North Essex Partnership NHS
University NHS Foundation Trust

Annual Report & Accounts

1 April 2016 - 31 March 2017

North Essex Partnership University NHS Foundation Trust (NEP) and South Essex Partnership University NHS Foundation Trust (SEPT) merged on 1 April 2017. This is the final Annual Report of NEP.

North Essex Partnership University NHS Foundation Trust

Annual Report & Accounts, 1 April 2016 – 31 March 2017

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

Contents

Performance Report

Overview of Performance

Purpose of the Overview statement

This section of the Performance Report is designed to provide a short summary of Trust performance during the course of 2016-2017, with sufficient information to understand in broad terms what the Trust is and our purpose; the key risks that were identified to achieving our objectives; and overall how we performed during the year.

There is more detailed information provided later in the report, which builds on the summary in this section.

Chief Executive's Statement

I complete this statement as Chief Executive and on behalf of the Board of Essex University NHS Foundation Trust which came into existence on the 1st April 2017 following the merger, and dissolution of North Essex Partnership University NHS Foundation Trust and South Essex Partnership University NHS Foundation Trusts.

2016-2017 has been one of continuing challenges for the Trust, but one where significant progress to improve both the care and the governance of the organisation were made. The Trust also worked with partners to secure the future of specialist mental health services in Essex.

In terms of the quality of the care provided, the Trust continued to make improvements to address the concerns that were identified by the Care Quality Commission (CQC) in their full inspection report which was published on the 26 January 2016. The CQC undertook a series of follow-up visits of inpatient units on the 14th and 15th September 2016. On publication of their reports on the 5th December, the CQC's Chief Inspector of Hospitals, Professor Sir Mike Richards, commented, "We could see that much work had been done since our visit in August 2015 and that there were a number of areas of good practice at the trust. The majority of patients gave positive feedback about their care". However the Trust was disappointed when the CQC issued Improvement Notices under Section 29A of the Health and Social Care Act. The Trust responded to these with a renewed focus on delivering improvements. It was also disappointed when the CQC inspections of the GP surgeries, that the Trust provides in the Thurrock area, found shortcomings; but the Trust have worked hard to address and improve them, and continues to work with NHS England and NHS Thurrock CCG to agree a sustainable way forward for these services. For both mental health and GP services, the Trust has seen improvements and believes that they are moving in the right direction but with more work to be carried out.

Linked to the findings of the CQC in 2015, during 2016-2017, the Trust also moved away from a geographical model of providing services to a service based on either community or inpatient provision across north Essex. Associated with this in the Harlow area, the Trust also improved consistency in the way services are provided across the rest of the Trust. The objective of these changes was to reduce needless variation and to improve the safety and reliability of how services are provided.

Another key theme of the 2015 CQC inspection was governance. This is another area that the Trust has focused on during this year. As part of the Conditions that Monitor (now NHS Improvement) placed on the Trust's Licence in 2016, a "Well-Led Review" was undertaken by PricewaterhouseCoopers LLP, reporting in September 2016. The Trust have now put into place a more effective system of governance that gave more robust assurance to the Board and the Council of Governors that priorities are being progressed, how risks are identified, and that actions followed through. The move of the Board and its Committee cycle to a monthly rather than 2-monthly basis increased demand

on colleagues at a time where capacity was stretched.,

The direction set out for the NHS in the Five Year Forward View is clear and a number of initiatives in terms of service integration and other matters had been discussed between the Trust and commissioners. The Trust have actively engaged with the three Sustainability and Transformation Plans which cover the area in which the Trust operates, Mid and South Essex (Essex Success Regime) West Essex and Hertfordshire, North east Essex and Suffolk. An executive director was appointed to be the lead in working with each of these.

The Trust was also part of the group of Essex commissioners and providers that come together to commission the Essex Mental Health Review and continued in discussions with other providers and commissioners throughout the year.

The Trust continued to engage positively with Commissioners, led by the North-East Essex Clinical Commissioning Group, and for some services NHS England, to ensure that it was providing the right quality of care and meeting their expectations. It is particularly pleasing that during the year the Trust was able to address their concerns in a number of areas, and conclude the year with no contractual notices that would indicate a serious concern regarding our organisational performance.

A key focus of the year has been on the proposed move to merger with South Essex Partnership University NHS Foundation Trust, which the Board agreed was the appropriate strategic direction to be taken. A very significant amount of work was required in order to progress this, across all areas of both Trusts, and Trust staff have been very fully engaged in the work of bringing the practices of the two Trusts together in preparation for the merger. The Board reviewed and agreed the various draft submissions to NHS Improvement in November 2016, and an Interim Board was established to form the basis of governance for the transition to the new Trust.

In common with other NHS organisations in the Essex area, the financial position during the year has continued to present major challenges. In 2016 NHS Improvement announced 'control totals' for all NHS providers, indicating the level of financial performance that they regarded as the minimum expectation: for this Trust, a control total was proposed for an in-year deficit of £3.656 million. After very careful consideration, the Board agreed to use 'best endeavours' to achieve the Control Total. Whilst significant operational improvements have been achieved, factors beyond the control of the Trust, including an inability of Essex partners to provide the financial support to the merger process, meant that the Trust finished the year with a deficit of £9.1 million. As a consequence of this, the Trust also received no support from the Sustainability and Transformation Fund for the year. Despite this it is important to recognise the Trust worked hard during the year to ensure that money was spent wisely and well; and that the underlying operational financial performance has shown improvement, with significant achievement of Cost Improvement Plans.

Sally Morris

CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

Statement of Purpose and Activities

The Trust is incorporated as a Public Interest Corporation under the National Health Service Act 2006 (as amended). It's statutory purpose and objective is the provision of goods and services for the purposes of the health service in England.
During the year, the Trust has sought to meet those purposes and objectives through the provision of mental health services and related services for the population of Essex, as part of the National Health Service.

The Trust also has some additional operations, including Enable East, an arms-length consultancy business. Surpluses from these businesses are fed back into the provision of health services in England.

History of the Trust

The Trust is a Public Benefit Corporation, authorised and incorporated under the National Health Service Act 2006 (as amended). We are regulated by the Care Quality Commission in the provision of care, and by NHS Improvement (formally, Monitor) for our financial and organisational stability.

In 2001 North Essex Partnership NHS Trust was formed through the merger of Mid Essex, West Essex and North East Essex Mental Health Trusts. It is worthy of note that in the previous 20 year period mental health services in Mid Essex were built up from nothing, all services prior to the early '80s being provided by North East Essex, mainly at Severalls Hospital. Prior to the merger the first purpose built acute MH facility opened, namely The Linden Centre. Following the merger, The Christopher Unit opened as a psychiatric intensive care unit.

In 2004 NEP became one of the early Foundation Trusts and the ensuing period of 13 years saw intense growth and change around core mental health services. Purpose built units continued to develop inpatient services in Mid Essex, with the Crystal Centre for older adults with both functional and organic illness, the Rainbow Unit within The Linden Centre for Mothers and Babies, and Edward House low secure unit. With the winding down and eventual sale of the old Severalls Hospital site, changes in North East Essex included a purpose built centre of excellence for Child and Adolescent Mental Health Services Tier 4 including a low secure unit. Improvements were made to older units on the Colchester and Clacton Hospital sites. In the West of the county a major new build commenced of The Derwent Centre on the Princess Alexandra Hospital site in Harlow, a very complex project carried out whilst services continued to be provided. One ward, Chelmer, opened during the lifetime of NEP with the remainder due to open late 2017.

Derwent Centre Refurbishment

With CCGs and specialist CCGs contracting many services out more change was experienced through gaining and losing contracts. In 2012 NEP ventured into GP practice territory in Grays Thurrock. Award winning Veterans services continued to be developed and there were major changes in the way substance misuse services were managed and delivered.

NEP saw many changes during its 16 year lifespan with much to be proud of in some turbulent years of wider changes in the NHS that saw economic challenges in addition to intense demand for core mental health services. NEP leaves a legacy of strengths moving into its new phase as a larger merged Trust for Essex.

Key Issues and Risks

The Trust identifies key risks to the achievement of its Strategic Objectives through the use of a Board Assurance Framework. This enables the Board to identify, monitor and identify management and mitigation for the various strategic risks faced by the Trust; and also to set an acceptable level of risk (the 'risk appetite') in respect of those risks, to which management must work.

During the year, the Trust undertook a fundamental review of how the Board Assurance Framework operated and was reported; and consequently reformed how the BAF was addressed. Responsibility for the management and preparation of the BAF rested with the Director of Nursing and Quality and her team, as part of the wider risk portfolio. The BAF was regularly reviewed by the Quality and Risk Committee on a two-monthly basis, and was subject to a full review by the Board as a whole on a six-monthly basis. Potential strategic risks were noted during the course of the year and considered for inclusion by the Quality and Risk Committee.

During the 2016-2017 year, the Board identified the following as the key strategic risks facing the Trust, which were then included on the BAF:

Board Assurance Framework

Indicator	Target		Mar-16	Quarterly to Date	Apr-16	Quarterly to Date	May-16	Quarterly to Date	Jun-16	Quarterly to Date	Jul-16	Quarterly to Date	Aug-16	Quarterly to Date
Inpatient Occupancy Rate, excl Leave	90%	Adults of working age	96.1%	97.7%	106.9%	106.9%	106.3%	106.6%	108.0%	105.9%	106.7%	106.7%	103.9%	104.9%
		Older Adults	91.5%	97.5%	91.3%	91.3%	89.1%	90.6%	91.3%	90.6%	96.9%	96.9%	98.0%	97.5%
		PICU	59.7%	74.5%	72.5%	72.5%	71.4%	71.9%	110.4%	84.6%	113.7%	113.7%	113.7%	112.7%
		Low Secure	95.2%	96.8%	93.0%	93.0%	96.5%	94.8%	90.3%	90.0%	93.4%	93.4%	97.6%	95.5%
Inpatient Occupancy Rate, incl Leave		Adults of working age	96.1%	97.7%	111.7%	111.7%	109.3%	110.5%	110.1%	109.2%	110.3%	110.3%	108.1%	108.8%
		Older Adults	91.5%	97.5%	91.8%	91.8%	89.5%	91.0%	91.5%	91.0%	97.4%	97.4%	98.9%	98.3%
		PICU	65.7%	77.2%	72.9%	72.9%	72.6%	72.7%	111.3%	85.4%	115.7%	115.7%	116.9%	116.3%
		Low Secure	98.9%	102.6%	95.2%	95.2%	99.7%	97.5%	93.2%	92.7%	95.2%	95.2%	99.7%	97.4%

Indicator	Target		Sep-16	Quarterly to Date	Oct-16	Quarterly to Date	Nov-16	Quarterly to Date	Dec-16	Quarterly to Date	Jan-17	Quarterly to Date	Feb-17	Quarterly to Date
Inpatient Occupancy Rate, excl Leave	90%	Adults of working age	104.2%	104.8%	102.1%	102.1%	105.2%	103.8%	100.2%	101.9%	100.4%	100.4%	99.0%	99.7%
		Older Adults	93.3%	96.1%	91.3%	91.3%	94.1%	92.7%	94.9%	93.6%	95.4%	95.4%	95.0%	95.2%
		PICU	101.7%	109.1%	83.9%	83.9%	109.2%	96.3%	95.2%	104.2%	78.2%	78.2%	81.3%	79.7%
		Low Secure	93.5%	94.8%	93.5%	93.5%	88.7%	91.1%	81.9%	88.0%	80.8%	80.8%	80.0%	80.4%
Inpatient Occupancy Rate, incl Leave		Adults of working age	108.3%	108.7%	104.4%	104.4%	106.8%	105.6%	103.6%	104.2%	102.1%	102.1%	102.2%	102.2%
		Older Adults	94.0%	96.9%	93.3%	93.3%	96.0%	94.6%	96.9%	95.6%	97.5%	97.5%	96.3%	96.9%
		PICU	102.5%	111.8%	95.2%	95.2%	113.8%	104.3%	99.6%	111.0%	79.0%	79.0%	83.9%	81.4%
		Low Secure	99.8%	98.2%	97.1%	97.1%	94.5%	95.8%	85.2%	92.2%	81.9%	81.9%	82.3%	82.1%

Going Concern

After taking into account all relevant factors, and with the advice of the Audit Committee, the Board has determined that the going concern basis should be adopted for the preparation of the accounts for the year ended 31st March, 2017. Factors affecting that judgement included:

- The clear and fixed intention of the Board to undertake a legal merger with South Essex Partnership University NHS Foundation Trust, and that there was no reason to believe that the merger would not be achieved.

- Consideration of the forward plans of the Trust, approved by the Board in December 2016, which showed that (absent merger) the Trust would not be able to meet its debts as they fell due by January 2018. Therefore, absent the merger, the going concern basis would have been inappropriate.

- The contracts entered into for the provision of services for the period 2017-2019, which indicated that income would be largely provided on a 'block' basis rather than on the basis of units of service. Whilst this mitigated considerably financial risk for the Trust, it also meant that over-performance would not normally be rewarded. Income had only a 0.1% increase in each of the two years, consistent with national expectations of 2.1% income growth off-set by 2% efficiency savings for each NHS provider organisation.

- In March 2017 NHSI approved the merger of North Essex University Partnership NHS Foundation Trust (NEP) and the South Essex University Partnership NHS Foundation Trust (SEPT). These two organisations were dissolved at midnight on 31 March 2017 and the Essex University Partnership NHS Foundation Trust was established (EPUT).

All the services provided by the former NEP have now been taken on and being provided by the new EPUT.

Performance Analysis

Key Performance Measures

The Trust is measured against a range of key indicators, which are set on both a national basis and through local agreement with Commissioners. These are generally monitored on a monthly basis, with both the Finance and Performance Committee and the Board of Directors receiving detailed information on performance and trends. With the introduction of the Single Oversight Framework by NHS Improvement, the Board changed its reporting from January 2017 to reflect the new key measures set out on a national level.

Development and performance through the year

The key measures being reviewed at the end of the 2016-2017 year, and the performance at the end of March 2017, were:

Domain	Indicator	Target	Achieved
Quality	Staff sickness	4.5% or less	5.3%
	Staff Turnover	10% or less	8%
	Executive team turnover	*Not set*	
	Staff with an in-date Personal Development Review	90%	80%
	Compliance with compulsory training requirements	85%	87.7%
	[NHS Staff Survey]	*Not set*	
	Proportion of temporary staff employed	*Not set*	
	Cost Reduction Plans achievement	£5.25m	£4.9m
	Written complaints received	Not set	117
	Percentage of staff recommending the Trust's care in Staff 'Friends and Family' test	Not set	51%
	Any 'Never Event' occurring	Nil	
	Outstanding Patient Safety Alerts	Nil	
	[Inpatient and Community Mental Health surveys]	Not set	

Domain	Indicator	Target	Achieved
	Positive mental health scores from 'friends and family' test	Not set	86.4%
Operational	Under-16 admitted to adult facilities	Nil	Nil
	Patients under Care Programme Approach receiving follow-up within 7 days of discharge	95%	97.8%
	Adult patients in settled accommodation		69.5%
	Access to Crisis Resolution home treatment teams prior to in-patient admission	95%	95.7%
	NICE-approved package of care started within 2 weeks for first episode of psychosis	50%	50%
	Cardio-metabolic Assessment and Treatment-		
	• Inpatient Wards	90%	99.4%
	• Early Intervention in Psychosis services	90%	65.4%
	• Community mental health services	65%	68.2%
	Valid submissions to NHS Digital		
	• Identifier Metrics	95%	99%
	• Priority Metrics	85%	81%
Commissioners	CPA patients receiving a formal review within 12 months	95%	95.4%
	Minimising delayed transfers of care	7.5% or less	6.4%
	Carer Assessments completed	1,111	70.2%
	Inpatient Occupancy rates, excluding leave	90%	
	Inpatient Occupancy rates, including leave	Not Set	
	Average length of inpatient stay	Adult 31 Older Adult 70	
	Referrals and discharges	Not Set	
	Mental Health clustering	Not set	
	A&E/ Hospital patients given psychiatric	100%	99.5%

Domain	Indicator	Target	Achieved
	liaison assessment within 4 hours		
	Physical health check provided	35%	55.6%
	Patients with a care plan shared	95%	96.6%
	Patients with a crisis plan in place	95%	97.1%
	Patients under S117, Mental Health Act who have a review within 12 months	95%	95.8%
	Inpatient discharge summaries provided to GP-		
	• Within 24 hours	100%	98.6%
	• Within 5 days	95%	97.1%
	Patients re-admitted to an In-patient Unit-		
	• Between 1 and 7 days after discharge	Not Set	2.8%
	• Between 8 and 28 days after discharge	Not Set	5.2%
	• Between 29 and 60 days after discharge	Not Set	3.6%
	• Between 60 and 90 days after discharge	Not Set	2.8%

Overall, these showed a strong performance in providing care for the communities that we served. Particular challenges arose during the year with regard to meeting the targets for providing discharge summaries to GP's, with the Commissioners issuing performance notices in respect of both the 24 hours and 5 day targets. The Trust's management and clinical colleagues focused hard on these areas and it was positive to say that the contract notices were concluded with only a minor non-compliance fine being imposed.

Sustainability

In the health and care system, sustainable development means working within all the available resources to protect and improve health now and for future generations. In practice this requires us to:

- Focus on preventative, proactive care
- Involve patients in the planning and design of services
- Build resilience whilst protecting and developing community assets and strengths
- Make the best use of scarce resources
- Improve efficiency and reduce waste
- Minimise carbon emissions.

The Trust continues to make progress with the reduction in the carbon footprint across the properties owned or operated by the new combined Trust.

A Sustainable Development Management Plan (SDMP) was compiled and finalised in December 2015. The SDMP covers the period of 2015 to 2018 but will be updated where necessary each year to reflect changes in the estate. 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 new 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 similar NHS organisations as outlined in the NHS Carbon Reduction Strategy for England (i.e. 10% reduction by 2015).

The continuing rationalisation of the estate and the disposal of a significant number of older properties since this process began, as part of our on-going 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 at the heart of the process and 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.

Sustainability in mental health is the ability to provide high value care now and in the future in the face of environmental, economic and social constraints. Sustainable care in mental health acts to:

- Prevent mental illness, build social capital and promote individual, social and community resilience and mental wellbeing
- Empower patients, staff and carers to manage their mental health
- Eliminate wasteful activity
- Make use of low-carbon alternatives.

Reducing over-medication, adopting a recovery approach, exploiting the therapeutic value of natural settings and nurturing support networks are examples that can improve patient care while reducing economic and environmental costs.

Safeguarding

During 2016-2017, the Safeguarding Team was involved in approximately 765 safeguarding adult investigations and 69 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 in various partner organisations in Essex.

The Safeguarding Team has submitted fully compliant audit returns to the Essex Safeguarding Children's Board and Essex Safeguarding Adults Board and has continued to develop its work in this area. The team is constantly reviewing mandatory Safeguarding Training programmes for Trust staff. The capacity of the team improved. The team managed to recruit 2 clinical specialists and 2 team administrators.

The Safeguarding Team has been in high demand over the past year. They held their first ever Safeguarding Conference at the Chelmsford City Football Club in November 2016. The event was attended by more than 60 people, including staff, stakeholders and representatives from various partner organisations.

Events since the year-end

During the course of the 2016-2017 year, the Trust was preparing for a possible merger with South Essex Partnership University NHS Foundation Trust. The merger was subject to a number of regulatory and statutory procedures, including approval by NHS Improvement and by the Councils of Governors of the two Trusts.

On 1st April 2017, the merger was formally completed, and the Trust merged with South Essex to form Essex Partnership University NHS Foundation Trust (EPUT).

Details of Overseas operations

The Trust has no overseas operations.

Highlights of the Year

The Trust have had a mixture of media coverage throughout the past year. 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 and made improvements to reduce the risk of similar incidents happening again.

Staff and associates from the Veterans First Team took part in an epic trek, known as the Cateran Yomp across rural Perthshire in June 2016. They raised more than £3000.

An equality and diversity network for all staff at NEP was launched on 7 February 2017 in Chelmsford. The Mayor of Chelmsford, Councillor Patricia Hughes and Professor Dame Elizabeth Anionwu, DBE CBE FRCN, were special guests.

Professor Anionwu gave an inspiring talk about her childhood, growing up as a mixed race young person and studying to become a nurse.

Approximately 337 people who were recovering from mental illness were helped by the Employment Support Service at NEP to get back into work during the last 12 months. A further 207 were helped to retain their employment. In addition, the service also helped a further 167 people to achieve their vocational goals, making an impressive total of 711 people helped by the Employment Support Service at NEP.

The Veterans First Team took part in the Cateran Yomp

Diane Palmer, Operational Manager at EPUT, was presented with the 'Innovation in my Speciality Award' at the RCNi Nurse Awards in May 2017. Diane who is the lead for the new NHS Veterans Intervention Transition and Liaison service across the east of England and the Midlands, received the award for her creation and implementation of the Veterans Universal Passport (VUP).

Dame Elizabeth Anionwu launched the BAME Network

Accountability Report

Directors' Report

During the year ended 31st March, 2017, the following served as Directors of the Trust:

Charles Beaumont
Chris Butler
Mike Chapman (resigned 30th June, 2016)
Dr Malte Flechtner
David Griffiths
Natalie Hammond
Jan Hutchinson
Brian Johnson
Peter Little
Chris Paveley
Amanda Sherlock

Chris Paveley served throughout the year as the Chairman, and Amanda Sherlock as the Deputy

Chairman. Chris Butler was the Interim Chief Executive throughout the year.

During the year, the following regularly attended the Board to support its work-

Lisa Anastasiou, Director of Workforce
Vincent McCabe, Director of Operations
Dermot McCarthy, Trust Secretary (resigned 5th June, 2016)
Steven Parsons, Trust Secretary (appointed 10th June, 2016)

Director's and Governors' Interests

The Trust maintains a Register of Interests for Directors and Governors, in accordance with an agreed policy. All Directors and Governors are required to declare any interests that they have that could conflict with the best interests of the Trust. Directors are also required to comply with the requirements of S152(3) of the Health and Social Care Act 2012, requiring them to avoid all relevant direct and indirect interests, declare any conflicts that arise to the Board, and withdraw from all discussions where they have a conflict.

Details of entries on the Register of Interests can be obtained from the Trust Secretary at the Registered Office.

The Trust did not receive any political donations during 2016 – 17.

Cost allocation and charging

Her Majesty's Treasury has set out detailed guidance on the making and recouping of charges for NHS services in Chapter 6 of Managing Public Money, including requirements for HM Treasury approval for all new or varied charging schemes. Throughout the year, the Trust had complied with the requirements in respect of charging for the provision of services.

HM Treasury also issues guidance regarding the allocation of costs in Managing Public Money, which the Trust has complied with during the course of the year.

Payment to suppliers

In line with the general policy set out by Her Majesty's Government for the public service, the Trust has adopted the Better Payments Code in respect of its debts to non-NHS suppliers. The Code provides that:

a. Where the contract for supply makes provision for the amount of time to pay the debts, the Trust will comply with those requirements;
b. Where no provision is made, the Trust will pay within 30 days of the receipt of the goods or a valid invoice for the goods, whichever is the later
c. The Trust maintains systems to support the quick and clear resolution of disputes regarding debts.

For the year ended 31st March 2017, the Trust paid 74% of non-NHS supplier invoices within the 30 day period (2016- 79%), against a national target of 95%.

During the year ended 31st March 2017, no interest was charged to the Trust under the Late Payment of Commercial Debts (Interest) Act 1998 (2016- nil).

Quality Governance

The Board recognises that a vital component of good governance in a healthcare provider is to have effective governance of the quality of care provided by the organisation. In this regard, the Board has regard to the quality-related items included in the Well-Led standards published by Monitor; which replaced the former Quality Governance Framework.

As part of the Well-Led review carried out during the course of the year, the quality governance arrangements of the Trust were tested. Following the review, a number of changes were put into place to improve the governance of quality matters in the Trust.

More detail about our performance in the quality domain can be found in the Quality Report which is part of this Annual Report and Accounts.

Non-NHS Income

As discussed earlier in this report, the principal purpose of the Trust is to provide goods and services for the purposes of the health service in England. Section 43(2A) of the National Health Service Act 2006 requires that Trusts:

a. Report on how their other income, and the process of generating it, has impacted on the provision of health services;
b. In each year, ensures that more than half its income is from providing goods and services for the health service in England.

The Trust's major activity other than providing goods and services for the purpose of the health service in England is the provision of consultancy services, under the banner of Enable East. Enable East operates as on arms-length length basis, and has a separate management board led by Peter Little, a Non-Executive Director of the Trust.

During the year ended 31st March 2017, income attributable to activity other than for the provision of health care in England totalled £1 million. This represented 1% of the Trust's total income. Enable East had a surplus of income over expenditure of £1,000, which was used to support the work of the Trust.

Director's disclosure to the Trust Auditors

The law requires that all Directors take active steps to ensure that the Trust's Auditors are made aware of all information that is, or might be, relevant to their work in reviewing the Annual Report and Accounts.

Each individual who is a Director of the Trust at the date of the approval of this Annual Report formally confirms that:

a. As a Director, they have taken all of the steps that they ought to take, in order to make themselves aware of any relevant audit information; and to establish that the auditor is also aware of that relevant audit information;
b. So far as they are aware, there is no relevant audit information which has not been brought to the attention of the auditor.

Director's responsibility for the Annual Report and Accounts

The Directors are collectively and individually responsible for the preparation of the Annual Report and the Quality Report. Under the law, the Chief Executive is formally responsible for the preparation of the Annual Accounts, but these are subject to detailed review by the Audit Committee and the Board, and require Board approval for which all Directors are responsible.

The Annual Report and Annual Accounts are prepared in accordance with the Directions given by Monitor to all Foundation Trusts. The Quality Report is prepared in accordance with the requirements of the National Health Service (Quality Accounts) Regulations 2010 (as amended), supplemented by further Directions made by Monitor. For all three documents, the Directors have a responsibility to ensure that the documents are fair, balanced and understandable.

Having reviewed all of the information contained in the Annual Report and Accounts, and taking into account all other relevant information of which they are aware, the Directors confirm that they consider that (taken together) the Annual Report, Quality Report and Annual Accounts:

a. Are fair, balanced and understandable
b. Provide the necessary information for patients, regulators and other stakeholders to assess the performance, business model and strategy of the Foundation Trust through the year being reported on.

Audit Committee Annual Report 2016/17

I complete this statement as Chief Executive of and on behalf of the Board of Essex University NHS Foundation Trust which came into existence on the 1st April 2017 following the merger, and dissolution of North Essex Partnership University NHS Foundation Trust and South Essex Partnership University NHS Foundation Trusts.

Overview
In line with the requirements of the National Health Service Act 2006 and the Trust Constitution, the Board has appointed the Audit Committee to support the Board in maintaining and developing the systems of internal control, which seek to ensure the economy, efficiency and effectiveness of the services provided by the Trust.

The Committee has, through the year, met on a regular basis and has been supported both by internal staff and external advisors. We would like to record our thanks to all those who have supported our work during the course of the year.

Membership and remit

The Committee is appointed, in line with the guidance set out by NHS Improvement in the Code of Governance for NHS Foundation Trusts, to support the Board on internal control functions and the proper use of public funds. We operate within Terms of Reference that have been approved by the Board of Directors, and are subject to regular review on a planned cycle.
In accordance with the guidance in the Code of Governance, only Non-Executive Directors are appointed to the Audit Committee. The following Directors have served as Members of the Committee during the course of the year:

Charles Beaumont (Chair)
Jan Hutchinson (appointed September 2016)
Peter Little
Amanda Sherlock

The Committee has met on a regular pre-planned cycle, with a forward plan of business to ensure that all relevant areas are dealt with in a timely and considered manner. The Committee is regularly supported by a range of advisors, as follows:
Grant Thornton
External auditors Paul Dossett, Partner
Pratheesh Kulendran

RSM
Internal auditors Liz Wright, Partner
Emma Foy, Manager
RSM
Local Counter-Fraud Service Mark Kidd, LCFS Specialist

In addition, the Committee was regularly supported by the following members of Trust staff:

David Griffiths, Director of Resources
Dermot McCarthy, Trust Secretary (until May 2016)
Steve Parsons, Trust Secretary (from June 2016)
Carol Edwards, Committee Administrator (until September 2016)
Chris Paveley (Chairman) and Chris Butler (Accounting Officer) receive the papers as a matter of course, and have a standing invitation to attend the Committee. The attendance of all persons apart from Committee members is strictly at the invitation of the Committee, which may be withdrawn at any time.

Relationship to the Board of Directors

The Committee is appointed by the Board, and is responsible to the Board for the discharge of its responsibilities.

During the course of the year, and in response to the recommendations of the Well-Led Review, the Committee changed its reporting procedures to the Board. The Committee now submits an exceptions report to the Board following each Committee meeting, which identifies the main items of discussion, the levels of assurance available, and anticipated next steps. The Board discusses the report and is able to identify areas for further focus by the Committee.

Internal Audit

The Board has appointed RSM to be the internal auditors for the Trust. Their role is to undertake reviews of the control systems in place in specific areas of the Trust's operations, and to report to the Board regarding the assurance levels available and actions that can be taken to improve the controls in place.

The Internal Audit service formally reports to the Chief Executive, in their capacity as the Accounting Officer under the Exchequer and Audit Acts and the National Health Service Act 2006. In line with the national guidance, the Head of Internal Audit has direct access to the Committee though the Chairman.

The work of the Internal Audit service through the year is conducted to a plan that is agreed by the Committee at the beginning of the year, within a wider multi-year framework that ensures that all areas of the Trust are covered in an appropriate timescale. The plan is formed based on an annual review of the perceived risk present in the various areas of the Trust, and includes additional allowances so that reviews can be undertaken into areas where the perceived risk increases during the year. Each review is reported to the Committee and sets out an assessment of the level of assurance available, together with a management response to the actions proposed by Internal Audit to improve control systems.

During the year, the following Internal Audit reviews have been considered by the Committee:

Title	Assurance Level
CIP Planning and Delivery (Phase I)	Partial Assurance
CIP Planning and Delivery (Phase II)	Reasonable Assurance
Estates Management	No Assurance
Estates Management follow-up	Substantial Progress
Delivery of CQC Actions	Reasonable Assurance
Data Quality	Reasonable Assurance
Cyber-Risk Management	Partial Assurance
Information Governance	Reasonable Assurance
Patient Experience	Reasonable Assurance
Management of Temporary Staffing	Partial Assurance
Delivery of Safer Staffing	Partial Assurance
Key Financial Systems	Reasonable Assurance
Payroll	Reasonable Assurance
BAF and Risk Management	Reasonable Assurance
Nursing Revalidation	Reasonable Assurance
CQC- Monitoring of Inspection Outcomes (15-16)	Reasonable Assurance
Board Assurance Framework (15-16)	Partial Assurance
Staff Engagement (15-16)	Reasonable Assurance
Risk Management (15-16)	Reasonable Assurance

The Committee has adopted a policy that, where a review shows Partial or No Assurance, the relevant Executive Director will be required to attend the Committee when the report is presented, to discuss the management actions and enable the Committee to judge the levels of assurance avail-

able from the responses. Where Reasonable or Substantial Assurance are provided in the report, the Committee will note the responses unless a Director requests that the relevant Executive lead attends.

The Committee actively monitors the completion of actions that were agreed in response to Internal Audit reports, in order to ensure that the improvements in controls are implemented. During the year, there was a regrettable dropping off in the completion of actions; the Committee has addressed this with the Executive team, who carry the ultimate responsibility for implementation, and is pleased to be able to report that at the end of the year very few actions were outstanding. This will be a key area of monitoring for the Interim Audit Committee going forward, and the Committee is emphasising it in their handover documentation.

These reports will also form a key factor in the Head of Internal Audit's Opinion, which will then feed into the Annual Governance Statement. This will be the responsibility of the Interim Audit Committee and the Interim Accounting Officer; and the Committee are ensuring that they have access to all the relevant information as part of the handover.

External Audit

The appointment of the external auditors for the Trust is the responsibility of the Council of Governors, and they are advised in this by the Committee. The Council agreed with a recommendation from the Committee that Grant Thornton's appointment should be extended for a further year, to the conclusion of the audit for the year ending 31st March 2017.

