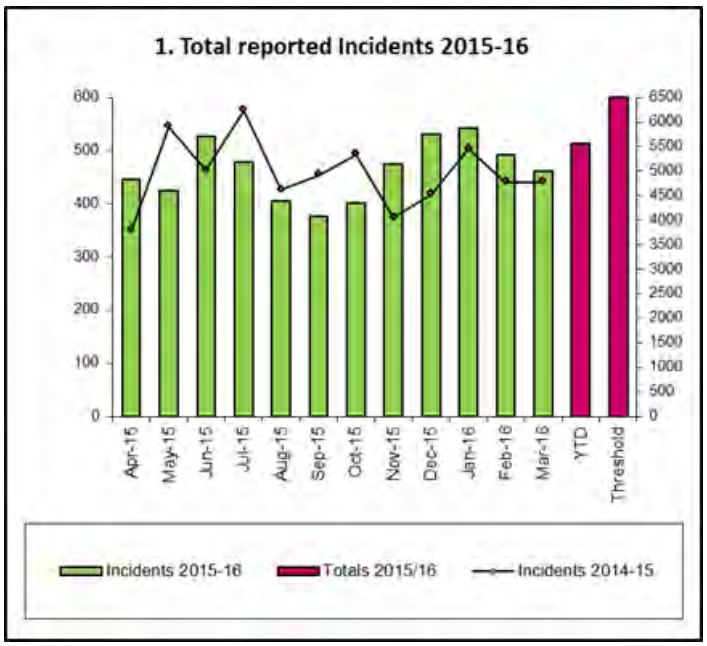
Chart 1 – Mortality in care



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.

60% of all reported deaths were sudden deaths in the community. There has been an improvement in the accuracy of the reporting with a 10% increase in the total number of deaths reporting in comparison with the previous year.

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.

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 2015/16, and the number and percentage of such patient safety incidents that resulted in severe harm or death

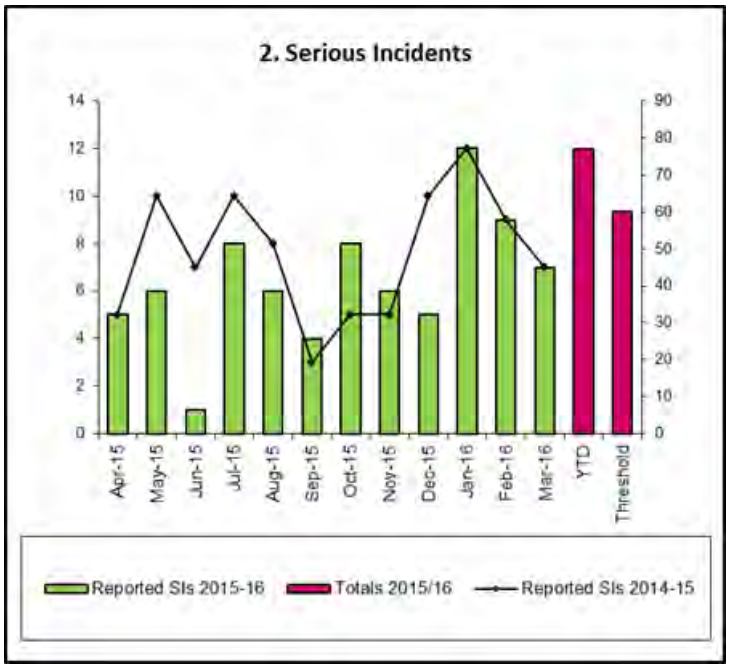
NEP considers that this data is as described for the following reasons: Submission of statutory information to the National Reporting and Learning System

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 2015/16 is 1976 (down significantly from 2260 in 2014/15).

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). 0.25% of the total number of PSI's reported to the NRLS resulted in severe harm or death in 2015/16 (up from 0.2% in 2014/15).

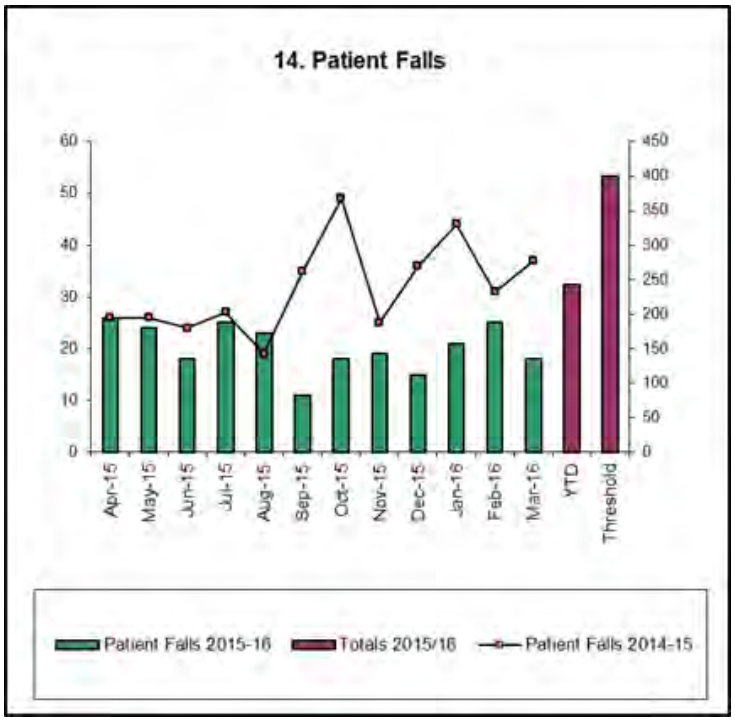
Chart 3 – Total number of reported serious incidents (SI's)



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/

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 including a significant reduction in 2015/16.

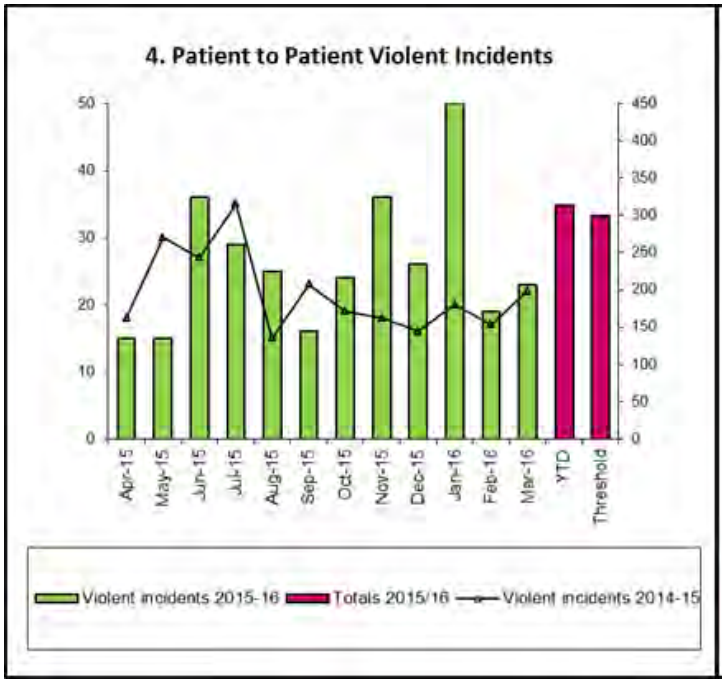
2015/16	243
2014/15	380
2013/14	379
2012/13	419
2011/12	515
2010/11	674
2009/10	876

This remains a key priority for patient safety. There has been increased staff awareness and significant investment in assistive technology to provide early detection and prevent harm to patients.

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 incidents has increased from last year by 20% - most of these incidents are verbal aggression and dementia care wards feature significantly in these incidents. Dementia care awareness training is a key training for all staff working in this challenging area.
77% of these incidents are verbal aggression. In 2013/14 there were 961 incidents and this has reduced slightly to 787 in 2015/16.



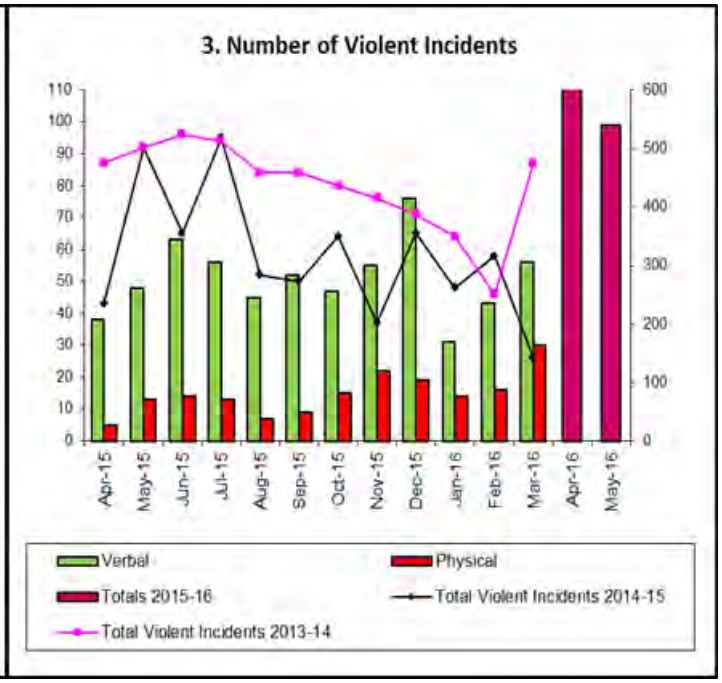
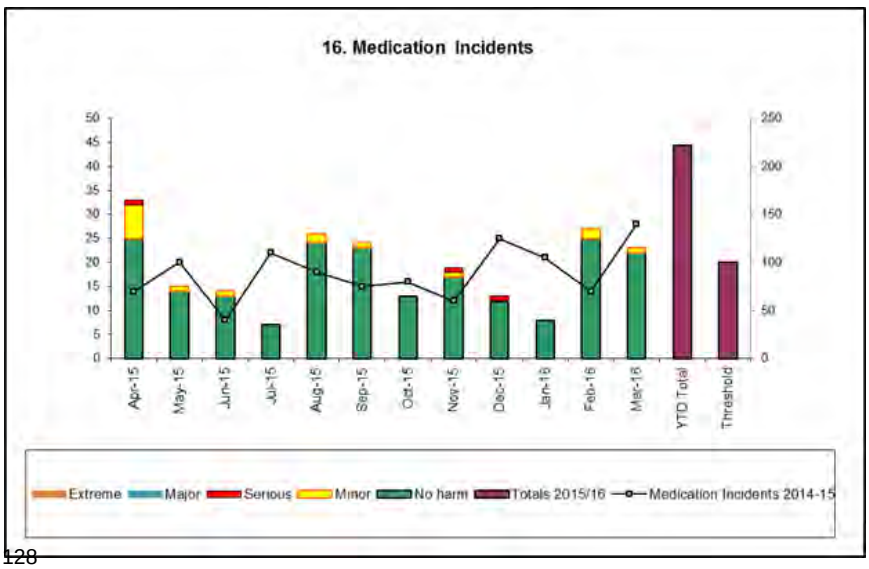


