

South Essex Partnership University NHS Foundation Trust

Annual Report and Accounts 2008/09

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

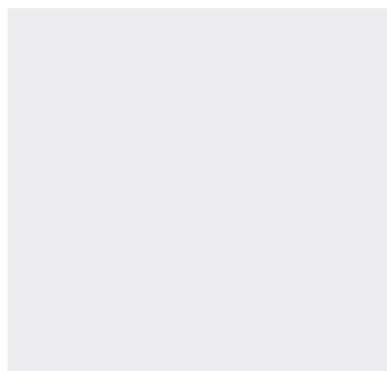


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Introduction

South Essex Partnership University NHS Foundation Trust (SEPT) was authorised as an NHS Foundation Trust on 1 May 2006; one of the first three mental health organisations to achieve this at the time.

We are a responsive, innovative and dynamic NHS Foundation Trust delivering leading edge mental health and learning disability services in a constantly changing environment. Our Trust has a turnover of approximately £110 million, employs approximately 2,000 people and operates across six district council boundaries with a total population of 725,000. We also provide specialist forensic services across Essex. Unlike acute hospital services, mental health and learning disability services are mainly provided in community settings with defined geographical localities. As a result we operate from about 50 locations across Essex.

We work with a range of partner organisations to deliver care and support to people in their own homes and from a range of hospital and community based premises. In line with national policy we have developed a range of modern community based services and aim to provide local services where possible.

Community services are delivered by teams of highly skilled and qualified health and social care staff to people in their own homes, in residential and nursing homes, and from our resource centres and clinics. Hospital based care is provided at Runwell, Rochford and Thurrock Community hospitals as well as the Mental Health Unit at Basildon hospital.

South Essex Partnership University NHS Foundation Trust focuses on providing a comprehensive range of services including:

- mental health services for adults and older people;
- Essex wide forensic services;
- low secure services;
- specialist children's services;
- inpatient adolescent mental health services;
- learning disability services;
- drug and alcohol services;
- other specialist services.

The following report covers the financial year April 2008 to the end of March 2009 and highlights our key achievements in terms of clinical services, improvements to our hospitals and community resource centres and financial management.

As a Public Benefit Corporation the Foundation Trust has members. The members of the Foundation Trust are; Staff Members employed on permanent or fixed term contracts that run for 12 months or longer and Public Members, residents of Essex aged 12 and over.

Chair and Chief Executive's statement

2008/2009 has been another exceptional year where we as an organisation have continued to not only meet but perform far and above the criteria set by the national and local organisations tasked with monitoring the NHS.

We have risen to all the challenges set before us, and we are delighted to report that, again, this year has been one of excellence in operational terms – clinical, financial and management.

This high standard of performance enabled the Trust to receive excellent for 'use of resources' and excellent for 'quality of services' for the second consecutive year in the Healthcare Commission's Annual Health Check.

Our financial performance again met its targets in relation to income and expenditure budgets. We exceeded our target in respect of our income generation budgets and our overall performance resulted in a surplus of £3.8 million, before an exceptional item of £0.3 million which reduces the surplus to £3.5 million. In addition we met all the targets set by our regulator, Monitor. In the fourth quarter Compliance Report the Trust achieved a Financial Risk Rating of 5 as well as Green Ratings for Governance and Mandatory Services – these being the highest you can achieve.

Our capital programme this year included major projects in Brentwood with our new community resource centre and the state of the art low and medium secure unit being built on the Runwell Hospital site – both of these will be completed in 2009. It featured many other smaller modernising schemes which improve the clinical environments for service users.

2008 celebrated the 60th Anniversary of the NHS and we took the opportunity to extend our anti stigma campaign with a series of events to mark this important birthday and at the same time raise awareness of mental health issues. Our Governors took the lead in this important piece of work and travelled across the county fronting an exhibition illustrating the timeline of developments and milestones for the NHS.

Our work with local schools and colleges culminated in our joining the national anti-stigma campaign 'Time to Change'. Our primary care trust partners, voluntary organisations, staff and governors joined the pupils at Roots Hall Stadium in Southend to launch this important initiative.

With our membership now numbering in excess of 10,500 our governors continue to make major contributions to the local campaign to raise awareness and eliminate discrimination while at the same time developing as individuals and groups to work along side our Board of Directors and promote the work of the Trust.

Looking back at some of our success stories in 2008/2009....

- Healthcare Commission Annual Health Check - excellent for 'use of resources' and excellent for 'quality of services' – second year in a row and one of only two mental health and learning disability trusts in the country to achieve this;
- Hat Trick in the Healthcare 100 staff survey – top mental health trust to work for, top trust for managers and eighth overall trust in the country to work for;
- Customer Service Excellence award for Behaviour Therapy Team;
- Rochford Hospital shortlisted for three national awards, finalist in the Health and Social Care Awards and received the Design, Heritage and Conservation Award from Rochford District Council ;

- Continued excellent progress on building the new PFI Forensic Unit;
- Cut the turf for the new Brentwood Resource Centre;
- Won the Service Improvement Category in the Health Enterprise East Spotlight Awards;
- Catering Services received the 'scoresonthedoors' 4 Star Award' for Clifton Lodge, Mountnessing Court, Thurrock Community Hospital and the '5 Star' Award for Basildon's Mental Health Unit;
- Lasting Memories / My Life Story projects received Highly Commended at East of England Health and Social Care Award;
- Risk Management Standards Level 3 (first mental health trust in country to achieve this);
- Opened Poplar Ward – Adolescent In-patient unit at Rochford Hospital;
- Developed area wide specialist community dementia services;
- Commenced psychological services for obesity;
- Achieved University Status – another first for SEPT!

This year we have further developed our 'In Tune With Individuals' customer service initiative and made this the Vision for the Trust. May we take this opportunity to say a special thank our staff who have made this vision a reality by continuing to provide such excellent care ensuring a positive experience for all service users and carers from the moment they come in contact with SEPT and through their journey with us.

It is with extreme pride that we present this year's Annual Report. We hope you find the following pages interesting and informative. We take this opportunity to thank all our directors, governors, staff, service users, carers, partners, stakeholders and members for all their support and the partnership working between all of us to improve mental health services for the people of south Essex.