The external auditors are responsible to Council for conducting the annual audit process on the Annual Report and Accounts, prior to them being laid before Parliament and being considered by the Council and the Annual Member's Meeting. In addition to the financial audit of the statement of accounts, the external auditors are required to:

Consider whether the statements in the Annual Report and Quality Report are consistent with the statement of accounts;

Review certain aspects of the data provided in the Quality Report, and provide an opinion on the reliability of the data systems that provided that data;

Review the information provided in parts of the Remuneration Report;
Provide to HM Treasury an opinion on the value-for-money offered by the Trust during the year.

The external auditors have direct access to the Committee through its Chairman, and to the Board of Directors through the Trust Chairman. They have the right to require a meeting of the Audit Committee to be held, if they consider it necessary in the discharge of their professional responsibilities.

Grant Thornton attends each meeting of the Audit Committee, usually through the relevant Partner and Manager, and report on their work and intended future actions. The audit process is undertaken in line with an audit plan that has been agreed in advance with the Committee, with the aim to undertake sample testing of the major control systems and the accuracy of the information presented within the accounts. The external auditors will present and discuss their findings with the Interim Audit Committee, prior to consideration by the Board: this will include a report of possible improvements together with a management response.

During the year, Grant Thornton has also provided services as Reporting Accountants in connection with the proposed merger with South Essex Partnership University NHS FT. The value of these services to the Trust was £48,475. Grant Thornton has confirmed that these services do not impinge on their independence as the external auditors of the Trust.

Local Counter-Fraud Services

As part of the NHS, the Trust maintains a Local Counter-Fraud Service compliant with the guidelines set out by NHS Protect. The LCFS service is provided by RSM, through their separate LCFS arm: and has remained focused on minimising

the risks of fraud being committed on the public funds managed by the Trust, and investigating where it is alleged frauds have occurred.

As in previous years, the work of the LCFS has been split between re-active work (responding to allegations and similar) and pro-active work to raise awareness of risk amongst Trust staff. The Committee has received regular reports on both aspects of their work, and is assured that the LCFS work is continuing to have a positive impact on fraud prevention and reduction.

Progress to merger

In the lead up to the merger of this Trust with South Essex, the Committee gave careful consideration to the various arrangements that will be necessary to ensure that the new organisation has in place, from day 1, appropriate systems of control. The Interim Board appointed an Interim Audit Committee to lead on this process and take responsibility for this area from the merger.

Consideration of the year-end documentation (Annual Report, Quality Report and Annual Accounts) will fall to the Interim Board supported by the Interim Audit Committee. The internal and external auditors have made arrangements for the year-end processes in support of the Interim Audit Committee.

For the transition into the new organisation, the Committee is assured (and pleased) that co-operative arrangements have been made between the various advisors to North and South to ensure that the new Trust has a full suite of internal audit, external audit and LCFS available from the day of the merger. The Committee has also noted that the various services are expected to be subject to market-testing/ tendering processes during the 2017-2018 year.

As noted above, the Committee is also undertaking a handover to the Interim Audit Committee, to ensure that the Interim Committee is aware of all of the current issues under consideration and any further areas where the Interim Committee should be aware of progress. The Chair of the Interim Committee also attended the Audit Committee meeting in March 2017 to ensure awareness of the matters being discussed by the Committee.

By direction of the Committee, Charles Beaumont,
Chairman

Sally Morris

CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

Nominations and Remuneration Committee Report

I complete this statement as Chair of Essex University NHS Foundation Trust Board of Directors Remuneration Committee and on behalf of the Board Remuneration Committee of Essex University NHS Foundation Trust which came into existence on the 1st April 2017 following the merger, and dissolution of North Essex Partnership University NHS Foundation Trust and South Essex Partnership University NHS Foundation Trusts.

The following are members of the Nominations and Remuneration Committee and they attended meetings between April 2016 and March 2017:

Charles Beaumont	In the Chair
Jan Hutchinson	
Brian Johnson	
Peter Little	
Chris Paveley	
Amanda Sherlock	

Following the resignation of the former Chief Executive in 2015 a decision was made by the Remuneration Committee not to appoint to the vacant position on a permanent basis. This

decision was made in the context of the Trust's plans to merge with South Essex Partnership University NHS Trust (SEPT).

Christopher Butler commenced employment with the Trust on 22 February 2016 as Interim Chief Executive on a 15 month contract (expiring on 21 May 2017). The duration of the contract exceeded the planned merger date of 1 April 2017 to effectively provide for slippage.

In preparation for the imminent proposed merger, the Remuneration Committee was asked to consider and agree the following:

In the event that the proposed merger with SEPT proceeds as planned on 1 April 2017, that a payment in lieu of contractual notice (PILON) is made to Christopher Butler (circa £28,900 - assuming NI and pension are payable). Christopher's last day of employment with the Trust would be 31 March 2017. Christopher would be provided with notice of the termination of his contract of employment and payment of salary made and not worked for the period 1 April 2017- 21 May 2017 inclusive.

The contract of employment includes a clause in respect of PILON and therefore no approvals are required from the Trust's regulator NHSI. The clause reads as follows: "The Trust may choose in its absolute discretion to make a payment in lieu of any unexpired period of notice of termination given by either party.

Any such payment shall be limited to your basic salary at the rate payable at the date notice is given and shall not include any payment in respect of pension or benefits in kind (of whatever nature), less any appropriate tax and other statutory deductions.

You shall not in any circumstances, have any right to payment in lieu unless the Trust has exercised its option to make such payment. Should the Trust exercise its discretion to terminate in this way, all of your post termination obligations contained in this agreement and in particular the confidentiality provisions in clause 20 shall remain in full force."

Exit packages

It was proposed that NEP and SEPT merge on the 1st April 2017 to form a new foundation Trust named Essex Partnership University NHS Foundation Trust. A full business case was submitted to NHS Improvement in December 2016 and a final decision was made by NHSi.

An Interim Executive Board structure was developed and an Interim Board was implemented on the 1st November 2016 following a selection process. The interim board has responsibility for overseeing the merger process of the two Trusts and TUPE transferred in to the new organisation on 1st April 2017.

This process has resulted in two individuals not being successful in securing a post on the Interim Board and a third post being deleted post-merger with no suitable alternative roles identified.

NEP and SEPT therefore agreed to approach NHSi for approval that these individuals be terminated from their current employer by reason of redundancy. This proposal was agreed by NHSi and HM Treasury, however they required these be supported through a Settlement Agreement, to be signed by the affected staff.

HM Treasury required there to be the following clauses in each of the agreements:

The Trust will pay the Employee the sum of (amount subject to each individual's redundancy entitlement) subject to any contractual and/or statutory cap in force at the time of the Termination Date.

The terms of the Agreement shall cease and fall away in the event that the Merger does not take place and the Trust remains an independent statutory body. In such circumstances the Employee's employment will not terminate and will continue to be employed by the Trust.

The Employee acknowledges and agrees that receipt of the Termination Payment will be subject to any contractual and/or statutory provisions in force at the Termination Date that requires them to repay a proportion of the Termination Payment

in the event that they return to work in the Public Sector.

These clauses have been included in the settlement agreements and all three individuals confirmed their acceptance of the agreements.
The post of Director of Workforce and Development is not in the Interim Board Structure. The proposal was that this individual's post be terminated by reason of redundancy and paid an exit payment as follows:

- A redundancy payment of £140,000, subject to any contractual and/or statutory cap in force at the termination date. The sum of £25,383 to be paid in lieu of 13 weeks' notice in accordance with their employment contract.

The post holder for the Director of Operations was unsuccessful in securing a position on the Interim Board and it was therefore proposed that their employment be terminated by reason of redundancy and paid an exit payment as follows:

- A redundancy payment of £160,000, subject to any contractual and/or statutory cap in force at the termination date. The sum of £25,499 paid in lieu of 13 weeks' notice in accordance with their employment contract.

The post holder for the Director of Resources was unsuccessful in securing a position on the Interim Board and it was therefore proposed that their employment be terminated by reason of redundancy and paid an exit payment as follows:

- A redundancy payment of £113,333, subject to any contractual and/or statutory cap in force at the termination date. The sum of £29,542 paid in lieu of 13 weeks' notice in accordance with their employment contract.

An agreed reference for each individual has been drafted and included as part of the settlement agreements.

Mary-Ann Munford

Non-Executive Director and Chair of Essex Partnership University NHS FT Board of Directors Remuneration Committee

On behalf of the Board Remuneration Committee of Essex University NHS Foundation Trust

Policy on remunerating Directors

The table below sets out the main parts of the remuneration packages for Executive Directors during the course of the year-

Item	Explanation	Maximum Payment	Provisions for claw back
Pension	The Executive Directors are eligible to participate in the NHS Pension Schemes (including, where applicable, those for doctors). The scheme Rules are established by law, and currently provide for a contributory pension based on the members' average salary in NHS service. The current contribution rates are set by regulations by reference to salaries: for the year, Directors were paying either 13.5% or 14.5% of salary. The pension provision supports our strategic objectives by ensuring that our Directors have adequate provision for their retirement.	The payments under the Scheme are set by Regulations, and relate to both the average salary and the years of service of the Director. Any unfunded liability will be met by HM Treasury as a public sector scheme	There are no provisions for 'claw-back' of pensions, as it is understood this would be unlawful.
Expenses	Directors are repaid expenses that are solely and necessarily incurred in the discharge of their duties to the Trust. These are considered and paid in line with the policy applicable to all staff. Generally, Directors are expected where possible to avoid expenses claims by pre-booking items such as travel and accommodation, so that they can be managed through the usual invoice/ purchase order systems	Directors, in line with the general policy, are limited to re-claiming standard-class travel only. Monetary limits are in place for subsistence and similar	No 'claw-back' arrangements are in place, as expenses are limited to those actually incurred previously by the Director.

Policy on Remunerating Directors

The Trust's policy on remuneration of Directors and other 'senior managers' is largely aligned to its policy for the remuneration, and other terms of service, for non-medical staff who are employed under the national Agenda for Change terms and conditions. The major difference is that, unlike staff employed under Agenda for Change, changes in Director remuneration are not determined on a national basis but are subject to individual decision by the Nomination and Remuneration Committee, as required by law.

During the year, two Directors were remunerated in excess of £142,500 (being the level at which the opinion of the Chief Secretary to the Treasury would normally be sought). In the case of the Medical Director, the majority of his remuneration was determined by the application of the national terms and conditions of the Consultant contract, related to his work caring for patients; the remuneration for his work as Medical Director is in the band £30,000 to £35,000 per annum.

The Interim Chief Executive was appointed on a fixed-term, time-limited contract in February 2016, to lead the organisation towards merger with South Essex Partnership University NHS Foundation Trust as agreed by the Board. At the time of his appointment, the Trust sought and obtained the agreement of the Chief Secretary to the Treasury for his appointment at a rate of remuneration about £142,500 per annum, having regard to the relatively short-term nature of the position and the need to have specific skills and experience to lead the Trust into the merger. As noted in the Chairman's statement, the Committee has agreed not to increase the remuneration for the Interim Chief Executive, reflecting his particular arrangements.

Contract Obligations

No arrangements were or are in place for the payment to Directors of short or long-term bonuses.
None of the measures outlined above are subject to variation based on short or long-term performance of the Trust or a section of the Trust. During the year, no new components were introduced to the remuneration package for the Executive Directors; the only change in the packages was an increase in basic salary as discussed in the Chairman's statement.

As noted above, the Trust's approach to contractual benefits for its Directors is based largely on extending to the Directors the terms and conditions agreed nationally through the Agenda for Change process. Save where noted below, the following contractual obligations applied throughout the year-

- In the event of their service being ended by reason of redundancy, the making of a redundancy payment in accordance with the terms of Chapter 16 of the Agenda for Change handbook. Broadly, this entitled the Director to a lump sum based on one month's pay for each completed year of NHS service, up to 24 years, and with the relevant salary capped at £80,000 per year.
- Unless dismissed for gross misconduct, three month's notice of termination of their employment; if the Trust elected not to give notice, to be paid salary in lieu of the notice period
- The Trust undertook to make the necessary employer's contribution in respect of their membership of the NHS Pension Scheme (in the case of the Medical Director, contributions to the Doctor's Pension Scheme also)

The Director of Operations is provided with a company car for the discharge of his responsibilities.

The Medical Director benefits pro-rata from the above benefits, in respect of that portion of his service undertaken as Medical Director. For the portion of his service undertaken as a Medical Consultant, he benefits from the provisions made in the national Consultant's Contract.

Given the fixed-term nature of his appointment, the Interim Chief Executive does not benefit from the redundancy term outlined above. Save in the case of gross misconduct, he is entitled to six months' notice of the termination of his employment.

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. Remuneration comprises of a single component, a spot salary which is compared annually with market rates using the NHS Providers Non Executive Director Salary Survey. There have been no substantial changes to Non Executive Directors' remuneration during the year.
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.

There were no payments to past senior managers during the last 12 months.

Service Contracts			
	Date of contract	Unexpired term	Notice period
Lisa Anastasiou	29th March, 2010	N/A	3 months
Chris Butler	22nd February, 2016	N/A	N/A
Mike Chapman	6th February, 2010	N/A	N/A
Malte Flechtner	1st February, 2005	N/A	3 months
David Griffiths	3rd October, 2015	N/A	N/A
Natalie Hammond	9th March, 2015	N/A	N/A
Vincent McCabe	4th April, 2011	N/A	N/A

Mike Chapman resigned from the Trust on 30th June 2016, in accordance with the terms of a settlement agreement reached between himself and the Trust.

As part of the process of merger, on the 31st March 2017 Lisa Anastasiou, David Griffiths and Vincent McCabe left the employment of the Trust, in accordance with settlement agreements reached between themselves and the Trust. These agreements were subject to the prior approval of Her Majesty's Treasury.

Christopher Butler was employed as the Interim Chief Executive, on a fixed term contract. His contract with the Trust expired, in accordance with its terms on 21 May, 2017.

Dr Flechtner retired from the Board on the completion of the merger. He continues to be employed by the Trust as a Medical Consultant.

Directors Expenses

The Trust is required to report its spend on Directors expenses within its Annual Report at a summary level. The Audit Committee review the underlying detail of expenses prior to its inclusion in the published report.

During the 2016/17 financial year, the NEP Directors expenses totalled £11,757.58 and were claimed by 12 members of the Board. An analysis is provided in appendix 1.

The information was sourced from personal payroll claims. Expenses have been categorised and grouped for the purpose of the review by the Audit Committee.

Directors	
	2016-2017
Total number of Directors in office	12
Number of Directors receiving expenses for the year	12
Aggregate sum of expenses paid to Directors in the year	12,000

	Travel (car/rail)	Travel Non Pay	Course expenses	Travel (flights)	Travel (taxis)	Accommodation	Subsistence Pay	Subsistence/Hospitality	Total	Notes
Executive Directors:										
Malte Flechtner	288.95		982.00						**1,270.95**	P11D benefit not yet available for lease car
David Griffiths	1,205.61		68.60						**1,274.21**	
Chris Butler	1,571.30								**1,571.30**	
Lisa Anastasiou	335.48								**335.48**	P11D benefit not yet available for lease car
Mike Chapman	28.60								**28.60**	
Natalie Hammond	916.55								**916.55**	
Vince McCabe	57.00								**57.00**	P11D benefit not yet available for lease car
Non Executive Directors:										
B Johnson									**0.00**	
C Paveley	2,573.82								**2,573.82**	
C Beaumont	137.25								**137.25**	
P Little	1,664.05								**1,664.05**	
A Sherlock	1,067.01								**1,067.01**	
J Hutchinson	861.36								**861.36**	
	10,706.98	**0.00**	**1,050.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**11,757.58**	

Governors Expenses

The total expenditure on Governors' Expenses for the year was £8,000 (2016: £7,400), to the nearest £100.

Governors	
	2016-2017
Total number of Governors in office	33
Number of Governors receiving expenses for the year	33
Aggregate sum of expenses paid to Governors in the year	£8,000

Non-Executive Directors

Annual Statement on Remuneration

Non-Executive Directors are not employed by the Trust, but are office-holders. They receive fees rather than salary, and are not subject to employment rights and obligations. Accordingly, they do not qualify for payments on loss of office.

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.

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
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

Remuneration Information

Information for year ended 31st March, 2017

Name and Title	Salary (Bands of £5,000)	Termination costs (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 2017 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2017 (bands of £5,000)	Cash equivalent transfer value at 31 March 2016 £'000	Annual real increase in cash equivalent transfer value £'000	Cash equivalent transfer value at 31 March 2017 £'000	Total (£5,000)
C Paveley, Chairman	40,001 - 45,000		-	100	-	-	-	-	-	-	-	40,001 - 45,000
B Johnson, Non-Executive Director	10,001 - 15,000		-	-	-	-	-	-	-	-	-	10,001 - 15,000
C Beaumont, Non-Executive Director	10,001 - 15,000		-	-	-	-	-	-	-	-	-	10,001 - 15,000
P Little, Non-Executive Director	10,001 - 15,000		-	100	-	-	-	-	-	-	-	10,001 - 15,000
A Sherlock, Non-Executive Director	10,001 - 15,000		-	100	-	-	-	-	-	-	-	10,001 - 15,000
J Hutchinson, Non-Executive Director	10,001 -		-	-	-	-	-	-	-	-	-	10,001 -

	15,000										
M Flechtner, Medical Director	195,001 - 200,000		-	-	2,501 - 5,000	40,001 - 45,000	7,501 - 10,000	125,001 - 130,000	819	109	928
D Griffiths, Director of Resources	115,001 - 120,000	140,001 - 145,000	-	200	2,501 - 5,000	40,001 - 45,000	5,001 - 7,500	115,001 - 120,000	646	72	718
C Butler, Interim Chief Executive	160,001 - 165,000		-	-	2,501 - 5,000	25,001 - 30,000	7,501 - 10,000	75,001 - 80,000	524	92	615
L Anastasiou, Director of Workforce and Development	100,001 - 105,000	165,001 - 170,000	-	100	0 - 2,500	20,001 - 25,000	0 - 2,500	50,001 - 55,000	291	30	322
M Chapman, Director of Stategy	25,001 - 30,000	90,001 - 95,000	-	-	0 - 2,500	35,001 - 40,000	0 - 2,500	105,001 - 110,000	691	(691)	-
N Hammond, Executive Director of Nursing and Quality	100,001 - 105,000		-	100	0 - 2,500	30,001 - 35,000	0 - 2,500	85,001 - 90,000	468	35	503
V McCabe, Director of Operations	100,001 - 105,000	185,001 - 190,000	-	-	0 - 2,500	45,001 - 50,000	5,001 - 7,500	135,001 - 140,000	842	68	909

Notes on Directors

- Throughout the year the chairperson met regularly with the non-executive directors without executives present. These meetings would often take place prior to main Board meetings to discuss general issues, but also on an ad-hoc basis to discuss specific issues.

- The organisation and its directors were insured against legal action through the NHS Litigation Authority.

- Detailed minuets of all board meetings were kept and were an item for discussion at the following meetings when any director could raise issues where they felt these were not an accurate reflection of the discussion, the decision was not recorded properly, any concerns or caveats expressed by a director were not accurately recorded.

- Of the executive directors only the Chief Executive, Director of Nursing, Director of Resources, Medical Director and Director of Strategy (resigned June 2016) had voting rights at the board. There were five non-executive directors at all times. This insured at least half the board (excluding the chairperson) were non-executive directors until the resignation of the Director of Strategy, after which the non-executives (excluding the chairperson) were in the numeric majority.

- No executive directors of the Trust held more than one non-executive directorship of another NHS foundation trust or other organisation of comparable size and complexity.

- C Paveley resigned as Chairman on 31st March 2017.
- B Johnson resigned as Non-Executive Director on 31st March 2017.
- C Beaumont resigned as Non-Executive Director on 31st March 2017.
- P Little resigned as Non-Executive Director on 31st March 2017.
- M Flechtner resigned his role as Director on 31st March 2017 but retained his role as consultant; the figures included within the table incorporate both salary as a director and as a consultant.
- D Griffiths was made redundant as Director of Resources on 31st March 2017
- C Butler was appointed as Interim Chief Executive on 22nd February 2016 and this contract was terminated on 31st March 2017.
- L Anastasiou was made redundant as Director of Workforce and Development on 31st March 2017.
- M Chapman was made redundant as Director of Strategy on 30th June 2016.
- V McCabe was made redundant as Director of Operations on 31st March 2017.

- The board operates a code of conduct that builds on the values of the NHS foundation trust and reflects high standards of probity and responsibility.

- Directors on the board of directors and governors on the council meet the “fit and proper” persons test described in the provider licence.

- The board ensures that directors, especially non-executive directors, have access to the independent professional advice, at the NHS foundation trust’s expense, where they judge it necessary to discharge their responsibilities as directors.

Fair Pay multiple

The ratio of the highest-paid Director's remuneration to the median remuneration is as follows-

	2016-2017	2015-2016
Highest-paid Director	£195,001 - £200,000	£195,001 - £200,000
Organisational median	£23,024	£23,132
Ratio	8.6:1	8.5:1

The ratio is calculated by taking the middle of the band for the Director receiving the highest remuneration, and dividing it by the median remuneration from all Trust employees excepting Directors. The calculation is defined in more detail in guidance from HM Treasury.

For both the 2016-17 and the 2015-16 years, the highest-paid Director was the Medical Director. The majority of the Medical Director's remuneration was set from his work as a Consultant, in accordance with the national arrangements. The remuneration of the other staff who were considered in determining the medial remuneration for comparison were also determined through national arrangements, either for medical colleagues or the Agenda for Change framework.

Sally Morris

CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

Off Payroll Engagements

Table 1: For all off-payroll engagements as of 31 March 2017,
for more than £220 per day and that last for longer than six months

No. of existing engagements as of 31 March 2017	28
Of which…	
No.that have existed for less than one year at a time	5
of reporting.	
No. that have existed between one and two	8
years at time of reporting.	
No. that have existed between two and three	1
years at time of reporting.	
No. that have existed between three and four	4
years at time of reporting.	
No. that have existed for four or more years at time of reporting	10

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 28 individuals above, 2 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 2016 and 31 March 2017, 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 2016 and 31 Mar-17	5
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	5
No. for whom assurance has been requested	5
Of which…	
No. for whom assurance has been received	0
No. for whom assurance has not been received	5
No. that have been terminated as a result of assurance not being received.	0

Staff Report

Staff costs

1 Employee Costs And Numbers				
1.1 Employee costs				
	Year Ended 31 March 2017			Year Ended 31-Mar-16
	Permanently Employed	Other	Total	Total
	£'000	£'000	£'000	£'000
Salaries and Wages	60,191	1,152	61,343	61,443
Social Security Costs	5,831	-	5,831	4,634
Termination Benefits	724	-	724	(33)
Employers' Contribution to NHS Pension Scheme	7,190	-	7,190	7,126
Pension Costs - Other				
Essex Pension Fund	294	-	294	477
Other	-	-	-	4
Agency Costs	-	8,016	8,016	10,444
Total	**74,230**	**9,168**	**83,398**	**84,095**

Annual Staff Survey

Here is a summary of the Trusts 2016 Staff Survey results. NEP employed approximately 1,800 staff across North Essex. The organisation takes staff engagement seriously and believes that having a motivated workforce that feels valued and listened to at work directly links to positive patient outcomes.

Whilst staff are encouraged to give regular feedback through a variety of informal channels, the annual Staff Survey provides a more formal opportunity for staff to give their views of what it is like to work in the organisation.

Feedback data from the survey provides a measure of staff opinions around a number of important performance areas and gives a clear indication of things that are working well in the Trust and areas that need improvement.

The overall response rate to the 2016 staff survey conducted by The Picker Institute was 44.2% an increase of 3.2% on last year (against a Picker average of 49.5%

Headline Results

Top and Lower Ranking Scores

The table below sets out our top 4 ranking scores and lowest 4 ranking scores from the 2016 survey as they compare with the national picture and inform the action plan for 2017:

Top 5 Scores	MH Average	NEP 2016	Lowest 5 Scores	MH Average	NEP 2016
% of staff not experiencing physical violence from patients/service users, their relatives or other members of the public	80%	80%	% of staff who know who senior managers are	86%	79% **(↓10%)**
% of staff receiving mandatory training in the last 12 months	98%	98%	communication between senior managers and staff is effective	43%	28% **(↓7%)**
% of staff not experienced discrimination from patient/service users, their relatives or other members of the public	92%	92%	% staff undertaking fewer paid, contracted hours	76%	71% **(↓9%)**
% staff not experiencing physical violence from managers	99%	99%	Appraisal undertaken in past 12 months	88%	81% **(↓4%)**

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. Inpatient Mental Health Conference

Joint conference between SEPT and NEP, was led by NEP, to showcase best practice in all services and to attend workshops from the British Institute of Human Rights.

2. Appraisals

Series of appraisal and supervision training for staff and raising awareness of training and Continuous Professional Development opportunities available and the process for applying to all staff through weekly Training Bulletins.

The Trust provided one-to-one, career development and coaching opportunities for staff.

Utilisation of HR/ Managers surgeries to promote best practice for Appraisal and Supervision of all staff. Monitoring of timely appraisals and supervision in line with the policy.

Staff feeling pressure to come to work when not feeling well enough
Joint 'surgeries' with finance, HR and budget holders to support managers monitoring sickness and proactively identifying factors impacting ill health/ stress.

Staff Recognition and Reward

EPUT Staff Recognition scheme including:
- Excellence Awards
- Wellbeing Award
- Long Service Awards

Staff Engagement Forums

Staff Engagement Forums' with senior directors/HR for staff to attend to discuss current issues and upcoming merger

Health and Wellbeing
Initiatives designed to actively improve the physical and mental well-being of staff.

Mental health initiatives

- Stress management workshops

These will be conducted by professional speakers or by a collaboration of staff to hold stress management workshops and teach employees effective stress management skills. Employees can sign up for the workshop and attend during the workday as part of their professional development.

- **Schwartz Rounds**

Proposed continuation for the use of Schwartz Rounds as an emotional and reflective support mechanism for staff including violence/harassment/bullying and abuse

- **Guardian Service**

Appoint a new Guardian and increase and review the promotion of the Trust's Guardian service as a way in which to support staff in raising any concerns

Management training

To address the fact some workplace stress is 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.

Walking groups

Staff members can sign up to walk before or after work, or during lunch. Schedules can range from a couple of days a week to every workday, depending on interest. This is a no-cost activity – participants just bring their shoes and a set of comfortable clothes. Enjoying the fresh air and sunshine, and getting some good cardiovascular exercise are both great stress relievers.

Creating a healthy culture including:
Lifestyle challenges (Race to Rio and other initiatives)
Smoking cessation classes with prescribed Nicotine Replacement Therapy

Equality and Diversity

1.1 Our workforce numbers have reduced over between 2013 and 2015 - 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. In 2016 and 2017 there have been increases in the workforce with final workforce figure being at 1,800 staff. Efforts have been made to fill vacancies. 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.

1.2 Ethnicity: Our workforce continues to reflect the population that we serve with no significant changes noted. The majority of staff are from a white ethnic background 79.11% compared with the North Essex population breakdown of 94.14%. Staff from a BME background is 20.9% this is an increase on the 18.5% reported the previous year.

There is an over representation of staff from Asian-Asian British ethnic groups 6.77% against a North Essex population of 2.14% and Black-Black British 8.17% compared to a North Essex population of 1.24%.

In terms of the medical workforce, 62.5% of our Consultants are from a BME background. 70.65% of all Doctors are from a BME background. With regard to the non-medical workforce, 15.94% are from a BME background. Closer analysis of data suggests that 10.13% of our Band 8a staff are from a BME background, 15.79% of Band 8b's and 8.70% of Band 8C's. There is no BME staff representation above Band 8d and at Board level.

1.3 Gender: The entire workforce composition breakdown by gender has not changed significantly over the last three years averaging 25% male and 75% female – 34.25% 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 58% of doctors are male and 42% are female; no significant change noted when compared to previous years data.

1.4 Disability: The percentage of staff who have disclosed a disability is 2.01% of the entire work-force, the key concern here is that a significant number of staff have not disclosed this information.

1.5 Marital status: Our data suggests that nearly 47% of our staffs are married and 33.35% are single, the number of staffs in a civil partnership has increased by one in the last year.

1.6 Sexual orientation: The percentage of staffs who have described their sexuality as heterosexu-al has increased steadily over the last three years and is currently at 50.14%. Yet again a large per-centage, 48.74% of staff, have not disclosed this information although this is a significant decrease on the 63% in 2015, the data also suggest that 1.12% of staff are Gay, Lesbian, Bisexual.

1.7 Religion: The number of staffs of a Christian faith has increased steadily over the last four years and is currently standing at 26.13% of the workforce. 17.17% staffs are from other faiths and 56.30% of the workforce has not declared this information

Workforce diversity table

Table 1: Staff breakdown by protected characteristics from 2012-2016

	Year	2012	2013	2014	2015	2016
Protected Characteristics		No of Staff	No of Staff	No of Staff	No of Staff	No of Staff
Age	18-30	250	236	228	201	242
	31-40	440	465	424	392	391
	41-50	636	657	612	551	540
	51-60	478	543	537	479	491
	60+	106	131	137	125	123
Sex	Male	495	516	512	446	448
	Female	1,350	1,516	1,426	1,308	1,339
Ethnicity	White	1,498	1,671	1,587	1,407	1,418
	BME	347	361	351	310	369
Religion or belief	Christian	306	365	391	432	467
	Atheist	78	98	97	107	142
	Other religion	29	36	35	47	172
	Not declared	1,497	1,633	1,415	905	1,006
Sexual orientation	Heterosexual	532	670	696	764	896
	LGBT	13	14	12	17	20
	Not disclosed	1,365	1,348	1,229	824	871
Disability	Disable	31	39	36	40	36
	Not Disable	187	442	504	624	775
	Not Disclosed	1,692	1,551	1,398	1,090	976
Marriage and Civil Partnership	Married	961	1,021	946	845	828
	Single	531	579	573	538	596
	Divorced	203	203	193	169	192
	Widowed	17	19	12	14	17
	Civil Partnership	4	4	5	8	9
	Unknown	168	177	180	154	145
	Total number of staff	**1,884**	**2,003**	**1,909**	**1,728**	**1,787**

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

Protected Characteristics		Disciplinary					Grievances					Harassment				
	Year	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
	Total Number of cases	30	42	52	19	29	17	17	18	9	13	10	9	7	4	3
Age	18-30	1	3	2	1	0	1	0	2	0	1	0	0	0	0	0
	31-40	4	5	7	4	4	0	1	0	2	2	2	2	1	0	2
	41-50	12	17	23	6	12	7	9	7	2	5	3	1	2	1	0
	51-60	10	15	15	7	13	8	6	8	4	4	3	6	2	2	1
	60+	3	2	5	1	0	1	1	1	1	1	2	0	2	1	0
Sex	Male	10	21	19	11	12	7	7	7	1	4	6	3	5	4	0
	Female	20	21	33	8	17	10	10	11	8	9	4	6	2	0	3
Ethnicity	White	19	24	31	13	18	13	11	14	7	10	5	8	3	2	3
	BME	11	18	21	6	11	4	6	4	1	3	5	1	4	1	0
Religion or belief	Christian	9	7	12	4	7	4	3	5	3	4	4	2	4	2	1
	Atheist	1	1	3	1	1	0	0	0	1	0	0	0	0	0	0
	Other religion	1	2	2	3	1	2	1	2	2	2	0	0	0	0	1
	Not declared	19	32	35	11	20	11	13	11	3	7	6	7	3	2	0
Sexual orientation	Heterosexual	12	9	16	7	13	5	4	6	6	6	3	1	3	1	3
	LGBT	0	0	0	0	0	1	0	1	0	1	1	1	1	1	0
	Not disclosed	18	33	36	12	16	11	13	11	3	6	6	7	3	2	0
Disability	Disable	0	0	0	0	1	1	0	1	3	2	1	1	1	1	0
	Not Disable	5	3	10	3	8	1	0	2	1	4	1	8	1	0	1
	Not Disclosed	25	39	42	16	20	15	10	15	5	7	8	0	5	3	2
Marriage and Civil Partnership	Married	14	18	25	11	11	7	7	7	4	5	7	5	5	3	0
	Single	9	18	16	6	8	7	2	8	3	4	2	1	1	0	2
	Divorced	6	3	5	2	4	2	0	2	1	1	1	0	1	1	1
	Widowed	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0
	Civil Partnership	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0
	Unknown	1	2	6	0	4	1	1	1	1	0	2	3	0	0	0

1.8 Disciplinary Cases: The number of disciplinary cases increased sharply in 2016 (just over 50% increase on 2015), reversing the downward trend of the previous year. Out of all the disciplinary cases in 2016, 62.07% of cases were from a white background and 58.62% of cases are female. The outcomes of the disciplinary cases were as follows- - 6 cases were resolved with informal action, 9 were referred to a hearing, 1 not proven, 1 further investigation and 12 had no outcome recorded. Out of the 11 cases from BME staff 5 were referred to a hearing- (3 out of 8 cases related to Black / Black British were referred to a hearing) , whereas out of 18 cases related to white, only 4 went to a hearing although 7 have no outcome recorded, 33.33% were dealt with through informal action.