Chart 7 – Medication Incidents



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

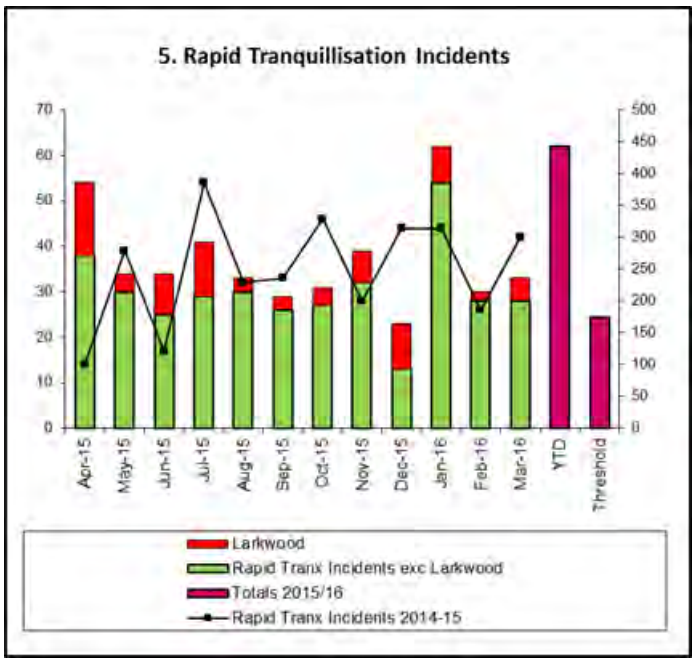
providing medicine advice, regardless of whether any harm occurred. This is a broad definition and the majority of medication errors do not result in harm.

(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. 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.

Most of the medication incidents are no harm to the patient and all incidents are analysed to inform learning and training for staff. These are centrally analysed to identify hotspots either for a particular ward or type of incident and this assists in focussing additional training requirements and proactive support for these areas to prevent further occurrences and reduction in harm to patients.

Chart 8 – 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. Every incident is audited.

PATIENT EXPERIENCE

Friends and Family Test

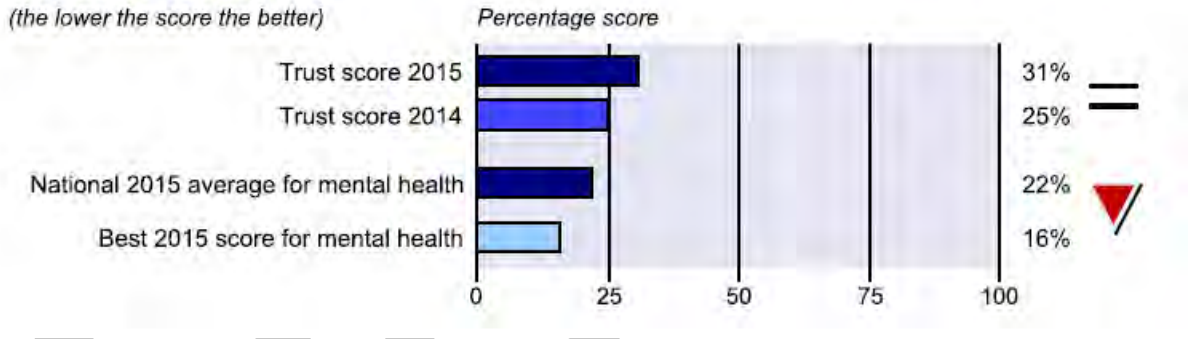
	FFT Score	Questionnaires completed	% Extremely Likely /Likely Responses
Mar-15	10.4	98	70%
Apr-15	24.6	64	67%
May-15	21.4	86	73%
Jun-15	13.6	86	73%

Jul-15	12.9	85	76%
Aug-15	35.1	115	77%
Sep-15	16.7	60	72%
Oct-15	15.5	68	81%
Nov-15	23.9	46	78%
Dec-15	45.7	70	81%
Jan-16	37.2	129	82%
Feb-16	51.6	184	89%
Mar-16	44.9	118	86%

PLACE SCORES	Cleanliness	Food	Privacy and Dignity	Condition and appearance	Dementia
2014	98.42%	86.20%	78.56%	92.27%	#
National	97.16%	89.84%	89.61%	92.50%	#
2015	98.97%	86.30%	79.53%	88.32%	85.98%
National	97.52%	88.49%	86.03%	90.11%	74.04%

Staff Survey

KEY FINDING 26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months



			Your Trust in 2015	Average (median) for mental health	Your Trust in 2014
KF21	Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	White	82%	88%	86%
		BME	74%	75%	79%

Complaints, compliments, and PALS

	2014/15	Jul - 15	Aug-15	Sep-15	Oct - 15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	YTD
No of Complaints	159	9	9	11	7	10	8	6	15	16	
No of Compliments	349	6	3	13	16	14	14	6	23	21	139
No of PALS Queries	314	20	24	28	38	30	29	26	18	27	

Complaints- *Whilst the number of complaints seems to be decreasing compared to last year figures, the main issues highlighted by service users and carers remained the same which are: (1) access to service, (2) staff attitude and behaviour, (3) continuity of care*

Compliments- *Steady increase in numbers noted over recent months- (only formal compliments received by the PSCT is collated)*

PALS- Main issues reported are*; **(1)** Standard of care, (2) communication, (3) raise trust awareness*

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.

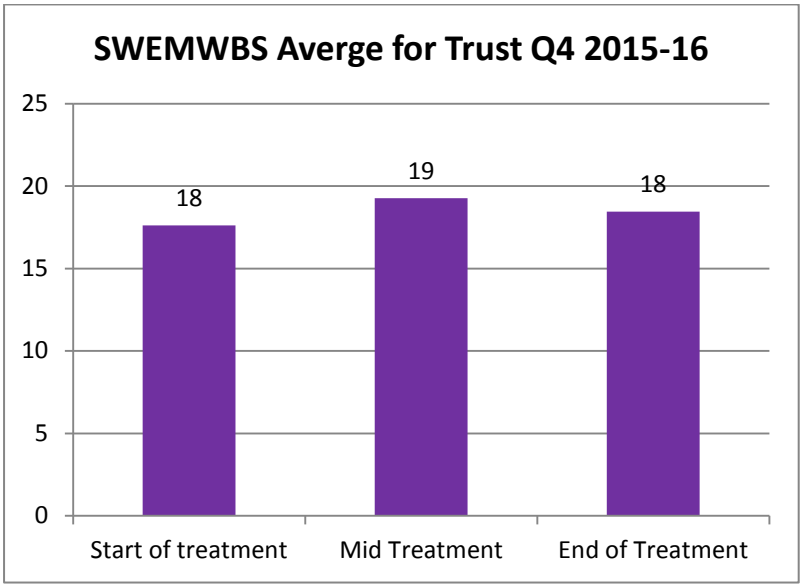
Patient survey metrics	2014	2015	Best Trust
7. Have you been told who is in charge of organising your care?	8.8	6.8	8.9
19. Did you know who was in charge of organising your care while this change was taking place?	6.5	4.5	6.8
42. Overall, in the last 12 months, did you feel that you were treated with respect and dignity?	8.6	7.8*	8.8
12. Were you involved as much as you wanted to be agreeing what care you will receive?	7.3	6.5*	8.2
40. Do the people you see through NHS mental health services help you feel hopeful about the things that are important to you?	6.2	4.9*	6.5
3. In the last twelve months, do you feel you have seen NHS mental health services often enough for your needs?	6.7	5.3*	7.0
41. Overall patient experience score	7.2	6.3*	7.4

CLINICAL EFFECTIVENESS

CONTEXT

- Clinicians have and continue to use a range of outcomes tools in practice based on the condition that they are treating.
- However, wide scale use of specific outcomes tool e.g Short Warwick and Edinburg mental well being score (SWEMWBS)and Quality of Life AD (QAL-AD) have been introduced since April 2015 through CQUIN.
- The trust also holds a number of contracts which are outcomes driven(e.g. Supported Employment services, STaRS, MVA etc)

- The Short Warwick-Edinburgh Mental Well-being Scale (SWEMWBS) aims to measure mental well-being itself.
- SWEMWBS comprises 7 items that relate to an individual's state of mental well-being (thoughts and feelings) in the previous two weeks
- Responses are made on a 5-point scale ranging from 'none of the time' to 'all of the time', and each item is worded positively and together they cover some of the attributes of mental well-being
- Service users were advised that they would be asked about these statements before they start their treatment, and then again at the end of their treatment.
- Each of the 7 item responses in SWEMWBS are scored from 1 (none of the time) to 5 (all of the time) and a total scale score is calculated by summing the 7 individual item scores. The minimum score is 7 (representing lower mental well-being) and the maximum score is 35 (representing higher mental well-being).