Lorraine Cabel
Chair

Dr. Patrick Geoghegan OBE
Chief Executive

Director's report

Welcome to the Director's report where we provide an analysis of the development and performance of our organisation's business during the financial year which ended 31 March 2009. The following pages include an operating and financial review of the Trust's activities for 2008/09.

The Directors of South Essex Partnership University NHS Foundation Trust present their report for the period 1 April 2008 to 31 March 2009. Details of the Trust's Directors are contained within the Governance review section of this document (page 33).

In preparing this report the Directors confirm that they have provided the external auditors with a Letter of Representation. This letter has been duly considered by the Trust's Audit Committee and Board of Directors and confirms that all relevant audit information, of which the Directors are aware, has been passed onto the external auditors. The Trust's Directors have also taken all reasonable steps to ensure that the Trust's external auditors are aware of all material facts known to the Trust in relation to the Trust's annual report and accounts for 2008/09.

The Foundation Trust is a legal entity in the form of a Public Benefit Corporation and was licensed on 1 May 2006 under the Health and Social Care (Community Health and Standards) Act 2003, now superseded by the NHS Act of 2006 (Chapter 5).

Operating Review

Taking forward our strategic priorities

Nine key priorities were identified for 2008/9 in our Annual Plan, underpinned by a wide range of objectives that have been taken forward with much success, thanks to the regular monitoring that was put in place by the Board of Directors. In this section we have provided a summary of the progress made by the Trust to continually improve the quality of local services and highlighted just some of our many achievements.

Priority 1 – Development Of New Services

Development of the new, £28 million, purpose built secure services unit, which will offer 96 medium and low secure mental health service beds started in November 2007. Ivan Lewis MP, Parliamentary Under Secretary for Care Services, laid the foundation stone for the new unit at Runwell hospital in June 2008 and work has progressed throughout the year in line with the agreed timetable which will see the new unit completed in September 2009.

The official turf cutting ceremony for the new Brentwood Resource Centre also took place in June 2008 with Lord Petre putting the first spade in the ground. This special event paved the way for a brand new £2.5 million Resource Centre that will provide local service users with much needed services since the closure of High Wood hospital. Services include an older people's day hospital, a dementia clinic and shared therapy services. Green solutions have also been incorporated into the design of the facility including; recycling rubble from demolished buildings on site to create a car park, the use of ground source heat pumps to heat and cool the building, and the installation of a shower to encourage staff to cycle to work where possible.

In February 2009, we welcomed the first patients on to our new Child and Adolescent in-patient unit at Rochford Hospital. This much needed local facility will ensure that local children and young people with mental health problems no longer have to receive treatment out of area, and will also ensure that no young people have to receive in-patient care in an adult ward, unless it is clinically appropriate to do so.

Our local commissioners worked with the Trust to re-invest savings achieved as a result of an agreed cost improvement programme in the development of new specialist mental health services for people with dementia, personality disorders and eating disorders. In advance of the publication of the new national strategy for dementia, we established a community dementia service which focuses on early diagnosis, improving understanding and awareness and support for carers. New Memory

Clinics, a Hospital Liaison Nurse, additional specialist community nurses, support workers and therapists ensure that people with dementia are able to access a specialist service quickly and get the help and support that they and their families need. We also developed a psychology service for obesity. In addition, our highly regarded eating disorders day service was extended to operate five days each week and a new specialist service for people with personality disorders is now in place in Southend and Basildon.

Priority 2 - Delivering Quality Services

In October 2008 the Trust celebrated being named an 'excellent' trust for the second year running, following publication of the Annual Health Check results by the Healthcare Commission.

The Annual Health Check is a system which scores all NHS trusts in the country on aspects of their performance, including the quality of the services they provide to patients and the public and how well they manage their finances and other resources such as their property and staff.

The Trust was awarded the top score of 'excellent' in the two categories: use of resources and quality of services. The Trust is one of only two mental health trusts in the country to achieve this result for two consecutive years and was also one of only ten trusts across the country to feature in a special one off publication published by the Healthcare Commission highlighting the excellent work done by the Trust.

The Healthcare Commission praised the Trust by saying; "South Essex is one of the highest-performing trusts in our Central region. It has scored consistently highly in every year of the annual health check and also performed well in this year's review of acute inpatient mental health services. This was particularly true in areas including service user involvement, care planning, governance, information for service users and carers, and the safety of staff."

Whilst the results of the Annual Health Check 2008/9 will not be published until October 2009, the Trust is reasonably confident that the "excellent" rating will be retained. Further details

of the 2008/9 Annual Health Check are provided on page 11. There are numerous examples of the contribution made by all of our staff within all of our services to our priority of delivering quality services. We are particularly proud of the work undertaken around outcome measurement.

We set ourselves a huge challenge to implement outcome measurement in all services to ensure that the effectiveness of our interventions can be monitored. Great progress has been made in establishing the most appropriate tools, developing the IT infrastructure and training staff in all services.

Considerable work to embed the use of Routine Outcomes Measures continued within most Trust services during 2008/09. Our Psychological Therapy services implemented a new system to enable routine collection and reporting of the CORE-OM (Clinical Outcomes in Routine Evaluation-Outcome Measure). The Trust was the first secondary mental health trust in the country to use this system and now has evidence of quality practice and measured improvement for patients using Psychology, Psychotherapy and Primary Care Counselling.

In Learning Disability services, staff started using the FACE-LD (Functional Assessment of the Care Environment-Learning Disability) outcomes measure. A specific outcome measure for Older People was identified and agreed. Work also started to integrate the use of Routine Outcomes with a new electronic patient record. Adult Mental Health services have continued to collect the FACE outcome measure and work to develop an integrated system to enable automatic analysis and reporting got well underway.

In our CAMHS (Child and Adolescent Mental Health Services), CORC (CAMHS Outcome Research Consortium) outcomes are collected and TOP (Treatment Outcomes Profile) is collected in our Substance Misuse services. Finally, preparation started to collect HoNOS (Health of Nation Outcome Scores) secure outcomes in our Medium Secure Services.