1.9 Grievances: The number of grievances increased by just under 50% compared to the previous year. 4 cases remain open- 69.23% of cases are female this is a significant decrease compared to 88.9% in 2015. 23.08% of cases are from BME backgrounds this is a significant increase compared to 11% in 2015.
Outcome – Out of the 13 cases investigated, 2 were upheld in full, 2 were upheld in part, 3 were not upheld, 2 were resolved and 4 have no outcome recorded.

1.10 Harassment: The number of harassment cases reported continues to go down with only 3 cases reported last year, all the cases were from female staff and all from a white background. Outcome- out of the three harassment cases reported, one went to disciplinary, one agreed an action plan and the outcome of the other one was unknown.

Average number of employees (WTE basis)	2016/17		
	Total	Permanent	Other
	Number	Number	Number
Medical and dental	93	93	
Ambulance staff	0		
Administration and estates	491	491	
Healthcare assistants and other support staff	67	67	
Nursing, midwifery and health visiting staff	754	754	
Nursing, midwifery and health visiting learners	0		
Scientific, therapeutic and technical staff	116	116	
Healthcare science staff	0		
Social care staff	59	59	
Agency and contract staff	124		124
Bank staff	243		243
Other	0		
Total average numbers	1,946	1,580	367

Sickness Absence

The Trust continues to take a robust approach in its management of sickness absence and in improving a culture of effective attendance management. The Trust has recently undertaken a review of its policy and procedures to ensure that it continues to reflect best practice and that it makes best use of effective management tools and techniques that are available. These measures include:-

- Joint monthly absence review meetings with HR/Finance and all Trust budget holders
- Conference case meetings as required with the Occupational Health & Well Being service
- The use of the Bradford Factor tool and the reporting on a monthly basis of all staff identified with a Bradford Factor score in excess of 50 points
- The requirement to certificate from day 1 of absence
- 'Return to Work' interviews undertaken and recorded between the line manager and staff member following any episode of absence from work
- The temporary redeployment of staff to alternative duties where they are deemed unfit for their current role but are able to undertake alternative work in the interim
- Specialist intervention and advice from Access to Work where work adjustments and/or equipment can be provided in order to support and facilitate an earlier return to work

As a result the Trust has been able to maintain a sickness absence rate that is below both the national average for the NHS (all Trusts) and for Mental Health and Learning Disability NHS Trusts.

Table 4: Staff absence by directorate

2016-17		
Directorate	Long Term Sickness – Rolling Year	All Sickness – Rolling Year
Business Information Systems Directorate	1.41%	4.2%
Enable East Directorate	1.08%	1.2%
Corporate Directorate	2.03%	3.6%
Community Directorate	2.13%	4.2%
Inpatient Directorate	1.99%	4.9%
Trust Total	1.94%	4.1%

Table 5: Staff sickness absence by month (April 16- March 17)

12 month period Apr-16 to Mar-17			
Month	Threshold	Long Term Sickness	All Sickness
Apr-16	4.5%	2.08%	3.75%
May-16	4.5%	1.84%	3.59%
Jun-16	4.5%	1.43%	3.43%
Jul-16	4.5%	1.55%	3.36%
Aug-16	4.5%	1.59%	3.39%
Sep-16	4.5%	1.82%	4.07%
Oct-16	4.5%	1.87%	4.39%
Nov-16	4.5%	2.43%	5.00%
Dec-16	4.5%	2.63%	4.85%
Jan-17	4.5%	2.19%	5.27%
Feb-17	4.5%	2.16%	4.61%
Mar-17	4.5%	1.94%	3.64%

Board Members

Chris Paveley, Chairman

Chris Paveley has over 40 years' experience in the private and public sectors, focused on businesses in the IT sector following business experience in Japan. He has established his own businesses, and was appointed as the Chairman of the Trust in January 2013 following service as the Chair of the former North Essex Primary Care Trust.

As Chairman, Chris is responsible overall for the effectiveness of the Board in discharging its responsibilities for the strategy and oversight of the Trust. As the Chair of Council, he is also responsible for enabling them to discharge their responsibilities as set out in law.

He serves as a member of the Quality and Risk Committee and the Nomination and Remuneration Committee. His term of office will end in December 2018.

Charles Beaumont, Non-Executive Director

A chartered accountant, Charles was the Director of Taxation for Ford UK until 2010. He has held several Non-Executive positions within the NHS in the outer London area, and was appointed as a Director of the Trust in June 2013.

Charles is the Chair of the Audit Committee, and of the Nomination and Remuneration Committee. His term of office will end in September 2019.

Jan Hutchinson, Non-Executive Director

A qualified social worker in mental health, Jan brings many years experience in senior mental health positions to her work on the Board. Currently employed as the Director of Programmes for the Centre for Mental Health, she also holds voluntary positions with mental health charities in Essex.

Appointed to the Board in April 2015, Jan is a member of the Quality and Risk Committee, the Nomination and Remuneration Committee and the Audit Committee. She also leads the Patient Experience Board. Her current term of office will end in March 2018.

Brian Johnson, Senior Independent Director

Brian is an experienced executive in the social housing sector, and currently the Chief Executive of the Metropolitan group. His background is as a process engineering manager, having held several senior posts in the ICI group.

Brian joined the Board in March 2012, and has been appointed by the Board to be the Senior Independent Director. The Chair of the Finance and Performance Committee, Brian also serves on the Nomination and Remuneration Committee. His term of office will end in March 2018.

Peter Little, Non-Executive Director

Peter brings wide international experience to the Board, gained though senior appointments in the USA and elsewhere in the telecoms and finance sectors.

Appointed to the Board in June 2014, Peter is the Chair for the Enable East Board, a member of the Finance and Performance Committee, and of the Nomination and Remuneration Committee. [Following a short-term extension in the context of the merger, his term will expire in December 2017.]

Amanda Sherlock, Deputy Chair

Currently employed as an Occupational Therapy Services Manager, Amanda has a broad range of health and social care experience: including period with the Department of Health, as an NHS Executive Director, and with the Care Quality Commission.

Having joined the Board in June 2014, Amanda has been appointed by the Council of Governors as the Deputy Chair. She is also the Chair of the Quality and Risk Committee, and serves on the Audit and Nomination & Remuneration Committees. [Following a short-term extension in the context of the merger, her term of office will end in December 2017.]

Chris Butler, Interim Chief Executive

An experienced Chief Executive, Chris joined the NHS as a Registered Mental Health Nurse over 30 years ago. Following several years as the Chief Executive of Leeds Partnership NHS Foundation Trust, Chris joined this Trust in February 2016 on an interim basis.

As Chief Executive, Chris is the Accounting Officer and leads the Executive team in their management of the organisation. He serves on the Quality and Risk Committee, and attends the Nomination and Remuneration Committee, the Audit Committee, and the Finance and Performance Committee. His current appointment with the Trust will end in May 2017.

Dr Malte Flechtner, Medical Director

Having trained in his native Germany, Dr Flechtner joined the Trust as a Consultant Psychiatrist in 2001 from an academic appointment with the Free University of Berlin. Elected to the Royal College of Psychiatrists in 2002, he was appointed as the Medical Director of the Trust in 2007, combining the appointment with continuing clinical commitments within the Trust.

As Medical Director, Dr Flechtner has responsibility for the medical quality of the services provided by the Trust, including revalidation processes for medical colleagues, and relations with Royal Colleges and the General Medical Council. He also has responsibility for medical education, and is the Caldicott Guardian for the Trust.

David Griffiths, Director of Resources

David brought a wealth of finance experience in the NHS to the role of Director of Resources, together with experience from working in the value-for-money team at the National Audit Office. A Chartered Member of the Chartered Institute of Public Finance and Accountability, he has experience of both the Commissioning and Provider sides of the NHS, and joined the Trust in November 2014.

David's responsibilities include finance, estates, information technology and computer systems, contracting and procurement. He is a member of the Finance and Performance Committee, and attends the Audit Committee.

Natalie Hammond, Director of Nursing and Quality

A Registered Mental Health Nurse, Natalie has extensive experience of providing mental health care in the South East, combined with an impressive research pedigree. She has had national involvement in developing practice to respect the individual and reduce restrictive practice, and in work to reduce deaths in custody for those suffering from mental health challenges.

Natalie joined the Trust as Director of Nursing and Quality in March 2015, and is a member of the Quality and Risk Committee. She leads all aspects of the quality of provision, including co-ordinating responses to reports from the Care Quality Commission; and professional leadership for both the Nursing and Allied Health Professionals workforce. She is the Executive lead for safeguarding matters.

The following attended the Board on a regular basis:

Lisa Anastasiou, Director of Workforce
Lisa joined the Trust from Newham University Hospital NHS Trust in March 2010, having extensive experience in workforce management in the NHS. A member of the Chartered Institute of Personnel Development, she has also worked with the NHS Modernisation Agency.

Lisa is responsible for all workforce-related matters in the Trust, including personnel management, workforce development and staff engagement. She also has oversight of the Occupational Health service and of the Trust's work to develop equality and diversity.

Vince McCabe, Director of Operations
Joining the Trust in October 2013, Vince has wide executive experience within the NHS, including at Chief Executive level. His qualifications include a Masters in Business Administration, and qualifications in Health Service Management.

Vince is responsible for the Operations work of the Trust, supporting the delivery of high-quality clinical services. He is also responsible for service development work, including bidding for the provision of services, and for ensuring that the Trust complies with the requirements of the Mental Health Acts, the Mental Capacity Act and the requirements of the Depravation of Liberty safeguard arrangements.

Steve Parsons, Interim Trust Secretary
A Chartered Secretary, Steve joined the Trust as the Trust Secretary in June 2016. His experience includes both public and private sector posts, and he has previously been a school governor. He is an active football referee.

Steve is responsible for ensuring that the governance processes of the Trust are appropriate and can provide the Board with assurance regarding the operation and performance of the Trust. He is also responsible for supporting the Council of Governors to discharge their responsibilities, and has oversight of the legal claims department.

As part of the process towards the proposed merger with South Essex Partnership University NHS FT, the following Directors were appointed to the Interim Board-

Chris Paveley (as Chairman of the Interim Board) (resigned 2nd February 2017)
Jan Hutchinson (Non-Executive Director)
Amanda Sherlock (Non-Executive Director)
Natalie Hammond (Nursing Director)

Compliance with Code of Governance

The Trust complies with the requirements of NHS Improvement's 'Code of Governance' to which adherence is required on a comply or explain basis 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.

Statement of the application of the Code of Governance

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

The information in this report about our compliance, or explanations for non-compliance, with the Code of Governance is subject to review by the external Auditors.

No new appointment of Chairman or Non-Executive Director was made during the course of the year.

Annual Governance Statement

I complete this statement as Chief Executive and on behalf of the Board of Essex University NHS Foundation Trust which came into existence on the 1st April 2017 following the merger, and dissolution of North Essex Partnership University NHS Foundation Trust and South Essex Partnership University NHS Foundation Trusts.

Scope of Responsibility

As Accounting Officer for the successor body to North Essex Partnership, I have responsibility for maintaining a sound system of internal control for the new trust 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 had been in place in North Essex Partnership University NHS Foundation Trust for the year ended 31st March 2016. From the 1st April North Essex Partnership was dissolved.

Capacity to handle risk

The business of the Trust, providing healthcare services to patients with a variety of mental health challenges, inevitably carries significant levels of risk. The Trust put in place procedures to provide appropriate capacity to manage and mitigate the risks that inevitably arise in undertaking its functions.

Risk management is a process led from the Board, with the Board regularly considering the strategic risks facing the Trust and their management, through the Board Assurance Framework (BAF). I understand that the BAF, including the controls and mitigations in place, was regularly considered by the Quality and Risk Committee, supported by prior consideration and updating by the Executive team. The Quality and Risk Committee also received reports from the management-level Risk Management Group, which had responsibility for ensuring that the operational risk registers are functioning to identify, manage and mitigate operational risks within the Trust.

Leadership is also given from an Executive level to the management and mitigation of risk through learning from incidents, 'near misses' and similar occurrences. The Trust had in place a management-level Serious Incidents Group to review learning from incidents which did or might have had significant injury or death, together with findings by HM Coroners; and also a Health and Safety Committee under the Health and Safety at Work Act 1974. Both the Risk Management Group and the Health and Safety Committee report directly to the Quality and Risk Committee.

The risk and control framework
The Board had approved a strategy for the management of risk, identifying the need to be aware of risk, actively determine the acceptable level of risk (risk appetite), put in place appropriate management and mitigation, and explicitly deciding on the way forward if the level of risk cannot be reduced to, or below the appetite level.

Risk identification was the responsibility of all staff, groups and Committees within the Trust, from the Board down. All staff were enabled to log risk, through the Datix system, where identified; the logged risk was then subject to a process of review and validation, following which the responsible manager will undertake management and mitigation of the risk. Unit and Divisional risks were managed through processes culminating with the Divisional Senior Management Team meetings, which the relevant Deputy Director of Operations was responsible for leading. For central Departments, local leadership has similar responsibilities. The Risk Management Executive, led by the Director of Nursing and Quality, was responsible for having oversight of the Divisional and central risks, identifying cross-cutting trends/ themes or high-risk areas, and maintaining a Corporate Risk Register, identifying these. The Risk Management Group reported to the Quality and Risk Committee, including the higher-rated risks identified on the Corporate Risk Register, which then fed into the Committee's work on the BAF.

Change during the year

During the year, the Trust undertook a Well-Led Review in line with Monitor's guidance and the requirements of the enforcement conditions imposed on the Trust's Licence in February 2016. The Review was undertaken by PricewaterhouseCoopers LLP, and found weaknesses in the systems of governance that impacted on the Trusts' ability to effectively identify and manage the risks it faces. Following that review, the Trust significantly changed its governance structures (as described above) to provide appropriate and effective linkage and oversight of risk management matters.

Prior to these changes, the main risk management group was the Risk and Governance Executive, which met on a monthly basis and received reports from most management groups. This was led by the Director of Operations, and reported into the Quality and Risk Committee. The Quality and Risk Committee met on a two-monthly basis, and had a more restricted view of risk management. Management-level risk processes were not fully effective and risks were not being consistently identified and managed. For that period, the control systems in place were not fully effective.

Following the Review, the Board agreed substantial changes to the structures at its meeting in September 2016, which have been in place since that date. As part of those changes, the Risk and Governance Executive was wound up and the groups reporting to it were re-directed into appropriate parts of the governance structures. The Board continued to be aware of the need to ensure that governance covers all parts of the organisation, and received an assurance report in January 2017 setting out

where all operational groups within the Trust reported into.

During the year, the Trust was subject to a Warning Notice from the CQC, issued under S29A of the Health Act 2009, to rectify identified failures to comply with the requirements of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (the fundamental standards). In November 2016, the Trust was issued with a further notice under S29A regarding failure to comply with the fundamental standards. These notices indicate that the control systems in place were insufficient to ensure compliance with the Trust's statutory responsibilities as a registered provider of healthcare services.

Current position

The Trust remained subject to a governance condition imposed on its Licence by Monitor up to the point of dissolution. This reflects Monitor's continuing view that the governance of the Trust has not yet shown itself to be sufficient to have confidence.

With the reform of structures reporting to the Board, and the sub-structures underneath them, in line with the recommendations of the Well-Led Review, there was greater assurance regarding compliance with the various conditions set out in Condition FT4 of the Monitor Licence:

There were clear reporting lines from management to the Board and its Committees, ensuring that information and concerns advance appropriately through the use of exception reporting;

- The timing of meetings had been adjusted to ensure that consideration is supported by the most up to date information possible, and that meetings follow in a sequence ensuring that the Board's discussions are supported by information and assurance from its Committees;
- All Committees had Terms of Reference that describe and define their functions, membership and authority, together with their reporting relationships to the Board and from management groups.
- With regard to Quality the Trust aimed to follow what was Monitor's quality governance framework

All Executive Directors had detailed role descriptions, approved by the Nomination and Remuneration Committee (or its predecessor Nomination Committee) that set out their responsibilities within the organisation. Non-Executive Directors, who held office but are not employed by the Trust, were appointed on letters of appointment approved by the Council of Governors that set out their responsibilities and the expectations on them as Directors.

The Board is ultimately responsible to the Council of Governors, contractual partners, regulators and stakeholders for the successful operation of the Trust. During the year, the Well-Led Review identified that the Board was not exercising sufficiently rigorous review and oversight of the Trust's operations; and in this regard the control systems were not working effectively. In particular :

- Board discussions were not being supported adequately by the Committee system;
- There was no Board Committee with responsibility for undertaking detailed review of financial performance and supporting the Board in this area.
- Certain practices, such as un-minuted seminar discussions between Directors followed by Chair's action, had arisen which were poor governance practice, and represented risk to the effective operation of control systems.

Following the Well-Led Review, the Board changed both its structures and working practices. The Board met monthly in formal session, with full minutes taken of its work reviewing all performance and finance reporting; and the use of Chairman's action had been returned to its proper approach as exceptional and only where the Board could not be convened. The Board put in place a Finance and Performance Committee, with responsibility for detailed oversight of financial, performance and workforce matters; and all Committees reported on an exception basis, enabled the Board to focus on areas of concern. The rigour of Board discussions improved, and there was greater and

more appropriate challenge around the table; all Directors participated in this as part of the 'unitary Board'.
As part of its Monitor Licence, the Trust was annually required to submit a statement of compliance with the corporate governance conditions set out in Licence Condition FT4. This statement is to be approved by the full Board, in which they take responsibility for the accuracy of the assessment made and the risks to ensuring continuing compliance.

The Trust recognised the importance of embedding risk management processes throughout the work of the Trust. Some of the ways that this was undertaken during the year include:

- The launch of the Sign up to Safety campaign, which is intended to promote safety in the provision of care; including encouraging the reporting of incidents and 'near misses';
- The introduction of a 'Matron's Checklist' as a simple weekly process for compliance with staffing, equipment and safety checks;
- Ensuring that all colleagues identify and report risks, including through review processes such as medicine management checks;
- The introduction of a process of peer review to support the clinical audit processes.

Key stakeholders were involved in managing risks that impact on them in the following ways-

- There were regular contractual compliance meetings held with the Clinical Commissioning Groups (CCG's), which covered all aspects of the contractual relationship between the two organisations. These included discussion of areas of concern for one or both parties, and possible steps to resolve them.
- CCG's were involved in the review processes for Serious Incidents, including receiving the reports of internal reviews. In line with national protocols, investigations were not closed until the CCG has accepted the report.
- The Trust continued to maintain a close working relationship with Essex County Council, as the relevant Local Authority for its area of work. The Chairman and Chief Executive attend the County Council's Overview and Scrutiny Committee on a regular basis. In line with the statutory requirements, Essex County Council nominated one Governor to the Council.
- The Trust had a working relationship with HealthWatch Essex, the local arm of HealthWatch, which is the official 'patient's voice' within the health and social care systems. The Trust also had informal contacts with a range of charitable and voluntary sector organisations that are active in the area of the Trust's work.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures were 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 were in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation were complied with.

The Foundation Trust undertook risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of the economy, efficiently and effectiveness of the use of resources
As a public body ultimately funded by Grant-in-Aid voted by Parliament, the Trust is subject to the duties set out in the National Audit Office Act 1980 to ensure the economy, efficiency and effectiveness of the use of public funds. The Accounting Officer is responsible to Her Majesty's Treasury for ensuring this; and can be

called to account by the Committee on Public Accounts of the House of Commons.

The Trust operated a number of mechanisms to ensure that this statutory duty is met. The Standing Financial Instructions set out detailed control mechanisms, including clear requirements to ensure that goods and supplies are obtained at the most competitive prices through inviting bids and tenders for work, in accordance with the statutory requirements; and clear procedures and criteria for authorising the obtaining of goods and supplies outside of those procedures where necessary to protect patient care.
The Board had also put into place a clear schedule of delegated authorities, limiting the authority of individuals to commit the Trust to expenditure and (for items of greater monetary value) requiring approval through governance processes. A schedule of decisions reserved to the Board was also in place. The SFI's, Schedule of Delegations and Schedule of Matters Reserved are subject to annual review by the Board to ensure that they are still appropriate for the circumstances of the Trust; the last review was in December 2016, supported by the detailed work and advice of the Audit Committee.

For the period from the start of the year until September 2016, the Board undertook all matters of oversight and control of finance and performance itself. Following the Well-Led Review, in September 2016 a Finance and Performance Committee was established as a Committee of the Board, with responsibility for undertaking detailed oversight and scrutiny of both financial and performance issues.
The Board continued to receive the reports directly also, but the discussion was informed and focused by the prior consideration of the Committee.

In accordance with the statutory requirements, the Trust had established an Audit Committee, composed of Non-Executive Directors and reporting directly to the Board. The Audit Committee's responsibility was to support the Board in ensuring that systems of internal control are comprehensive and operate effectively; including the control systems to ensure the economic, efficient and effective delivery of the Trust's services. The Committee agrees the work programmes of the Internal and External audit services (subject to statutory and national requirements), and receives their reports; and also receives the reports from the Local Counter-Fraud Service and the Local Security Management Service. Where control systems are found to be ineffective, it reports to the Board as to the improvements required.

In line with the national contractual requirements, the Trust maintains an Internal Audit service, formally reporting to the Accounting Officer. The Internal Audit service works closely with the Audit Committee, who had oversight of its function, and was provided, on an arms-length basis by RSM, who were selected by a process of competitive tender. Their remit includes reviewing the economy, efficiency and effectiveness of the services provided by the Trust, together with the effectiveness of the control systems that have been implemented, and making recommendations for improvement. They issue a Head of Internal Audit opinion at the conclusion of the year, which has informed the findings, comments and conclusions in this Statement.

During the year, Internal Audit issued reports on the following areas that showed an unacceptable level of assurance:

- Compliance with statutory requirements in Estates Management ('No Assurance')

But concluded that the organisation has an adequate and effective framework for risk management, governance and control

However their work identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

With Regard to Information Governance the Trust achieved Level 2 of the information Governance Toolkit. There were no incidents classified as level 2 incidents in the year.

In accordance with national standards, the Trust also maintained a Local Counter-Fraud Service (LCFS), provided by RSM in line with the

requirements set out by NHS Protect. The role of the LCFS is to identify and address instances where individuals have sought to defraud the Trust and/ or the wider NHS, including through direct corruption, working whilst receiving sick-pay benefits, and other similar actions. LCFS reports to the Audit Committee and has a programme of pro-active work as well as responding to items drawn to their attention by staff and stakeholders; all staff and stakeholders, together with members of the public, have access to the service to report concerns. Where there is evidence of misappropriation or other inappropriate activity, the Trust responded robustly, including undertaking disciplinary action and the initiation of civil or criminal proceedings, as appropriate. Where the LCFS identifies weaknesses in the control systems, these are reported to the Audit Committee so that action to address them can be taken.

The external auditors are Grant Thornton, who was appointed by the Council of Governors following a competitive tendering process. The external auditors are responsible for undertaking the statutory process of audit for the Annual Report and Accounts, in line with professional standards and the formal guidance issued by NHS Improvement on behalf of Her Majesty's Treasury. As part of their audit processes, they will assess and issue an opinion on the economy, efficiency and effectiveness of the Trust's operations, which is provided to HM Treasury.

Post Year End Event

North Essex Partnership Trust was dissolved on 31st March 2017. However on Friday 12th May 2017, the successor organisation to the Trust, namely the Essex Partnership University NHS Foundation Trust was affected by the global cyber-attack. The Trust immediately took action to implement its major incident and business continuity plans. The plans which were put in place performed well, and ensured that clinical services were not impacted. The Trust is continuing to investigate how the cyber-attack was able to access the Trust's systems, and will review all internal controls going forwards in order to identify any areas of weakness which need to be addressed. This is reported because the systems and processes effected were those is place during the period up to the dissolution of North Essex Partnership.

Review of effectiveness

As Accounting Officer of the successor trust, 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 information supplied by the previous Accounting Officer and Officers of the previous Trust and the due diligence process carried out as part of the merger process. I have carried out this review on behalf of the Board of Directors of the successor body Essex Partnership University NHS Trust. I understand that North Essex Partnership Trust control framework was informed by work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who had responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report, and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Conclusion

Throughout the year, the Trust remained subject to the imposition of additional conditions on its Monitor Licence, related to the governance of the Trust and to the quality of care provided. The imposition of these conditions implies that the control systems in place have not been effective in ensuring that the Trust meets the regulatory requirements in the Licence.

For the period prior to September 2016, as shown by the findings of the Well-Led Review, the Trust's governance systems and processes were insufficient to give assurance that control systems related to the identification, management and mitigation of risk were effective. Following

the significant changes to governance structures from that date, there is greater assurance in this area. However, there has not been further external work to give confidence in this regard given the limited time available and the intended merger in April 2017.

Sally Morris

CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

Reservation of Powers to the Board and Scheme of Delegation

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" (A.1.1) ensuring that management arrangements are in place to enable the clear delegation of its other responsibilities.

The purpose of this document is to provide details of the powers reserved to the Board of Directors, and those delegated to the appropriate level for the detailed application of Trust policies and procedures. However, the Board of Directors remains accountable for all of its functions, including those which have been delegated, and would therefore expect to receive information about the exercise of delegated functions to enable it to maintain a monitoring role.

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, shall be exercised on behalf of the Board of Directors by the Chief Executive. The scheme of delegation identifies those functions, which the Chief Executive shall perform personally and those which are delegated to other Directors and Officers (paragraphs 4 and 5 below). All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise.

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.

Role of the Chief Executive

As Accounting Officer the Chief Executive is accountable for the funds entrusted to the Trust. The Chief Executive has overall responsibility for the Trust's activities, is responsible to the Board of Directors for ensuring that its financial obligations and targets are met and has overall responsibility for the Trust's system of internal control. The Chief Executive should also ensure that he/she complies with the NHS Foundation Trust Accounting Officer Memorandum.

Caution over the Use of Delegated Powers
Powers are delegated to Directors and Officers on the understanding they will not exercise delegated powers in a manner which in their judgement is likely to be a cause for public concern.

Directors' Ability to Delegate their own Delegated Powers

The Scheme of Delegation shows only the 'top level' of delegation within the Trust. The Scheme of Delegation is to be used in conjunction with the system of budgetary control and other established procedures within the Trust. A Director's delegated power may be delegated to designated deputies.

Absence of Directors (or deputy) or Officer to whom powers have been delegated
In the absence of a Director or deputy/Officer to whom powers have been delegated, those powers shall be exercised by that Director or Officer's superior unless alternative arrangements have been identified in the Scheme of Delegation or approved by the Director/Officer's superior. If the Chief Executive is absent, powers delegated to him/her may be exercised by the nominated Officer acting in his/her absence after taking appropriate advice from the Director of Resources.

In circumstances where the Chief Executive has not nominated an Officer to act in his/her absence, the Board of Directors shall nominate an Officer to exercise the powers delegated to the Chief Executive in his/her absence.

Detailed Scheme of Delegation

Delegation to lower levels is only permitted with written approval of the Chief Executive who will, before authorising such delegation, consult with other senior Officers as appropriate. All items concerning finance must be carried out in accordance with the SFIs and the SOs.

The Board of Directors and Council of Governors

High-level overview

As a Foundation Trust, the Trust's operations are overseen by the Board of Directors. The Board is formed of Executive Directors, who are paid employees and form the senior management of the Trust; and Non-Executive Directors, who work outside of the Trust and contribute their experience and knowledge. The Board operates as a unitary body; each Director has equal status and one vote in decisions, and each Director is equally responsible for the decisions reached by the Board. Subject to where alternative arrangements are made by statute, the Board is empowered to exercise all of the legal powers of the Trust.

The Board operates to provide strategic direction and oversight for the Trust, and to hold management to account for its day-to-day running of the organisation. The Board meets on a monthly basis, reviewing performance and quality information and setting out future strategic direction. There is a Schedule of Matters Reserved for the Board in place, which defines the major decisions which must be brought to the Board for approval.

The Council of Governors exists to represent the interests of Trust members, and of the public, in the Trust's operations; and to hold the Board to account for its decisions. Members of the Council of Governors (Governors) are elected by the Trust Membership, for terms of not more than 3 years. Parliament has reserved the following decisions to Council-

- The appointment and removal of the Non-Executive Directors
- The appointment and removal of the Trust's Auditors
- Approval of plans to increase non-NHS income by more than 5% in any year
- Approval, concurrently with the Board, of changes to the Trust Constitution
- Approval of proposals to merger, split, be acquired or dissolve
- Approval of 'significant transactions' as defined in the Constitution

Under the Standing Orders, all matters not reserved to the Board or its Committees are delegated to the Executive team through the Chief Executive. The Schedule of Delegations, approved by the Board, sets out detail of how those powers are to be exercised. The Executive team meets weekly to discuss matters of importance, oversee detailed performance and identify issues where further focus is required.

Membership of the Board of Directors, and attendance at meetings

During the year, the following served as Directors of the Trust-

Name	Office	Start date	Expected end of term
Lisa Anastasiou	Director of Workforce and Development		Resigned 31st March 2017
Charles Beaumont	Non-Executive Director	1st June, 2013	Resigned 31 May, 2017
Christopher Butler	Interim Chief Executive	1st February, 2016	Resigned 31 May, 2017
Mike Chapman	Director of Strategy	1st October, 2013	Resigned 30th June 2016
Malte Flechtner	Medical Director	1st October, 2007	Resigned 31st March, 2017
David Griffiths	Director of Resources	1st November, 2014	Resigned 31st March, 2017
Natalie Hammond	Director of Nursing and Quality	1st March, 2015	Resigned 31 May, 2017
Jan Hutchinson	Non-Executive Director	1st April, 2015	Resigned 31 May, 2017
Brian Johnson	Non-Executive Director	1st March, 2012	Resigned 31st March, 2017
Peter Little	Non-Executive Director	1st June, 2014	Resigned 31st March, 2017
V McCabe	Director of Operations		Resigned 31st March 2017
Chris Paveley	Chairman	1st January, 2013	Resigned 31st March, 2017
Amanda Sherlock	Non-Executive Director	1st June, 2014	Resigned 31 May, 2017

On the legal completion of the merger on 1st April 2017, the offices held by the remaining Directors ceased to exist. Natalie Hammond, Jan Hutchinson and Amanda Sherlock continued to serve as Interim Directors in the transitional arrangements for the new organisation, under the provisions made in the National Health Service Act 2006.

Independent Non-Executive Directors

The Board considers all of the Non-Executive Directors to be independent of the management of the Trust.

The independence of the Non-Executive Directors has been reviewed during the year, having regard to the criteria in the Code of Governance, to identify any factors that might indicate that a Non-Executive Director was no longer independent.

The Board considers that all of the Non-Executive Directors remain independent of the management of the Trust. Both individually and collectively, they continue to provide appropriate challenge to management on performance and strategy: no Directors have any relationship with Executive Directors that might be taken to impact on their independence.

Completeness, balance and appropriateness of the Board

Details of the skills, expertise and experience of the individual Directors can be found in the biography section.