If the population's score increases by 1.5 to 4.0 (or more) SWEMWBS points during treatment, SWEMWBS would be demonstrating that mental well-being meaningfully improved for that population over the course of treatment

Performance of Trust against selected metrics				
(1) Data source: Remedy – patient database (nationally defined by Department of Health/ Care Quality Commission/ Monitor)	**2015/16**	**2014/15**	**2013/14**	**2012/13**
Early intervention in psychosis (new cases) (1)	**132.04%**	116.50%	115.50%	298
Carer assessments (completed) (1)	**1379**	1122	1103	1612
Crisis Resolution Home Treatment (gatekeeping) (1)	**97.81%**	97.40%	96.60%	100%
Clients 18+ receiving a review (1)	**95.56%**	95.60%	75.40%	97.70%
Care Programme Approach 7 day follow up (1)	**98.10%**	99.50%	94.47%	98.80%
Delayed transfers of care (in total % occupied bed days delayed) (1)	**1.60%**	2.30%	2.70%	2.40%
MHSDS data completeness (1)	**99.50%**	99.17%	98.83%	99.80%
MHSDS data outcomes (1)	**80.30%**	75.05%	63.20%	97.60%
Inpatient discharges with a diagnosis recorded (1)	**99.29%**	95.70%	N/A	94.50%
*Inpatient re-admissions within 28 days of previous discharge (1)	**10.57%**	-	-	-
Inpatient emergency re-admissions within 28 days of previous discharge (1)	**9.09%**	8.50%	2.42%	2.53%
Secondary Uses Service - Finished Consultant Episodes				
% Valid NHS Number	**99.76%**			
% Valid GP Code	**100%**			
Secondary Uses Service - Unfinished Consultant Episodes				
% Valid NHS Number	**100%**			
% Valid GP Code	**100%**			

*before 2015/16 this was emergency re-admission only
this changed following commissioners request for all admissions

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

North Essex CCG response to North Essex Partnership University NHS Foundation Trust (NEP) Quality Account report for 2015- 2016

North East Essex Clinical Commissioning Group (CCG) welcomes this Quality Account as a commitment to an open and honest dialogue with the public regarding the quality of care provided by North Essex Partnership University NHS Foundation Trust (NEP). The CCG is commenting on this provider's Quality Account for 2015-16 by virtue of its role as lead commissioner for North Essex Commissioning Groups (North East, Mid and West Essex).

Though the CCG are commenting on a final draft version of the Quality Account, we are pleased to be able to assure the accuracy of the content in general. We have fed back our comments on the draft report and anticipate these changes will be made to the final published version.

This has been a challenging year for the organisation, with its first Chief Inspector of Hospitals Care Quality Commission inspection in August delivering a mixed appraisal of its services and leading to an overall rating of 'requires improvement'.

The priorities for improvement during this year centred on 3 main areas – improving communication and information sharing; implementation of the Journeys programme for community services; and improving patient and carer experience. The account demonstrates that progress has been achieved against all three priorities. In particular, the implementation of Journeys has been positively evaluated, has delivered the required transformational changes and facilitated the development of care pathways. Other service developments include:

- Systematic review of the discharge pathway in conjunction with the CCG and other stakeholders
- Review of the Department Of Health requirements for mixed sex accommodation to improve compliance and patient experience. 6 of the 7 acute Mental Health wards are occupied by males or females only, with a consultation process underway to move the final ward into more appropriate accommodation. Similarly improvements to the Psychiatric Intensive Care unit in Mid Essex have improved the patient experience.
- Safety improvements to the environment of the Derwent Centre Building Programme

The Trust participated in 100% of the national clinical audits (including Prescribing Observatory in Mental Health - POMH) and 100% of national confidential enquiries. A programme of local audits was also completed including delayed discharges and the discharge summary audit. The delayed discharge audit was repeated during the year and has evidenced the improvements brought about by the systematic review of service users who are clinically appropriate to be discharged. Unfortunately, the discharge summary audits evidenced the Trust's poor compliance with national standards as well as with its own policy.

Lessons are being learned and improvements implemented to improve the service user experience. The Trust will continue to participate in national audits and will make better use of local audits to help manage known key risks. The assurance framework is also to be strengthened to ensure timely remedying actions occur.

The Trust continues to demonstrate its commitment to improving the quality of care and treatments, not only to its own client group but to the wider population, by its participation in research studies.

The Trust signed up to two national and four local Commissioning for quality and innovation schemes (CQUINs). These schemes primarily focussed on improving the physical health of people with severe and enduring mental illness and helping other health care services understand the needs of people with mental health problems. These schemes were largely successful and nearly all of the milestones were achieved. It is disappointing there is little commentary or analysis of them. The schemes identified for inclusion in 2016-17 build on last year's CQUINs with the addition of a scheme relating to workforce development, which is encouraging in the light of a disappointing staff survey result.

The Care Quality Commission inspected the core services provided by NEP in August 2015 and gave an overall rating of 'requires improvement'. The inspection revealed some serious concerns leading to an inadequate rating for the domains of "safety, responsive and well led" for the acute adult wards and the psychiatric intensive care units. The Trust also received a warning notice from the CQC requiring some immediate changes to services to be put in place by November 2015, with the main concerns being care planning and environmental factors. The Trust has developed and is implementing its Quality Improvement Plan in response.

The Trust met the core quality indicator standards required by the regulatory framework.These included exceeding the 95% threshold both for the 7 day follow up of service users and for gate keeping of service users requiring admission by access and assessment teams.The Trust has started to gather data in readiness for the national requirement that 50% of service users with a first episode of psychosis receive early intervention and start treatment with a NICE concordant care package within 2 weeks of referral for treatment. The Trust is working collaboratively with the CCG and NHS England to achieve this recognising the challenge of educating staff to deliver cognitive behavioural therapy in psychosis.

The Trust has developed a variety of methods to ensure the Duty of Candour requirements are met. Measures include the development of information leaflets for staff, service users and their relatives/carers; improved governance processes; and targeted education for investigators of incidents.

The CCG notes that the Staff Survey was extremely disappointing. We hope that the Workforce Development CQUIN will help improve staff morale in the coming year. The conclusion of the NHS North East Essex CCG is that North Essex Partnership University NHS Foundation Trust's Quality Account 2015-16 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 2016-17. The CCG looks forward to continuing its work with NEP in the coming year, and encourages NEP to continue to implement the multiple and wide-ranging efforts and initiatives to improve the quality of its services.

Lisa Llewelyn
Director of Nursing and Clinical Quality
NHS North East Essex Clinical Commissioning Group

Response to North Essex Partnership University NHS Foundation Trust (NEP) Quality Account 2015-16 from Healthwatch Essex

Healthwatch Essex is an independent organisation that works to provide a voice for the people of Essex in helping to shape and improve local health and social care services. We believe that health and social care services should use the lived experience of the people to improve services. Understanding what it is like for the patient, the service user and the carer to access services should be at the heart of transforming the NHS and social care as it meets the challenges ahead of it.

We recognise that Quality Accounts are an important way for local NHS services to report on their performance by measuring patient safety, the effectiveness of treatments that patients receive and patient experience of care. They present a useful opportunity for Healthwatch to provide a critical, but constructive, perspective on the quality of services, 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.

The report looks at the progress made towards the priorities for 2015-16 One of these was the implementation of the Journeys programme. Throughout this NEP succeeded in engaging with staff and patients, however it is unclear from the account whether the findings from the survey helped inform the implementation. This is important for ensuring the design and delivery of patient centred care. We welcome the engagement of Occupational Therapy (OT) consultants with service users on their experience of care. However, more information is needed to understand how the OT consultants systematically obtain qualitative feedback from service users, and how the Trust aims to use the feedback to influence the activities that patients engage with on the wards. We suggest that patients should not only be involved in providing feedback on activities, but may also be involved in the design and, where appropriate, in the delivery of these activities.

Healthwatch Essex welcomes the commitment towards a new 'carer's strategy' and 'service user and carer involvement strategy'. Within the involvement strategy, we would welcome the opportunity to see how the Trust plans to engage with marginalised groups such as offenders, homeless people, and refugees, who often have different understandings of mental health and are more likely to experience difficulties in accessing care. We anticipate the introduction of these new strategies and the impact of involvement, and improvement to patient experience. In addition, we would welcome the opportunity to work with the Trust in this regard.

It is evident from the account that the quality priorities for 2016/17 have been chosen by listening to staff, stakeholders, and the public. To improve safety within the Trust, relevant staff will be sent all top 10 clinical inpatient and community policy structured summaries. However, it is unclear from the account how the Trust aims to monitor and ensure they will be implemented.

The priorities for improving patient outcomes and experience include the reporting and monitoring of informal and low level complaints, review of health based places of safety and introducing the 'Hello, my name is…' campaign throughout the Trust. The implementation of these should be informed by the lived experience of patients. The Trust should ensure that it also collects and makes improvements based on patients' experiences of mental health care services, interactions with healthcare professionals, and experience of access and continuity of care.

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 and by working hard to evidence that lived experience we hope we can continue to encourage the work of NEP.

Dr Tom Nutt
Chief Executive Officer, Healthwatch Essex

healthwatch Essex

May 2016

Response from Essex County Council Health and Overview Scrutiny Committee

No comments were received from HOSC. The following statement was made:

The HOSC had a long discussion with representatives from both NEPFT and SEPT on 14th April on mental health issues and the proposed merger. The HOSC will be engaging with both Trusts in the coming year on the future structure of mental health services in Essex and the impact of the merger proposals.

20th May 2016

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

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts 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) and on the arrangements that NHS Foundation Trust Boards should put in place to support the data quality for the preparataion of the Quality Report.