We were delighted to see the continuation of the improvements in the results of the National Service User Survey carried out by the Healthcare Commission in 2008. Since the 2006

survey, trust and confidence in our clinical staff has improved significantly and the level of respect and dignity shown by staff is high. There were also many more areas where the Trust is performing better compared to a couple of years ago, not the least of which is a significant increase in the response rate which validates the response and demonstrates how service users are becoming more confident in expressing their views.

There were several areas where the Trust showed significant improved performance compared to the national average. 78% of service users had contact with a member of the Trust compared to only 60% nationally, and 79% had received a printed copy of their care plan, compared to 47% across the country. 75% of clients had the number of someone from local services whom they could call out of hours in an emergency compared to less than half nationally. Improvements are continually being identified and implemented by staff across the organisation.

The Trust continues to place customer satisfaction as one of the touchstones of its development. All staff participate in customer service training and are involved in several workstreams dedicated to the improvement of relationships with customers, their carers and representatives. The Trust has introduced its own survey tool to collect patient feedback – the Point Of Use survey. This survey is available to service users attending our resource centres in the community and lets them express how they feel about the care and treatment that they have received and whether they have been treated with respect and dignity.

Priority 3 - Preparing For and Realising the Benefits of System Reform

- Re-investment of surplus income

One of the biggest benefits associated with being an NHS Foundation Trust is the ability to retain any surplus income over expenditure that the Trust has managed to accrue due to managing its resources effectively. This means that the Trust can invest in programmes to improve the services it provides on a long term basis. During 2008/9 the surplus generated in 2007/8 was used to undertake a number of capital developments including a new resource

centre for the Brentwood population. During 2008/9 the Trust achieved a surplus of £3.8 million before an exceptional item of £0.3 million, thereby reducing the surplus to £3.5 million for the year. This surplus will again be invested in a number of major capital developments.

- Income generation activities

Utilisation of spare PICU (psychiatric intensive care unit) and learning disability service capacity; marketing our training and development opportunities; and providing consultancy services to other NHS organisations generated £3 million additional income.

- New opportunities

As a result of a pro-active and innovative approach to commissioning, the Trust and our two local PCTs (Primary Care Trust) agreed to re-engineer existing services to deliver efficiencies that would be immediately re-invested in the establishment of a new specialist dementia service, a new specialist service for people with a personality disorder and extension of the existing day service for people with an eating disorder.

From September 2008 we implemented our new specialist dementia service, consisting of four respite beds, two specialist community teams, memory clinics, a hospital liaison role and intensive support for carers. We put in place a small specialist psychotherapy service for people with a personality disorder who had previously been unable to access the support they needed, without being referred to specialist centres outside of south Essex. Our existing day service for people with an eating disorder service was extended from two days to five days per week, and our specialist obesity clinics were up and running in February.

In February 2009, we were delighted to open a Child and Adolescent Inpatient unit at the recently opened Rochford Hospital. Before this unit became operational, local children who required treatment in an inpatient setting were required to be admitted to facilities outside of south Essex. This meant that they and their families had to travel some distance to receive treatment and that it was difficult to maintain close contact. Using our foundation trust freedoms the Trust undertook a feasibility study

and prepared a local business case for developing this unit. A block contract for six beds has been secured with West Essex PCT for local children and we are confident that the unit will be able to attract patients from outside our local area as well.

During 2008/9 the Trust actively tendered for contracts in south Essex and surrounding areas as part of our long term sustainability plans. We were successful in securing a contract to deliver an employment and vocational support service in north Essex (£0.3 million), a contract to deliver carer support under the national "Caring With Confidence" initiative (£0.2 million), contract for services to Thurrock Borough Council within their "Thinking Families" project (£0.2 million) and a contract to deliver Improved Access To Psychological Therapies (IAPT) within south west and south east Essex (£2.6 million in 2009/10).

As part of our marketing growth and future development plans, we have strengthened our management team by the appointment of a Director of Primary Care Development. Teresa Kearney joined the Trust on a part time basis in August 2008 and brings with her nearly 30 years experience of working in the NHS, including 19 years in Primary Healthcare, where she was one of only two nurses in the country who was a Professional Executive Committee Chair. Teresa has a proven track record in developing innovative services that provide care to socially excluded groups, which has also gained her invitations to serve on various policy making groups at the Department of Health.

In preparation for the development of a payment by results mechanism for mental health services, the Trust has developed a model whereby income and expenditure streams are reported by service line. This model is being further developed in conjunction with our local commissioners in order to reflect the proposed 'cluster' /care pathway approach likely to be adopted for mental health services.

Priority 4 - Implementing the Programme For Information Technology

We have begun an exciting programme of utilising new technology that will ensure that information and data is in the right place, at the right time to enhance patient safety and

improve the efficiency of organisational processes. This is being achieved through the introduction of "smart-form" technology provided by Adobe; the first time that the product is being used in the NHS. The first phase of the project has involved the development of smartforms that can be filled in by staff by hand, using digital pens or digital Dictaphone or electronically, to replace daily diary sheets, CPA paperwork, staff change forms and requisitions for goods and services. Improved efficiency can be demonstrated through, for example, the time saving associated with completing a Section 12 assessment which is carried out by Approved Mental Health Practitioners. The paperwork would have taken approximately two hours to write and enter into the Patient Administration System. It now takes approximately 35 minutes.

As part of our customer service strategy, we also began the process of establishing a new one number contact centre for all trust services. The contact centre has been introduced on a rolling programme basis, gradually taking responsibility for sites to ensure that capacity and technology are able to respond to demand.

An active directory of email, phone and location details of all members of staff has also been implemented and we have completed a programme of scanning all archive records and making them available at the desktop for all clinicians.

Priority 5 - Organisational Development

- University Status

As a leading-edge NHS Foundation Trust, SEPT was the first mental health and social care Trust in the country to be awarded University Trust status during 2008/09. Until now, only hospitals attached to medical schools could apply for the honour. We challenged the system, convincing Government ministers to take the unique decision to allow a community-based Trust to scoop the coveted University Trust status for the first time.