The Board has reviewed the skills available through its membership, having regard (as required by the Code of Governance) to the balance and completeness of those skills, and their appropriateness to the challenges facing the Trust.

The challenges and risks being faced by the Trust led to the identification of the following particular skills/ experience that needed to be represented in the Board's membership-

- Finance, including financial recovery
- Clinical experience including improvement in quality of services
- Organisational change and development

Additionally, the Board needed to benefit from strong skills in its management team to lead the organisation and ensure that the requirements of the Trust's licences to operate were complied with.

Following the review, the Board is assured that, through the combination of Executive and Non-Executive Directors, it has access to the appropriate skills and experience to ensure that the Trust has strong leadership and is able to address the requirements of the Trust.

Performance evaluation

The Board recognises that effective evaluation of the performance of individual Directors, of Board Committees, and of the Board as a whole, is a vital component of ensuring that governance in the Trust is operating effectively.

Individual Directors are subject to annual performance reviews, in line with Trust policy. For the Executive Directors, this is part of the regular performance management and appraisal cycle as employees, as required within the Fundamental Standards; for the Executive Directors, this includes an element reviewing their contribution to governance and the work of the Board; and these are reported to the Nomination and Remuneration Committee, which is responsible for setting the objectives for and reviewing the performance outcomes from the Executive team. For Non-Executive Directors, their reviews are considered by the Council of Governors, supported by the Remuneration and Appointments Committee.

Board Committees are subject to an annual review, which seeks to identify where improvements can be achieved, either through changes to structure, adjustments to the Terms of Reference, or other changes. This is also an opportunity to review the membership of the various Committees, taking into account the guidance in the Code of Governance related to

ensuing that there is a process of change over time.

During the course of the year, in compliance with the conditions imposed on the Licence by Monitor, the Trust undertook a full review of governance in light of the Well-Led standards published by Monitor. The review was undertaken by PricewaterhouseCoopers LLP, evaluating governance systems against the standards set out by Monitor and identifying areas for improvement. The main findings of the review were-

- Executive team capacity was too constrained to meet the challenges facing the Trust, and Executive portfolios should be re-balanced
- Greater shared accountability was required to be shown by the Executive team
- Non-Executive scrutiny was variable and needed to focus on ensuring delivery of decisions and mitigation of risk
- The Board and Board Committees needed to meet more often to address the level of challenge faced by the Trust
- A Board Committee was required to oversee finance and performance
- Process for the escalation and mitigation of risks needed to be strengthened
- Board reporting needed to be sharper, more focused and identify the key issues for decision
- Executive management and oversight of organisational change needed to be improved
- The Board needed to consider how it achieved assurance that the actions taken following CQC review had been effective to improve the quality of care provided.

There were also a number of detailed suggestions for improvements in the governance of the Trust. The Board considered the report during a seminar session in August 2016, and formally agreed changes at its meeting in September 2016. The following significant changes were introduced following the report:

- The Board moved to a monthly meeting cycle, with each Board day including a seminar, private and public session. Regular reporting was therefore formally considered by the Board, in public, on a monthly basis;
- A Finance and Performance Committee of the Board was formed
- The Quality and Risk Committee, and the Finance and Performance Committee, moved to meet on a monthly basis, prior to the Board. The reporting was adjusted so that all Committees reported on an exception basis, focusing on the major risks and items, rather than merely reporting minutes
- The membership of the various Board Committees was reviewed and refreshed.

During the year, the Secretary of State for Health announced that, for the future, all provider Trusts would be subject to an annual review of their leadership and governance by the Care Quality Commission, under the 'Is the Trust well-led?' strand of review.

Review of internal controls

The Board acknowledges its responsibility to ensure that the systems of internal control are effective. During the year, the Board has received regular reports from the Audit Committee which have included updates on the work of the Internal Audit service, which itself focuses on the effectiveness of internal control; and has engaged in discussion and challenge where areas of weakness have been identified.

The Board also receives the Annual Head of Internal Audit opinion, which provides an independent overview of the performance of the systems of controls during the course of the year, based on the work of Internal Audit. The Board has used both the regular updates and the Head of Internal Audit Opinion to review the effectiveness of the internal controls in the Trust; and the outcomes of this review have fed into the opinions expressed by the Accounting Officer in the Annual Governance Statement.

Membership of and attendance at the Council of Governors

The attendance of Governors and Directors at each meeting of the Council of Governor during the course of the year is shown below:

Attendance at Meetings

First Name	Surname	07/06/2016	13/09/2016	04/10/2016	13/10/2016	06/12/2016	08/02/2017	22/03/2017
Mohammad	Abuel-Ealeh	0	0	Resigned	Resigned	Resigned	Resigned	Resigned
Jane	Ateli	0	0	0	0	0	0	
Lloyd	Armstrong	0	0	0	0	0	0	
Rachna	Bansal	1	0	0	1	0	1	
Valerie	Beatty	0	0	0	0	0	0	
Victor	Ben-Okoh	0	1	0	0	0	0	
Karen	Brown	1	1	0	1	1	1	
Peter	Cheng MBE	1	1	1	1	1	1	
Janet	Crane	1	0	0	0	0	1	
Vanessa	Davis	0	1	1	1	0	1	
Fiona	Dowding	1	0	0	0	0	0	
Pippa	Ecclestone	1	1	1	1	1	1	
Jane	Elliott	0	0	0	0	0	0	
Adrian	Faiers	0	0	1	1	1	0	
Gail	Gibbs	1	1	1	0	0	1	
Ray	Hardisty	1	1	1	1	1	1	
Andrew	Hensman	1	1	0	1	1	1	
Annemarie	Hockney	1	0	0	0	0	0	
Keith	Lever	0	0	0	0	0	0	
John	Mason	1	1	0	1	1	1	
Mark	McGrath	0	0	1	0	0	0	
James	McQuiggan	0	1	0	0	0	1	
Alison	Nettleship	1	1	1	1	1	0	
Mike	Robertson	1	0	0	0	0	1	
Paul	Sergent	0	0	0	0	0	0	
Lucy Jane	Taylor	1	1	1	0	0	1	
Cathy	Trevaldwyn	1	1	1	1	1	1	
Maria	Tyler	1	1	1	1	1	0	
Graham	Underwood	0	1	1	0	0	0	
Brian	Weavers	1	1	1	1	1	1	
Clive	White	1	1	1	1	1	1	
David	Williams	0	0	Resigned	Resigned	Resigned	Resigned	Resigned
Paul	Williams	0	0	1	0	0	1	
Judith	Woolley	1	1	1	1	1	1	
Andy	Wood	0	1	0	0	0	1	

Contacting Governors and Directors

Board Directors can be contacted by telephone via the Trust's main switchboard on 0300 123 0808 or by email: firstname.lastname@eput.nhs.uk (use relevant first and last names) or email the Trust Secretary at epunft.membership@eput.nhs.uk

Members wishing to contact Governors can do so through any of the following methods:

Post: Freepost RTRG-UCEC-CYXU
Trust Secretary Office
Essex Partnership University NHS Foundation Trust
The Lodge
Lodge Approach
WickfordSS11 7XX

Email: epunft.membership@eput.nhs.uk
Freephone: 0800 023 2059

Membership
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.

Sally Morris
CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

Regulatory Ratings

Overview

During the year, NHS Improvement introduced a Single Oversight Framework as a single performance framework across all NHS providers. The framework reviews performance against 5 themes-

- Quality of Care
- Finance and use of resources
- Operational Performance
- Strategic change
- Leadership and improvement capacity (also known as well-led)

Based on performance in these themes, providers are placed in a segment from 1 (best) to 4. Entry to segments 3 and 4 is restricted to organisations who are, or are suspected of being, in breach of their NHS Improvement licence.

The Single Oversight Framework was introduced from Quarter 3 (September 2017), replacing the Risk Assessment Framework. Owing to the significant differences in the way that performance was assessed previously, NHS Improvement have indicated that providers should not provide information related to 2015-2016 or the first half of 2016-2017.

Performance

For the second half of 2016-2017, at the quarter-ends (31st December 2016 and 31st March 2017) the Trust's placing in the segments under the Single Oversight Framework was-

	Q3	Q4
Segment	3	3

Statement of Accounting Officer's Responsibilities

I complete this statement as Chief Executive and on behalf of the Board of Essex University NHS Foundation Trust which came into existence on the 1st April 2017 following the merger, and dissolution of North Essex Partnership University NHS Foundation Trust and South Essex Partnership University NHS Foundation Trusts.

The National Health Service Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.
NHS Improvement, in the exercise of the powers conferred on Monday by the National Health Service Act 2006, has given Accounts Directions which require North Essex Partnership University NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of 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 accounts, the Accounting Officer is required to comply with the requirements of the Department of Health Group Accounting Manual, and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance 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/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of 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, the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum were properly discharged

Sally Morris

CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

North Essex Partnership NHS
University NHS Foundation Trust

Quality Report

1 April 2016 - 31 March 2017

North Essex Partnership University NHS Foundation Trust (NEP) and South Essex Partnership University NHS Foundation Trust (SEPT) merged on 1 April 2017. This is the final Quality Report of NEP.

SECTION 1 STATEMENT ON QUALITY FROM THE CHIEF EXECUTIVE

I complete this statement as Chief Executive of and on behalf of the Board of Essex University NHS Foundation Trust which came into existence on the 1st April 2017 following the merger, and dissolution of North Essex Partnership University NHS Foundation Trust and South Essex Partnership University NHS Foundation Trusts.

NEP has provided core mental health services to a large population across the whole of North Essex, including areas of outer London such as Epping and Loughton, and out to the coast as far as Harwich. We have worked with partners to provide specialist services such as STARS (Specialist Treatment and Recovery Services). We continued to provide health outreach for marginalised and vulnerable adults in Suffolk, as well as three GP practices in Grays Thurrock. NEP has been working towards a partnership with Coventry and Warwickshire NHS Trust to provide a service for Veterans that will come into place in April of this year.

NEP has a strong and committed workforce made up of key frontline professionals, supported by teams providing essential corporate functions. Our values are:

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.

NEP's Quality Report outlines our achievements over the past year, including the £1.6m programme of works to improve safety on our inpatient wards and the opening of the first phase of the new build Derwent Centre in Harlow. Peter Bruff and Bernard Wards moved to more appropriate accommodation during the year. Teams have gained national recognition and accreditation from the Royal College of Psychiatrists; we have seen the launch of local initiatives such as 'Hello, my name is …' and 'My Care, My Recovery' model in relation to care planning throughout the different care settings. We also 'signed up to safety' nationally and have been working through a comprehensive action plan.

This was against a backdrop of challenges such as continuing financial pressure and increasing demand for services, and staff shortages. We have continued to respond in a positive way to improvements required by the Care Quality Commission, both from their original visit in 2015 and subsequent visit in the autumn of 2016.

As Chief Executive from 1st April 2017 of Essex Partnership University NHS Foundation Trust (the successor body for North Essex Partnership), I believe that, to the best of my knowledge, the information included in this Quality Report relating to NEP is accurate.

Sally Morris

CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

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

2.1 Review of Priorities for improvement 2016/17

In our 2015/16 Quality Report, we set ourselves a number of priorities for improvement for 2016/17. 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 (actions and measures)	What we achieved
Improve safety within the Trust			
Sign up to safety campaign	Safety	Develop safety improvement plan by May 2016	Completed
		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 Note: The 95% harm free care is an overarching aspirational ambition, a desired future state. The Sign up to Safety is a three-year programme that has been running for 10 months. Working towards the aspiration, the 32 green items equate to 84% completion of the programme.	The Sign up to Safety improvement plan is in place and monitored. The NEP Sign Up to Safety Steering Group met monthly with SEPT counterparts to align action plans in preparation merger (EPUT). The realignment identified 38 actions for NEP to pursue. A Gantt chart and action tracker are updated monthly. Of the 38 items on the improvement plan 32 are green (on track or completed), 6 are amber (delayed but expected to complete), and there are no reds. Six work streams are fully operational covering the following: • Early detection of the deteriorating patient • Reduction in avoidable pressure ulcers • Reduction in harm from falls • Reduction in unexpected deaths • Reduction in use of restraint • Reduction in omitted doses of medication A new EPUT improvement plan will be formulated by May 2017.
STORM training	Safety	Set improvement trajectory for all registered in-patient clinical staff to receive STORM training	Trajectory set
		60% of all in-patient qualified staff trained by end December 2016	This was monitored throughout the year by NEP Executive. It was agreed that it was a tough target to meet and was revised to 60% to be achieved by end of March. The figure at the end of March is 57.36%. It is recognised that this is a good achievement as this is intensive two day training and due to personal circumstances, the lead trainer was not available for many weeks. STORM training will continue in the short term leading into the new organisation.
Improve staff awareness of managing the	Safety Well led	Implement ligature awareness module as part of Health and Safety for Managers training	Implemented

Priority for improvement	CQC domain	What we said we would do (actions and measures)	What we achieved
risk of ligature points		Health and Safety Awareness Week May 2016 – ligature management	Completed
		Implement ligature e-learning module	Implemented
		Review top 10 clinical policies and structured summaries to include management of ligature points	Completed
		All relevant staff to be sent all top 10 clinical inpatient and community policy structured summaries	Completed
		100% inpatient wards covered by Health and Safety Awareness Week Decrease number of suicides on in-patient areas	Completed
		E-learning module launched 85% compliance achieved in year	E-learning relating to ligature risks and observation were both launched in year. Ligature risk is covered by Health and Safety for Managers as well as a non-mandatory standalone module.
		Policy Advisory Group agree top 10 inpatient and top 10 community policies and produce structured summaries for each	Completed
		100% ward/community staff receive structured summaries	Completed
Patient Safety Audits	Safety Well led	Implement all 2015/16 patient safety audit action plans	A complete review of patient safety audits was undertaken following the CQC visit in September 2016 resulting in a new tranche of audits taking place. These are completed and are in the process of being implemented. There is now a clear process and flowchart in place. (original action superseded)
		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	All instances of unsigned administration records on drug charts are being reported via the Datix system. RGE has been superseded by QARC. As at the end of March the total number of reports of medicines incidents for 2016/17 was 429, and the 5% target increase was more than exceeded. The majority were no harm or minor incidents and the increase in reporting is a reflection of the focus on reporting omitted/unsigned doses of medicines in the last 5 months of the year.
		5% increase of Datix incidents related to medicines following establishment of baseline figure	
Improve patient outcomes and experience			

Priority for improvement	CQC domain	What we said we would do (actions and measures)	What we achieved
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	Completed
		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.	Comprehensive patient safety and environmental Remedial Works Programme in place covering S136 and seclusion works – programme goes through to end of 2017 as agreed with CCGs and allowing for only 1 S136 closed across NEP/SEPT at any one time. Harlow is linked to Derwent Centre new build.
		100% compliance with Mental Health Act	
Hello, my name is ….	Caring	Introduce the 'Hello, my name is …..' campaign throughout the Trust	Implemented
		Improved patient feedback through local and national patient surveys	Consistently high friends and family test results (over 85% bar 2 months), not necessarily correlating with national community patient survey
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	SWEMWBS used during 2016/17
		Increase individual and collective patient scores by 1.5 to 4.0 (or more) points during treatment	At the end of Q4 the total points improvement was 3.6 for the Trust, made up of 3.4 for Community Mental Health and 3.9 for Specialist Psychosis
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)	No information (removed from CQUINs)
		Maintain quality of life for dementia patients pre and post treatment	No information (removed from CQUINs)
CQUINS	Well led	Agree CQUINS with Commissioners and achieve all	CQUINs agreed but not all achieved
		Meet quarterly and end of year CCG targets	See CQUIN table – not all achieved
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	Completed

Priority for improvement	CQC domain	What we said we would do (actions and measures)	What we achieved
		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	Completed Completed Marked improvement across inpatient units

2.2 Priorities for improvement 2017/18

How have we developed our priorities for the coming year?

As part of the preparation for the merger, SEPT and NEP established a joint planning process that led to the development of aligned strategic priorities and action to be taken to achieve these. Two joint stakeholder planning events for EPUT were held in December 2016. Those in attendance included commissioners, representatives from statutory and voluntary partners, staff, governors and service users and carers.

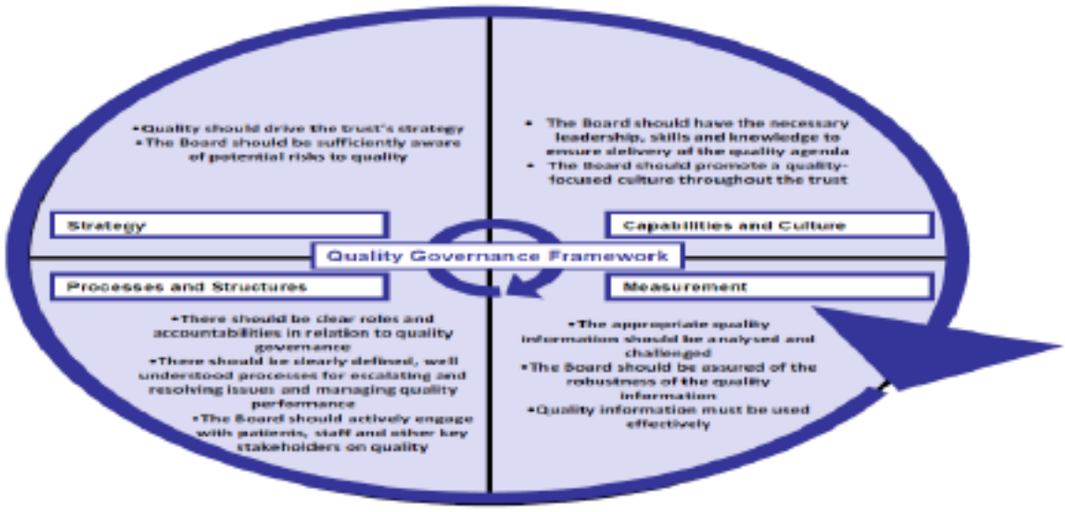
EPUT's vision commencing on 1st April 2017 is "working to improve lives." The priorities for quality for our new organisation have been produced with input from the Board, the Trust's Leadership Team, health economy partners and the Council of Governors. In addition, a number of economy wide discussions have been held with partners at Board and Executive level on the delivery of the Five Year Forward View and system wide Sustainability and Transformational Plans (STPs).

A safe transition from two organisations to one is clearly the key priority. A detailed "Post-Transaction Implementation Plan" (PTIP) was developed and scrutinised by NHS Improvement and by external auditors. A Quality Merger Workstream was put in place during 2016/17 and sub-workstreams established to oversee the review and harmonisation of systems, processes and policies associated with the management of quality in EPUT. Clear plans were put in place to establish harmonised processes required on day 1 of the new organisation (ie those most critical processes, for example adverse and serious incident reporting; complaints handling etc) and to understand those processes that could run in parallel until full harmonisation has taken place in a managed and safe way during the first 12 months post transaction.

In support of the above, harmonised written policies / procedures were developed for the critical processes for implementation on Day 1; and a prioritised plan is in place to harmonise remaining policies over the coming 12 month period.

EPUTs approach to quality will be firmly aligned to the quality governance framework principles.

Figure 1: The Quality Governance Framework



The Interim Board, put in place in November 2016 to prepare for the merger, identified that achieving the highest quality standards would be one of the key benefits of merger. EPUT's ambitions in respect of quality are to achieve a "good" CQC rating in the first comprehensive inspection post-merger; to achieve maximum autonomy in NHS Improvement segmentation ratings and to achieve top quartile ranking in the national transparency index.

Delivering quality services is one of the new Trust's four key strategic priorities, demonstrating that quality will drive the trust's strategy. The following overarching quality priorities have been identified as a result of the planning process put in place to develop the 2017/18 annual plans and articulate the key actions that will deliver EPUT's strategic vision for quality. These quality priorities have been identified as corporate objectives to ensure that they are integral to the delivery of the Trust's strategic and operational plans and are as follows:

Implementation of a new mental health clinical model: the implementation of a new clinical model will be one of the key drivers and contributors to the strategic vision of the Trust in 2017/18. We aim to develop the proposed model and consult with stakeholders on it, with a view to implementation starting in 2018/19.

Continued reduction in harm: both NEP and SEPT have taken action under the "Sign up to Safety" campaign to reduce harm. EPUT will align systems and processes and continue to reduce harm in the following areas:

- Pressure ulcers
- Avoidable falls
- Unexpected deaths
- Medication omission
- Physical health of mental health patients and early warning systems for deteriorating patients
- Restrictive practice

Record Keeping and Care Planning: both trusts experience on-going challenges associated with ensuring that high quality care records are maintained and that care plans are complete and personalised. Action will be taken to agree revised standards for record keeping and personalised care planning based on best practice and putting in place trust-wide training and practice development programmes to support excellence.

Mortality Review Processes: The CQC published the outcome of a comprehensive review of mortality review processes in December 2016. Both organisations have taken action in 2016 to establish local mortality review processes in response to the Southern Health report findings but these require review in light of CQC findings and recommendations (and the National Guidance on Learning from Deaths subsequently published by the National Quality Board in March 2017) and embedding in organisational systems and culture going forward.

Using Technology: utilisation of new electronic systems and tools and maximising the use of those in place already will be required as part of changing culture and creating efficiencies required to deliver the agreed financial plan.

Standardisation and reducing variation: there are some excellent examples of leading practice and high quality services in both predecessor Trusts but neither could demonstrate consistently high standards across their entire portfolio. The new Trust will utilise the obvious internal opportunity to strengthen the use of benchmarking to identify clinical variation within mental health services provided in north and south Essex and action will be taken to agree a standardised approach to recording outcomes and the metrics in place to monitor them.

Creating a culture of quality improvement will be a high priority for EPUT. The Trust will develop and roll out a unique systematic approach to quality, building on the Quality Academy that was in place in SEPT and the Star Quality initiative in NEP. The EPUT approach to quality will support delivery of the agreed quality strategy; providing staff with the tools and training to support improvement activities and recognising and rewarding quality improvement as it takes place and makes a real difference to patient care.

The organisational development plan put in place to support merger identifies strong clinical leadership as integral to the trusts' aims. Within the workforce plan, a commitment has been made to develop a talent management programme to grow effective clinical leaders and managers within the organisation to support sustainable improvement.

Quality priorities for 2017/18

In setting the specific Quality Report / Account priorities for 2017/18, the EPUT Interim Board of Directors considered the strategic context, their knowledge of the predecessor Trusts and feedback from staff and stakeholders during the planning cycle. The Interim Board of Directors believe that the quality priorities outlined below will continue to deliver the improvements most often identified by our stakeholders and will lead to improved health outcomes for our patients and service users.

It is EPUTs intention to be ambitious with quality improvement and to set stretching targets. However, as a new organisation, it is the intention to undertake benchmarking and assessment of current position across the entirety of the new organisation in quarter 1 before setting appropriately ambitious and measurable improvement targets to be achieved through the remainder of the year. The priorities outlined below are therefore articulated to reflect this approach.

PRIORITY 1 - PATIENT SAFETY – Continued reduction in harm

NEP and SEPT have taken action under the "Sign up to Safety" campaign to reduce harm. EPUT will align systems and processes and continue to reduce harm.

Target: To continue to reduce harm across the organisation in the following key areas:

- **Pressure ulcers**
- **Avoidable falls**
- **Unexpected deaths**
- **Medication omissions**
- **Physical health of mental health patients and early warning systems for deteriorating patients**
- **Restrictive practice**

To achieve this, the Trust will deliver the following actions during 2017/18:

1) Pressure ulcers, avoidable falls, medication omissions and restrictive practice

- During Q1, the Trust will establish a baseline for the new organisation for each of the above areas and standardise processes and reporting where differences exist.

- At the end of Q1 when the baseline across EPUT has been established, the Trust will establish appropriate reduction targets for the remainder of the year.
- The Trust will monitor performance in each of the above categories during Q2 – Q4 and will have achieved an appropriate reduction against the new organisational baseline established in Q1 for:
    - The number of avoidable grade 3 and 4 pressure ulcers acquired in our care
    - The number of avoidable falls that result in moderate or severe harm
    - The number of omitted doses within services
    - The number of prone restraints
- The Trust will achieve above 95% harm free care from the "Safety Thermometer" every month throughout the year.

2) Unexpected deaths

- During Q1 the Trust will review the different suicide prevention training packages in place across the Trust and establish the organisational baseline for staff having completed suicide prevention training.
- At the end of Q1, the Trust will agree the training approach going forward and appropriate trajectories for completion of agreed suicide prevention training across the Trust.
- The Trust will monitor training completion during Q2 – Q4 and will have achieved the agreed completion rate by the end of Q4.

3) Physical health of mental health patients and early warning systems for deteriorating patients

- During Q1 the Trust will review the physical health monitoring tools in place across the Trust, standardise and deliver training on the agreed tool.
- During Q2, the Trust will undertake an audit of physical health and early warning systems for deteriorating patients and agree appropriate outcome measures to achieve by the end of Q4.
- At the end of Q4, the Trust will review performance against the agreed outcome measures.
- The Trust will consistently achieve the following targets in terms of patients with psychosis receiving a cardio metabolic assessment from Q1:
    - Inpatients 90%
    - Early Intervention in Psychosis patients 90%
    - Community patients on CPA
- The Trust will consider how to implement a sustainable process which ensures that all patients with psychosis receive a cardio metabolic assessment and will set stretch targets for the remainder of the year at the end of Q1.

PRIORITY 2 - CLINICAL EFFECTIVENESS – Record keeping and care planning

Both trusts experience on-going challenges associated with ensuring that high quality care records are maintained and that care plans are complete and personalised. Action will be taken to agree revised standards for record keeping and personalised care planning based on best practice and putting in place trust-wide training and practice development programmes to support excellence.

Target: To develop and implement revised standards for record keeping and achieve an improvement in the quality of record keeping between Q1 and Q4.

To achieve this, the Trust will deliver the following actions during 2017/18:

- During Q1, the Trust will undertake a record keeping baseline audit and develop and launch revised standards for record keeping.
- At the end of Q1, the Trust will agree appropriate improvement targets to be achieved by Q4 against the established baseline.

- The Trust will undertake a further record keeping audit in Q4 and will have achieved a percentage improvement in the quality of record keeping.

Target: To ensure that all patients identified as on an "end of life" care pathway have a personalised care plan in place.

To achieve this, the Trust will deliver the following actions during 2017/18:

- During Q1, the Trust will undertake an audit of the number of patients identified as on an "end of life" pathway who have a personalised care plan in place.
- During Q4, the Trust will undertake another audit of the number of patients identified as on an "end of life" pathway who have a personalised care plan in place and will have achieved an increase in the number.

PRIORITY 3 - CLINICAL EFFECTIVENESS – Mortality Review

The CQC published the outcome of a comprehensive review of mortality review processes in December 2016. Both organisations have taken action in 2016 to establish local mortality review processes in response to the Southern Health report findings but these require review in light of CQC findings and recommendations and newly issued National Quality Board's "Learning from Deaths" guidance (March 2017).

Target: To develop and implement organisational systems to deliver the National Quality Board's "Learning from Deaths" Guidance issued in March 2017.

To achieve this, the Trust will deliver the following actions during 2017/18:

- By September 2017, the Trust will have developed and approved an updated Mortality Review Policy in line with the "Learning from Deaths" national guidance.
- From Q3 onwards, the Trust will report mortality information on a quarterly (and annual) basis in line with the requirements of the "Learning from Deaths" national guidance (data to be published will be from April 2017 onwards). This will include the total number of the Trust's in-patient deaths and those deaths that the Trust has subjected to case record review; of the deaths subjected to review, an estimate of how many deaths were judged more likely than not to have been due to problems in care; and learning points.
- At the end of Q4, the Trust will undertake an audit of implementation of the Policy to assess whether processes have been embedded and are operating effectively.

PRIORITY 4 - PATIENT EXPERIENCE – Family and carer involvement in mortality review

The National Quality Board's "Learning from Deaths" Guidance (March 2017) highlights the importance of engaging meaningfully and compassionately with bereaved families and carers in relation to all stages of responding to a death. As a starting point, the focus will be on all deaths which occur in in-patient services and those deaths occurring in a community setting which are classified as a "serious incident".

Target: To achieve high quality family and carer engagement and involvement after the death of an in-patient or the death of a patient in a community setting which is classified as a "serious incident" in line with the national guidance on learning from deaths.

To achieve this, the Trust will deliver the following actions during 2017/18:

- By September 2017, the Trust will have developed a Family and Carer Engagement and Involvement Policy, which will include how families and carers are involved after the death of a patient who died in in-patient services or the death of a patient in a community setting which is classified as a "serious incident".
- By September 2017, the Trust will design appropriate mechanisms of seeking feedback from families and carers in terms of their engagement and involvement following the death of a patient in

in-patient services or the death of a patient in a community setting which is classified as a "serious incident."

- The Trust will implement these mechanisms and undertake an audit through Q3 – 4 to establish the position in terms of the effectiveness of engagement and involvement, aiming to achieve a target of 100% of families / carers of patients whose death was in in-patient services or classified as a serious incident indicating that they were satisfied with their engagement and involvement after the death.
- The outcomes of the Q3 - Q4 audit will be assessed and actions agreed that could be taken to achieve improvement for on-going monitoring.

All of the above quality priorities will be monitored on a monthly basis by the Executive Directors of the Trust as part of the routine quality and performance report and the Board of Directors will be informed of any slippage against agreed targets. EPUT will report on progress against these priorities in their Quality Account for 2017/18.

2.3 Review of services

North Essex Partnership University NHS Foundation Trust (NEP) has reviewed all the data available to it on the quality of care in the services covered by our two main contracts (Mental Health services for adults and older people and Forensic, Perinatal and Tier 4 CAMHS inpatient services) that are subject to monthly/quarterly quality assurance and contract monitoring processes. NEP does not have any sub-contracted services. The income generated by the NHS Services reviewed in 2016/17 represents 84% (£79.9m) of the total income of £94.8m generated from the provision of NHS Services by the Trust for 2016/17.

The following inpatient service reviews/changes have taken place during 2016/17:

- The Trusts on-going refurbishment of two adult wards and therapy hub at the Derwent Centre in Harlow, Essex has made significant progress during 2016/7. The first ward, Chelmer Ward has been completed and the service relocated into its new premises. In addition, the therapy hub has been completed and is now in use at the site. Work is on-going with the main contractor Vinci to complete the second ward and work is on schedule for completion in May 2017. The final phase of work which will see new reception, clinical space and Health Based Place of Safety commences April 2017 and will complete December 2017.

- Throughout 2016/17 In-patient services have continued to improve standards, quality and the patient environment in line with the Trusts CQC remedial plan. Significant changes have been made within our wards with physical improvements to the safety and effectiveness of the buildings along with revisions to systems and process including matrons Assurance Audits and Ligature risk assessments. Patient safety remains the Trusts top priority and we expect this work continue to improve and evolve as we continue to learn.

- The Trust has invested in improvements to our Health Based Places of Safety (Section 136 suites), in preparation for legislation changes in April 2017. The investment will bring all areas where service users are received, up to national standards, which are expected of these facilities and they will provide safe and dignified spaces for these assessments to take place. Additionally the Trust has led a countywide strategy with Police, social care, commissioners and NHS partners to agree frameworks for the sharing and coordination of resources to ensure people get the right care quickly and as close to home as possible.

- In September 2016, NEP reorganised its operational directorates from three geographically based divisions into functional In-patient and Community service lines. The key benefits for this restructure were to bring about consistency and quality of patient experience, effective sharing of resources and improved communication across a wide geographic spread. One of many positive results of this change has been to adopt a common functional model within our In-patient units across the Trust. All patients admitted to a ward find themselves under the care of a dedicated Consultant Psychiatrist who is consistently available to review their care. This was a move away from the traditional model, which saw multiple Consultants visiting the ward to see individual patients less frequently.

- The Trust has also relocated adult and older adult wards in the northeast of Essex on to single sites to provide greater support and expertise to each speciality as well as the sharing of resources and ability for services to support one-another effectively. Adult in patient services are now sited together at the Lakes mental health Unit in Colchester whilst dementia services are co-located in Clacton.

The following Community service reviews/changes have taken place during 2016/17:

- In July 2016, the Trust's clinical services were re-configured from Area based services to a functional based model (Inpatient and Community). Each community clinical pathway has a North East, Mid and West team with an Operational Service Manager who oversees the pathway Trust wide. Each team has a clinical manager responsible for day-to-day management and is supported by an administrative manager.