In preparing the Quality Report the Directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
    - Board minutes and papers for the period April 2015 to May 2016
    - Papers relating to quality reported to the Board over the period April 2015 to May 2016
    - Feedback from the commissioners dated 18th May 2016
    - Feedback from governors in minutes over the period April 2015 to May 2016
    - ~~o~~ Feedback from Healthwatch (Essex) dated 18th May 2016
    - ~~o~~ Feedback from Overview and Scrutiny Committee dated 20th May 2016
    - 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 2016.
    - The national patient survey 2015
    - NHS Staff Survey 2015

    - The Head of Internal Audit's annual opinion over the Trust's control environment dated May 2016 and received in Audit Committee 19th May 2016
    - CQC intelligent monitoring reports over the period April 2015 to March 2016
- 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
- the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at https://www.gov.uk/government/publications/nhs-foundation-trusts-annual-reporting-manual-201516) as well as the standards to support data quality for the preparation of the Quality Report (published at https://www.gov.uk/government/publications/nhs-foundation-trust-quality-reports-201516-requirements)

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 (signed and dated)		
25th May 2016	Amanda Sherlock	Deputy Chairman/Non-Executive Director
25th May 2016	Christopher Butler	Interim Chief Executive
25th May 2016	Dr Malte Flechtner	Medical Director
25th May 2016	Natalie Hammond	Director of Nursing and Quality
25th May 2016	David Griffiths	Director of Resources
25th May 2016	Vince McCabe	Director of Operations
25th May 2016	Charles Beaumont	Non-Executive Director
25th May 2016	Peter Little	Non-Executive Director
25th May 2016	Brian Johnson	Non-Executive Director
25th May 2016	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
Christopher Butler
Interim Chief Executive
North Essex Partnership University NHS FT
Freepost
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Audit Opinion

Independent Practitioner's Limited Assurance Report to the Council of Governors of North Essex Partnership University NHS Foundation Trust on the Quality Report

We have been engaged by the Council 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 2016 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in Annex 2 to Chapter 7 of the 'NHS Foundation Trust Annual Reporting Manual 2015/16' (the 'Criteria').

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to the limited assurance engagement consist of those national priority indicators as mandated by Monitor:

- 100% enhanced Care Programme Approach patients receiving follow-up contact within seven days of discharge from hospital
- Admissions to inpatient services had access to crisis resolution home treatment teams

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

Respective responsibilities of the Council of Governors and Practitioner

The Council of Governors are responsible for the content and the preparation of the Quality Report covering the relevant indicators and in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual 2015/16' issued by Monitor and 'Detailed guidance for external assurance on quality reports 2015/16.

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
- 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 2015/16: 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 2015/16' and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2015/16'

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual 2015/16, 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 2015 to 25 May 2016;
- Papers relating to quality reported to the Board over the period 1 April 2015 to 25 May 2016;
- Feedback from Commissioners dated 18 May 2016;
- Feedback from Governors in minutes over the period April 2015 to May 2016
- Feedback from Essex Healthwatch dated 18 May 2016;
- Feedback from Overview and Scrutiny Committee dated 20 May 2016;

The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 31 March 2016

- The national patient survey 2015;
- The NHS staff survey 2015;

- Care Quality Commission Intelligent Monitoring Reports over the period April 2015 to March 2016
- The Head of Internal Audit's annual opinion over the Trust's control environment dated May 2016 and received in the Audit Committee 19 May 2016; and
- Any other information obtained during our limited assurance engagement

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.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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, to assist the 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 2016, to enable the Council 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 Council 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 indicators back to supporting documentation
- comparing the content requirements of the 'NHS Foundation Trust Annual Reporting Manual 2015/16' to the categories reported in the Quality Report; and
- reading the documents.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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 thereof, 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 2015/16'.

The scope of our limited 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.

Our audit work on the financial statements of North Essex Partnership University NHS Foundation Trust is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as North Essex Partnership University NHS Foundation Trust's external auditors. Our audit reports on the financial statements are made solely to North Essex Partnership University NHS Foundation Trust's members, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006.

Our audit work is undertaken so that we might state to North Essex Partnership University NHS Foundation Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of NHS Foundation Trust's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members as a body may be interested for such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than North Essex Partnership University NHS Foundation Trust] and North Essex Partnership University NHS Foundation Trust's members as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

Conclusion

Based on the work described in this report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

- the Quality Report is not prepared in all material respects in line with the Criteria;
- 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 2015/16'; 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 2015/16' and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2015/16'.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
London

25 May 2016

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 it 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*.

Christopher Butler
Chief Executive

Date: 25 May 2016

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

Christopher Butler
Chief Executive

Date: **25 May 2016**

David Griffiths
Director of Resources

Date: **25 May 2016**

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

Our opinion on the financial statements is unmodified

In our opinion the financial statements of North Essex Partnership University NHS Foundation Trust (the 'Trust'):

- give a true and fair view of the state of the financial position of the Trust's affairs as at 31 March 2016 and of the Trust's expenditure and income for the year then ended; and
- have been prepared properly in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in 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 Council of Governors of the 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 Council 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 Council 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 Partnership University NHS Foundation Trust for the year ended 31 March 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in taxpayers' equity, the statement of cash flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, and as interpreted and adapted by the 2015/16 Government Financial Reporting Manual (the 2015/16 FReM) as contained in the NHS Foundation Trust Annual Reporting Manual (ARM) and the Directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006 issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

Overview of our audit approach

- Overall materiality: £2,064,000, which represents 1.9% of the Trust's gross revenue expenditure;
- Key audit risks were identified as:
  - Occurrence of other non-healthcare income and existence of associated receivable balances
  - Valuation of plant, property and equipment
  - Completeness of operating expenditure

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Occurrence of other non-healthcare income and existence of associated receivable balances 18% of the Trust's income is from non-healthcare sources. Income is recognised when the service has been performed. At the year-end income is accrued for services that have been performed but for which an invoice has not been issued. We therefore identified the occurrence of non-healthcare income and the existence of associated receivables balances as a significant risk requiring special audit consideration.	Our audit work included, but was not restricted to: • evaluating the Trust's accounting policy for revenue recognition of other non-healthcare income for appropriateness and consistency with the prior year; • gaining an understanding of the Trust's system for accounting for other non-healthcare income and evaluating the design of the associated controls; • agreeing, on a sample basis, amounts recognised as other non-healthcare income in the financial statements to signed contracts and invoices; • agreeing, on a sample basis, other non-healthcare income transactions to supporting documentation; and • agreeing, on a sample basis, receivables recorded at year-end to supporting documentation, such as subsequent cash receipt. The Trust's accounting policy on non-healthcare income, including its recognition, is shown in notes 1.2 and 1.4 to the financial statements and related disclosures are included in note 4. The Trust's accounting policy on non-healthcare receivables is shown in note 1.2 to the financial statements and related disclosures are included in note 18.

Valuation of property, plant and equipment
The valuation of property, plant and equipment involves estimates that requires significant judgement and represents 64% of the total asset value on the Trust's statement of financial position. The Trust is undertaking a full year valuation of these assets and is applying the alternative site of valuation methodology.
 	
We therefore identified the valuation of property, plant and equipment as a significant risk requiring special audit consideration.
	Our audit work included, but was not restricted to:
	• reviewing the competence, objectivity and expertise of management's valuer;
	• reviewing the instructions issued to the valuer and the scope of their work;
	• obtaining management's assessment of the valuation of property, plant and equipment and understanding the valuation process including the design of key controls and significant assumptions;
	• challenging and obtaining corroborative evidence of the assumptions made by management in relation to
	  o the valuation of property, plant and equipment;
	  o the useful economic lives of property, plant and equipment; and
	  o the resulting amount of depreciation charged in the year;
	• testing of the data submitted to the valuer so as to confirm it is complete and accurate;
	• agreeing valuation adjustments made to the fixed asset register against the valuations provided by management's valuer.
	
	The Trust's accounting policy on property, plant and equipment

Audit risk	How we responded to the risk
	is shown in note 1.6 to the financial statements and related disclosures are included in note 14.1.
Completeness of operating expenditure Expenditure on goods and services represent 27% of the Trust's total expenditure. Management uses judgement to estimate accruals of expenditure for amounts not yet invoiced at the year end. We therefore identified completeness of expenditure on goods and services as a risk requiring particular audit attention.	Our audit work included, but was not restricted to: • gaining an understanding of the systems used to recognise non-pay expenditure and year-end accruals (including goods received and not yet invoiced (GRNI), and evaluating the design of the associated controls; • testing of a sample of expenses to verify expenditure has been recorded in the correct period • review of the year-end reconciliation of the subsidiary system interface and general ledger control account to ensure that all transactions from the subsidiary system are reflected in the Trust's financial statements; • testing, on a sample basis, post year-end payments one month after year-end (to reflect a reasonable cut-off period for making year-end accruals) to confirm the completeness of year-end creditors and accruals; and • considering the completeness of reported accruals and provisions by review of Trust committee minutes and events subsequent to the year end. The Trust's accounting policy on expenditure on goods and services is shown in note 1.5 to the financial statements and related disclosures are included in note 5.

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 economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £2,064,000, which is 1.9% of the Trust's gross revenue expenditure. This benchmark is considered the most appropriate because we consider users of the Trust's financial statements to be most interested in how it has expended its revenue and other funding.

Materiality for the current year is lower than the level that we determined for the year ended 31 March 2015 to reflect our view that a wider range of users of the accounts with a lower view of materiality are expected this year in the context of the financial challenges within the NHS and within the trust sector in particular.

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 for the audit of the financial statements.

We also determined a lower level of specific materiality for certain areas such as cash and disclosures of senior officer remuneration and allowances in the remuneration report.

We determined the threshold at which we would communicate misstatements to the Audit Committee to be £103,000. In addition we communicated misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

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 Chief Executive as Accounting Officer; 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 incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We conducted our audit in accordance with 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 of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code) and those standards 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 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, and in particular included an interim visit to evaluate the Trust's internal control environment including its IT systems and controls over key financial systems;

Overview of the scope of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016 and to report by exception where we are not satisfied.

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

Other reporting required by regulations

Our opinion on other matters required by the Code is unmodified

In our opinion:

- the part of the Remuneration Report and Staff Report subject to audit have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in the NHS Foundation Trust Annual Reporting Manual; and

- the other information published together with the audited financial statements in the annual report is consistent with the audited financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are 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.