The Trust was awarded our new title of 'South Essex Partnership University NHS Foundation Trust' by Anglia Ruskin University. This ground-breaking award recognises that the educational achievements of all staff working

for the Trust – doctors, nurses, social care staff, psychologists, therapists and managerial and other non-clinical staff – contribute significantly to the Trust’s academic excellence and keep it at the forefront of practice.

Traditionally, community-based Trusts were prevented from gaining University Trust status, as the Government’s criteria is largely dependant on the numbers of doctors being trained by a Trust. SEPT’s success has kick-started a national reform of this old-fashioned model, by shifting the emphasis onto the academic achievements of the whole staff team.

- Exemplar Employer

Our aspirations of being an exemplar employer were validated this year through excellent staff survey results and re-accreditation as an “Investor in People”.

We were delighted to be voted top in three categories in the prestigious “Healthcare 100” survey that names the top 100 healthcare providers to work for in the UK. In the survey, analysed by Ipsos MORI; the Trust was voted as the top mental health trust to work for, top trust for employing managers and eighth best trust to work for overall in the UK.

In addition, in the annual national staff survey undertaken by the Healthcare Commission (replaced by the Care Quality Commission in April 2009), the Trust achieved excellent results. There were a number of key areas where the Trust scored significantly above the national average including:

- helps staff balance work and home life;
- able to approach manager to discuss flexible working;
- received training on infection control in the last 12 months;
- managers help when their workload is not manageable;
- appraisal undertaken in the last 12 months;
- satisfied with extent Trust values their work;
- care of patients is the Trust’s top priority;
- senior managers act on staff feedback.

In January 2009, we also celebrated the news that we retained the national Investors in People (IiP) status for another three years. Investors in People is a national quality standard which sets a

level of good practice for improving an organisation’s performance through its people. The Trust has been recognised as an accredited ‘Investors in People’ organisation since 1996.

Assessment involved detailed interviews with staff. The sample number of interviews depends upon the size of the organisation. For the Trust’s assessment 64 interviews were conducted over the period 14 – 18 January. The assessor selected the staff to cover as many disciplines and work areas as possible.

The Assessor looked at the Trust business plans and had to determine how staff contributed to both the development and implementation of these plans. The feedback complimented the Trust on its business planning processes and the leadership qualities exhibited at all levels within the organisation.

Priority 6 - Compliance, Governance and Patient Safety

Services compliant with regulatory requirements
Services compliant with regulatory requirements; patients kept safe whilst in our care and robust systems in place to develop, review, monitor and report on service quality remains a priority for the trust. During 2008/9 we received recognition for the effort that we put into this priority through achievement of Level 3 of the NHS Litigation Authority’s Risk Management Standards; the first mental health and learning disability trust in the country to achieve this level of accreditation; and two of our staff won national British Journal of Nursing awards for the outstanding work that they do in managing potentially high risk issues. Our Nurse Consultant for Safeguarding Children and Vulnerable Adults won first prize in the Mental Health Nursing award and our Infection Control Nurse won first prize for the Infection Prevention Award for the work that has been undertaken that ensured that the Trust has remained fully compliant with the Hygiene Code and all other requirements relating to hospital cleanliness and hospital acquired infections.

The Trust was proud to achieve accreditation for Acute Inpatient Mental Health Services. This is a new initiative from the Royal College of Psychiatrists’ Centre for Quality Improvement which identifies and acknowledges wards

that have high standards of organisation and patient care, and supports and enables others to achieve these. The Trust was also proud to achieve a score of Excellent in the Patient Environment Action Teams (PEAT) scores for 2008, which look at the Trust environment and food provided.

Three of our kitchens (Mountnessing Court, Thurrock Community hospital and Clifton Lodge) were awarded a four star rating and Basildon hospital's mental health unit received a five star rating following assessment for a new national website 'scoresonthedoors.org.uk'. This provides the public with information about food safety management within local businesses. The Trust is among only 200 local businesses to receive these awards.

Patient safety has continued to be the cornerstone of all Trust services and is integral to all that the Trust does. Patient safety has been continually monitored over the last 12 months and a number of improvement initiatives have been undertaken including:

- improving the approach to clinical risk training;
- review of the Risk Management Strategy;
- improving medical device systems;
- continual use of essence of care benchmarks;
- STAR wards principle embedded in all acute wards;
- implementation of nurse prescribing.

The Trust has ensured that NHS Emergency preparedness requirements have continued to be met over the last 12 months. Contingency plans have been reviewed and full scale emergency training exercises have been completed. The Trust's Chief Executive is a member of Gold Command, an Essex wide emergency response group.

Priority 7 - New Legislation

Action was taken to prepare for the implementation of the revised Mental Health Act in November 2008 and Deprivation of Liberty provisions in April 2009. A range of training was undertaken by staff, information leaflets were circulated to service users and Trust policies and procedures were updated to take into account the new requirements.

Action was also taken in response to the introduction of the Corporate Manslaughter Act in April 2008. Training for staff was undertaken and all high risk Trust policies and procedures were audited for compliance.

Priority 8 - Strategic Review

The Trust agreed the objective of completing a full strategic review and developing a revised Integrated Business Plan for the period 2009/14 by March 2009. Whilst many of the activities undertaken as part of the development of this Annual Plan for 2009/10 will contribute to the five year plan as well, the opportunity of pursuing the acquisition of Bedford and Luton Partnership NHS Trust during 2009/10, linked to the longer term sustainability plan for the Trust, has identified the need to spend more time on the development of our long term strategy. This will allow the necessary effort and energy to be focused on developing clear plans for the future rather than developing a plan that would need to be reviewed as soon as it was written. As a result, in January 2009 the Board of Directors approved the deferring of completion of this objective until September 2009.

Priority 9 Focusing on best value and effective resource utilisation

In setting the financial plan for the 2008/09 financial year, the Trust was faced with a number of targets in respect of maintaining a good Monitor financial risk rating, achieving a significant cost improvement and income generation targets and completing a number of major developments. At the end of March 2009, the Trust had successfully achieved or exceeded all of these targets and demonstrated an ongoing ability to ensure best value and effective resource utilization.

The Trust has continued to focus on reviewing existing service models to ensure the highest quality standards are achieved within the funding available. The Trust has also undertaken a number of service developments during the year which further improved quality and efficiency of services.