- All three Access & Assessment Teams are now operating the same model of A&E Liaison with one standardised Operational Policy. Response times have decreased from 4 hours to 1 hour to meet the new Key Performance Indicator.

- Following some investment from our Commissioners Street Triage hours of operation have increased from 6pm-2am and is now 10am - 2am (as of April 1st).
- The nursing establishment in all 3 Home Treatment Teams have been harmonised to allow for consistent Gatekeeping by Band 6 staff into inpatient beds. All three Home Treatment Teams provide services based on need rather than age.

- The Mid Dementia/Frailty team have been to formal consultation this year to harmonise their pathway with that in North East. These two teams provide a seven day service, Home Treatment options, and have a helpline available for GP's and other stakeholders to make direct referrals. Formal discussions are underway in the West to co-locate the inpatient and community teams and to harmonise with North East and Mid. The Mid Dementia/Frailty Team have trained Band 7 nurses to provide disclosure clinics to patients and families with non-complex presentations. Our aim is to roll this model out across all three teams. The therapies staff in the West who provide input to the Dementia/Frailty pathway were consulted and then aligned to that pathway managerially prior to the larger staff consultation for The Functional Model.

- The Psychosis Teams had new RTT (referral to treatment) standards from April 1st 2016. We are reporting against a two week referral to treatment standard for EIP cases, allocation of care co-ordination and commencement/completion of initial assessment. We have been training staff in CBTp, Family Interventions, Physical healthcare, CAARMS (Comprehensive Assessment of At Risk Mental State), Anti-Psychotic medication and prescribing, carer focussed education and support, supported employment, vocational rehabilitation, care planning and substance misuse. We are leading the way nationally and have introduced the use of SNOMED codes (Systemised Nomenclature of Medicine/Clinical terms) in order to report against NICE concordant quality standards as described above. We have been part of a National Audit of EIP services under the banner of "Collaborating for Mental Health" The centre for quality and improvement were comparing services across the country, this was a huge piece of work for us. Zipidera and Clozaril clinics have been transferred from inpatient services to the Psychosis teams and linked into the physical health of service users' care plans.

- The Criminal Justice Mental Health Teams have been through formal consultation and a complete service transformation into a Wave Three Liaison and Diversion Service. Extended working hours (long days) and recruitment are all well under way.

- The STARS teams have been through a formal consultation in relation to their management structure and have been re-located from their base at Navigation Road to a new hub having been provided at Rivendell in Colchester.

- Our contract to deliver Health Outreach in Suffolk has been extended to October 2017 while commissioners go through a re-procurement exercise.

- We (Veterans First) were part of a successful consortium bid to provide services to veterans in a new service model over a much larger geographical area. This commences May 1st 2017.

- The Psychosis, Non-Psychosis (Specialist Mental Health & Recovery) and Medical Staff in the West were formally consulted towards the end on 2016 and we moved to the same clinical functional model as the other two areas in January 2017.

- We undertook a review of the GP Practices in the South and have agreed with commissioners that we will not be re-negotiating our contract with them at the end of this year.

2.4 Participation in clinical audits

The Trust has a programme of clinical audit activity covering both national and corporate priorities. This is reportable through the clinical board.

The programme is managed by the Service Improvement Team, reviewed, and monitored through the clinical audit group.

For the 2016/17 reportable period 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 enquires of the national clinical audits and national confidential enquires, in which we were eligible to participate.

The national clinical audits and national confidential enquires the trust was eligible to participate in during the 2016/17 period is listed in the following table:

Eligible national audits for Trust 100%	Trust participated in 100%	Data collection completed 2016/17	No. of cases submitted to audit as % no. of registered cases required by the terms of the audit
EIP Self-Assessment of EIP services provided by the Trust			No patient identifiable information submitted
Prescribing Observatory in Mental Health (POMH)			
POMH Topic 11c Prescribing Antipsychotic Medication for People with Dementia	Yes	Yes	74 patients, 5 teams
POMH Topic 7e – Monitoring of Patients Prescribed Lithium	Yes	Yes	74 patients, 13 teams
POMH Topic 16a – Rapid Tranquillisation	Yes	Yes	20 patients, 8 teams
POMH Topic 1g & 3d	Yes	Yes	114 patients, 9 teams
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	

North Essex Partnership University NHS Foundation Trust			
Programmes	**Participating services in the Trust**	**Accreditation Status**	**Number of Services Participating Nationally**
NSNAP: Memory Services National Accreditation Project	North East Memory Service (Colchester)	Accredited	107
PLAN: Psychiatric Liaison Accreditation Network	None	N/A	74
QNCC ED: Quality Network for Community CAMHS (Child and Adolescent Community Mental Health Services) Eating Disorders	None	N/A	18
QNLD: Quality Network for Learning Disability Wards	None	N/A	40
QNOAMHS: Quality Network Older Adults Mental Health Services	None	N/A	67
AIMS-WA: Working Age Adult Wards	None	N/A	136
EIP Self-Assessment (English Teams only): EIP Self-Assessment (English Teams only)	Mid Specialist Psychosis Pathway	N/A	153
	North East Specialist Psychosis Pathway	N/A	
	West Early Assertive Psychosis Team	N/A	
Perinatal: Perintal In-Patient & Community settings	Rainbow Mother and Baby Unit, Chelmsford	Accredited	43
QNCC: Quality Network for Community CAMHS (Child and Adolescent Community Mental Health Services)	None	N/A	32
QNFMHS: Quality Network for Forensic Mental Health Services	Edward House (LSU)	Accreditation not offered by this network	125
QNIC: Quality Network for Inpatient CAMHS (Child and Adolescent Community Mental Health Services)	St Aubyn Centre	Accredited	127
QNPMHS (Prison): Quality Network for Prison Mental Health Services	None	N/A	40
AIMS PICU: Psychiatric Intensive Care Units	None	N/A	38
AIMS Rehab: Rehabilitation Wards	None	N/A	65
HTAS: Home Treatment Accreditation Service	None	N/A	49
QED: Quality Network for Eating Disorder Services	None	N/A	32
APPTS: Accreditation Project for Psychological Therapy Services	None	N/A	22
CofC: Community of Communities	None	N/A	8
AIMS-AT: Assessment Triage	None	N/A	5
EIPN: Early Intervention in Psychosis Network	None	N/A	5
QNLD : Quality Network for Learning Disability Wards	None	N/A	1
ACOMHS: Accreditation for Community Mental Health Services	None	N/A	12
Prescribing Observatory for Mental Health (POMH)	**The Trust is Participating in the following Quality Improvement Programmes (QIP)**		
POMH	QIP 16a: Rapid tranquilisation		

POMH	QIP 7e: Monitoring of patients prescribed lithium		
POMH	QIP11c: Prescribing antipsychotics in people with dementia		

Learning from Audit

During the reporting period a total of **4** national reports were reviewed by the Clinical Audit Group or Quality Prescribing Group or through MMG with the Trust having taken the following actions listed below to address and improve the quality of healthcare provided. In addition a total of **20** clinical audit reports were received and reviewed by the clinical audit group during the 2016/17 reporting period. Each report reviewed is further submitted into another identified group to review to address quality improvements required. These actions are then monitored through the identified groups.

Learning from these audits and the actions taken as a result are shared below:

Title/ Subject	Learning/actions
Ward Reviews – Consent & Capacity Baseline Audit	This baseline audit was designed and undertaken as a snapshot to give assurance as to whether the Trust meets compliance with patients giving consent and their engagement to treatment & care sought that is discussed and recorded within the electronic health record. Results highlighted a number of anomalies that could not give assurance as to whether the Trust meets compliance. Results do show there are levels of engagement regarding consent taking place across the service areas, although these could be much improved overall. ***Actions to be taken*** • Report and its recommendations to be reviewed by the Inpatient consultant group to address the findings, develop an action plan for quality improvement and implementation. • A re audit to be commissioned within the 2017/18 reporting period , this to include reviewing the standards for auditing, development of a robust data tool to cover wider aspects of consent & capacity including those detained under the MHA 1983 amended 2007. • Audit lead to be identified to address ownership and accountability.
VTE Risk Assessment	The audit highlighted the use of antipsychotic medicines present a risk factor for VTE along with smoking. It highlighted the importance of an VTE risk assessment to be carried out for all adult inpatients across the Trust. Patients who are identified at an increased risk with no appropriate risk with no appropriate action taken to reduce the risk. The audit highlighted the important role Pharmacists have as part of the multi professional team to be undertaking these risk assessments. ***Actions to be taken***: • Inclusion within the peer reviews, completion of VTE risk assessments as part of the review of documentation. • Current VTE risk assessment to be included as part of the admission checklist and admission pack for completion by the clinical staff. • Review the VTE risk assessment to be undertaken following review of relevant policy post-merger. This will result in one stand form used across EPUT services. • Following review this risk assessment form to be completed within the electronic record.

Title/ Subject	Learning/actions
Audit of the OT Preceptor-ship	The audit highlighted the importance in having a process in place to support newly qualified OTs in their transition from student to competent practitioner. It highlighted the process needed to be supported and facilitated and learning from feedback in our efforts to recruit, retain our efforts to recruit, retrain and aid the professional development of future occupational therapists. ***Actions to be taken:*** • Annual forum for training and review of the Preceptorship process to be set up to enable learning from feedback to become more embedded and responsive.
Audit of Clinical Documentation using SBAR	Following successful introduction of SBAR (Situation, Background, Assessment & Recommendation) within the crisis team, an audit was under taken across a number of the adult acute inpatients wards. Findings demonstrated SBAR was being used as part of routine practice to support clinical documentation across the inpatient wards taking part in the audit. It was noted there was an improvement in the quality of clinical recording as staff had familiarised themselves with SBAR. The audit clearly identified the areas that require further improvement which will support staff to record accurate clinically relevant information on each shift whilst supporting recognition of the purpose of clinical contact. ***Actions to be taken:*** • Some development work has been identified to improve relevant information to support each area which can be delivered through staff workshops. • To review the current example templates available to the wards. • To roll out further across all inpatient areas and community teams.
Mental Health Act Monitoring & Intervention by Pharmacy Staff	Findings from the audit showed the Trust had fallen below the standard that is required to effectively and legally provide this standard. Whilst the adherence to all standards is above 70%, with particular regard to the legal standards, 3 and 5, the adherence should be 100%. From this audit, it could be seen that action needed to be taken against these standards in order to improve adherence. Shortfalls can be identified from prescribers, nurses, and pharmacy staff alike. It is apparent that not all nursing staff are checking the mental health act paperwork before administering medication and this runs the risk of unlawful administration. As it was found that the Mental Health Act e learning is only carried out once, staff may benefit from carrying this out yearly. ***Actions to be taken:*** • To ensure all ward staff complete the MHA eLearning annually. • Pharmacy staff to be notifying medical staff or the MHA administrators directly about interventions. • Pharmacy staff to be reminded of the importance of MHA endorsements and highlighting unrecorded MHA status on charts. • Development of a quick reference guide outlining the key points for the MHA regarding medicines and responsibilities of nursing staff to ensure bank/agency staff have a reference source.
Audit of Delayed/ Omitted Doses on NEP Inpatient Wards	Findings from the audit showed 8% of all prescribed, regular doses were delayed or omitted with almost half of all delayed or omitted doses were due to patient refusal. In addition all regular doses prescribed should be given or have a documented reason for why they were not given. It was found this did not happen for 100% of doses. The availability of medicines is not the problem as over 99% of all doses were available to be given. Whilst it is more challenging to address the patient refused component (almost half of all delayed or omitted doses), more work needs to be done to improve adherence. All doses should be signed for and findings showed this was not happening with 14% unsigned. With one particular area of the Trust undertaking weekly drug chart audits there was a much higher level of compliance overall. ***Actions to be taken:*** • Weekly PMAC audits were rolled out across the other Trust areas that are monitored through the local medicines management forums. • Re-audit in one year to see whether improvements have been made – include additional data on critical medicines and medicines that are marked as unavailable but are available in the EDC.

Title/ Subject	Learning/actions
	• Medicines education to be offered to all inpatients via medicines education groups. • PMAC completion, the importance of this to be incorporated within the medicines management for nurses training day.
Audit of Safeguarding Referrals within CAMHS Tier 4 Service	The audit identified good practice regarding engagement with young people, their families as well as up to date care planning and risk assessment, management and discharge planning. It was acknowledged using both a combination of paper and electronic records creates fragmentation of information. It was found the current electronic record is not a particularly intuitive, user friendly system and this results in further difficulties when attempting to review records both to inform planning and evaluation of care. Findings suggested different teams had developed their own paper systems raising a number of issues about the system's fitness for purpose for good record keeping and acting as a tool that supports the review of care and identification of progress /risks pertinent to care planning. ***Actions to be taken:*** Report and its findings shared with the Head of Safeguarding in order that a strategy for sharing with senior management can be established to consider risks posed by remedy as highlighted within the report. Proposed changes have been made to the safeguarding tile within the system for the recording of all safeguarding information and alerts. • Joint work to be considered post-merger to look at record keeping practice across EPUT giving a joint identification of best approach to achieve safe/ practical record keeping systems across the unified organisation.
POMH Topic 11c. Prescribing Antipsychotic Medication for People with Dementia	The Trust has performed relatively well in comparison to other Trusts however the findings still provide food for thought and is worth discussing with teams. The risks benefit profile did not score well in this audit however it is not necessarily the best reflection because this data only came from a small sample set. There is a feeling that the relevant discussions are in fact taking place but not necessarily being documented. The emphasis needs to be on recording, lessons learned and useful information to pass on. In addition, we need to be mindful that such a small sample set is not necessarily an accurate reflection on a whole team or indeed our Trust's ways of working. The validity of some of the conclusions that could be drawn is questionable due to a very small sample set. It is safe to say we performed satisfactorily in most areas but it is not clear how relevant or valuable this data actually is. ***Actions to be taken:*** • To ensure POMH UK audits have a high profile on the agenda at the medicines management committee in the future in order to ensure that we have more data to work with and therefore more relevant results. • To ensure the correct recording is paramount; 'if you don't write it down, it didn't happen' good record keeping.

2.5 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 2016/2017 that were recruited during that period to participate in research approved by a research ethics committee was 396.

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 hosted 19 new research projects and currently 54 are ongoing within the organisation. In keeping with the clinical priorities of the Trust, research is focused on mental health and dementia topics. Research is ongoing on themes including depression, schizophrenia, Alzheimer's disease, dementia with lewy bodies, mild cognitive impairment, 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. As required by the NIHR, the Trust publishes data on performance in initiating and delivering clinical trials. All 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.

2.6 Use of CQUIN (Commissioning for Quality and Innovation) Payment Framework

A proportion of Trust income in 2016/17 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 2017/18 and for the following 12-month period is outlined in the table below with the headline goals attached to the schemes. N.B. this information is not available via a web link.

Contract	**2016/17*** (estimation based on current performance)	**2017/18**		
	£	**£**		**Goals**
Adult and Older Adult Main Block (CCGs)	£1,319,032	£1,702,280	1	(National) NHS Staff Health & Wellbeing
			2	(National) Improving Physical Healthcare to Reduce Premature Mortality in People with SMI
			3	(National) Improving Services for People with Mental Health Needs who Present to A&E
			4	(National) Transitions Out of Children and Young People's Mental Health Services (CYPMHS)
			5	(National) Preventing Ill Health by Risky Behaviours – Alcohol & Tobacco
			STP	Participation in STP Footprints
			CT	Adherence to Control Total
Specialised Commissioning Group (NHSE)	£238,855	£240,675	1	(Low Secure) Reducing Restrictive Practices within Adult Secure Services
MVA	£22,863	£11,432 (6 month term only)	1	Encouraging Information Sharing between Organisations with regards to Marginalised and Vulnerable Service Users (cont.)
Total	**£1,448,460**	**£1,954,387**	***2016/17 achievement will not be finalised until end of May 2017; these values are therefore estimations only (based on current performance)**	

2.7 Stretching goals for quality improvement – 2017/18 CQUIN Programme (Commissioning for Quality and Innovation) for EPUT

Commissioners have incentivised Essex Partnership University NHS Foundation Trust (EPUT) to undertake 57 CQUIN projects in 2017/18 which aim to improve quality of care and encourage collaborative working.

The value of the 2017/18 CQUIN scheme for EPUT is £6,534,062 which equates to 2.5% of Actual Annual Contract Value, as defined in the 2017/18 NHS Standard Contract. In contrast to previous years, all are national CQUIN schemes with the single exception of one which is a local scheme negotiated in South East Essex community services to continue an existing 2016/17 area wide transformation scheme.

The CQUIN programme content is markedly different in 2017/18 in line with national NHS England guidance which explains *"The CQUIN scheme has shifted focus from local CQUIN indicators to prioritising system wide Sustainability and Transformational Plans (STP) engagement and delivery of financial balance*

across local health economies. It is anticipated that that this approach will free up commissioner and provider time and resource to focus on delivering critical priorities locally."

Given the financial and capacity challenges facing the NHS and the need to transform area-wide care pathways involving many service providers to effectively deliver care, the 2017/18 CQUIN programme contains 7 CQUIN themes (total 14 projects) that incentivise providers to collaborate and deliver quality and efficiency through transformation.

There are five CQUIN themes (22 projects) that enable the embedding of existing project work from 2016/17:

- Staff Health & Well-being (Year 2) – a 3-part CQUIN applicable to community and mental health contracts that incentivises provision of a well-rounded programme of physical and mental health initiatives to support and promote staff wellness.
- Physical Health (Year 4) – a 2-part CQUIN applicable to mental health contracts only that encourages physical health monitoring for patients with schizophrenia through consistent assessment and documenting of physical health and better partnership working with GP's.
- Neighbourhood Workforce Development (Year 2) – rollout of the 2 pilot neighbourhoods to the remaining 6 areas will embed the integration and transformation work initiated during 2016/17.
- Reducing Restrictive Practice (Year 2) – exploration of staff and service user experience of restrictive practice is developing initiatives that support least restrictive practice.
- Recovery College (Year 2) – successfully launched FRESH, our new Recovery College and objectives for this year will embed this initiative.

The commitment to rollout of national CQUIN programmes for a minimum of 2 years and 5 years in the case of Physical Health for people with Severe Mental Illness is very positive in our view. This acknowledges the length of time for real change to occur especially regarding change in health behaviour and supports embedding of change in practice.

In conclusion, the Trust is dedicated to continually improving services and teams have proven to be committed to and adept at managing resources to meet the stretching goals for quality improvement within the National CQUINs that have been set by commissioners in previous years. We are mindful of contextual events including transition within a newly merged organisation, and dependencies inherent in the progression of shared CQUIN schemes that may present risks but anticipate teams will ably meet the challenges for the coming year.

2.8 Registration with the Care Quality Commission

NEP was required to register with the Care Quality Commission and its registration status prior to April 2017 was registered with conditions in relation to the two PCT Medical Services GP practices, Acorns and Dilip Sabnis. The Care Quality Commission took enforcement action against NEP during 2016/17, the details of which are included in the statement below. NEP was deregistered on 1st April upon merger with South Essex Partnership University NHS Foundation Trust, and the registration of a new organisation, namely Essex Partnership University NHS Foundation Trust, registered without conditions.

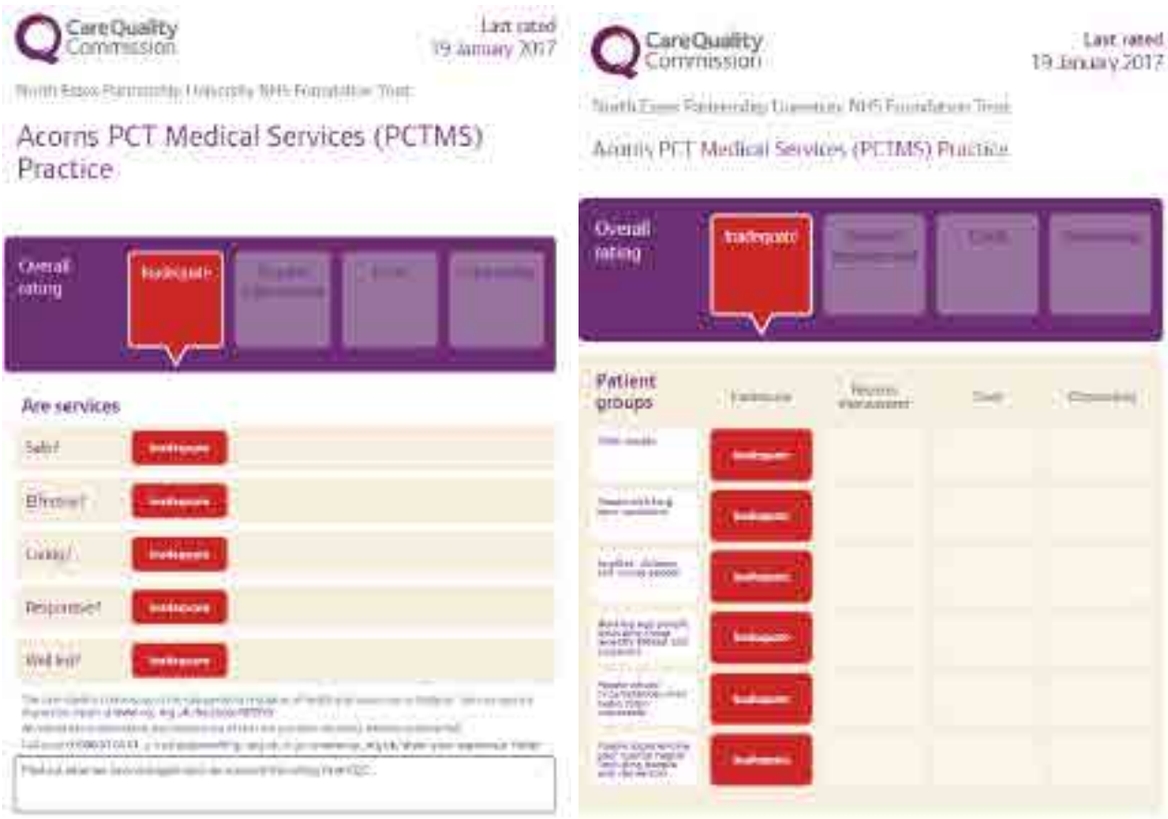
2.9 Statements from the Care Quality Commission

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

Acorns PCTMS practice was inspected on 11th October 2016. Dilip Sabnis PCTMS practice was inspected on 23rd November 2016. St Clement's

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 in respect of three Thurrock PCTMS practices that we manage. Our overall rating is 'Inadequate' for Acorns and Dilip Sabnis and 'Requires Improvement' for St. Clements. These reports become legacy reports as from 1st April 2017.

2.9.1 Acorns PCT Medical Services Practice



Overall summary

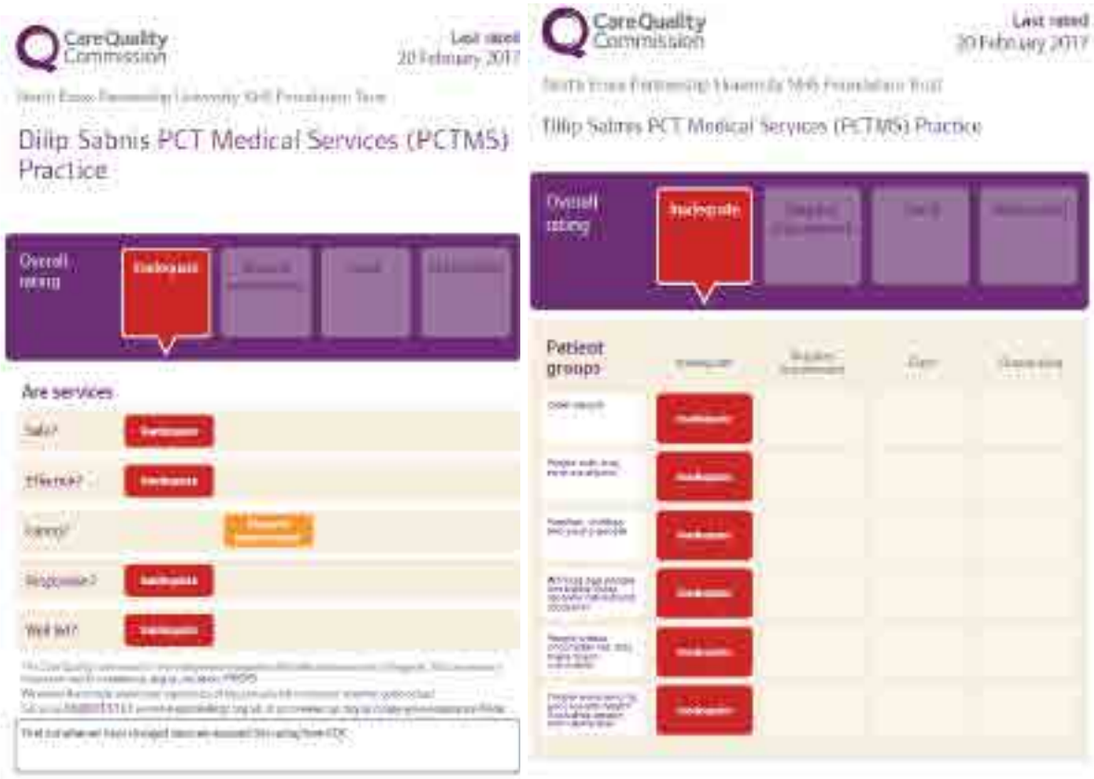
Letter from the Chief Inspector of General Practice

We carried out an announced comprehensive inspection at Acorns PCT Medical Services (PCTMS) Practice on 11 October 2016. The provider of services at Acorns PCT Medical Services (PCTMS) Practice is North Essex Partnership University NHS Foundation Trust. Overall the service is rated as inadequate.

Our key findings across all the areas we inspected were as follows:

- The overarching Trust governance systems had not been effectively embedded into the practice.
- There were no permanent GPs employed by the practice to offer continuity of care.
- The reporting and learning from significant events was not safe.
- There were no systems to receive or respond to Medicine and Health products Regulatory Agency (MHRA) alerts.
- Not all reasonable steps had been taken to improve security, although CCTV had been installed in the reception area in the last year.
- Systems and processes to keep patients safeguarded from abuse were not effective.
- The infection control audit had not identified all risks.
- Medicines had not been reviewed in accordance with guidance.
- The system for recording correspondence into the practice was not safe.
- The business continuity plan did not meet the needs of the practice. Policies did not meet the needs of the practice.
- QOF reviews and health checks were not carried out with an emphasis on monitoring and improving patient outcomes.

2.9.2 Dilip Sabnis PCT Medical Services Practice



Overall summary

Letter from the Chief Inspector of General Practice

We carried out an announced comprehensive inspection at Dr Dilip Sabnis on 23 November 2016. Overall the practice is rated as inadequate.

Our key findings across all the areas we inspected were as follows:

- There was no effective system in place for reporting, recording, investigating, responding and learning from significant events.
- There was an insufficient system in place to receive or respond to Medicine and Health products Regulatory Agency (MHRA) alerts.
- The practice did not have defined and embedded systems, processes and practices in place to keep patients safe and safeguarded from abuse.
- Risks to patients were not assessed and well managed. We found the infection prevention control audit was incomplete.
- Prescribing practices were unsafe and patients receiving high risk medicines had not been appropriately reviewed.
- Medicines were not being stored appropriately and cold chain procedure followed.
- Patient group directives had not been appropriately authorised for the administration of immunisations to pregnant women.
- Not all clinical staff had undertaken appropriate emergency life support training.
- The practice did not hold appropriate emergency medicines for patients allergic to penicillin and who may experience a diabetic hypoglycaemia episode.
- We found patients were inappropriately coded for conditions they did not have.
- The practice had no quality improvement processes in place to identify where they might improve.
- Care plans were not in place for all patients on their admission avoidance programme.
- Some referrals lacked relevant information and did not meet guidelines for referrals.

2.9.3 St Clement's PCT Medical Service Practice

Overall rating for this service	Requires improvement
Are services safe?	Requires improvement
Are services effective?	Requires improvement
Are services caring?	Requires improvement
Are services responsive to people's needs?	Requires improvement
Are services well-led?	Requires improvement

Overall summary

Letter from the Chief Inspector of General Practice

We carried out an announced comprehensive inspection at St. Clements PCT Medical Services (PCTMS) Practice on 25 January 2017. Overall the practice is rated as requires improvement.

Our key findings across all the areas we inspected were as follows:

- There were systems in place for reporting, recording, investigating, responding and learning from significant events. However, the practice did not evidence consideration of wider risks and that changes had been embedded to mitigate against a reoccurrence.
- There was an effective system in place to receive and respond to Medicine and Healthcare products Regulatory Agency (MHRA) alerts. However, historical alerts from prior to 2015 still required actioning.
- The practice achieved 96% of the total points available under Quality and Outcomes Framework (QOF).
- We found there was no defined system in place to disseminate and check adherence to NICE guidance.
- We found some patients were incorrectly coded for health conditions they did not have.
- Improvements were required to ensure timely reviews of medicines and discussions of associated risks.
- There was an absence of clinical audit to inform quality improvement.
- Care plans were not in place for all patients on their admission avoidance programme.
- Patients had been appropriately identified and included in multidisciplinary discussions.
- The practice did not monitor their patient's attendance for national screening programmes or have specific strategies to improve uptake.
- Data from the national GP patient survey showed patients rated the practice lower than others for many aspects of care. This included satisfaction with the opening hours and ease of contacting the practice by phone.
- Patients we spoke with including members of the patient participation group spoke highly of the care, commitment and professionalism of the practice nurse.

2.9.4 Our response to the CQC GP practice reports

Action plans were drawn up and submitted in respect of the inspections of Acorns and Dilip Sabnis. As at the end of March these were accepted by the CQC as completed as far as possible and they became legacy action plans. Although St Clement's report was received after the de-registration of NEP and also became a legacy action plan without enforceable action, the EPUT Executive Team commissioned an internal action plan to be completed and implemented.

2.9.5 Focused inspection 14th and 15th September 2016

NEP was also the subject of a focused inspection on 14th and 15th September 2016.

Overall summary

We found the following issues that the trust needs to improve:

- We were concerned about the safety of some of the ward environments. Many of these were issues that we had raised at our last inspection. Staff did not always assess risks on wards or manage risk from ligature points well; including on wards with poor lines of sight. The Christopher unit and older people wards that admitted both men and women did not comply with the requirement to provide same-sex accommodation. The Christopher unit's seclusion room did not meet the standards outlined in the Mental Health Act Code of Practice. Staff subjected patients to blanket restrictions on acute wards. The trust was not sharing learning from incidents effectively with staff and the trust's incident reporting policy and procedures needed updating to reflect national guidance.
- The trust did not ensure wards were fully staffed as wards staffing shifts were unfilled due to staff sickness or leave; all wards had staffing vacancies, and were using bank and agency staff. The trust did not ensure that staff received clinical supervision and training regularly.
- The trust did not ensure a consistent approach to staff administration and storage of medication across acute and older people wards as we found gaps in staff records and problems with medication storage.
- Staff did not check the equipment and environment in line with trust policy. Refurbishment work and repairs were not always finished to a high standard.
- Fifteen percent of patients' records did not contain detailed information which included risks and they had not been updated regularly.
- Staff had recorded 26% of staff restraints on patients on these wards were in a prone position.
- The trust staff survey action plan did not detail how the trust was responding to the key issues from the 2015 results.

However we found the following areas of good practice:

- Ninety five percent of patients gave positive feedback about the staff, and their experience of care on the wards. Eighty seven percent of patients and 66% of carers said they were involved in discussions about their or their relatives care. Seven wards used 'my care, my recovery' booklets to capture this involvement. Staff and patients spoke positively about the restraint training staff used and said the new techniques made them feel safe and less fearful.
- Ward staff used regular agency and bank staff to ensure that patients received consistent staff care.
- Ninety one percent of patients had comprehensive and detailed risk assessments.
- Managers at Chelmer and Stort Mental health wards gave examples of effective performance management of staff. The trust had an independent 'Guardian Service' for staff to contact regarding any matters relating to patients' care and safety, and staff concerns.
- Staff on older people's wards were proud of their work and felt supported to deliver care. They were changing to use a 'functional model' with reference to the 'new ways of working' initiative led by the Royal College of Psychiatrists and the National Institute of Mental Health in England.