Under the Code of Audit Practice 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 ARM or is misleading or inconsistent with the information of which we are aware from our audit; or
- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have nothing to report in respect of the above matters.

Responsibilities for the financial statements and the audit

What the Chief Executive, as Accounting Officer, is responsible for:

As explained more fully in the Statement of Accounting Officer's Responsibilities, 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. The Accounting Officer is also responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

What we are responsible for:

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

We are also required under Section 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's

arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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 Code of Audit Practice.

Paul Dossett

Paul Dossett
Partner
for and on behalf of Grant Thornton UK LLP
London

Date: 25 May 2016

Foreword to the Financial Statements

These Financial Statements for the year ended 31 March 2016 are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule &, paragraph 25 (4) (a) of the National Health Service Act 2006.

Christopher Butler
Chief Executive

Date: **25 May 2016**

North Essex Partnership University NHS Foundation Trust
Statement of Comprehensive Income
For The Year Ended 31 March 2016

	Note	2015/16 £'000	2015/16 £'000	2014/15 £'000	2014/15 £'000
Operating Income	3, 4		122,801		109,702
Operating Expenses	5		(117,133)		(124,623)
Operating Surplus/(Deficit)			**5,668**		**(14,921)**
Finance Costs					
Finance Income	10	49		50	
Finance Expense – Financial Liabilities	12	(562)		(534)	
Finance Expense – Unwinding of Discount on Provisions	23	(2)		(500)	
PDC Dividends Payable		(1,451)		(1,375)	
Net Finance Costs			(1,966)		(2,359)
Surplus/(Deficit) From Continuing Operations			**3,702**		**(17,280)**
SURPLUS/(DEFICIT) FOR THE YEAR			**3,702**		**(17,280)**
Other Comprehensive Income:					
Revaluation Gains/(Losses) and Impairments on Property, Plant and Equipment	14,15		(4,102)		(4)
Remeasurements of net defined benefit pension scheme liability / asset	9		1,272		(895)
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR			**872**		**(18,179)**

The Notes on pages 7 to 60 form part of these Financial Statements.

North Essex Partnership University NHS Foundation Trust
Statement of Financial Position
As At 31 March 2016

	Note	31 March 2016 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2015 £'000
NON-CURRENT ASSETS					
Intangible Assets	13		6,974		6,172
Property, Plant and Equipment	14		67,220		73,198
Trade and Other Receivables	18		12,228		24
Total Non-Current Assets			86,422		79,394
CURRENT ASSETS					
Inventories	17	49		57	
Trade and Other Receivables	18	9,924		6,222	
Non Current Assets Held for Sale	14	678		15,117	
Cash and Cash Equivalents	19	8,254		10,353	
Total Current Assets			18,905		31,749
CURRENT LIABILITIES					
Trade and Other Payables	20	(7,343)		(6,944)	
Borrowings	21	(2,614)		(2,614)	
Provisions	23	(1,640)		(4,401)	
Tax Payable		(1,403)		(1,543)	
Other Liabilities	22	(184)		(601)	
Total Current Liabilities			(13,184)		(16,103)
			92,143		
TOTAL ASSETS LESS CURRENT LIABILITIES					95,040
NON-CURRENT LIABILITIES					
Borrowings	21	(12,482)		(15,097)	
Provisions	23	(12,797)		(12,964)	
Other liabilities	9	(2,045)		(3,032)	
Total Non-Current Liabilities			(27,324)		(31,093)
TOTAL ASSETS EMPLOYED			64,819		63,947

North Essex Partnership University NHS Foundation Trust
Statement of Financial Position
As At 31 March 2016

TAXPAYERS' EQUITY		
Income and Expenditure Reserve	17,613	(11,196)
Revaluation Reserve	20,164	49,088
Pension Reserve	(2,045)	(3,032)
Public Dividend Capital	29,087	29,087
TOTAL TAXPAYERS' EQUITY	64,819	63,947

The Financial Statements on pages 7 to 60 were approved by the Board on **25 May 2016** and signed on its behalf by

Christopher Butler
Chief Executive

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

	Note	Income and Expenditure Reserve	Pension Reserve	Revaluation Reserve	Public Dividend Capital	Total
		£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2015		**(11,196)**	**(3,032)**	**49,088**	**29,087**	**63,947**
Surplus/(Deficit) For The Year		3,702		-	-	3,702
Revaluation Gains/(Losses) and Impairment Losses on Property, Plant and Equipment		-		(4,102)	-	(4,102)
Remeasurements of pension scheme		-	1,272	-	-	1,272
Other Recognised Gains and Losses		-	-	-	-	-
Transfer between Reserves		285	(285)	-	-	-
Other Transfers Between Reserves – Historic Cost Adjustment	15	-	-	-	-	-
Other Transfers Between Reserves – Disposal of Assets		24,822	-	(24,822)	-	-
Taxpayers' Equity at 31 March 2016		**17,613**	**(2,045)**	**20,164**	**29,087**	**64,819**

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

	Note	Income and Expenditure Reserve	Pension Reserve	Revaluation Reserve	Public Dividend Capital	Total
		£'000	£'000	£'000	£'000	£'000
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 Property, Plant and Equipment		10	-	(10)	-	-
Remeasurements of pension scheme			(895)			(895)
Other Recognised Gains and Losses		230	(230)	-	-	
Transfer between Reserves						
Other Transfers Between Reserves – Historic Cost Adjustment	15	307	-	(307)	-	-
Other Transfers Between Reserves – Disposal of Assets				(4)		(4)
Taxpayers' Equity at 31 March 2015		**(11,196)**	**(3,032)**	**49,088**	**29,087**	**63,947**

North Essex Partnership University NHS Foundation Trust
Cash Flow Statement
For The Year Ended 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
Cash Flows from Operating Activities			
Operating Surplus/(Deficit) from Operating Activities		**5,668**	**(14,921)**
Operating Surplus/(Deficit)			
Depreciation and Amortisation		4,144	3,583
Impairments	15	5,889	16,015
(Increase)/Decrease in Inventories		8	16
(Increase)/Decrease in Trade and Other Receivables		(15,710)	(1,008)
Increase/(Decrease) in Trade and Other Payables		104	(1,078)
Increase/(Decrease) in Other Liabilities		(132)	664
Increase/(Decrease) in Provisions		(2,930)	341
Increase/(Decrease) in Tax Payable			-
Other Movement in Operating Cash Flow – (Gain)/Loss on Disposal of Assets	4,5,14	(13,379)	52
Other Movements in Operating Cash Flows			-
NET CASH GENERATED FROM/(USED IN) OPERATIONS		**(16,338)**	**3,664**
Cash Flows from Investing Activities			
Interest Received	10	49	50
Purchase of Intangible Assets		(1,349)	(973)
Purchase of Property, Plant and Equipment		(8,821)	(3,916)
Disposal of Property, Plant and Equipment		29,184	-
Net Cash Generated From/(Used In) Investing Activities		**19,063**	**(4,839)**
Cash Flows from Financing Activities			
Loans Received	21	-	6,000
Loans Repaid		(2,615)	(2,215)
Interest Paid	12	(562)	(533)
PDC Dividend Paid		(1,647)	(967)
Net Cash Generated From/(Used In) Financing Activities		**(4,824)**	**2,285**
Increase/(Decrease) In Cash and Cash Equivalents		**(2,099)**	**1,110**
Cash and Cash Equivalents at 1 April	19	**10,353**	**9,243**
Cash and Cash Equivalents at 31 March	19	**8,254**	**10,353**

Notes To The Financial Statements For The Year Ended 31 March 2016

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 2015/16* 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 Clinical Commissioning Groups 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 two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

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.

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.

Assets are subsequently valued according to the following criteria.

- Specialised assets in use or surplus but with restriction on sale valued at current depreciated replacement cost of modern equivalent asset.
- Non specialised assets in use or surplus but with restriction on sale are valued at current existing use value.
- Surplus assets with no restriction on sale are valued at fair value. Fair value is the price that would be received to sell an asset.
- Assets held for sale are held at the lower of carrying value and fair value less costs to sell.

As approved by the Trust Board in March 2016, the Trust has adopted the Alternative Site Methodology for the valuation of a number of Trust properties. This approach means that the modern equivalent might be constructed on an alternative site and potentially on a smaller footprint, subject to service requirements.

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 2016. This valuation was carried out by Giles Awford MRICS of the DVS, the property services arm of the Valuation Office Agency.

A piece of Land at Bromfield was not valued in the District Valuers report and this has been valued by the application of indices based upon values in the report.

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

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.

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.

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 current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations, gains and losses are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS13 if it does not meet the requirements of IAS 40 of IFRS 5.

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. Loans from the Department of Health are not held for trading and are measured at historic cost with any unpaid interest accrued separately.

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 (2015) 08, dated 2nd December 2015) of -1.55% for cash flows up to five years; -1.00% for cash flows over five but less than ten years; and 0.8% 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 1.37% 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
- 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 is 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.

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 2016

	Income £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Net Surplus/ (Deficit) £'000	Total Assets Employed £'000
Healthcare Activity	121,475	(115,819)	5,656	860	64,819
Enable East Activity	1,326	(1,314)	12	12	-
Total	**122,801**	**(117,133)**	**5,668**	**872**	**64,819**

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	2,445	(2,358)	87	87	27
Total	**109,702**	**(124,623)**	**(14,921)**	**(18,179)**	**63,947**

Net Surplus/(Deficit) includes £6,227,000 (2015: £nil) 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.

3 Revenue From Patient Care Activities

3.1 Income from activities by income source

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
NHS Foundation Trusts	14	105
NHS Other	152	-
NHS England and Clinical Commissioning Groups	88,043	93,053
Local Authorities	9,318	8,238
Non-NHS – Other	297	(275)
Total Income from Patient Care Activities	**97,824**	**101,121**

3.2 Income from activities by type of income

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Block Contract Income	83,478	86,106
Clinical Partnerships Providing Mandatory Services (including S75 Agreements)	9,300	8,116
Other Clinical Income from Mandatory Services	4,166	4,299
Other Non-Protected Clinical Income	880	2,600
Total Income from Patient Care Activities	**97,824**	**101,121**

£83,775,000 (2015: £88,885,000) of Revenue From Patient Care Activities has arisen from Commissioner Requested Services; £14,049,000 (2015: £12,236,000) of Revenue From Patient Care Actvities has arisen from Non-Commissioner Requested Services.