During the year we undertook six LEAN service improvement projects. Belfairs Ward (female secure unit), Willow Ward (adult acute

admission ward) and our Clinical Assessment Services in Brentwood and Southend were the clinical projects that we undertook with the aim of identifying non-value added processes that could be reduced or eliminated to release more time for direct patient care. We also focused attention on our non-clinical services of estates, catering and purchasing to ensure that the systems and processes in place are efficient and support the delivery of clinical services most effectively. Many improvements have been identified by front line staff as a result of these projects and we will be developing a full roll-out plan across the trust during 2009/10 as a result.

In addition, the Trust has a planned disposal programme for a number of non-protected properties which has allowed many environmental improvements to be internally funded and therefore represent best value for money.

Performance Against Contracts

The Trust has legally binding contracts in place with local Primary Care Trusts to deliver mental health services across south Essex. The contracts include services provided to patients in hospital wards and in the community. The commissioners monitor to ensure the Trust is delivering agreed capacity through monthly monitoring reports and quarterly contract monitoring meetings. Contract activity during 2008/9 was based on the provision of specific numbers of care co-ordinators to deliver services in the community and providing specific numbers of in-patient beds.

Figure 1 confirms that as at the end of March 2009 the Trust has over-performed against the mental health and learning disability care co-ordinator contracts, and slightly under-performed against the forensic and child and adolescent mental health care co-ordinator contracts. The community forensic service had less capacity than contracted due to vacancies in the team which, due to the specialist nature of the work, it was not possible to cover with temporary staff. Figure 2 confirms that the Trust performed exactly against the contract in place for in-patient beds, including the opening of a new child and adolescent inpatient unit at Rochford Hospital at the end of January 2009.

Figure 1 – Community Care Co-ordinators by Specialty

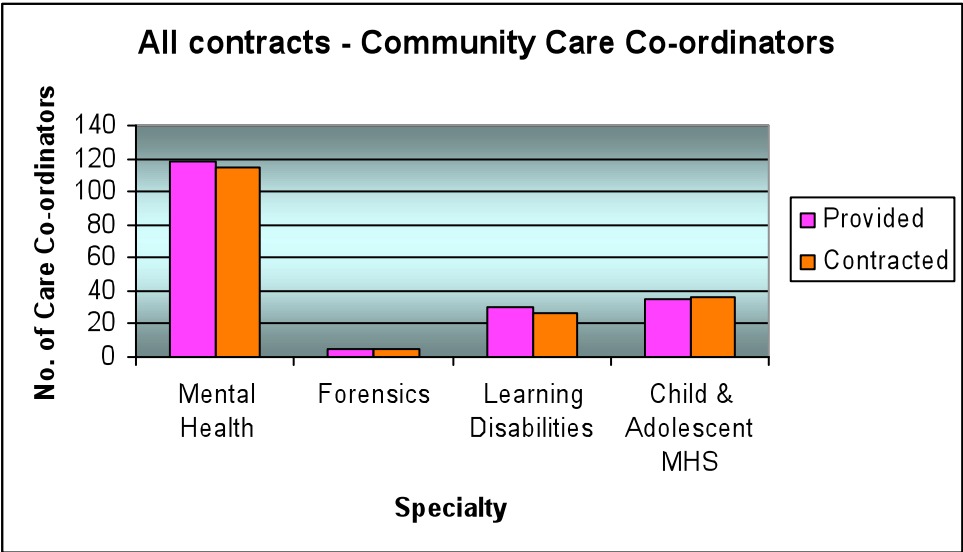
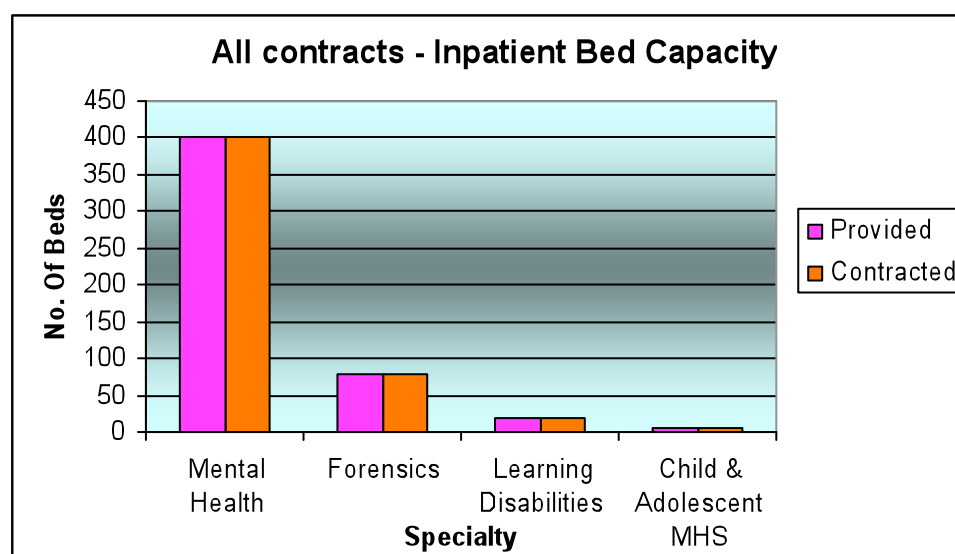


Figure 2 – Bed Capacity by Specialty



Performance Against Annual Health Check Requirements

In October 2008, the Trust was delighted to receive confirmation of the Healthcare Commission's Annual Health Check performance assessment for 2007/08. The Trust received a score of 'excellent' for its use of resources, and "excellent" for its quality of services. The Healthcare Commission calculates the Annual

Health Check rating for the Trust, based on the Trust's performance during the year over a range of indicators.