2.9.6 Our response to the focused inspection report

NEP responded to this inspection report with a comprehensive action plan and this was 95% completed as at the end of March 2017. All residual actions and risks were highlighted to the EPUT Interim Board.

2.10 Special reviews and investigations

NEP was included in the CQC mortality thematic review during the period 2016/17. As a result of this a Mortality panel was set up to review all deaths that occurred between 1st January 2016 and 31st January 2017. The comprehensive reviews were reported through to the Quality and Risk Committee, detailing findings and emerging themes. Learning is shared through the Mortality Review Panel and as part of the Serious Investigation Learning. National guidance has now been received on learning from deaths published in March 2017 by the National Quality Board, which inform reporting requirements and practice going forward.

2.11 NHS Number Validity and General Medical Practice Code

NEP submitted records during 2016/17 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episode Statistics. The percentage of records in the published data, which included the patient's valid NHS number was 99.8%. There is an increase of 0.1% for NHS Number (reported 100% GP Code) on 2015/16 position. We currently have 5 records with no NHS Number recorded in the SUS Submission data.

Finished Consultant Episode
- NHS – 99.8% valid
- GP code – 100% valid

Unfinished Consultant Episode
- NHS – 99.7% valid
- GP code – 100% valid

Admitted patient care
- NHS – 99.8% valid
- GP code – 100% valid

Outpatients – not applicable as NEP does not provide this service

Accident and Emergency – not applicable as NEP does not provide this services

2.12 Clinical Coding Error Rate

NEP was not subject to the Payment by Results clinical coding audit during 2016/17 by the Audit Commission.

2.13 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 2016/17 was 72% and was graded satisfactory:

Information governance management	Score: 86%	Grade: satisfactory
Confidentiality and data protection assurance	Score: 66%	Grade: satisfactory
Information security assurance	Score: 75%	Grade: satisfactory
Clinical information assurance	Score: 66%	Grade: satisfactory
Secondary use assurance	Score: 66%	Grade: satisfactory
Corporate information assurance	Score: 77%	Grade: satisfactory
Overall assessment Version 12	**Score: 72%**	**Grade: satisfactory**

2.14 Data Quality

Alignment of Trust information systems
NEP and SEPT information systems are to be aligned so that one system is in use for Essex, Southend and Thurrock. Any improvements to data quality will therefore be made by the new merged organisation, Essex Partnership University NHS Foundation Trust.

2.15 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.

NORTH ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST
NHS IMPROVEMENT REPORT - SINGLE OVERSIGHT FRAMEWORK

Board Performance Report Quarter 4 2016/17 Month: March 2017

		Indicator	Notes	Target	Community	Inpatients	In Month	Qtr. To Date	Commentary/Trend
Quality	1	Staff Sickness	%	≤4.5%			4.6%	5.0%	National Benchmark: Staff Sickness - Adults 6%
	2	Staff Turnover	%	≤10%			1.1%	2.9%	
	3	Executive Team Turnover	%				33.3%	33.3%	
	4	PDR Compliance		90%			79.9%	79.9%	
	5	Training Compliance		85%			87.7%	87.7%	
	6	NHS Staff Survey							Annual
	7	Proportion of Temporary Staff	%					TBC	
	8	Aggressive Cost Reduction Plans	Forecast Outturn Achievement at the quarter end	£5.25m					Quarterly
	9	Written Complaints	Rate				3	23	
	10	Staff Friends and Family Test	% Recommended Care						Quarterly
	11	Patient Safety Occurrence of any Never Event					0	0	

		Indicator	Notes	Target	Community	Inpatients	In Month	Qtr. To Date	Commentary/Trend
	12	NHS England/NHS Improvement Patient Safety Alerts Outstanding						2	Annual
	13	CQC Inpatient/Mental Health and Community Survey							Annual
	14	Mental Health Scores from Friends and Family Test	% Positive		90.5%	82.2%	87.4%		Data shown is for February 2017.
Operational	15	Admissions to Adult Facilities of Patients Who Are Under 16 Years Old		0		-	-	-	This is a never event
	16	Care Programme Approach (CPA) patients receiving follow-up	% of patients under adult mental illness specialties who were followed up within 7 days of discharge from psychiatric inpatient care	95%	99.4%		99.4%	97.7%	
	17	Clients in Settled Accommodation	% adults in settled accommodation		95.0%	71.9%	93.9%		Adults of working age
	18	Clients in Employment	% adults in paid employment		60.2%	33.9%	59.0%		Adults of working age
	19	Admissions To Inpatients Services Had Access To Crisis Resolution Home Treatment Teams	Percentage Gatekept	95%	97.9%		97.9%	96.5%	

		Indicator	Notes	Target	Community	Inpatients	In Month	Qtr. To Date	Commentary/Trend
	20	A First Episode Of Psychosis Will Be Treated With A NICE Approved Care Package	Percentage Treatment Started Within Two Weeks	50%	61.0%		61.0%	75.0%	Performance for incomplete pathway (those still waiting) is 50%
	21	Cardio-Metabolic Assessment and Treatment	Inpatient Wards	90%		99.1%	99.1%	99.2%	Inpatient Wards and Community Mental Health Services have now met their respective targets
			Early Intervention in Psychosis Services	90%	73.8%		73.8%	71.9%	
			Community Mental Health Services	65%	72.5%		72.5%	72.2%	
	22	Complete and Valid Submission of Metrics in Monthly MHSDS Submissions to NHS Digital	Identifier Metrics	95%	99.0%	99.4%	99.0%		
			Priority Metrics	85%	94.2%	78.7%	93.7%		Target is 85% by the end of 2016/17
Health Commissioner	23	Care Programme Approach (CPA) patients receiving a formal review in 12 months	% reviewed in 12 months	95%	95.2%	83.3%	95.1%		
	24	Minimising delayed transfer of care		<=7.5%		6.3%	6.3%	6.8%	Slight increase since last month. Q4 figures have been stable since the dramatic increases of Q2 & Q3, and remain under target
	25	ICD Diagnosis	Proportion of inpatients who have valid ICD10 diagnosis recorded at discharge	95%		98.7%	98.7%	99.3%	Remains well above target for reporting month and QTD

		Indicator	Notes	Target	Community	Inpatients	In Month	Qtr. To Date	Commentary/Trend
	26	Carers Assessments	% of target number completed	1,111	76.7%		76.7%	72.4%	YTD completed 1142, which is 31 over the annual target.
			Number completed		71		71	201	
	27	Inpatient Occupancy Rate excl leave	Adult Working Age (Benchmark: 94.2%)	90%		99.4%	99.4%	99.6%	PICU and Low Secure remain below target and benchmark. Adult WA remains very close to maximum occupancy
			Older Adult (Benchmark: 87.1%)			92.1%	92.1%	94.2%	
			PICU (Benchmark: 86.2%)			80.2%	80.2%	79.9%	
			Low Secure (Benchmark: 91.3%)			87.1%	87.1%	82.7%	
	28	Inpatient Occupancy Rate incl leave	Adult Working Age (Benchmark: 102.0%)	-		103.0%	103.0%	102.4%	
			Older Adult			94.0%	94.0%	95.9%	
			PICU			82.7%	82.7%	81.8%	
			Low Secure			90.6%	90.6%	85.1%	
	29	Inpatient Average Length of Stays (on Discharge)	Adult Working Age (Benchmark: 32.7)	31		52	52	48	Adult WA and Older Adult now both significantly above target
			Older Adult (Benchmark: 75)	70		101	101	95	
			PICU (Benchmark:	-		481	481	243	

		Indicator	Notes	Target	Community	Inpatients	In Month	Qtr. To Date	Commentary/Trend
			42)						
			Low Secure (Benchmark: 506)	-		-	-	150	
	30	Referrals & Discharges	Referrals Accepted	-	1,207	23	1230	3,163	Referrals and Discharges slightly up on last month
			Referrals Rejected or NFA		610	1	611	1,757	
			Discharges		1,371	2	1373	4,006	
	31	MH Clusters	Active clients at month end	-	10,846	34	10880	10,880	% with valid cluster slightly up for second month in a row, especially for inpatients
			MH Cluster assigned		10,040	27	10067	10,067	
			Valid MH Cluster		8,020	24	8044	8,044	
			% Valid MH Cluster		73.9%	70.6%	73.9%	73.9%	
	32	Psychiatric Liaison	Assessment at A&E or Hospital % assessed within 4 hours		100%		100.0%	99.7%	
	33	Physical Health check		35%	54.4%	83.3%	54.6%		
	34	Care/Crisis Plans	% with a care plan shared	95%	96.9%	97.1%	96.9%		
			% with a crisis plan in place		96.2%	91.7%	96.2%		
	35	Section 117 Reviews	% on 117 with a formal review within 12 months	95%	96.4%	80.0%	96.3%		
	36	Inpatient Discharge Summaries	Within 24 hours of discharge	100%		100.0%	100.0%	99.2%	3 24 Hr. Discharge Summaries not sent in Qtr..

		Indicator	Notes	Target	Community	Inpatients	In Month	Qtr. To Date	Commentary/Trend
			Within 5 days of discharge	95%		97.1%	97.1%	98.3%	4
	37	Re-admissions to an inpatient Unit	Between 1 and 7 Days Between 8 and 28 Days Between 29 and 60 Days Between 60 and 90 Days			5 3.2% 9 5.8% 6 3.8% 7 4.5%	5 3.2% 9 5.8% 6 3.8% 7 4.5%	12 2.9% 22 5.4% 15 3.7% 14 3.4%	
Other KPI's	38	Health Outreach	Increase Number of Service Users Registered with GP Practice	90%			89.1%		KPI Amended by Commissioners
			Ethnicity Recorded				92.8%		
			Accommodation Status				97.4%		
			% with a care plan	95%			91.5%		3.1% drop in performance in Month
	39	GP Surgeries	Acorns	95%			76.3%		
			Dilip Sabnis				93.8%		
			St Clements				93.7%		
	40	Essex County Council - % of Safeguarding enquiries requiring investigation		TBA			89.2%	90.3%	
	41	Substance Misuse	% in effective treatment				97.2%	97.0%	Data shown is for February.

SECTION 3: OTHER INFORMATION AND REVIEW OF QUALITY PERFORMANCE INDICATORS

3.1 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
• 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 (and in the new Trust e-learning for duty of candour will be available to all staff).
• 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 is in place.
• The Trust has standard templates for the apology that comes from the Chief Executive in line with the requirements of this legislation and this has been further developed to ensure staff who cared for the patient have an input into the letter to ensure it has a very personable approach to our relatives and carers.
• 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

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 and the Matron and Ward Manager quality meetings
• 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

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
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• Continue with the quarterly update sessions for serious incident investigators to encompass Duty of Candour

3.2 Sign up to safety campaign

The Sign up to Safety improvement plan is in place and monitored. The NEPFT Sign Up to Safety Steering Group has been meeting monthly with SEPT counterparts as we worked to align our action plans in preparation for the new organisation (EPUT). The realignment identified 38 actions for the Trust to pursue. A Gantt chart and an action tracker are in place and updated monthly. Of the 38 items on the improvement plan 32 are green (on track or completed), 6 are amber (delayed but expected to complete), and there are no more reds. Six work streams are fully operational covering the following:

- Early detection of the deteriorating patient
- Reduction in avoidable pressure ulcers
- Reduction in harm from falls
- Reduction in unexpected deaths
- Reduction in use of restraint
- Reduction in omitted doses of medication

Moving forward into the new organisation we will:

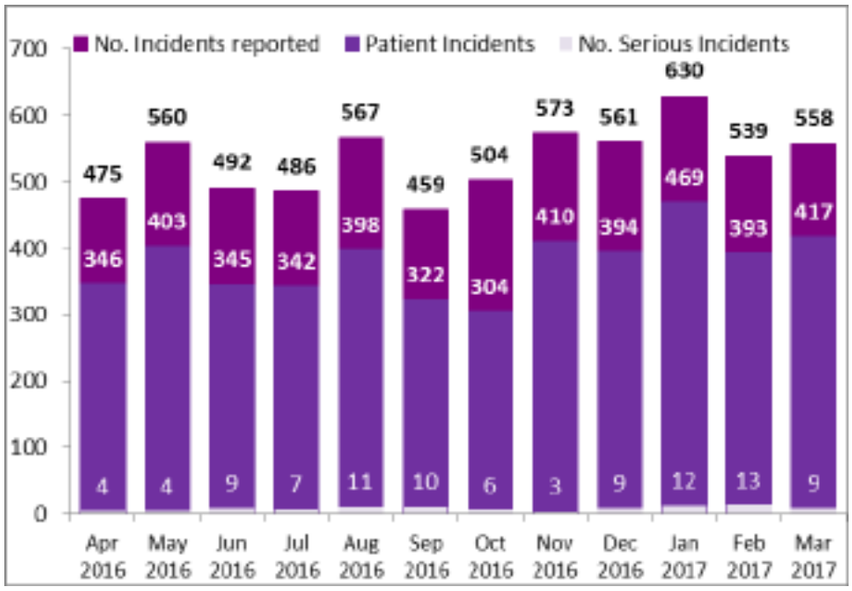
- Continue to work towards objectives set in the Sign up to safety Improvement plan
- Align the six workstreams from the NEPFT with those from SEPT
- Formulate a new EPUT improvement plan by May 2017 which builds on the work already undertaken in NEP and SEPT

3.3 PATIENT SAFETY

Incident reporting

In 2016/17 North Essex Partnership Trust reported 97 Serious Incidents. This is 26% increase from the previous year. There has been greater scrutiny over the serious incidents being reported through a weekly Serious Incidents Panel. Once incidents have been investigated, the findings are shared with the services to develop improvement plans and identify any learning.
Incidents reported in 2016/17 are presented in the chart below:

Chart 1 Number of Incidents and Serious Incidents



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 2016/17 is 1348 (down significantly from 1976 in 2015/16).

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). 1.4% of the total number of PSI's reported to the NRLS resulted in severe harm or death in 2016/17 (up from 0.25% in 2015/16).

The degree harm is broken down in the table below:

Table 1 Incidents by Degree of harm

Degree of Harm	No. of incidents	Percentage of total
None	697	51.7%
Low	569	42.2%
Moderate	63	4.7%
Severe	6	0.4%
Death	13	1.0%

Number of falls

The Trust's Falls Prevention strategy has resulted in the year on year reductions as outlined below including a significant reduction in 2015/16, however there was an increase for 2016/17. This remains a key priority for patient safety. One of Trust pledges as part of the Sign up To Safety is to increase the reporting of falls and suspected falls, which accounts to the increase in the 2016 /17 figures. There has been increased staff awareness and significant investment in assistive technology to provide early detection and prevent harm to patients.

Table 2 Number of Patient Falls reported by financial year

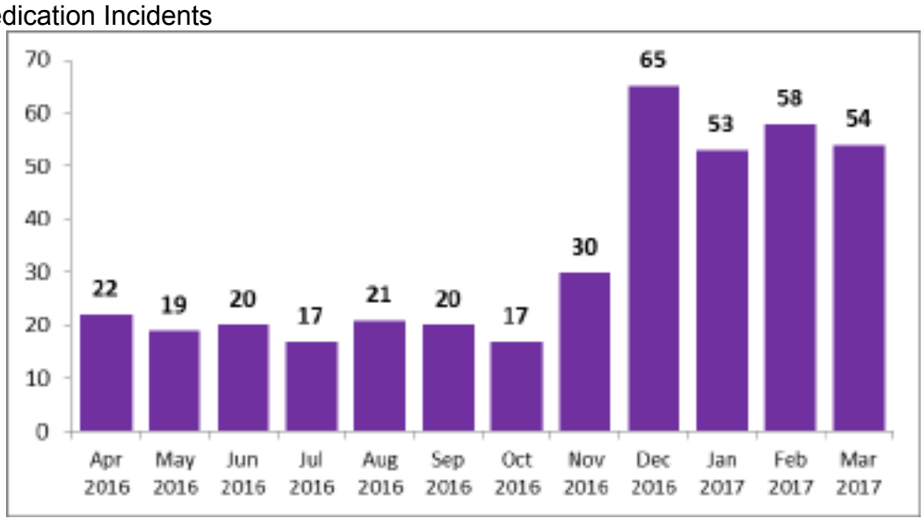
Financial	No. of Patient

Year	
2016/17	313
2015/16	243
2014/15	380
2013/14	379
2012/13	419

Number of 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. The chart below shows the number of medication incidents reported in 2016/17. In December 2016 Trustwide Pharmacy Services introduced an intervention audit which involved reviewing medication charts for any discrepancies. Any gaps in the medication charts would be reported as medication incidents. This resulted in a significant increase of incidents towards the end of the year. When completing the audit the pharmacists advise the teams about the errors to ensure there is learning around medicines management.

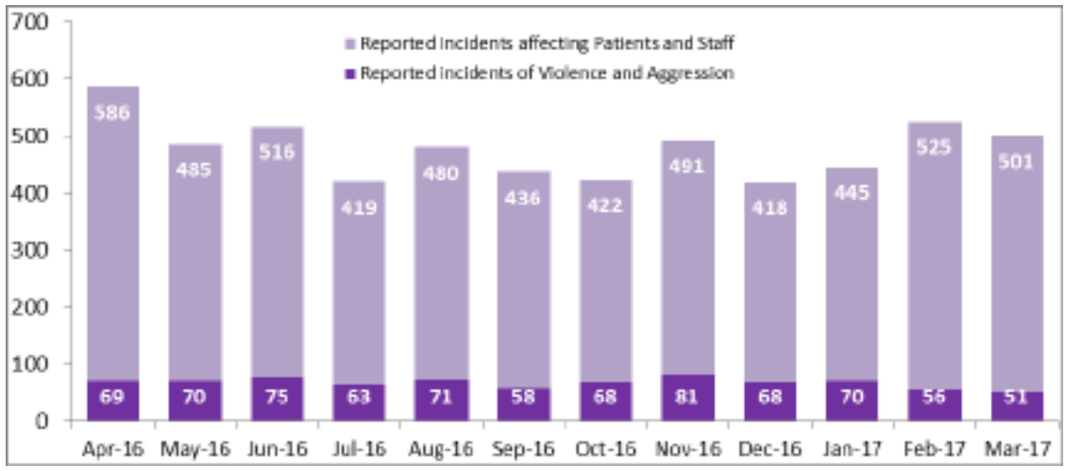
Chart 2 Medication Incidents



Violent Incidents

Reducing violence and aggression in the Trust has been another key priority. The Trust introduced a working group to review the incidents reported and improve the techniques to manage very unwell patients. The chart below shows the number of reported incidents affecting patients and staff with the number of incidents of violence and aggression.

Chart 3 Incidents of Violence and Aggression towards Patients and Staff

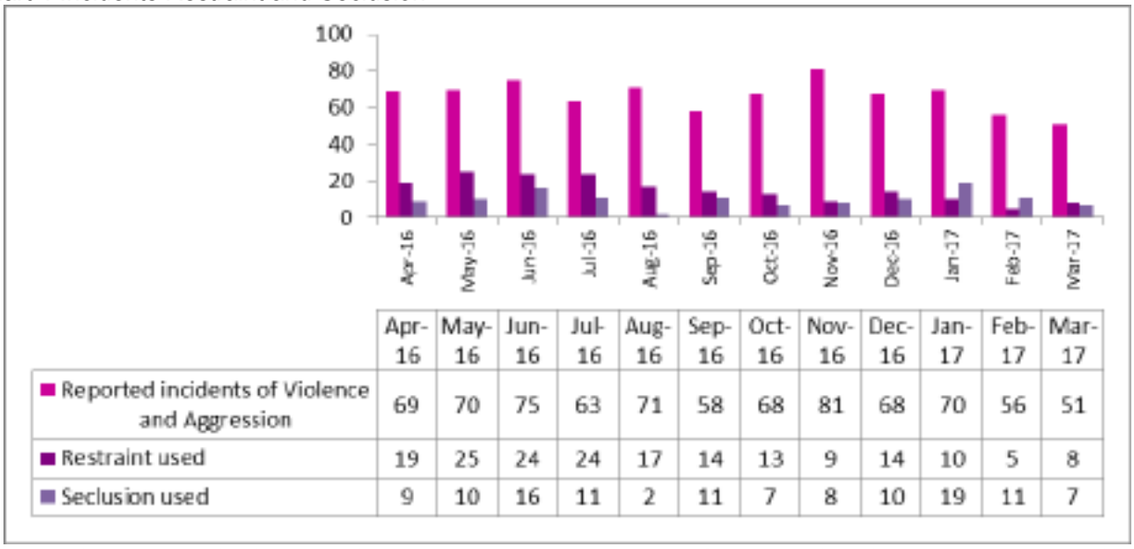


Of the trust's incidents 13% are relating to violence and aggression towards patients and staff. De-escalation techniques can be very effective in preventing the need for restraint and involves talking to the patient in calm manner and using non-threatening body language. The introduction of TASI represents a significant change in the way staff are trained to manage incidents of violence and aggression. With even greater focus being placed on the development of verbal de-escalation skills and promoting positive relational security in keeping with the Positive and Proactive care Agenda.

Restrictive Interventions

Restrictive interventions are applied to limit or prevent harm. These are used as a last resort in situations where it has become necessary to manage violence and aggression. Where the risk of harm to others has become imminent and all attempts at verbal de-escalation have failed, staff will consider the application of restraint techniques. From time to time, the level of violence and aggression presented is such that this cannot continue to be safely contained by restraint. In such circumstances, the use of seclusion may be the next appropriate measure to manage the risks being presented. The purpose of seclusion is the supervised confinement and isolation of a patient away from other patients. A seclusion room is specifically designed and designated for the purposes of seclusion and which serves no other function.

Chart 4 Incidents Restraint and Seclusion



	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Reported incidents of Violence and Aggression	69	70	75	63	71	58	68	81	68	70	56	51
Restraint used	19	25	24	24	17	14	13	9	14	10	5	8
Seclusion used	9	10	16	11	2	11	7	8	10	19	11	7

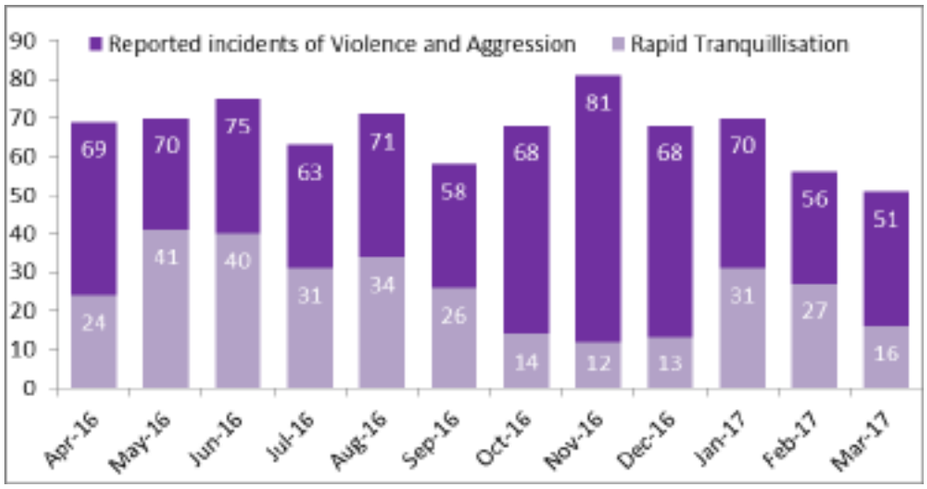
The chart shows restrictive practices are occasionally used. De-escalation techniques appear to be more effective, with seclusion rarely used. A working group has been set up to review the

management of violence and aggression in the trust. The group review the de-escalation techniques and restrictive practices.

Rapid Tranquillisation

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 compared to the number of incidents of violence and aggression. Every incident is audited.

Chart 5 Rapid Tranquillisation



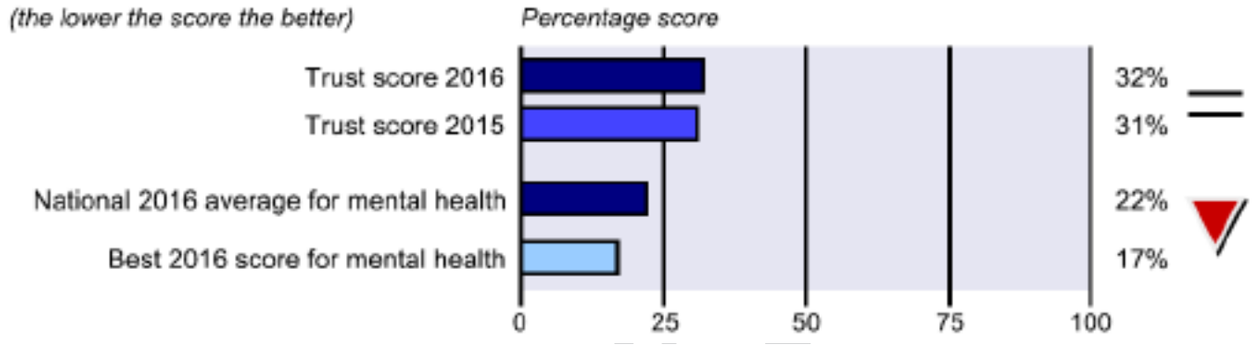
3.5 PATIENT EXPERIENCE

3.5.1 Friends and Family Test

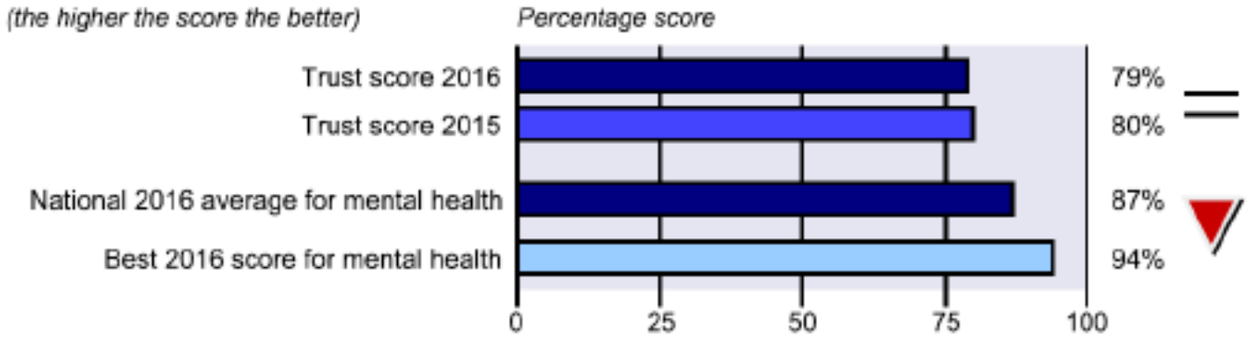
	FFT Score	Questionnaires completed	% Extremely Likely /Likely Responses
March 2016	44.9	118	86%
April 2016	40.3	196	87%
May 2016	41.8	189	84%
June 2016	45.4	291	85%
July 2016	49.2	126	89%
August 2016	52	173	89%
September 16	48	188	87%
October 2016	35	109	81%
November 16	53	115	90%
December 16	44	110	87%
January 2017	46	127	87%
February 17	50	119	87%
March 2017	58	141	95%

3.5.2 Staff Survey

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



KEY FINDING 21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion



3.5.3 PLACE SCORES	Cleanliness	Food	Privacy and Dignity	Condition and appearance	Dementia	Disability
2015	98.97%	86.30%	79.53%	88.32%	85.98%	#
National	97.52%	88.49%	86.03%	90.11%	74.04%	#
2016	99.08	87.47	79.20	91.95	80.76	81.35
National	98.1	88.2	84.2	93.4	75.3	78.8

3.5.4 Complaints, compliments, and PALS

	2015/16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	2016/ 2017
No of Complaints	159	7	9	10	11	10	10	13	9	11	7	14	4	115
No of Compliments	139	32	30	26	11	30	8	24	15	8	64	10	22	280
No of PALS Queries	314	20	23	38	25	53	34	38	31	15	29	33	26	365

An internal reorganisation took place in July 2016 to bring PALS and Complaints management functions together. When making a comparison to the number of formal complaints received in

205/16, there has been a reduction in formal complaints from 124 to 115, which could relate to the combining of both functions to ensure local resolution is the main focus when dealing with all concerns raised.

Compliments have doubled from the previous year. Compliments recorded were received from patients, friends, family, staff members, student nurses, and doctors.

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.

3.5.5 Patient survey metrics	2016	2015	Best Trust
7. Have you been told who is in charge of organising your care?	7.2	6.8	8.3
20. Did you know who was in charge of organising your care while this change was taking place?	6.5	4.5	7.3
41. Overall, in the last 12 months, did you feel that you were treated with respect and dignity?	8.2	7.8	8.9
12. Were you involved as much as you wanted to be agreeing what care you will receive?	6.8	6.5	8.2
39. Do the people you see through NHS mental health services help you feel hopeful about the things that are important to you?	5.7	4.9	7.1
3. In the last twelve months, do you feel you have seen NHS mental health services often enough for your needs?	5.7	5.3	7.0
40. Overall patient experience score	6.4	6.3	7.4
Patient experience of community mental health services indicator score with regard to a patient's experience of contact with a health or social care worker during the reporting period.	6.4	-	-

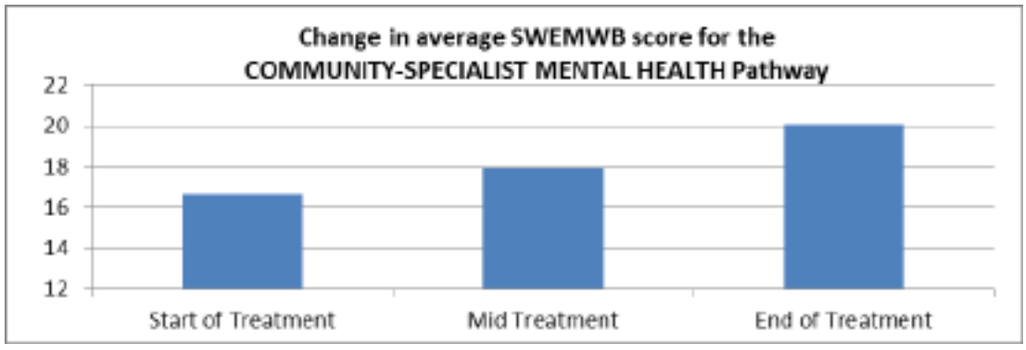
Please note, although the Trust has been mandated to provide this indicator in its Quality Account, due to a change in the national patient survey questions in 2014, the Health and Social Care Information Centre are no longer able to use the same questions to calculate an overall measure of patient experience for Trusts as they had done in previous years. The outcomes of all the community mental health surveys nationally can be found at http://www.cqc.org.uk/content/community-mental-health-survey

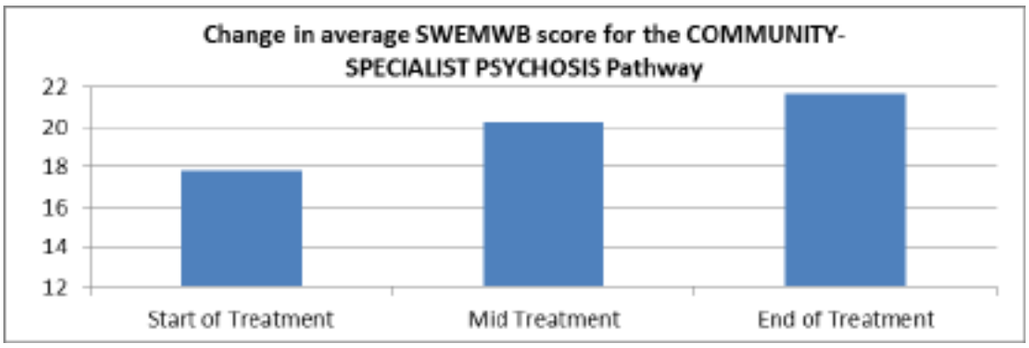
3.6 CLINICAL EFFECTIVENESS

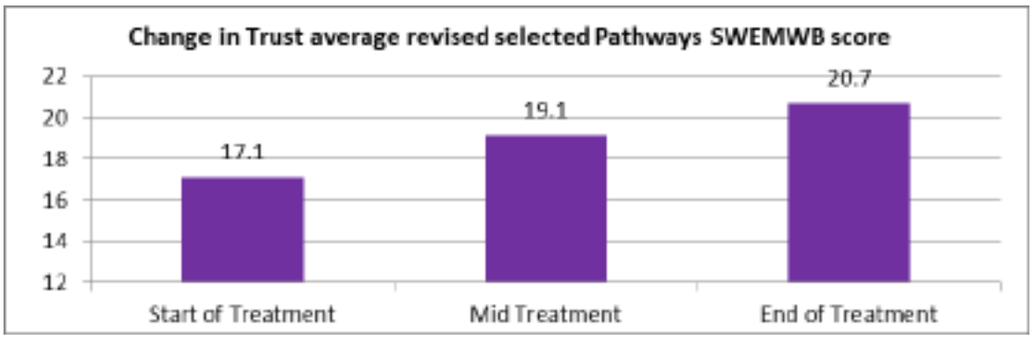
CONTEXT

- 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/ NHS Improvement)	2016/17	2015/16	2014/15
Crisis Resolution Home Treatment (gatekeeping) (1)	97.7%	97.81%	97.40%
Care Programme Approach 7 day follow up (1)	96.8%	98.10%	99.50%
*Inpatient re-admissions within 28 days of previous discharge (1)	9.6%	10.57%	-
Improving access to psychological therapies (not provided by NEP)	N/A	-	-

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

The North Essex Partnership University NHS Foundation Trust (NEP) considers that this data is as described for the following reasons – that it is nationally defined by the Department of Health, The Care Quality Commission and/or NHS Improvement.