£9,300,000 (2015: £8,116,000) 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.

4 Other Operating Revenue

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Education and Training	4,880	3,894
Research and Development	474	381
Charitable and Other Contributions to Expenditure	-	-
Non-Patient Care Services to Other Bodies	517	959
Rental Revenue	193	64
Profit on Disposal of Property, Plant and Equipment	13,387	-
Reversal of Impairments on Property, Plant and Equipment	3,772	-
Grant Income	-	1,771
Other Revenue	1,754	1512
Total Other Operating Revenue	**24,977**	**8,581**

The profit on disposal relates mainly to the sale of the Severalls Non-Operational site. See note 14 for further details.

The Grant Income relates to the Big Lottery Fund – please see note 30 for detail.

£6,000 (2015: £6,000) of Other Revenue relates to money received from the North Essex Partnership NHS Foundation Trust Charitable Funds for administration of the funds. This is not included under Charitable and Other Contributions to Expenditure as it is not a charitable donation to the NHS Foundation Trust.

£367,000 (2015: £519,000) of Other Revenue relates to staff costs recharged to other organisations.

There is no income from overseas patients in 15/16, nor in 14/15.

5 Operating Expenses

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Services from Other NHS Foundation Trusts	529	39
Services from NHS Trusts	448	502
Services from Other NHS Bodies	1,000	754
Purchase of Healthcare from Non-NHS Bodies	983	-
Executive Directors' Costs (see Note 7.1)	1,096	1,066
Non-Executive Directors' Costs	109	110
Staff Costs (see Note 7.1)	82,999	84,332
Drugs	2,097	1,853
Supplies and Services – Clinical (Excluding Drugs)	343	303
Supplies and Services – General	1,779	2,191
Establishment	1,272	1,178*
Transport	2,458	2,833*
Premises	3,962	4,937
Increase/(Decrease) in Provision for Impaired Receivables	338	62
Increase in Other Provisions	-	822
Depreciation and Amortisation	4,144	3,583
Property, Plant and Equipment Impairments (see Note 15)	9,661	16,015
Audit Services – Statutory Audit	55	58
Audit Services – Audit-Related Regulatory Reporting	-	-
Audit Services – Other Fees		
Internal Audit and LCFS Services	83	68
Loss on Disposal of Non-Current Assets	8	52
Legal and Professional Fees	1,969	2,118*
Education and Training	218	401
Patient Travel and Activities	31	20
Grants	-	-
Insurance	847	633
Essex Pension Scheme Administration Fee	6	2
Other	698	691
Total Operating Expenses	**117,133**	**124,623**

Operating Expenditure includes £1,314,000 (2015: £2,358,000) relating to Enable East.

*Legal and professional fees has been restated for 14/15 as Internal Audit and LCFS have now been classified on their own line; Establishment and Transport costs have been restated for 14/15 as business mileage costs have been removed from Establishment and are now included within Transport, in line with recent guidance from Monitor.

Auditor's liability will be limited in connection with this engagement to a maximum aggregate amount of £2,000,000.
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. It also includes the fee for the audit of the Financial Statements and the Quality Accounts; it Is not possible to split this fee out as the engagement was agreed prior to this requirement on the basis of a fixed fee.

6 Operating Leases

6.1 Payments recognised as an expense

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Minimum Lease Payments	1,522	1,531

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 2016	Year Ended 31 March 2015
On leases that expire:		
Not later than one year	1,186	647
Between one and five years	1,580	2,267 *
After five years	3,012	2,322 *
Total	**5,778**	**5,236**

The decrease in the value of future minimum lease payments from 31 March 2015 to 31 March 2016 relates to a long term lease on which notice has now been given. The lease will therefore expire during the 2016/17 financial year.

* The figures for the year ended 31 March 2015 have been restated as notice was given during the 2015/16 financial year for a long term lease with NHS Property Services for property occupied by the Trust on the Clacton Hospital site. This had a significant impact on the future minimum lease payments on leases that expire after five years, as the original lease expired in 2091. As required under the terms of the lease 18 months notice of termination was given on 25th June 2015 for the lease to terminate on 31 December 2016.

7 Employee Costs And Numbers

7.1 Employee costs

	Year Ended 31 March 2016			Year Ended 31 March 2015
	Permanently Employed £'000	Other £'000	Total £'000	Total £'000
Salaries and Wages	60,229	1,214	61,443	65,852
Social Security Costs	4,634	-	4,634	4,982
Termination Benefits	(33)	-	(33)	355
Employers' Contribution to NHS Pension Scheme	7,126	-	7,126	7,562
Other Pension Costs		-		-
Essex Pension Fund	477	-	477	572
Other	4	-	4	2
Agency Costs	-	10,444	10,444	6,074
Total	**72,437**	**11,658**	**84,095**	**85,399**

Included within Salaries and Wages is £1,096,000 (2015: £1,067,000) for Directors' remuneration. Included within Employers' Contribution to NHS Pension Scheme is £120,860 (2015: £106,000) for contributions to Directors' pensions. Further details of Directors' Remuneration are shown in the Remuneration Report, which can be found in the Annual Report.

The Termination Benefit relates to a reversal of unused provision from 14/15.

7.2 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 2015/16, zero exit packages were agreed and paid within nationally agreed arrangements. During the year 2014/15, twelve exit packages were agreed and paid within nationally agreed arrangements.

Exit package cost band	Year Ended 31 March 2016 Total Number of Exit Packages by Cost Band	Year Ended 31 March 2015 Total Number of Exit Packages by Cost Band
£0-£25,000	-	6
£25,001-£50,000	-	4
£50,001-£100,000	-	2
Total	**-**	**12**

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 2015/16 there were nil (2014/15: six) 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 is £nil (2014/15: £336,000). 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.

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 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Pensions Indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in 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.

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.

The following transactions have been made to the Statement of Comprehensive Income during the year:

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Statement of Comprehensive Income		
Operating Expenditure:		
Current Service Cost	(479)	(571)
Change in Financial Assumptions	-	-
Contributions by Employer	298	419
Administration Expenses	(6)	(2)
Finance Costs:		
Interest Cost	(541)	(579)
Interest on Assets	443	503
Expected Return on Assets in the Scheme	-	-
Remeasurement in Other Comprehensive Income	(285)	(230)
Total Post Employment Benefit Charged to the Surplus/(Deficit) For The Year		
Return on fund assets	(28)	935
Other Post Employment Benefit Charged to the Statement of Comprehensive Income	1,300	(1,889)
Actuarial Gains/(Losses)	-	59
Total Post Employment Benefit Charged to the Statement of Comprehensive Income	987	(1,125)

The following movements are made against the Scheme Assets and Liabilities during the year:

	31 March 2016 £'000	31 March 2015 £'000
Reconciliation of Fair Value of Scheme Assets		
Balance at 1 April	12,890	10,960
Interest on Assets	443	503
Expected Rate of Return	(28)	935
Administration Expenses	(6)	(2)
Employer Contributions	298	419
Contributions by Scheme Participants	104	148
Benefits Paid	(137)	(132)
Other gains/(losses)	-	59
Balance at 31 March	**13,564**	**12,890**
Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)		
Balance at 1 April	15,922	12,867
Current Service Cost	479	571
Interest Cost	541	579
Contributions by Scheme Participants	104	148
Change in financial assumptions	(1,300)	1,889
Benefits Paid Net of Transfers In	(137)	(132)
Unfunded Pension Payments	-	-
Gains on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Balance at 31 March	**15,609**	**15,922**

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 2016 £'000	31 March 2015 £'000
Present Value of Scheme Liabilities	15,609	15,922
Fair Value of Scheme Assets	13,564	12,890
Surplus/(Deficit) on Pension Fund	(2,045)	(3,032)

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 2016	31 March 2015
Mortality Assumptions		
Longevity at 65 for Current Pensioners		
Male	22.9 years	22.8 years
Female	25.3 years	25.2 years
Longevity at 65 for Future Pensioners		
Male	25.2 years	25.1 years
Female	27.7 years	27.6 years
Rate of RPI Inflation %	3.3 (0% real)	3.3 (0% real)
Rate of CPI Inflation %	2.5 (-0.8% real)	2.5 (-0.8% real)
Rate of Increase in Salaries %	4.3 (1.0% real)	4.3 (1.0% real)
Rate of Increase in Pensions %	2.5 (-0.8% real)	2.5 (-0.8% real)
Rate for Discounting Scheme Liabilities %	3.4 (0.1% real)	3.4 (0.1% 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 2016		31 March 2015	
	£'000	**%**	£'000	%
Equity Investments	9,180	68	8,671	67
Gilts	400	3	566	4
Other Bonds	651	5	1,234	10
Property	1,615	12	1,400	11
Cash	441	3	283	2
Alternative Assets	603	4	736	6
Other Managed Funds	674	5	-	-
	13,564	100	12,890	100

10 Investment Revenue

	31 March 2016 £'000	31 March 2015 £'000
Interest Revenue:		
Bank Accounts	49	50
Other: Return on Pension Assets	-	-
Total Investment Revenue	**49**	**50**

11 Other Gains And Losses

	31 March 2016 £'000	31 March 2015 £'000
Gain/(Loss) on Disposal Of Property, Plant And Equipment	13,379	(53)
Total Other Gains And Losses	**13,379**	**(53)**

The sale of Severalls took place during the 2015/16 financial year, with a Gain on Disposal of £11,868,000. Details of this can be found in Note 14.