From 1st April 2009, the Healthcare Commission will be replaced by the Care Quality Commission, which is not due to publish the final performance rating for the Trust for 2008/09 until Autumn 2009. However, performance for 2008/09 (as of March 2009) is identified as follows:

Table 2 – Performance Against Annual HealthcheckTargets

Measure	Indicator	Trust Position
Standards for Better Health	24 Core Standards in seven domains	The Trust is fully compliant with all standards.
Mental Health Indicators	Proportion of people receiving follow-up contact within seven days of discharge from hospital	The Trust has achieved a 96% follow-up rate.
	Admissions 'gatekept' (seen by or notified to CRHT prior to admission to identify whether an alternative to admission is appropriate)	91% of admissions have been gatekept by the CRHT between 1 October and 31 March 2009.
	Patterns of care from the MHMDS	During Q1 and Q2 (measurement period defined by Healthcare Commission) 89% of patients discharged from an in-patient setting had a care co-ordinator identified at the time of discharge.

	Drug users in effective treatment	As at December 2008 (latest data available from the National Treatment Agency), 91% of service users were retained in treatment for 12 weeks or more. The Trust's retention rate was 89% for 2007/8.
	Experience of patients	Unfortunately results of the survey of the experience of in-patients will not be available until July 2009.
	Completeness of the MHMDS	During Q1 and Q2 (measurement period defined by Healthcare Commission) 100% of records were complete.
	Child & Adolescent Mental Health Services	The Trust is fully compliant on four criteria and is 75% compliant on two criteria.
	Best Practice in MHS for people with an LD	The Trust achieved 'Green' status on seven key requirements and 'Amber' status on five. Action plans are in place to achieve full compliance during 2009/10.
	NHS staff satisfaction	The report on the staff satisfaction survey has been released but the indicator score has not yet been.
	Campus provision	As at 31 March 2009 there were five patients receiving care within a 'campus' environment. All of these patients were discharged on 1 April 2009 which means that the Trust achieved the target one year in advance of the deadline.
	Number of People with a care plan	All current inpatients have a care plan that meets the Healthcare Commission criteria.
Combined indicators	Delayed transfers of care (DTOC)	During the period April to June 2008 (measurement period and construction identified by the Healthcare Commission) there were 339 bed days occupied by people who were considered to be fit for discharge. During the same period there were 304 admissions. This results in a DTOC rate of 1.1%.
	Data quality on ethnic group	100% of inpatient and community records have the client's ethnicity recorded.

Monitor Key Targets

The NHS Foundation Trust regulator, Monitor, assesses the Trust's clinical and quality performance bi-annually. The compliance framework and subsequent risk rating assesses achievement of DH core standards (shown above) together with performance against four key targets:

1. 100% enhanced CPA patients receiving follow-up contact within seven days of discharge from hospital.

Monitor set a threshold of at least 95% of discharges to be followed up by a contact in the community within seven days. Between 1 April 2008 and 31 March 2009, there were 975 discharges, of which 938 were followed up in seven days, equating to a follow up rate of 96%. Therefore the Trust met this target.

2. Admissions to in-patient services had access to crisis resolution home treatment teams.

Monitor set a target of at least 90% of in-patient admissions to be seen by, or notified to, the crisis resolution home treatment teams, between 1 July 2008 and 31 March 2009. In the nine months to March 2009, 92% of the 525 admissions were gatekept by the crisis teams and therefore the Trust exceeded the performance target.

3. Maintain levels of crisis resolution teams set out in the 03/06 planning round (or subsequently contracted with PCT)

The Monitor Compliance criteria is to have five

Crisis Resolution Teams in place, meeting the required six levels of fidelity:

- a multidisciplinary team;
- 24/7 availability;
- staff in frequent contact with service users;
- provision of intensive contact over a short period;
- staff stay involved until problem resolved;
- capacity to offer intensive support at patients' homes.

Throughout the year, the Trust has provided five crisis teams to support clients in the community.

4. Minimising Delayed Transfers of Care

Monitor has set a target of no more than 7.5% of occupied bed days (OBDs) to be attributable to delayed transfers of care across the Foundation Trust. The combined figure for this Trust, including mental health and learning disabilities is 4.9% between April 2008 and March 2009. The Trust is therefore performing well within the limit set by Monitor

Other Key Performance Indicators

In addition to the Healthcare Commission / Care Quality Commission targets and those identified by Monitor, the Trust is required to achieve the following DH targets:

Table 2 – Performance Against DoH Targets

Department of Health targets	Target 2008/9	Actual 2008/09
Early Intervention Services – New episodes Of care	92	92
Assertive Outreach Team caseload	245	245

The Trust is pleased with overall performance against our key performance indicators. Robust systems of monitoring and reporting performance by service managers, the Executive Operational Committee and the Board

of Directors on a monthly basis has ensured that 'hotspots' have been identified and managed.

Risk Management

Management of Risk and Assurance Processes

"Boards need to be confident that the systems, policies and people that they have put in place are operating in a way that is effective, is focused on key risks and is driving the delivery of objectives." (Assurance: The Board Agenda 2002).

Risks are uncertain future events that could influence the achievement of the Trust's strategic, clinical, financial and organisational objectives. The Trust has developed effective systems to manage risk and provide the Board with assurance of this.

Regular reports are provided throughout the year to the Audit Committee, Integrated Governance Steering committee and Board of Directors to ensure that progress with developing risk management and assurance systems is reported and to provide assurances that risk is being managed.

Throughout 2008/09, the Trust has taken action to ensure that the assurance system is effective and adds value. At the start of the year the organisation identified its nine key objectives for 2008/09 and assessed the risks that had the potential to jeopardise them. These risks were incorporated into the Assurance Framework and monitored throughout the year. The Trust's Directors considered each risk in terms of its potential impact on cash and likelihood of the risk crystallising during the financial year. This process gave rise to seven potential significant risks which through careful management did not ultimately pose a problem for the Trust.

Assurance Framework

The Assurance Framework focused on providing the Board of Directors with the assurance that the organisation's significant risks were being appropriately managed and that there was adequate evidence of this process. Gaps in controls and assurances were actively considered throughout the year. The Trust commissioned Internal Audit to conduct independent and focused reviews of the arrangements in place to control risks and these

reviews provided the Board of Directors with substantial assurance that each risk had been mitigated.

The Board Assurance Framework was reviewed at each monthly meeting of the Board of Directors during 2008/09.