NEP is no longer in existence and will therefore take no further action itself to improve these scores. Any improvements will be considered by the newly merged organisations

(NEP and SEPT) into Essex Partnership University NHS Foundation Trust and taken forward if required.

Sally Morris
CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

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

Response to North Essex Partnership University NHS Foundation Trust (NEP) Quality Account 2016-17 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 2016-17. Healthwatch Essex recognises that this has been a challenging year for NEP around the implementation a new patient safety programme, relocation of services and the patient engagement and the merger into the new organisation of EPUT. Throughout this NEP has been seen to engage with staff and patients, and where possible the public. However it was clear that communication around the Peter Bruff ward relocation was perceived as contentious and steps were implemented to address this situation.

Healthwatch Essex welcomes the new policy approach around patient, carer and family engagement. Especially in the light of recent deaths in service, this is a positive step to include families and carers of the patient to be involved and assures us that patient voice and patient care is at the heart of the organisation. 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.

Healthwatch Essex recognises the continued effort to improve reporting of serious incidents within the trust. It commends the trust on this improvement, but acknowledges the amount of work to be done in reducing the current number of serious incidents. The indication of a rise in serious incidents to 97 for the year is a concern which we recognise as a priority for 2017-18.

Healthwatch Essex also recognises the implementation of new local initiatives such as 'Hello, my name is …' and 'My Care, My Recovery' model in relation to care planning throughout the different care settings. As mentioned in the interim CEO summary these are positive steps that build on the work completed in 2015-16 around the 'carers strategy' and 'service user and carer involvement strategy' all of which have been implemented.

Healthwatch Essex recognises that this year has been a year of managing the coming changes around the merger into EPUT. We recognise that there is evidence that the quality priorities for 2016/17 chosen by listening to staff, stakeholders and the public have undertaken.

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

24 May 2017

Response from Essex County Council Health and Overview Scrutiny Committee

Email received from Graham Hughes, Scrutiny Officer, 10th April, 2017

"The Essex HOSC discussed its approach to Quality Accounts at its last meeting on 20th March, 2017. Due to imminent County Council elections, the Essex Health Overview and Scrutiny Committee does not intend to comment individually on the NHS Quality Accounts this year. This should in no way be taken as a negative response. The Committee has, in the main, been content with the engagement of local healthcare providers in its work over the past year. Specifically in relation to SEPT, your organisation has assisted the HOSC throughout the last year in its discussions on the strategic issues facing mental health services in Essex and the progress of merger preparations.

The Committee is aware that local Healthwatch also reviews Quality Accounts and is content that they can represent the patient and public voice and comment accordingly.

Response received from North East Essex CCG (23rd May 2017)

The 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.

North East Essex Clinical Commissioning Group is commenting on this Quality Account for 2016- 17 by virtue of its role as lead commissioner for mental health services for North Essex (on behalf of mid, west and north Essex CCGs). Assurance from the CCG is required to ensure that the information in this Quality Account is accurate, fairly interpreted and representative of the range of services delivered.

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

This has been another challenging year for the trust to implement and sustain the significant improvements required following the original Care Quality Commission (CQC) inspection in August 2015. Following another focussed inspection in September 2016, the CQC Identified that, whilst the trust had made various improvements since the last inspection, the trust's governance systems still needed significant improvement. Areas for improvement included the trust's assessment and management of risks for fixed ligature points on wards; the minimisation of blanket restrictions, ensuring that segregated accommodation for men and women was provided; that seclusion rooms met the Mental Health Act code of practice and that learning of lessons was shared with staff following incidents. In light of these disappointing findings, a strengthened improvement plan is being implemented to ensure quality standards are embedded and sustained at pace.
For the reporting year 2016-17, you identified a number of priorities for quality improvement. Of particular note you describe your achievements in;

- The use of the Short Warwick Edinburgh Mental Well-being scale has seen a meaningful improvement in patients' sense of well-being when comparing scores from

the beginning of treatment to its completion, across the community mental health and psychosis pathways.

- Joining the national 'Sign Up to Safety' campaign to reduce harm including avoidable falls; medication management; physical health of patients; and restrictive practices.
- The improvement in ward environments as a result of the trust's building programme.
- The standardisation of the functional model of service delivery across the trust.
- The introduction of national standards to ensure that those who are experiencing a first episode of psychosis receive appropriate assessment and management of their condition within 2 weeks of referral. Staffs across the organisation are to be commended for their commitment to ensure compliance with these standards; including the introduction of SNOMED codes to allow the Trust to report against the NICE concordant standards.

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 clinical audits was also completed including the delayed discharges and discharge summary audits requested by the CCG. These audits were led by the medical director and saw the Trust implement significant patient experience improvements and achieve compliance with the national and local standards by December 2016.

The Trust participated in research studies focussing on dementia and mental health topics. The Trust is recognised as one of the highest recruiters in the East of England and 396 individuals were recruited during the year into studies.

We acknowledge the success you have achieved thus far in the two national and four local commissioning for quality and innovation schemes (CQUINs) set for 2016-17. These CQUINs built on schemes implemented in the previous year and include improving physical health for people with severe and enduring mental illness; and improving other services' understanding of people with mental health problems. Additionally, a workforce development scheme was instituted, promoted by the CCG, in the face of a disappointing staff survey result. These CQUINs were partially successful with the majority of milestones achieved. Importantly the second year of a CQUIN led to an improved performance even where the milestone was not achieved.

The Trust met the core quality indicator standards required by the regulatory framework including exceeding the 95% threshold both for the 7 day follow up of patients and for gate keeping of patients requiring admission by access and assessment teams. We acknowledge your improved compliance with duty of candour requirements through improved governance processes and targeted training for investigators of incidents. Leaflets for staff and also for patients and their relatives/carers were developed and is recognised as good practice.
The staff survey was extremely disappointing with the trust scoring worse than the national average and worse than it did in the previous survey with 32% of respondents reporting experiencing bullying/abuse from other staff within the last 12 months

On 1st April 2017, North Essex and South Essex Partnerships NHS Foundation Trusts merged to become Essex Partnership University NHS Foundation Trust. This heralds real opportunity to enhance and develop the implementation and sustainability of further quality

improvements through the sharing of good practice and the alignment of quality standards for the benefit of patients.

The conclusion of the NHS North East Essex CCG is that North Essex Partnership Trust's Quality Account 2016-17 provides a clear picture of your performance, improvements and future ambitions for improving quality and safety in your services. The CCG looks forward to working collaboratively with the new organisation, Essex Partnership University NHS Foundation Trust, as an integral partner in providing high quality healthcare services to the population of north Essex.

Lisa Llewelyn

Director of Nursing and Clinical Quality
NHS North East Essex Clinical Comm

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.

NHS Improvement 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 preparation 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 2016/17 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 2016 to May 2017
    - Papers relating to quality reported to the Board over the period April 2016 to May 2017
    - Feedback from the commissioners dated May 2017
    - Feedback from governors in minutes over the period April 2016 to March 2017
    - Feedback from Healthwatch (Essex) dated May 2017
    - Feedback from Overview and Scrutiny Committee dated 10th April 2017
    - 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 2017.
    - The national patient survey 2016
    - NHS Staff Survey 2016
    - The Head of Internal Audit's annual opinion over the Trust's control environment dated May 2017 and received in Audit Committee May 2017
    - CQC engagement minutes from April 2016 to March 2017
- 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 NHS Improvement's annual reporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report

The Interim Board of Directors of EPUT 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)

The 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
Date: 25.05.17

(Acting Chairman of the Interim Board of Directors of EPUT)

Date: 25.05.17

(Chief Executive of the Interim Board of Directors of EPUT)

Grant Thornton Report to Governors on the Quality Report 2016/17 following the first Council of Governors meeting of EPUT

Independent Practitioner's Limited Assurance Report to the Board of Directors of Essex Partnership NHS Foundation Trust in respect 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 2017 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and additional supporting guidance in the 'Detailed requirements for quality reports for foundation trusts 2016/17' (the 'Criteria').

Scope and subject matter
The Indicators for the year ended 31 March 2017 subject to the limited assurance engagement consist of the national priority indicators as mandated by NHS Improvement:

- 100% enhanced Care Programme Approach patients receiving follow-up contact within seven days of discharge from hospital
- Minimising delayed transfer of care

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

Respective responsibilities of the directors and Practitioner
The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance issued by NHS Improvement.

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

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; 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 2016/17' and supporting guidance and the six dimensions of data quality set out in the 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance, 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 2016 to 31 March 2017 for North Essex University Partnership Foundation Trust;
- Board minutes for the period 1 April 2017 to 23 May 2017 for the successor Trust Essex Partnership University Foundation Trust;
- Papers relating to quality reported to the Board over the period 1 April 2016 to 31 March 2017 for North Essex University Partnership Foundation Trust.

- Papers relating to quality reported to the Board over the period 1 April 2017 to 25 May 2017 for the successor Trust Essex Partnership University Foundation Trust
- Feedback from Commissioners dated 24 May 2017
- Feedback from Governors in minutes over the period April 2016 to March 2017
- Feedback from Essex Healthwatch dated 25 May 2017
- Feedback from Overview and Scrutiny Committee dated 10 April 2017
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 as at 31 March 2017;
- The national patient survey dated 2016;
- NHS staff survey dated 2016;
- The Head of Internal Audit's annual opinion over the Trust's control environment dated May 2017 and
- The Care Quality Commission report from April 2016 to March 2017

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

This report, including the conclusion, has been prepared solely for the Board of Directors of Essex Partnership University NHS Foundation Trust as a body, to assist the Board of Directors in reporting 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 2017, to enable the Board of Directors of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body, and Essex Partnership University NHS Foundation Trust for our work or this report in relation to North Essex Partnership University NHS Foundation Trust, 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 tested back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance to the categories reported in the Quality Report; and

- reading the documents

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

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

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance.

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 Essex Partnership University NHS Foundation Trust's board 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 Essex Partnership University NHS Foundation Trust's boards those matters we are required to state to them in an auditor's report in regards to North Essex Partnership University NHS Foundation Trust and for no other purpose. Our audits of North Essex Partnership University 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 Essex Partnership University NHS Foundation Trust's board, 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 2017:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all materia. respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report have not been reasonably stated in all material

respects in accordance with the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance.

Grant Thornton UK LLP

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

Date: 26 May 2017

CLOSING STATEMENT AND HOW TO PROVIDE FEEDBACK ON THE QUALITY REPORT

We are proud to present our quality achievements for 2016/17 in our final year as NEP. We are grateful to you for taking the time to read this report and I hope it has been presented in a clear and useful way for you.

As detailed earlier, NEP merged with SEPT on 1 April 2017 to become Essex Partnership University NHS Foundation NHS Trust (EPUT). Throughout the year, the EPUT Interim Board of Directors will receive monthly reports on progress against the new organisation's quality goals. These meetings, as well as various other Trust meetings, are open to the public. We would encourage you to attend these monthly Board Meetings and other public events. At every meeting there is an opportunity for you to ask any questions of the local staff and managers responsible for care in your area. Details of all these meetings are available on our website https://eput.nhs.uk/

2017/18 will be an exciting time for the new Trust and we hope that you will be able to come to future meetings to be involved. We look forward to seeing you.

If you have any questions or comments about this Quality Report or about any service previously provided by NEP (now provided by Essex Partnership University NHS Foundation Trust), please contact:

Susan Barry
Essex Partnership University NHS Foundation Trust
The Lodge
Lodge Approach
Wickford
SS11 7XX

Susan.barry2@nhs.net

Financial Overview

Overview

This part of the Strategic Report provides a commentary on the Trust's financial performance for the financial year ending 31 March 2017. 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 2016 to 31 March 2017. The full set of accounts is included within this document. The Trust's accounts have been prepared in accordance with directions given by NHS Improvement (NHSI), formerly Monitor, the Independent Regulator of Foundation Trusts. They are also prepared to comply with International Financial Reporting Standards (IFRS) and are designed to present a true and fair view of the Trust's financial activities.

Going Concern

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

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

Financial Performance

The NHS continues to be facing significant financial challenges as the population ages outstripping increases in funding made available to the NHS. The total deficit of NHS Providers in 2015/16 was £2.45bn and whilst £1.8bn of additional funding was made available to NHS providers via a Sustainability and Transformation Fund in 2016/17, the latest forecast deficit for NHS providers in 2016/17 is £0.9bn.

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

The Trust is not immune to these challenges. In recent years the Trust's income levels from commissioners have fallen more quickly than the Trust has been able to reduce costs, for two main reasons. 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 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.

The Trust had therefore approved a financial plan for 2016/17 that proposed a deficit of £3.3m, after taking account of planned savings of £4.5m (4.5%). This level of planned savings was significantly above the national efficiency requirement of 2%.

During 2016/17 NHSI introduced the principle of "Control Totals" whereby in exchange for agreeing stretching financial performance targets set by NHSI, Trusts could access a proportion of the £1.8bn Sustainability and Transformation Fund.

In the Trust's case NHSI proposed a Control Total of £3.6m deficit which would allow the Trust to access £630k of the national Sustainability and Transformation Fund. After careful consideration the Board agreed to accept and work towards this Control Total, but in doing so it recognised that there was the requirement to identify a further £0.8m of CIP savings on top of the original £4.5m planned.

In headline terms the Trust reported a deficit of £9.1 million in 2016/17, a variance of £5.5m. The main causes of this variance were:

- Non-recurrent merger preparation costs of £0.6m;
- The Trust were unable to identify additional CIPs of £0.7m in year, given the existing CIP programme and operational pressures;
- Additional costs arising from a change in the Treasury Discount rate used to value some long-term liabilities on the Trust's Statement of Financial Position £0.8m
- £2.4m of adverse income variances, primarily in respect of non-clinical education and training and other income;
- £3.3m of higher operating costs than planned, primarily caused by the ongoing pressures caused by the very high levels of occupancy and increasing clinical needs of patients within our inpatient units.

The underlying financial deficit also meant that the Trust's Use of Resources Risk Rating, which replaced the previous Financial Sustainability Risk Rating in October 2016 remained at a "3", the second lowest score.

Income from Health Care Activities

The NHS Act 2006 (as amended by the Health and Social Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purpose. During the year the Trust received £80.3 million of income relating to the provision of goods and services for the purposes of the health service in England. This was greater than other operating income received for the provision of goods and services for other purposes, which amounted to £20.6 million.

Operating Expenditure

The total operating expenditure for the 12 month period ended 31 March 2017 was £110 million. Around 75 per cent of total operating expenditure was spent of staff costs. Further information on key items of expenditure is shown below

Key Items of Expenditure – 2016/17

Drugs	£2.3 million
Others Supplies and Services	£2.1 million
Premises	£5.4 million
Legal and Professional Fees	£2.5 million (including merger costs of £0.6 million)
Clinical Insurance	£1.1 million

Efficiency/Savings Initiatives

During 2016/17, the Trust delivered efficiency savings of £4.9 million compared to a target of £5.3 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 planned reduction in Agency spend, savings from corporate services; £1.6 million and £1.8 million.

A summary of the Trust's main savings initiatives delivered during 2016/17, together with the recurrent impact is shown below:

Efficiency/Savings Initiatives

Initiative	**Saving (£'000)**
Reduction in Agency Spend	1,625
Department restructures	407
Other Pay-Related Savings	804
Reduction in Corporate Non-Pay spending	401
Financing Costs	968
Reduction in Clinical costs	728
Estates Rationalisation	352
Total	**5,285**

Loss on Local Government Pension Scheme (LGPS)

The Trust is required to obtain an actuarial valuation on the Local Government Pension Scheme (LPGS) on an annual basis, which relates to Essex social workers who are employed by the Trust under the Section 75 agreements. This is based on figures

provided by the actuary at Essex County Council, with the figures subsequently being verified by the Trust's External Auditors.

The operational cost, finance income and finance costs of the scheme for 2016/17 have been reflected within the Trust's Statement of Comprehensive income and reduced the Trust's surplus by £0.2 million. In addition, an actuarial loss of £0.8 million resulting from a reduction in the value of scheme assets has been reflected as a reduction in reserves within the Statement of Comprehensive Income.

Capital Structure, Expenditure and Investments

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

The Trust also has reserves relating to income and expenditure surpluses and asset revaluation resulting from the impact of valuations of the Trust's estate. The total of the Trust's Public Dividend Capital and reserves is equivalent to the taxpayers' equity in the Trust.

<u>Capital Expenditure</u>
Bellow summarises the Trust's capital expenditure for 2016/17.

Capital Programme	16/17 Spend £'000
Strategic Schemes:	
Derwent Centre, Harlow 2-5	4,890
Business Systems Development (Remedy)	477
ECT Services	11
Severalls Reprovision	30
Mobility Workflow	65
Microsoft Licensing	6
CQC Compliance	974
The Lakes - S136 Assessment Unit	128
The Christopher Unit - S136 Assessment Unit	100
St Aubyn Centre- S136 Assessment Unit	4
Extension to Christopher Unit	69
The Lakes-Disabled Parking	6
Derwent Centre Capping Off	175
Strategic Schemes Total	**6,935**
Replacement & Refurbishment	297
Infrastructure, H&S, PLACE	1,577
Total Capital Expenditure	8,809

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 2016/17 included: the continuation of the Derwent Centre Refurbishment programme (£5.1m); works to reduce ligature and other risks within our inpatient wards (£1.1m) and investment in inpatient facilities in Clacton and Colchester (£0.6m). In addition the Trust successfully bid for DoH funding to improve the three Health-based Places of Safety (S136 Suites)

which are dedicated for the reception and assessment of service users brought to the sites under the auspices of Section 136 of the Mental Health Act (£0.2m).

The Trust has continued to invest in IT hardware and software, with £1.7 million being spent on various projects during 2016/17. These include £0.4 million on the implementation of Remedy, the Trust's Clinical Records system, £0.4 million on E-Rostering and an additional £0.5 million on Business Systems Development.

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.

In accordance with recommended practice, in 2016/17, an assessment of movement in the value was undertaken using indices recommended by the National Audit Office. These resulted in an impairment being applied to the Trust's land and property with a reduction of £1.2 million in the Trust's Statement of Comprehensive Income and a further £1.1 million reflected as a reduction in reserves.

Assets Held for Sale

The Trust is holding assets in preparation for disposal with a market value of £0.3 million as at March 2017. 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. The receipts are paid in 4 annual instalments from January 2016 to January 2019 and are

being 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, where this was deemed to generate investment income, and generated interest from cash management activities of £24,000. In order to ensure that the Trust maintained sufficient cash resources during 2016/17, the Board applied for a £6.1m Working Capital Facility Loan. This was approved by the Department of Health and drawn down in August 2016. The loan is interest-bearing only, with the principle due for repayment in August 2021.

Notwithstanding the challenging financial position experienced by the Trust in 2016/17, the Trust was able to maintain a healthy cash position throughout the year albeit it that this in part reflected slippage on the planned capital programme. At the end of the financial year the Trust had cash balances of £7.6 million.

Events After the Reporting Period

In line with the Letter of Representation presented to the Trusts External Auditors in May 2017, 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 26 to the Annual Accounts. The major event after the Reporting Period was the merger of the Trust with South Essex Partnership University NHS Foundation Trust to form the Essex Partnership University NHS Foundation Trust (EPUT).

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 2016/17 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 2018, 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 2016/17, 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 2016/17 financial year was presented to the Board of Directors in May 2017. Reports issued during the 2016/17 financial year were as follows:

- Review of Financial Statements 2015/16, Final ISA 260 Report
- Draft Audit Plan 2016/17

The total fee for external audit for 2016/17 was £55,000 in respect of the completion of the statutory audit work, with an additional charge in year of £10,000 for working completed early in the year relating to 2015/16.

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 32 -33 of the 2016/17 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 2016/17 financial year, the Trust achieved an average of 73% of all trade invoices paid within 30 days. This figure was slightly lower than the previous year (performance in 2015/16 was 79%), caused in part by issues with the new capped rates on agency invoices paid introduced by NHS Improvement and the follow on impact of this causing delays in payment while breaches of the rates were resolved.

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 2016/17.

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 32-33.

Future Financial Performance

During the year the Trust continued to keep its long-term financial plan under close review. The Trust maintains a detailed five financial plan incorporating revenue, capital, cash and cost improvement / income generation plans. This is based on a number of assumptions which have all been duly considered by the Board of Directors, and which are then risk assessed. The updated long-term financial plan continued to show that the Trust was financially unsustainable and was used as the basis for the financial modelling contained within the Full Business Case (FBC).

The FBC supporting the merger of NEP and SEPT was submitted to NHS Improvement in December 2016. In addition the Trust was still required to submit a detailed Financial and

Operational Plan for 2017/18 -2018/19, which also used the updated long-term financial plan, although this will now be superseded by the plans for the new Trust.

The FBC for EPUT has been subject to rigorous scrutiny by NHS Improvement which cumulated in the award of a transactional Risk Rating score of “Green”, the best possible. Whilst EPUT is planning a deficit in 2017/18 of £8.9m, and a Use of Resources score of 3, this is partly as a result of non-recurrent merger implementation costs. By 2019/20 EPUT is planning to be generated a small surplus each year and achieve a Use of Resources score of 2.

There are a number of significant risks and challenges within the FBC, particularly around the future identification and delivery of local efficiency schemes. The FBC also includes a range of downside scenarios which were financially assessed and modelled and appropriate mitigations identified. These downsides were also reviewed by NHS Improvement and taken into account when they assessed the overall transactional risk rating as “Green”.

Sally Morris
CEO Essex Partnership University NHS FT
On behalf of the Board of Directors

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*.

Sally Morris
Chief Executive

Date: **25 May 2017**

Signed on behalf of the Board of Essex Partnership University NHS Foundation Trust

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

Sally Morris
Chief Executive

Date: **25 May 2017**

Mark Madden
Executive Chief Finance and Resources Officer

Date: **25 May 2017**

Signed on behalf of the Board of Essex Partnership University NHS Foundation Trust

Independent Practitioner's Limited Assurance Report to the Board of Directors of Essex Partnership NHS Foundation Trust in respect 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 2017 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and additional supporting guidance in the 'Detailed requirements for quality reports for foundation trusts 2016/17' (the 'Criteria').

Scope and subject matter
The indicators for the year ended 31 March 2017 subject to the limited assurance engagement consist of the national priority indicators as mandated by NHS Improvement:

- 100% enhanced Care Programme Approach patients receiving follow-up contact within seven days of discharge from hospital
- Minimising delayed transfer of care

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

Respective responsibilities of the directors and Practitioner
The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance issued by NHS Improvement.

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

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; 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 2016/17' and supporting guidance and the six dimensions of data quality set out in the 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance, 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 2016 to 31 March 2017 for North Essex University Partnership Foundation Trust;
- Board minutes for the period 1 April 2017 to 23 May 2017 for the successor Trust Essex Partnership University Foundation Trust;
- Papers relating to quality reported to the Board over the period 1 April 2016 to 31 March 2017 for North Essex University Partnership Foundation Trust;

- Papers relating to quality reported to the Board over the period 1 April 2017 to 25 May 2017 for the successor Trust Essex Partnership University Foundation Trust
- Feedback from Commissioners dated 25 May 2017
- Feedback from Governors in minutes over the period April 2016 to March 2017
- Feedback from Essex Healthwatch dated 24 May 2017
- Feedback from Overview and Scrutiny Committee dated 10 April 2017
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 as at 31 March 2017;
- The national patient survey dated 2016;
- NHS staff survey dated 2016;
- The Head of Internal Audit's annual opinion over the Trust's control environment dated May 2017 and
- The Care Quality Commission report from April 2016 to March 2017

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

This report, including the conclusion, has been prepared solely for the Board of Directors of Essex Partnership University NHS Foundation Trust as a body, to assist the Board of Directors in reporting 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 2017, to enable the Board of Directors of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body, and Essex Partnership University NHS Foundation Trust for our work or this report in relation to North Essex Partnership University NHS Foundation Trust, 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 tested back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance to the categories reported in the Quality Report; and

- reading the documents.

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

Limitations

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

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance.

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 Essex Partnership University NHS Foundation Trust's board, 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 Essex Partnership University NHS Foundation Trust's boards those matters we are required to state to them in an auditor's report in regards to North Essex Partnership University NHS Foundation Trust and for no other purpose. Our audits of North Essex Partnership University 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 Essex Partnership University NHS Foundation Trust's board, 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 2017:

- the Quality Report is not prepared in all material respects in line with the Criteria set out in the NHS foundation trust annual reporting manual 2016/17 and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's 'Detailed requirements for external assurance for quality reports for foundation trusts 2016/17'; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report have not been reasonably stated in all material

respects in accordance with the 'NHS foundation trust annual reporting manual 2016/17' and supporting guidance.

Grant Thornton UK LLP

Chartered Accountants
Grant Thornton House,
Melton Street,
Euston Square,
London,
NW1 2EP

Date: 26 May 2017

Independent auditor's report to Board of Directors of Essex Partnership NHS Foundation Trust in respect of North Essex Partnership University NHS Foundation Trust

Our opinion on the financial statements is unmodified

In our opinion:

- the financial statements give a true and fair view of the financial position of North Essex Partnership University NHS Foundation Trust (the Trust) as at 31 March 2017 and of the Trust's expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2016/2017 and the requirements of the National Health Service Act 2006.

Emphasis of matter – Going concern basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 1.19 and 26 to the financial statements concerning the basis of preparation of the financial statements and the demise of the Trust. As explained in note 26, the Trust ceased to exist on 31 March 2017 and on 1 April 2017 merged with South Essex Partnership University NHS Foundation Trust to form Essex Partnership University NHS Foundation Trust. As disclosed in note 1.19, in accordance with the Treasury Financial Reporting Manual (FReM) and the 2016/17 Group Accounting Manual, the financial statements have been prepared on a going concern basis because the services provided by the Trust will continue.

Who we are reporting to

This report is made solely to the Board of Directors of Essex Partnership NHS Foundation Trust in respect of North Essex Partnership University NHS Foundation Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report in respect of North Essex Partnership University NHS Foundation Trust and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than North Essex Partnership University NHS Foundation Trust and the Board of Directors of Essex Partnership NHS Foundation Trust in respect of North Essex Partnership University NHS Foundation Trust, 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 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the statement of Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the NHS foundation trust annual reporting manual 2016/17.

Overview of our audit approach

- Overall materiality: £2,042,000, which represents 1.8% of North Essex Partnership University NHS Foundation Trust's operating expenses and finance costs;
- We performed a full-scope audit of North Essex Partnership University NHS Foundation Trust;
  - The key audit risk was identified as the occurrence of other non-healthcare income and existence of associated receivables

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 and how we tailored our procedures to address these risks in order to provide an opinion on the financial statements as a whole. This is not a complete list of all the risks we identified:

Audit risk	How we responded to the risk
Occurrence of other non-healthcare income and existence of associated receivables 18% of the Trust's income is from non-healthcare sources such as training and education to third party organisations and research and development Income included in the statement of comprehensive income for these services amounted to £7.8m in 2016/17. The Trusts policy regarding other income is to recognise the income as the service is performed. At the year end, an accrual is calculated for services performed that are not yet invoiced. The Trust was unable to agree to £3.0m deficit control total with NHS Improvement for the year ended 31 March 2017 and set a budget deficit of £4.8m. This was a challenging budget given the changes to services configuration given the impending merger with South Essex Partnership University Foundation Trust. As such we identified a risk of misstatement in the income from non-healthcare recognised in the financial statements We therefore identified the occurrence of non-healthcare income and the existence	Our audit work included but was not restricted to: • evaluating the Trust's accounting policy for 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, invoices; and • agreeing, on a sample basis, receivables for non-healthcare income recorded at year-end to subsequent cash receipts and invoices The Trust's accounting policy on non-healthcare income, including its recognition, is shown in notes 1.2 and 1.3 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.

Audit risk	How we responded to the risk
of associated receivables as a significant risk requiring special audit consideration.	

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 £2,042,000, which is 1.8% of North Essex Partnership University NHS Foundation Trust's gross operating expenses. 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 the same as the previous year we determined for the year ended 31 March 2016 to reflect that we have further developed our knowledge of the Trust and its environment.

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 determined the threshold at which we will communicate misstatements to the Audit Committee of Essex Partnership University NHS Foundation Trust to be £102,000. In addition, we will communicate 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 North Essex Partnership University NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Executive of Essex Partnership University NHS Foundation Trust, 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 International Standards on Auditing (ISAs) (UK and Ireland) having regard to the Financial Reporting Council's Practice Note 10 'Audit of financial statements of public sector bodies in the United Kingdom'. 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 North Essex Partnership University NHS Foundation Trust's internal controls relevant to the audit including relevant 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, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether North Essex Partnership University NHS Foundation Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code in satisfying ourselves whether North Essex Partnership University NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary.

Other reporting required by regulations

Our opinion on other matters required by the Code is unmodified

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2016/17 and the requirements of the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the 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 of North Essex Partnership University NHS Foundation 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 group 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 of Essex Partnership University NHS Foundation Trust's statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that we communicated to the Audit Committee of Essex Partnership University NHS Foundation Trust which we consider should have been disclosed.

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

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2016/17 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls; or
- we have reported a matter in the public interest under Schedule 10 (3) of the National Health Service Act 2006 on North Essex Partnership University NHS Foundation Trust in the course of, or at the conclusion of the audit; or
- we have referred a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that North Essex Partnership University NHS Foundation, or a director or officer of North Essex Partnership University NHS Foundation, was about to make, or had made, a decision which involved or would involve the North Essex Partnership University NHS Foundation Trust incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we have not been able to satisfy ourselves that North Essex Partnership University NHS Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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 of Essex Partnership University NHS Foundation Trust, as Accounting Officer, is responsible for the preparation of the financial statements of North Essex Partnership University NHS Foundation Trust in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2016/17 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 of North Essex Partnership University NHS Foundation Trust in accordance with applicable law, the Code and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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.

Paul Dossett

Partner
for and on behalf of Grant Thornton UK LLP

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

Date: 26 May 2017

Foreword to the Financial Statements

These Financial Statements for the year ended 31 March 2017 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.