12 Finance Costs

	31 March 2016 £'000	31 March 2015 £'000
Interest on Loans	464	458
Interest on Late Payment of Debts	-	-
Other: Net interest cost on Pension Liabilities	98	76
Total Finance Costs	**562**	**534**

13 Intangible Assets

	Software £'000	Assets Under Construction £'000	Total £'000
Cost			
At 1 April 2015	**5,915**	**1,335**	**7,250**
Additions Purchased	1,349	-	1,349
Reclassification	1,335	(1,335)	-
Disposals	-	-	-
At 31 March 2016	**8,599**	**-**	**8,599**
Amortisation			
At 1 April 2015	**(1,078)**	-	**(1,078)**
Charged During The Year	(547)	-	(547)
Disposals	-	-	-
At 31 March 2016	**(1,625)**	**-**	**(1,625)**
Net Book Value			
At 31 March 2016	6,974	-	6,974
At 31 March 2015	4,837	1,335	6,172

	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

All Intangible Assets are purchased.

14 Property, Plant and Equipment

14.1 Property, Plant and Equipment

	Land	Buildings, Excluding Dwellings	Dwellings	Assets Under Construction	Plant And Machinery	Transport Equipment	Information Technology	Furniture And Fittings	Total	Assets Held For Sale
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost Or Valuation										
At 1 April 2015	19,210	63,681	725	2,356	906	383	3,177	2,684	93,122	16,347
Additions Purchased	-	1,521	9	7,258	-	-	164	24	8,976	-
Reclassifications	-	-	-	-	-	-	-	-	-	-
Transfer To Assets Held For Sale	(180)	(312)	-	-	-	-	-	-	(492)	492
Impairments Charged to Operating Expenses	(1,545)	(8,116)							(9,661)	-
Impairment Charged to Revaluation Reserve	(3,370)	(5,964)							(9,334)	-
Impairment Credited to Operating Income	-	3,772	-	-	-	-	-	-	3,772	-
Revaluations	1,271	3,961							5,232	
Disposals	(191)	(666)	-	-	(50)	(16)	(185)	(15)	(1,123)	(16,161)
At 31 March 2016	**15,195**	**57,877**	**734**	**9,614**	**856**	**367**	**3,156**	**2,693**	**90,492**	**678**

Depreciation And Impairments									
At 1 April 2015	16,378	221	-	561	199	1,430	1,135	19,924	1,230
Charged During The Year	2,608	23	-	93	42	560	271	3,597	-
Revaluations	-	-	-	-	-	-	-	-	-
Transfer To Assets Held For Sale	-	-	-	-	-	-	-	-	-
Disposals				(50)	(8)	(185)	(6)	(249)	**(1,230)**
At 31 March 2016	**18,986**	**244**	**-**	**604**	**233**	**1,805**	**1,400**	**23,272**	**-**
Net Book Value									
At 31 March 2016	**15,195**	**38,891**	**490**	**9,614**	**252**	**134**	**1,351**	**1,293**	**67,220**	**678**
At 31 March 2015	19,210	47,303	504	2,356	345	184	1,747	1,549	73,198	15,117

The Department of Health Group Manual for Accounts 2015/16, additional guidance version (FAQ) 2 was issued in December 2015. This has provided additional clarification around accounting for the disposals of plant, property and equipment under IFRS 5.

In January 2016 the Trust sold land at Severalls. The land had initially been revalued from £6.3m to £29m in March 2014 when it had been classified as an Asset Held for Sale, with a purchaser in place. During 2014/15, following the withdrawal of the purchaser, the asset was revalued to £13.0m.

The Department of Health FAQ 2 sets out that the asset value should have remained at £6.3m in 2013/14 reducing the revaluation movements in 2013/14 and 2014/15 from £22.7m to £6.7m. The impact in 2014/15 would also have been that the impairment of £16.0m that arose following

the 2014/15 revaluation would not have been required. This would have resulted in the Trust's reported deficit for 2014/15 reducing from £17.3m to £1.3m.

Within this year's financial statements the Trust has sold the asset and reported a surplus of £11.4m on the sale of the Severalls. The Trust has transferred the Revaluation Reserve balance in relation to the asset of £22.7m to the I&E reserve which has resulted in an identical net position had the new guidance been followed since 2013.

	Land	Buildings, Excluding Dwellings	Dwellings	Assets Under Construction	Plant And Machinery	Transport Equipment	Information Technology	Furniture And Fittings	Total	Assets Held For Sale
	£'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	92,053	**30,263**
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)	**2,099**
Impairments Charged to Operating Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Charged to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Impairment Credited to Operating Income	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-
Disposals	-	(72)	-	-	(148)	(15)	(229)	(60)	(524)	**(16,015)**
										-
At 31 March 2015	**19,210**	**63,681**	**725**	**2,356**	**906**	**383**	**3,177**	**2,684**	**93,122**	**16,347**

Depreciation And Impairments										
At 1 April 2014	-	14,909	198	-	601	175	1,183	907	17,973	**575**
Charged During The Year	-	2,159	23	-	108	39	476	272	3,077	-
Revaluations	-	-	-	-	-	-	-	-	-	-
Transfer To Assets Held For Sale	-	(655)	-	-	-	-	-	-	(655)	655-
Disposals	-	(35)	-	-	(148)	(15)	(229)	(44)	(471)	-
At 31 March 2015	**-**	**16,378**	**221**	**-**	**561**	**199**	**1,430**	**1,135**	**19,924**	**1,230**
Net Book Value										
At 31 March 2015	**19,210**	**47,303**	**504**	**2,356**	**345**	**184**	**1,747**	**1,549**	**73,198**	**15,117**
At 31 March 2014	19,752	48,874	527	1,019	373	207	1,534	1,794	74,080	29,688

Regarding the Treatment of the Severalls Non Operational site as an Asset Held For Sale (see Revaluations line in the above table), under IFRS 5, impairments on all assets measured under IFRS 5, are required to be charges to the I&E regardless of whether they have been previously revalued

14.2 Property, Plant And Equipment Financing

	Land	Buildings, Excluding Dwellings	Dwellings	Assets Under Construction	Plant And Machinery	Transport Equipment	Information Technology	Furniture And Fittings	Total	Assets Held For Sale
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Book Value As At 31 March 2016										
Owned	15,195	38,891	490	9,614	252	134	1,351	1,293	67,220	**678**
Donated	-	-	-	-	-	-	-	-	-	-
Total	**15,195**	**38,891**	**490**	**9,614**	**252**	**134**	**1,351**	**1,293**	**67,220**	**678**
Net Book Value As At 31 March 2015										
Owned	19,210	47,303	504	2,356	345	184	1,747	1,549	73,198	**15,117**
Donated	-	-	-	-	-	-	-	-	-	-
Total	**19,210**	**47,303**	**504**	**2,356**	**345**	**184**	**1,747**	**1,549**	**73,198**	**15,117**

14.3 Economic Life of Property, Plant and Equipment

The minimum and maximum useful expected lives are as follows:

	Buildings, Excluding Dwellings	Dwellings	Plant And Machinery	Transport Equipment	Information Technology	Furniture And Fittings
Minimum Remaining Useful Expected Life	5	13	-	-	-	1
Maximum Remaining Useful Expected Life	63	36	10	7	8	10

15 Impairments

	31 March 2016 £'000	31 March 2015 £'000
Other – Included within Operating Expenditure	9,661	16,015
Other – Included within Other Operating Income	3,772	-
Total	**5,889**	**16,015**

The 15/16 impairment relates to the full 5 year valuation of fixed assets (properties). The 14/15 impairment relates to the revaluation of Severalls non-operational site that was held as an asset for sale at the 31st March 2015. IRFS5 required impairments on all assets held for sale to be charged to the I&E regardless of whether they were previously revalued.

16 Capital Commitments

Commitments under capital expenditure contracts at the Statement of Financial Position date were:

	31 March 2016 £'000	31 March 2015 £'000
Property, Plant and Equipment	6,271	8,664
Intangible Assets	225	
Total	**6,496**	**8,664**

The capital commitments in 15/16 relate to the Derwent Centre refurbishment Phases 2 – 5, £6,271,000, and replacement of the Trust's E-Rostering system, £225,000.

The capital commitments in 14/15 related to the Derwent Centre refurbishment project, £8,382,132 and the new Remedy Clinical Information and Service Management System, £282,229.

17 Inventories

	31 March 2016 £'000	31 March 2015 £'000
At April 1	57	73
Additions	2,089	1,837
Inventory Consumed	(2,097)	(1,853)
Total	**49**	**57**

During the year, the value of stock issued by the Pharmacy was £2,097,000 (2015: £1,853,000).

18 Trade and Other Receivables

18.1 Trade and Other Receivables

	31 March 2016 £'000	31 March 2015 £'000
Current Assets:		
NHS Receivables	2,379	4,129
Other Trade Receivables	439	805
Provision For The Impairment Of Receivables	(475)	(147)
PDC Receivable	223	27
Prepayments	1,244	467
Accrued Income		
- NHS	-	897
- Non-NHS	6,114	44
Total Current Trade And Other Receivables	**9,924**	**6,222**
Non-Current Assets:		
NHS Receivables	-	-
Accrued Income – Non-NHS	12,228	24
Total Non-Current Trade And Other Receivables	**12,228**	**24**
Total Trade And Other Receivables	**22,152**	**6,246**

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

England are funded by the Government to buy NHS patient care services, no credit scoring of them is considered necessary.

Three further receipts relating to the sale of Severalls non-operational site are due in January 2017, January 2018 and January 2019. These receipts are shown in accrued income, split between Current Receivables and Non-Current Receivables.

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.

18.2 Provision for Impairment of Receivables

	31 March 2016 £'000	31 March 2015 £'000
Balance at 1 April	147	85
Increase in Provision	338	117
Amounts Utilised	(10)	-
Unused Amounts Reversed	-	(55)
Total Provision At 31 March	**475**	**147**

Impaired Receivables are those past their due date where no agreement has been reached for recovery of the amount receivable.