Head of Internal Audit Opinion (HIAO)

The Head of Internal Audit Opinion for 2008/09 was issued on 29 April 2009. The overall opinion that it contains is:

"Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently."

The review of Risk Management, Control and Review Processes carried out by Internal Audit to support the audit opinion identified that there were adequate and appropriate arrangements for gaining assurance about the effectiveness of the organisation's system of internal control.

Risk Management Framework

The Trust is required to have a Board approved Risk Management Framework that sets out the Trust's approach to the management of risk and implementation of a system, which enables informed management decisions in the identification, assessment, treatment and monitoring of risk. The framework sets out how the organisation meets the demands of effective risk management and how it will further develop. The Risk Management Framework was revised in June 2008 to ensure that the organisation remained up to date.

Risk Management Accreditation Schemes

During 2008/09, the Trust committed itself to achieving the highest level of Risk Management Standards accreditation, which combined the CNST (Clinical Negligence Scheme for Trusts) and RPST (Risk Pooling Scheme for Trusts) standards. Risk Management Standards requires trusts to operate in such a way as to reduce the organisation's exposure to risk and therefore reduce the potential for claims to be made against it. The scheme offered a reduction in

premiums payable depending on the level of accreditation achieved.

Level 3 of the Risk Management Standards tests how an organisation monitors and improves compliance with policies and procedures that act to reduce risk. It requires evidence of formal investigation, self-audit and identification to test that actions, procedures and policies are being implemented as expected. The external assessment was conducted during September 2008 and reviewed all affected strategies, frameworks, policies and procedures. The outcome was that the Trust was successful in being awarded Risk Management Standards level 3, the first mental health trust in the country to achieve this level.

Environmental Matters

The Trust has a good track record in delivering services whilst minimising the impact on the environment. The Rochford Hospital redevelopment completed in 2008 was a finalist in the Eastern Region Health and Social Care Awards for best Low Carbon project. The hospital was developed with various carbon reducing features including reuse of recycled materials, automatic water and lighting controls, under floor heating and inclusion of an eco-garden. The new Brentwood Resource Centre due to be completed in July 2009, will incorporate a ground source heat pump which should minimise use of carbon fuel source heating to less than 20 days per annum. Our new Forensic medium and low secure unit incorporates a rain water harvesting system which will be used for flushing of toilets and other non drinking purposes.

The Trust is working with the Carbon Trust during 2009 to take forward further carbon reducing initiatives which will focus on reduction of carbon emissions in relation to travel and transport, procurement, waste, recycling and energy. A full time Sustainable Development Manager will be in post from June 2009 to work closely with all our operational and support services and the Carbon Trust to ensure that the impact on the environment is minimised as a result of the delivery of our services.

Future Developments

The Trust produces a detailed three year plan for submission to Monitor – the Independent Regulator for Foundation Trusts, covering our future plans for the period 2009/10 to 2011/12. To receive your free copy of our Annual Plan, please contact our Communications Department on 01375 491378 or email communications@southessex-trust.nhs.uk.

Financial Review

This part of the Director's report provides a commentary on the Trust's excellent financial performance leading to a net surplus (excluding exceptional items) of £3.8m for the 2008/09 financial year. It provides an overview of the accounting process together with an analysis of financial performance. This includes information in relation to the Trust's capital plans, non healthcare activities, efficiency and income generation 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 third set of annual accounts, as a Foundation Trust, cover the 12 month period from the 1 April 2008 to 31 March 2009. The full set of accounts is included within this document (pages 64 to 104)

The Trust's accounts have been prepared in accordance with directions given by Monitor, the Independent Regulator for Foundation Trusts. They are also prepared to comply with UK Generally Accepting Accounting Practice and are designed to present a true and fair view of the Trust's financial activities.

The public sector will be adopting International Financial Reporting Standards (IFRS) as the basis of preparing statutory annual accounts in future. This will result in significant presentational changes to the accounting statements and related information. The Trust's next set of statutory accounts published, covering the 2009/10 financial year, will include a restatement of the accounting information included within

this document to comply with International Reporting Standards. This will ensure comparability with accounting information produced in future years.

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 inquiries, 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”.

External Audit

The Trust’s external auditors are the Trust’s Practice Section of the Audit Commission. The Trust’s Engagement Lead is Rob Murray and

Emma Patchett is the Trust’s External Audit Manager.

During 2008/09, the Trust’s external auditors have primarily focused on the audit work covered by the Code of Audit Practice for Foundation Trusts. However, as a result of the move to International Accounting Standards in 2009/10, the Trust’s external auditors have also undertaken some non-audit code work in this respect.

The Trust’s Annual Audit Letter for the 2008/09 financial year was presented to the Board of Directors in June 2009. Reports issued relating to the 2008/09 financial year were as follows,

- Audit Plan for 2008/09
- Annual Audit Letter
- ISA 260 Report for those charged with governance
- Review of Financial Statements 2008/09
- Opinion on IFRS April 2008 Balance Sheet Restatement
- Mental Health Benchmarking

The total fee for external audit for 2008/09 was £95,417. This comprises the following:

Table 3 - Audit Fee

Audit Area	Audit Fee £000
Accounts	76,482
IFRS Balance Sheet Restatement	10,000
Mental Health Benchmarking	8,935
Total	95,417

Counter Fraud Activities

The Trust receives a dedicated local counter fraud specialist advice service from the Parkhill Audit Agency and has developed a comprehensive counter fraud work plan in accordance with guidance received from the NHS Counter Fraud and Security Management Service. 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 Finance or telephone the confidential hotline on 0800 028 4060.

Charitable Funds

The Foundation Trust also administers the South Essex Partnership NHS Foundation Trust General Charitable Fund (Charity No: 1053793). These charitable funds have resulted from fund raising activities and donations received over many years. The charitable funds are used to purchase equipment and other services in accordance with the purpose for which the funds were either raised or donated. The charity also has

a General Purpose Fund which is used more widely to the benefit of patients and staff.

The Charitable Funds are administered by the Trust's Finance Department on behalf of the Partnership Trust and the two Primary Care Trusts across south Essex. The Board of Directors of the Foundation Trust acts as Corporate Trustee and meets regularly in the form of a Trustee Board to oversee the management of the Charitable Fund. The Board of Directors also operates an Investment Panel which has the responsibility of advising the Trustee Board on matters of investment policy.