Sally Morris
Chief Executive

Date: **25 May 2017**

Signed on behalf of the Board of Essex Partnership University NHS Foundation Trust

North Essex Partnership University NHS Foundation Trust
Statement of Comprehensive Income
For The Year Ended 31 March 2017

	Note	2016/17 £'000	2016/17 £'000	2015/16 £'000	2015/16 £'000
Operating Income	3, 4		99,497		105,642
Operating Expenses	5		(111,243)		(113,353)
Operating Surplus/(Deficit)			(11,746)		**(7,711)**
Finance Costs					
Gains/(Losses) On Disposal of Non-Current Assets		1,408		13,379	
Finance Income	10	24		49	
Finance Expense – Financial Liabilities	12	(484)		(562)	
Finance Expense – Unwinding of Discount on Provisions	23	2,927		(2)	
PDC Dividends Payable		(1,182)		(1,451)	
Net Finance Costs			2,693		11,413
Surplus/(Deficit) From Continuing Operations			**(9,053)**		**3,702**
SURPLUS/(DEFICIT) FOR THE YEAR			**(9,053)**		**3,702**
Other Comprehensive Income:					
Revaluation Gains/(Losses) and Impairments on Property, Plant and Equipment	14,15		(1,068)		(4,102)
Remeasurements of net defined benefit pension scheme liability / asset	9		(804)		1,272
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR			**(10,925)**		**872**

North Essex Partnership University NHS Foundation Trust
Statement of Financial Position
As At 31 March 2017

	Note	31 March 2017 £'000	31 March 2017 £'000	31 March 2016 £'000	31 March 2016 £'000
NON-CURRENT ASSETS					
Intangible Assets	13		7,592		6,974
Property, Plant and Equipment	14		68,164		67,220
Trade and Other Receivables	18		6,114		12,228
Total Non-Current Assets			81,870		86,422
CURRENT ASSETS					
Inventories	17	59		49	
Trade and Other Receivables	18	9,686		9,924	
Non Current Assets Held for Sale	14	322		678	
Cash and Cash Equivalents	19	7,623		8,254	
Total Current Assets			17,690		18,905
CURRENT LIABILITIES					
Trade and Other Payables	20	(10,139)		(8,746)	
Borrowings	21	(2,614)		(2,614)	
Provisions	23	(2,565)		(1,640)	
Other Liabilities	22	(76)		(184)	
Total Current Liabilities			(15,394)		(13,184)
TOTAL ASSETS LESS CURRENT LIABILITIES			84,166		92,143
NON-CURRENT LIABILITIES					
Trade and Other Payables	20	(8,039)		-	
Borrowings	21	(15,982)		(12,482)	
Provisions	23	(2,796)		(12,797)	
Other liabilities		(3,032)		(2,045)	
Total Non-Current Liabilities			(29,849)		(27,324)
TOTAL ASSETS EMPLOYED			54,317		64,819

North Essex Partnership University NHS Foundation Trust
Statement of Financial Position
As At 31 March 2017

TAXPAYERS' EQUITY		
Income and Expenditure Reserve	9,080	17,613
Revaluation Reserve	18,759	20,164
Pension Reserve	(3,032)	(2,045)
Public Dividend Capital	29,510	29,087
TOTAL TAXPAYERS' EQUITY	54,317	64,819

The Financial Statements on pages 1 to 60 were approved by the Board on **25 May 2017** and signed on its behalf by

Sally Morris
Chief Executive

Signed on behalf of the Board of Essex Partnership University NHS Foundation Trust

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 2016		**17,613**	**(2,045)**	**20,164**	**29,087**	**64,819**
Surplus/(Deficit) For The Year		(9,053)	-	-	-	(9,053)
Transfer from Revaluation Gains/(Losses) and Impairment Losses on Property, Plant and Equipment		-	-	(1,068)	-	(1,068)
Remeasurements of pension scheme		-	(804)	-	-	(804)
Other Recognised Gains and Losses		-	-	-	-	-
Transfer between Reserves		183	(183)	-	-	-
Other Transfers Between Reserves – Historic Cost Adjustment	15	222	-	(222)	-	-
Other Transfers Between Reserves – Disposal of Assets		115	-	(115)	-	-
Public Dividend Capital Received		-	-	-	423	423
Taxpayers' Equity at 31 March 2017		**9,080**	**(3,032)**	**18,759**	**29,510**	**54,317**

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
Transfer From 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
Cash Flow Statement
For The Year Ended 31 March 2017

	Note	31 March 2017 £'000	31 March 2016 £'000
Cash Flows from Operating Activities			
Operating Surplus/(Deficit) from Operating Activities		**(11,746)**	**(7,711)**
Operating Surplus/(Deficit)			
Depreciation and Amortisation		3,682	4,144
Net Impairments	15	2,178	5,889
(Increase)/Decrease in Inventories		(10)	8
(Increase)/Decrease in Receivables and Other Assets		6,386	(15,710)
Increase/(Decrease) in Payables		9,430	104
Increase/(Decrease) in Other Liabilities		75	(132)
Increase/(Decrease) in Provisions		(6,149)	(2,930)
Other Movement in Operating Cash Flow		(8)	
NET CASH GENERATED FROM/(USED IN) OPERATIONS		**3,838**	**(16,338)**
Cash Flows from Investing Activities			
Interest Received	10	24	49
Purchase of Intangible Assets		(1,098)	(1,349)
Purchase of Property, Plant and Equipment		(7,712)	(8,821)
Disposal of Property, Plant and Equipment		2,086	29,184
Net Cash Generated From/(Used In) Investing Activities		**(6,700)**	**19,063**
Cash Flows from Financing Activities			
Public Dividend Capital Received		423	-
Loans Received	21	6,114	-
Loans Repaid		(2,615)	(2,615)
Interest Paid	12	(475)	(562)
PDC Dividend Paid		(1,216)	(1,647)
Net Cash Generated From/(Used In) Financing Activities		**2,231**	**(4,824)**
Increase/(Decrease) In Cash and Cash Equivalents		**(631)**	**(2,099)**
Cash and Cash Equivalents at 1 April	19	**8,254**	**10,353**
Cash and Cash Equivalents at 31 March	19	**7,623**	**8,254**

Notes To The Financial Statements
For The Year Ended 31 March 2017

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 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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.

In the year to 31 March 2017, a review of valuations based on indices provided by the National Audit Office was carried out. This identified significant movements, and therefore a valuation based upon these indices has been applied during the year.

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 Expenses.

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 (2016) 12, dated 22nd December 2016) of -2.70% for cash flows up to five years; -1.95% 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 0.24% 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; and (iii) 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 Basis Of The Preparation Of The Financial Statements - Going Concern

In accordance with the public sector adaptation to International Accounting Standard 1, as set out in the Group Accounting Manual and Treasury FReM, the Financial Statements have been prepared on a going concern basis. This is because the services provided by North Essex Partnership University NHS Foundation Trust are continued by Essex Partnership University NHS Foundation Trust. See Note 26 for further details.

1.20 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.

There is a significant source of estimation uncertainty around the timings of cashflows in relation to the payment of future liabilities arising from the past sale of Severalls. The future cashflows have been estimated based on information available at the time of producing these accounts. The future payments are discounted on the current estimates, but due to the size of the payments, it is possible that the discounting used may change if timings of cashflows change. This is reviewed on an annual basis. For the year ended 31 March 2017, the amount of discount on these cashflows is £1.6 million.

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

North Essex Partnership University NHS Foundation Trust

2 Operating Segments

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

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

Year Ended 31 March 2017

	Income £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Net Surplus/ (Deficit) £'000	Total Assets Employed £'000
Healthcare Activity	98,360	(110,107)	(10,747)	(9,054)	54,317
Enable East Activity	1,137	(1,136)	1	1	-
Total	**99,497**	**(111.243)**	**(11,746)**	**(9,053)**	**54,317**

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**

Net Surplus/(Deficit) includes £977,000 (2016: £6,227,000) relating to impairments in Healthcare Activity. There are no impairments in Enable East Activity.

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

3 Revenue From Patient Care Activities

3.1 Income from activities by income source

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
NHS Foundation Trusts	460	14
NHS Other	116	152
NHS England and Clinical Commissioning Groups	83,727	88,043
Local Authorities	10,064	9,318
Non-NHS – Other	(55)	297
Total Income from Patient Care Activities	**94,312**	**97,824**

3.2 Income from activities by type of income

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Block Contract Income	79,043	83,478
Clinical Partnerships Providing Mandatory Services (including S75 Agreements)	10,051	9,300
Other Clinical Income from Mandatory Services	4,259	4,166
Other Non-Protected Clinical Income	959	880
Total Income from Patient Care Activities	**94,312**	**97,824**

All operations are continuing operations. See Note 26 for further details.

£80,332,000 (2016: £83,775,000) of Revenue From Patient Care Activities has arisen from Commissioner Requested Services; £13,980,000 (2016: £14,049,000) of Revenue From Patient Care Actvities has arisen from Non-Commissioner Requested Services.

£9,772,000 (2016: £9,248,000) of Income from Clinical Partnerships Providing Mandatory Services relates to Section 75 Agreements with Essex County Council. An agreement made under Section 75 of the National Health Services Act 2006 is between a Local Authority and an NHS body in England. Many Section 75 agreements were made between Local Authorities and Foundation Trusts or Clinical Commissioning Groups. The NHS Foundation Trust works with Essex County Council to provide a number of Local Authority health related functions as part of this Section 75 Agreement.

North Essex Partnership University NHS Foundation Trust

4 Other Operating Revenue

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000 Restated*
Education and Training	4,111	4,880
Research and Development	402	474
Charitable and Other Contributions to Expenditure	-	-
Non-Patient Care Services to Other Bodies	424	517
Rental Revenue	141	193
Other Revenue	107	1,754
Total Other Operating Revenue	**5,185**	**7,818**

All operations are continuing operations. See Note 26 for further details.

In 2015/16, the profit on disposal relates mainly to the sale of the Severalls Non-Operational site. See note 14 for further details.

£nil (2016: £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.

£158,000 (2016: £367,000) of Other Revenue relates to staff costs recharged to other organisations.

There is no income from overseas patients in 2016/17, nor in 2015/16.

* Other Operating Revenue has been restated as Reversals of Impairments on Property, Plant and Equipment of £3,772,000 in the Year Ended 31 March 2016 have been shown as a net position in Note 5 Operating Expenses, under the heading Property, Plant and Equipment Impairments.

5 Operating Expenses

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000 Restated*
Services from Other NHS Foundation Trusts	434	529
Services from NHS Trusts	456	448
Services from Other NHS Bodies	881	1,000
Purchase of Healthcare from Non-NHS Bodies	479	983
Employee Expenses – Remuneration of Executive Directors (see Note 7.1)	1,171	1,096
Non-Executive Directors' Costs	109	109
Employee Expenses - Staff (see Note 7.1)	81,503	82,999
Termination Costs	724	-
Drugs	2,331	2,097
Supplies and Services – Clinical (Excluding Drugs)	330	343
Supplies and Services – General	1,813	1,779
Establishment	1,180	1,272
Transport	2,326	2,458
Premises	5,365	3,962
Increase/(Decrease) in Provision for Impairment of Receivables	219	338
Increase in Other Provisions	449	-
Change in Provisions Discount Rates	759	-
Depreciation and Amortisation	3,682	4,144
Property, Plant and Equipment Impairments (see Note 15)	2,178	5,889
Audit Fees Payable to the External Auditor	67	55
Audit Services – Audit-Related Regulatory Reporting	-	-
Audit Services – Other Fees		
Internal Audit and LCFS Services	79	83
Legal and Professional Fees	2,463	1,969
Education and Training	199	218
Patient Travel and Activities	175	31
Grants	-	-
Insurance – Clinical Negligence	1,105	847
Essex Pension Scheme Administration Fee	6	6
Other	760	698
Total Operating Expenses	**111,243**	**113,353**

Operating Expenditure includes £1,135,000 (2016: £1,314,000) relating to Enable East.

North Essex Partnership University NHS Foundation Trust

*Property, Plant and Equipment Impairments has been restated to reflect a netting off of £3,772,000 previously shown under Other Operating Revenue.

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 2016/17 includes £10,000 for work carried out in 2015/16 relating to the 2015/16 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 2017 £'000	Year Ended 31 March 2016 £'000
Minimum Lease Payments	1,336	1,522

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 due

	Year Ended 31 March 2017	Year Ended 31 March 2016
Not later than one year	1,268	1,186
Between one and five years	453	1,580
After five years	79	3,012
Total	**1,800**	**5,778**

7 Employee Costs And Numbers

7.1 Employee costs

	Year Ended 31 March 2017			Year Ended 31 March 2016
	Permanently Employed £'000	Other £'000	Total £'000	Total £'000
Salaries and Wages	60,191	1,152	61,343	61,443
Social Security Costs	5,831	-	5,831	4,634
Termination Benefits	724	-	724	(33)
Employers' Contribution to NHS Pension Scheme	7,190	-	7,190	7,126
Pension Costs - Other				
Essex Pension Fund	294	-	294	477
Other	-	-	-	4
Agency Costs	-	8,016	8,016	10,444
Total	**74,230**	**9,168**	**83,398**	**84,095**

Included within Salaries and Wages is £1,171,000 (2016: £1,096,000) for Directors' remuneration. Included within Employers' Contribution to NHS Pension Scheme is £120,515 (2016: £120,860) 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 in 2015/16 relates to a reversal of unused provision from 2014/15.

North Essex Partnership University NHS Foundation Trust

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 2016/17, eight exit packages were agreed and paid within nationally agreed arrangements. During the year 2015/16, zero exit packages were agreed and paid within nationally agreed arrangements.

Exit package cost band	Year Ended 31 March 2017 Total Number of Exit Packages by Cost Band	Year Ended 31 March 2016 Total Number of Exit Packages by Cost Band
£0-£10,000	8	
£10,001-£25,000	2	-
£25,001-£50,000	3	-
£50,001-£100,000	1	-
£100,001-£150,000	1	
£150,001-£200,000	3	-
Total	**18**	**-**
Total Resource Cost	**919**	**-**

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 2016/17 there were two (2015/16: Nil) 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 £148,000 (2015/16: nil). 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 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 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required

revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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 2017 £'000	Year Ended 31 March 2016 £'000
Statement of Comprehensive Income		
Operating Expenditure:		
Current Service Cost	(271)	(479)
Change in Financial Assumptions	-	-
Contributions by Employer	169	298
Administration Expenses	(6)	(6)
Finance Costs:		
Interest Cost	(580)	(541)
Interest on Assets	505	443
Expected Return on Assets in the Scheme	-	-
Remeasurement in Other Comprehensive Income	(183)	(285)
Total Post Employment Benefit Charged to the Surplus/(Deficit) For The Year		
Return on fund assets	2,095	(28)
Other Post Employment Benefit Charged to the Statement of Comprehensive Income	(2,899)	1,300
Actuarial Gains/(Losses)		-
Total Post Employment Benefit Charged to the Statement of Comprehensive Income	(987)	987

North Essex Partnership University NHS Foundation Trust

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

	31 March 2017 £'000	31 March 2016 £'000
Reconciliation of Fair Value of Scheme Assets		
Balance at 1 April	13,564	12,890
Interest on Assets	505	443
Expected Rate of Return	2,095	(28)
Administration Expenses	(6)	(6)
Employer Contributions	169	298
Contributions by Scheme Participants	64	104
Benefits Paid	(783)	(137)
Other gains/(losses)	(451)	-
Balance at 31 March	**15,157**	**13,564**
Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)		
Balance at 1 April	15,609	15,922
Current Service Cost	271	479
Interest Cost	580	541
Contributions by Scheme Participants	64	104
Change in financial assumptions	3,168	(1,300)
Change in Demographic Assumptions	(49)	-
Benefits Paid Net of Transfers In	(783)	(137)
Unfunded Pension Payments	-	-
Gains on Curtailments	(671)	-
Liabilities Extinguished on Settlements	-	-
Balance at 31 March	**18,189**	**15,609**

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 2017 £'000	31 March 2016 £'000
Present Value of Scheme Liabilities	(18,189)	(15,609)
Fair Value of Scheme Assets	15,157	13,564
Surplus/(Deficit) on Pension Fund	(3,032)	(2,045)

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 2016.

The principal assumptions used by the actuary were:

	31 March 2017	31 March 2016
Mortality Assumptions		
Longevity at 65 for Current Pensioners		
Male	22.1 years	22.9 years
Female	24.6 years	25.3 years
Longevity at 65 for Future Pensioners		
Male	24.3 years	25.2 years
Female	26.9 years	27.7 years
Rate of RPI Inflation %	3.6%	3.3
Rate of CPI Inflation %	0.9%	2.5
Rate of Increase in Salaries %	4.2%	4.3
Rate of Increase in Pensions %	2.7%	2.5
Rate for Discounting Scheme Liabilities %	2.8%	3.4
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 2017		31 March 2016	
	£'000	**%**	£'000	%
Equity Investments	10,353	68	9,180	68
Gilts	573	4	400	3
Other Bonds	616	4	651	5
Property	1,475	10	1,615	12
Cash	456	3	441	3
Alternative Assets	1,011	7	603	4
Other Managed Funds	673	4	674	5
	15,157	100	13,564	100

North Essex Partnership University NHS Foundation Trust

10 Investment Revenue

	31 March 2017 £'000	31 March 2016 £'000
Interest Revenue:		
Bank Accounts	24	49
Other: Return on Pension Assets	-	-
Total Investment Revenue	**24**	**49**

11 Other Gains And Losses

	31 March 2017 £'000	31 March 2016 £'000
Gain/(Loss) on Disposal Of Property, Plant And Equipment	1,408	13,379
Total Other Gains And Losses	**1,408**	**13,379**

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 2017 £'000	31 March 2016 £'000
Interest Expense on Loans from Department of Health	409	464
Interest on Late Payment of Debts	-	-
Other: Net interest cost on Pension Liabilities	75	98
Total Finance Costs	**484**	**562**

13 Intangible Assets

	Software £'000	Intangible Assets Under Construction £'000	Total £'000
Cost			
At 1 April 2016	**8,599**	-	**8,599**
Additions Purchased	1,114	-	1,114
Reclassification (see * Note 14)	128	-	128
Disposals	-	-	-
At 31 March 2017	**9,841**	-	**9,841**
Amortisation			
At 1 April 2016	(1,625)	-	(1,625)
Charged During The Year	(624)	-	(624)
Disposals	-	-	-
At 31 March 2017	**(2,249)**	-	**(2,249)**
Net Book Value			
At 31 March 2017	**7,592**	-	**7,592**
At 31 March 2016	6,974	-	6,974

North Essex Partnership University NHS Foundation Trust

	Software £'000	Intangible 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

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 2016	15,195	57,877	734	9,614	856	367	3,156	2,693	90,492	678
Additions Purchased	-	2,157	-	5,265	11	-	163	102	7,698	-
Reclassifications in Year		4,582		(4,582)	-	-	-	-	(-)	-
Reclassification *	(128)	(8,155)	(175)	(7,593)			16		(16,035)	
Transfer To Assets Held For Sale	(88)	(234)	-	-	-	-	-	-	(322)	322
Impairments Charged to Operating Expenses	(38)	(1,214)	-	-	-	-	(977)	-	(2,229)	-
Impairment Charged to Revaluation Reserve	(384)	(754)	-	-	-	-	-	-	(1,138)	-
Impairment Credited to Operating Income	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	41	-	-	-	-	-	41	-
Disposals	-	-	-	-	-	-	-	-	-	(678)
At 31 March 2017	**14,557**	**54,259**	**600**	**2,704**	**867**	**367**	**2,358**	**2,795**	**78,507**	**322**

North Essex Partnership University NHS Foundation Trust

Depreciation And Impairments										
At 1 April 2016	-	(18,986)	(244)	-	(604)	(233)	(1,805)	(1,400)	(23,272)	-
Charged During The Year	-	(2,277)	(13)	-	(64)	(41)	(404)	(259)	(3,058)	-
Revaluations	-	81	(1)-	-	-	-	-	-	80	-
Transfer To Assets Held For Sale	-	-	-	-	-	-	-	-	-	-
Reclassifications *	-	15,663	244	-	-	-	-	-	15,907	-
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	**-**	**(5,519)**	**(14)**	**-**	**(668)**	**(274)**	**(2,209)**	**(1,659)**	**(10,343)**	**-**
Net Book Value										
At 31 March 2017	**14,557**	**48,740**	**586**	**2,704**	**199**	**93**	**149**	**1,136**	**68,164**	**322**
At 31 March 2016	15,195	38,891	490	9,614	252	134	1,351	1,293	67,220	678

* During the year, a number of reclassifications have been made to reflect a previous misclassification between asset category. This has been made as an adjustment during the year as there is no impact on the Statement of Financial Position.

	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

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.

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 the 2015/16 financial statements the Trust sold the asset and reported a surplus of £11.4m on the sale of the Severalls. The Trust transferred the Revaluation Reserve balance in relation to the asset of £22.7m to the I&E reserve which resulted in an identical net position had the new guidance been followed since 2013.

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 2017										
Owned	14,557	48,740	586	2,704	199	93	149	1,136	68,164	**322**
Donated	-	-	-	-	-	-	-	-	-	-
Total	**14,557**	**48,740**	**586**	**2,704**	**199**	**93**	**149**	**1,136**	**68,164**	**322**
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**

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	-	19	-	-	-	-
Maximum Remaining Useful Expected Life	99	43	8	4	1	10

North Essex Partnership University NHS Foundation Trust

15 Impairments

	31 March 2017 £'000	31 March 2016 £'000
Unforeseen obsolescence – Included within Operating Expenditure	977	-
Other – Included within Other Operating Expenditure	1,201	5,889
Total	**2,178**	**5,889**

The 2016/17 Unforeseen obsolescence impairment relates to Information Technology assets which are not expected to be used after December 2017, due to the roll-out of a significant equipment replacement project. For this reason, the assets have been impaired to reduce the net book value of the assets to nine months depreciated cost. The 2016/17 Other impairment relates to the indexation revaluation undertaken as an interim valuation. The 2015/16 impairment relates to the full 5 year valuation of fixed assets (properties).

16 Capital Commitments

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

	31 March 2017 £'000	31 March 2016 £'000
Property, Plant and Equipment	4,439	6,271
Intangible Assets	-	225
Total	**4,439**	**6,496**

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.

17 Inventories

	31 March 2017 £'000	31 March 2016 £'000
At April 1	49	57
Additions	2,341	2,089
Inventory Consumed	(2,331)	(2,097)
Total	**59**	**49**

During the year, the value of stock issued by the Pharmacy was £2,331,000 (2016: £2,097,000).

18 Trade and Other Receivables

18.1 Trade and Other Receivables

	31 March 2017 £'000	31 March 2016 £'000
Current Assets:		
NHS Receivables	1,923	2,379
Other Receivables	1,217	439
Provision For The Impairment Of Receivables	(471)	(475)
PDC Receivable	257	223
Prepayments	640	1,244
Accrued Income		
- NHS	-	-
- Non-NHS	6,120	6,114
Total Current Trade And Other Receivables	**9,686**	**9,924**
Non-Current Assets:		
NHS Receivables	-	-
Accrued Income – Non-NHS	6,114	12,228
Total Non-Current Trade And Other Receivables	**6,114**	**12,228**
Total Trade And Other Receivables	**15,800**	**22,152**

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.

Two further receipts relating to the sale of Severalls non-operational site are due in 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 2017 £'000	31 March 2016 £'000
Balance at 1 April	475	147
Increase in Provision	508	338
Amounts Utilised	(223)	(10)
Unused Amounts Reversed	(289)	-
Total Provision At 31 March	**471**	**475**

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 2017 £'000	31 March 2016 £'000
Up To Three Months	1,076	1,278
In Three To Six Months	83	133
Over Six Months	-	174
Total	**1,159**	**1,585**

In 2017, £89,000 (2016: £1,465,000) of these receivables relate to other NHS organisations and there is an expectation that they will be paid and are not therefore impaired.

18.4 Impaired Receivables

	31 March 2017 £'000	31 March 2016 £'000
Up To Three Months	-	202
In Three To Six Months	94	174
Over Six Months	377	99
Total	**471**	**475**

19 Cash And Cash Equivalent Movements

	31 March 2017 £'000	31 March 2016 £'000
Balance At 1 April	8,254	10,353
Net Change In Year	(631)	(2,099)
Balance At 31 March	**7,623**	**8,254**
Made Up Of:		
Cash With Government Banking Service	7,600	8,233
Commercial Banks And Cash In Hand	23	21
Cash And Cash Equivalents	7,623	8,254
Cash And Cash Equivalents As In Cash Flow and Statement of Financial Position	**7,623**	**8,254**

North Essex Partnership University NHS Foundation Trust

20 Trade And Other Payables

	31 March 2017 £'000	31 March 2016 £'000
Current Liabilities:		
NHS Payables – Revenue	1,254	491
NHS Payables – Capital	-	-
Other Payables – Revenue	3,155	4,244
Other Payables – Capital	804	802
Tax Payable	1,578	1,403
PDC Payable	-	-
Accruals		
- Interest Payable on Commercial Loans	43	33
- Other	3,305	1,773
Total Current Trade And Other Payables	**10,139**	**8,746**
Non-Current Liabilities:		
Other Payables	8,039	-
Total Non-Current Trade And Other Payables	**8,039**	**-**
Total Trade And Other Payables	**18,178**	**7,343**

Non-NHS Payables – Revenue includes £991,000 (2016: £954,000) of outstanding pensions contributions at 31 March 2017.

21 Borrowings

	31 March 2017 £'000	31 March 2016 £'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	15,982	12,482
Total Non-Current Borrowings	**15,982**	**12,482**
Total Borrowings	**18,596**	**15,096**

Borrowings are made up of five single currency term loans from the Secretary of State For Health.

The interest rate on the first loan (amount outstanding at 31 March 2017 £1,464,000 (2016: £2,442,000)) 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 2017 £3,318,000 (2016: £4,054,000)) 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 2017 £2,500,000 (2016: £3,000,000)) 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 2017 £5,201,000 (2016: £5,600,000)) is 2.17% per annum, and the loan will be repaid in full by 31 March 2030.

The interest rate on the fifth loan (amount outstanding at 31 March 2017 £6,114,000 (2016: £nil)) is 0.58% per annum, and the loan will be repaid in full by 31 March 2022.

The NHS Foundation Trust is responsible for ensuring that it is able to repay its borrowings and any associated interest charges.

North Essex Partnership University NHS Foundation Trust

22 Other Liabilities

	31 March 2017 £'000	31 March 2016 £'000
Deferred Income	76	184
Total Other Liabilities	**76**	**184**

23 Provisions

	Current		Non-Current	
	31 March 2017 £'000	31 March 2016 £'000	31 March 2017 £'000	31 March 2016 £'000
Pensions Relating To Other Former Staff	178	227	1,940	1,948
Legal Claims	86	334	-	-
Other	2,301	1,079	856	10,849
Total	**2,565**	**1,640**	**2,796**	**12,797**

	31 March 2017				31 March 2016
	Pensions Relating To Other Former Staff £'000	Legal Claims £'000	Other £'000	Total £'000	Total £'000
At 1 April	2,175	334	11,928	14,437	17,365
Arising During The Year	88	20	2,649	2,757	449
Utilised During The Year	(175)	(100)	(272)	(547)	(834)
Reversed Unused	(112)	(168)	(732)	(1,012)	(2,545)
Change In The Discount Rate	168	-	591	759	
Unwinding Of Discount	(26)	-	(2,901)	(2,927)	2
Transferred To Other Payables	-	-	(8,106)	(8,106)	
At 31 March	**2,118**	**86**	**3,157**	**5,361**	**14,437**

North Essex Partnership University NHS Foundation Trust

	31 March 2017				31 March 2016
	Pensions Relating To Other Former Staff	Legal Claims	Other	Total	Total
	£'000	£'000	£'000	£'000	£'000
Expected Timing Of Cashflows:					
Within One Year	178	86	2,301	**2,565**	1,640
Between One And Five Years	707	-	232	**939**	6,489
Between Five And Ten Years	782	-	288	**1,070**	5,536
After Ten Years	451	-	336	**787**	772
Total	**2,118**	**86**	**3,157**	**5,361**	14,437

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.

£9,268,248 (2016: £8,354,883) 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 £8,105,000 relating to these agreement has been transferred to Other Payables during the year. In 2016, £10,055,000 was included for the costs associated with these agreements under 'Other' in the above table.

North Essex Partnership University NHS Foundation Trust

24 Contingent Assets and Liabilities

24.1 Contingent Liabilities

	31 March 2017 £'000	31 March 2016 £'000
Employment Tribunal and Other Employee Related Litigation	30	36
Public Liability Claims	1	1
Total Contingent Liabilities	**31**	**37**

Contingent Liabilities relate to twelve (2016: eleven) employment claims and two (2016: two) 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	1,923	1,923
Cash And Cash Equivalents	7,623	7,623
Other Financial Assets	12,910	12,910
Total At 31 March 2017	**22,456**	**22,456**
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**

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	18,596	18,596
Other Financial Liabilities	20,507	20,507
Total At 31 March 2017	**39,103**	**39,103**
Borrowings	15,096	15,096
Other Financial Liabilities	20,157	20,157
Total At 31 March 2016	**35,253**	**35,253**

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 2017 £'000	31 March 2016 £'000
In one year or less	15,082	11,611
In more than one year but not more than two years	5,412	2,614
In more than two years but not more than five years	12,128	10,227
In more than five years	6,481	10,801
Total	**39,103**	**35,253**

26 Events After The Reporting Period

On 31 March 2017, North Essex Partnership University NHS Foundation Trust ceased to exist, due to a planned merger with South Essex Partnership Universit NHS Foundation Trust, as agreed and approved by NHS Improvement in March 2017.

On 1 April 2017, all of the assets and liabilities of North Essex Partnership University NHS Foundation Trust were transferred to Essex Partnership University NHS Foundation Trust, by means of a Deed of Transfer, as agreed by The Secretary of State for Health. This is a new organisation which came into existence on 1 April 2017, and all services previously provided by North Essex Partnership University NHS Foundation Trust were provided by this new organisation from 1 April 2017.

The accounts for North Essex Partnership University NHS Foundation Trust are prepared on a going concern basis as the services provided are continued under the new organisation. This is in accordance with guidance by HM Treasury on mechanics of Government changes to organisations.

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, including NHS North East Essex CCG, NHS West Essex CCG and NHS Mid Essex CCG.

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, including Essex County Council. 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.

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 £18,791 cash at bank and in hand at 31 March 2017 (2015/16: £15,019) 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.

North Essex Partnership University NHS Foundation Trust

29 Losses And Special Payments

There were 73 cases of Losses and Special Payments (2015/16: 68 cases), totalling £434,000 (2015/16: £234,000). 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 2017		31 March 2016	
	Number	£'000	Number	£'000
Losses				
Cash Losses	7	-	14	-
Fruitless Payments	3	9	-	-
Bad Debts And Claim Abandoned	37	270	29	147
Other	1	5		
Total Losses	**48**	**284**	**43**	**147**
Special Payments				
Extra-Contractual Payments	1	11	-	-
Extra-Statutory and Extra-Regulatory Payments	-	-	1	14
Compensation	6	135	7	68
Special Severance Payments	-	-	-	-
Ex Gratia Payments	18	5	19	5
Total Special Payments	**25**	**151**	**27**	**87**
Total Losses and Special Payments	**73**	**435**	**70**	**234**
Recovered Losses				
Compensation Payments Received	-	-	-	-

30 Big Lottery Grant Fund

	31 March 2017 £'000	31 March 2016 £'000
Deferred income Brought Forward	-	268
Grant Income Received During The Year	138	-
Project Expenditure	(35)	(199)
Management Expenditure	(33)	(69)
Deferred Income Carried Forward	70	-

During the financial year 2016/17, grants were received from the Big Lottery Fund to deliver the "Heads-Up" project. This project aims to draw upon the best available evidence about what really works to support people with mental health problems returning to employment and/or training. The full amount of funding is £1,800,000. The first £138,000 of funding was received in February 2017. There was £70,000 of unutilised grant at 31 March 2017, and this was agreed to be deferred to the next financial year.

31 Essex Specialist Treatment and Referral Service (STARS) Contract

	31 March 2017 £'000
Income from Essex County Council	5,124
Pay costs	(3,216)
Non pay costs	(1,807)
Overheads	(119)
Gross Profit under agreement	(18)

Risk share (of profit or loss)	
NEP – 72.6%	£12,732
SEPT – 27.4%	£4,805

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.