18.3 Receivables Past Their Due Date But Not Impaired

	31 March 2016 £'000	31 March 2015 £'000
Up To Three Months	1,278	2,107
In Three To Six Months	133	917
Over Six Months	174	61
Total	**1,585**	**3,085**

£1,465,000 of these receivables relate to other NHS organisations and there is an expectation that they will be paid and not therefore impaired.

18.4 Impaired Receivables

	31 March 2016 £'000	31 March 2015 £'000
Up To Three Months	202	-
In Three To Six Months	174	67
Over Six Months	99	80
Total	**475**	**147**

19 Cash And Cash Equivalents

	31 March 2016 £'000	31 March 2015 £'000
Balance At 1 April	10,353	9,243
Net Change In Year	(2,099)	1,110
Balance At 31 March	**8,254**	**10,353**
Made Up Of:		
Cash With Government Banking Service	8,233	10,327
Commercial Banks And Cash In Hand	21	26
Cash And Cash Equivalents	8,254	10,353
Bank Overdraft		
Cash And Cash Equivalents As In Cash Flow	**8,254**	**10,353**

20 Trade And Other Payables

	31 March 2016 £'000	31 March 2015 £'000
Current Liabilities:		
NHS Payables – Revenue	491	325
NHS Payables – Capital	-	-
Non-NHS Payables – Revenue	4,244	4,488
Non-NHS Payables – Capital	802	647
PDC Payable	-	-
Accruals		
- Interest Payable on Commercial Loans	33	41
- Other	1,773	1,443
Total Trade And Other Payables	**7,343**	**6,944**

Non-NHS Payables – Revenue includes £954,000 (2015: £1,032,000) of outstanding pensions contributions at 31 March 2016.

21 Borrowings

	31 March 2016 £'000	31 March 2015 £'000
Current Liabilities		
Loans From:		
Department of Health	2,614	2,614
Total Current Borrowings	**2,614**	**2,614**
Non-Current Liabilities		
Loans From:		
Department of Health	12,482	15,097
Total Non-Current Borrowings	**12,482**	**15,097**
Total Borrowings	**15,096**	**17,711**

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 2016 £2,442,000 (2015: £3,420,000) 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 2016 £4,054,000 (2015: £4,791,000) 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 2016 £3,000,000 (2015: £3,500,000) is 1.42% per annum, and the loan will be repaid in full by 31 March 2022.

The interest rate on the forth loan (amount outstanding at 31 March 2016 £5,600,000 (2015: £6,000,000) 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.

22 Other Liabilities

	31 March 2016 £'000	31 March 2015 £'000
Deferred Income	184	601
Total Other Liabilities	**184**	**601**

23 Provisions

	Current		Non-Current	
	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000
Pensions Relating To Other Former Staff	227	184	1,948	2,066
Legal Claims	334	328	-	-
Other	1,079	3,889	10,849	10,898
Total	**1,640**	**4,401**	**12,797**	**12,964**

	31 March 2016				31 March 2015
	Pensions Relating To Other Former Staff £'000	Legal Claims £'000	Other £'000	Total £'000	Total £'000
At 1 April	2,251	328	14,786	17,365	16,526
Arising During The Year	95	39	315	449	2,367
Utilised During The Year	(178)	(33)	(623)	(834)	(836)
Reversed Unused	-		(2,545)	(2,545)	(1,192)
Unwinding Of Discount	7		(5)	2	500
At 31 March	**2,175**	**334**	**11,928**	**14,437**	**17,365**

	31 March 2016				31 March 2015
Expected Timing Of Cashflows:	Pensions Relating To Other Former Staff £'000	Legal Claims £'000	Other £'000	Total £'000	Total £'000
Within One Year	227	334	1,079	1,640	4,401
Between One And Five Years	704	-	5,785	6,489	3,318
Between Five And Ten Years	770	-	4,766	5,536	9,087
After Ten Years	474	-	298	772	559
Total	**2,175**	**334**	**11,928**	**14,437**	**17,365**

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 change in Other Provisions during 2015/16 relates to reversal of unused provisions no longer required (2014/15 relates to redundancies for the Substance Misuse Service and potential contract disputes).

£8,354,883 (2015: £5,884,620) 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.

The NHS Foundation Trust has disposed 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, and subsequent amendment dated 16 September 2015
S106 Agreement	dated 21 March 2006, and subsequent amendment dated 13 November 2015
NAR3 Agreement	dated 4 January 2011
Education Funding Agreement	dated 4 January 2011

A provision of £10,055,000 (2015: £10,067,000) has been included for the costs associated with these agreements under 'Other' in the above table.

24 Contingencies

24.1 Contingent Liabilities

	31 March 2016 £'000	31 March 2015 £'000
Employment Claims	36	29
Public Liability Claims	1	1
Total Contingent Liabilities	**37**	**30**

Contingent Liabilities relate to eleven (2014/15: eleven) employment claims and two (2014/15: one) public liability claims. The NHS Foundation Trust obtains guidance from the NHS Litigation Authority regarding the likelihood of legal actions crystallising and their value.

25 Financial Instruments

25.1 Financial Assets

	Loans And Receivables £'000	Total £'000
NHS Receivables	2,379	2,379
Cash At Bank And In Hand	8,254	8,254
Other Financial Assets	18,157	18,157
Total At 31 March 2016	**28,790**	**28,790**
NHS Receivables	5,026	5,026
Cash At Bank And In Hand	10,353	10,353
Other Financial Assets	1,220	1,220
Total At 31 March 2015	**16,599**	**16,599**

All Financial Assets are held at book value. The NHS Foundation Trust is not aware of any matters which would mean that book value should not be considered to be fair value.

25.2 Financial Liabilities

	Other Financial Liabilities £'000	Total £'000
Borrowings	15,096	15,096
Other Financial Liabilities	20,157	20,157
Total At 31 March 2016	**35,253**	**35,253**
Borrowings	17,711	17,711
Other Financial Liabilities	21,809	21,809
Total At 31 March 2015	**39,520**	**39,520**

All Financial Liabilities are held at book value. The NHS Foundation Trust is not aware of any matters which would mean that book value should not be considered to be fair value.

25.3 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.

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 2016 is in receivables from customers as disclosed in Note 18.

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.

25.4 Maturity Of Financial Liabilities

	31 March 2016 £'000	31 March 2015 £'000
In one year or less	11,611	14,356
In more than one year but not more than two years	2,614	2,614
In more than two years but not more than five years	10,227	8,755
In more than five years	10,801	13,795
Total	**35,253**	**39,520**

26 Events After The Reporting Period

There are no significant events after the reporting period

27 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.

The related party transactions described above are summarised below.

	For The Year Ended 31 March 2016		As At 31 March 2016	
	Receipts From Related Parties £'000	Payments To Related Parties £'000	Amounts Due From Related Parties £'000	Amounts Due To Related Parties £'000
South Essex Partnership University NHS Foundation Trust	151	769	53	234
NHS Ipswich and East Suffolk CCG	664			
NHS Mid Essex CCG	24,315		74	
NHS North East Essex CCG	28,463		156	
NHS West Essex CCG	21,460	13	174	
NHS Litigation Authority		784		
NHS Property Services		922		47
Health Education England	3,368		81	
NHS England	12,633	1,072	874	
Essex County Council	9,468	174	92	177
HM Revenue and Customs		4,634		1,403
NHS Pension Scheme		7,126		
NEPFT Charitable Funds	6			

	For The Year Ended 31 March 2015		As At 31 March 2015	
	Receipts From Related Parties £'000	Payments To Related Parties £'000	Amounts Due From Related Parties £'000	Amounts Due To Related Parties £'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	-	-	-

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 the Remuneration Report.

28 Third Party Assets

North Essex Partnership University NHS Foundation Trust held £15,019 cash at bank and in hand at 31 March 2016 (2014/15: £43,994) 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.

29 Losses And Special Payments

There were 68 cases of Losses and Special Payments (2014/15: 44 cases), totalling £234,000 (2014/15: £138,000). 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 2016		31 March 2015	
	Number	£'000	Number	£'000
Losses				
Loss Of Cash	14	-	12	5
Fruitless Payments			2	2
Bad Debts And Claim Abandoned	29	147	8	61
Total Losses	**43**	**147**	**22**	**68**
Special Payments				
Extra-Contractual			1	2
Extra-Statutory and Extra-Regulatory	1	14	-	-
Compensation	7	68	8	67
Special Severance Payments			-	-
Ex Gratia Payments	19	5	13	1
Total Special Payments	**27**	**87**	**22**	**70**
Total Losses and Special Payments	**70**	**234**	**44**	**138**
Recovered Losses				
Compensation Payments Received	-	-	-	-

30 Big Lottery Grant Fund

	31 March 2016 £'000	31 March 2015 £'000
Deferred income Brought Forward	268	34
Grant Income Received During The Year	-	1,771
Project Expenditure	(199)	(1,337)
Management Expenditure	(69)	(200)
Deferred Income Carried Forward	-	268

During the financial year 14/15, 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 aimed to increase physical activity and improve healthy eating and mental well-being throughout the east of England, Midlands and north east England. The grant was restricted for this purpose. Less than 15% of the grant was 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 just over two years and six months. At 31 March 2016, there was unutilised grant income of £nil (31 March 2014: £268,143) since the Portfolio had ended during the year and any unspent grant was repaid to the Big Lottery Fund.

31 Essex Specialist Treatment and Referral Service (STARS) Contract

		31 March 2016 £'000
Income from Essex County Council		4,613
Pay costs		(2,696)
Non pay costs		(1,675)
Overheads		(241)
Gross Profit under agreement		1
Risk share (of profit or loss)		
NEP – 72.6%	£474	
SEPT – 27.4%	£184	

From 1st April 2015 the Trust has provided a Specialist Treatment & Recovery Services in Essex for substance misuse clients. NEP are the main Contract holder for this service, but the service proposal was developed in partnership with South Essex Partnership University NHS Foundation Trust (SEPT). Under a Collaboration Agreement with SEPT the two Trust share, on a risk basis, any contribution to overheads or surpluses in the percentages shown above. The contract is for 5 years.