The financial activities of the charity for the 2008/09 financial year are contained within the Annual Report and Accounts for the Funds Held on Trust. A copy of this document will be available from January 2010, free of charge, from the Director of Finance.

Political and Charitable Donations

The Trust did not make any political or charitable donations from its exchequer or charitable funds during 2008/09.

Financial Performance

The 2008/09 financial year proved to be another good year for the Trust in financial terms. This performance needs to be seen against a background of economic turmoil during which the UK economy deteriorated into recession along with much of the world economy. During 2008/09 the Trust did everything possible to assist the local economy by ensuring payments, particularly to small suppliers, were made as quickly as possible and significant non recurrent expenditure programmes were brought forward.

The Trust received a reasonably good financial settlement for the 2008/09 financial year from its main commissioners. Significant new investment was made in service developments including a new dementia service. In addition, NHS South West Essex PCT were able to invest further funding during the second half of the financial year on a range of capital, service and environmental projects.

The Trust has continued to benefit from the

stability and financial freedoms relating to Foundation Trust status. This has enabled the Trust to carry forward and retain surpluses from prior years and undertake a substantial range of environmental improvements and new capital developments throughout the year. This year, the Trust has also continued to extend its services to commissioners outside of Essex and this has once again, enabled the Trust to spread the cost of overheads over a wider range of services. This has released funding which has been to the benefit of direct patient services.

The Trust successfully implemented a range of new efficiency measures and income generation initiatives during 2008/09, which, added to the Trust's financial settlement from commissioners, ensured that the Trust was able to continue to deliver high quality services and new developments throughout the year. All these factors, together with careful ongoing management, enabled the Trust to generate a net surplus (excluding exceptional items) of £3.8m with all key targets and major programmes achieved. The Trust also achieved a Monitor financial risk rating of 5 which is the highest achievable, representing the lowest risk.

Financial Risk Management

As part of the preparation of the Trust's annual plan which is submitted to Monitor each year, the Trust completes a detailed five year financial plan incorporating revenue, capital, cash and cost improvement / income generation plans. The assumptions behind this plan are subsequently risk assessed, and all high rated risks successfully mitigated against as part of the planning process. The Trust subsequently monitors the possibility of these risks occurring during the year, in addition to any new risks which may have been identified during the year.

Analysis of Financial Performance

Comparative Information

The Trust's Annual Report and Accounts provides comparative information in relation to the 2007/08 financial year. The directors confirm that in general the information provided relating to 2007/08 directly compares with the accounting information provided for 2008/09. However, there is one significant issue relating to

the current economic recession which has led to an exceptional item within the Trust's accounts and this is outlined further below:

Exceptional Item

For 2008/09 the Trust's accounts include an exceptional item of £0.3 million relating to the impairment (reduced value) of the Trust's asset base. This results in a devaluation of the Trust's assets by £10.1 million.

The economic recession which has taken place during the 2008/09 financial year has resulted in a reduction in the value of land and property. As a result, all NHS organisations have been required to assess the impact of this devaluation within the statutory accounts. The Trust, therefore, requested and received a revised valuation of the Trust's estate from the District Valuer and this confirmed the following:

Table 4 – Fixed Asset Impairments

	Decrease in Value £000
Land	8,683
Buildings	1,454
Dwellings	28
Total Decrease in value	10,165

The majority of the reduced value has been set against the Trust's revaluation reserve in the balance sheet. However, this left a small element totaling £337,000 for which insufficient revaluation reserve existed and this amount has been included within expenditure shown on the income and expenditure statement.

These changes have had the effect of reducing the Trust's income and expenditure surplus of £3.8 million, before exceptional items, to a surplus of £3.5 million after exceptional items. Within the Trust's balance sheet the Trust's revaluation reserve has also reduced by £9.8 million and the Trust's value of land and buildings reduced by £10.1 million. It should be noted that the value of land and buildings is also affected by the impact of depreciation and new additions. However, the Trust's directors confirm that these adjustments are technical in

nature and have no impact on the Trust's cash or financial risk rating.

Income Generation

The Trust has continued to market its clinical expertise over the past year which has resulted in significant new income largely from commissioners outside of south Essex. For 2008/09 this has resulted in additional income of £3 million, compared to £3.6 million in 2007/08. Although this income is less than the previous year, it was sufficient to allow the Trust to meet or exceed all of its financial targets for the year.

Key Metrics

The key metrics from the financial statements demonstrate that the Trust achieved:

- an EBITDA margin of 8.2%;
- an income and expenditure surplus margin of 3.4%;
- a return on assets of 6.5%;
- a Liquidity ratio of 58.1 days.

The Trust's earnings before interest, taxation, depreciation and amortisation (EBITDA) margin and income and expenditure surplus margin represent a strong financial performance by the Trust. This is further reflected by a return on assets of 6.5%. The Trust also ended the financial year with a strong cash position reflecting the receipt of all major income streams from local commissioners but also minor delays within the Trust's main capital programme.

Key Points from the Accounts

Key information from the Trust's accounts is shown in the table below.

Table 5 – Key Points from the Accounts

	2008/09 £000	2007/08 £000
Total Income	114,281	108,020
Income from Mandatory Clinical Services	98,001	94,777
Retained Surplus for the Financial Year (excluding impairments)	3,864	4,200
Capital Expenditure	3,063	10,794
Capital Charges (Depreciation and Dividends)	6,091	5,562
Closing Cash Balance	15,488	9,355
Total Recognised Gain / (Loss)	(2,672)	14,801

Operating Expenditure

The total operating expenditure excluding impairments for the 12 month period ended 31 March 2009 was £107.3 million. Figure 3 (page 20) shows the Trust's expenditure analysed over the type of patient care provided. The single largest area of expenditure relates to adult

inpatient services followed by older people's inpatient services, medical staffing and forensic services. Within this the single largest area of expenditure related to staff cost and totalled £75.9 million. Figure 4 (page 20) provides an analysis of expenditure over the different staff groups.

Figure 3 – Total Expenditure by Service

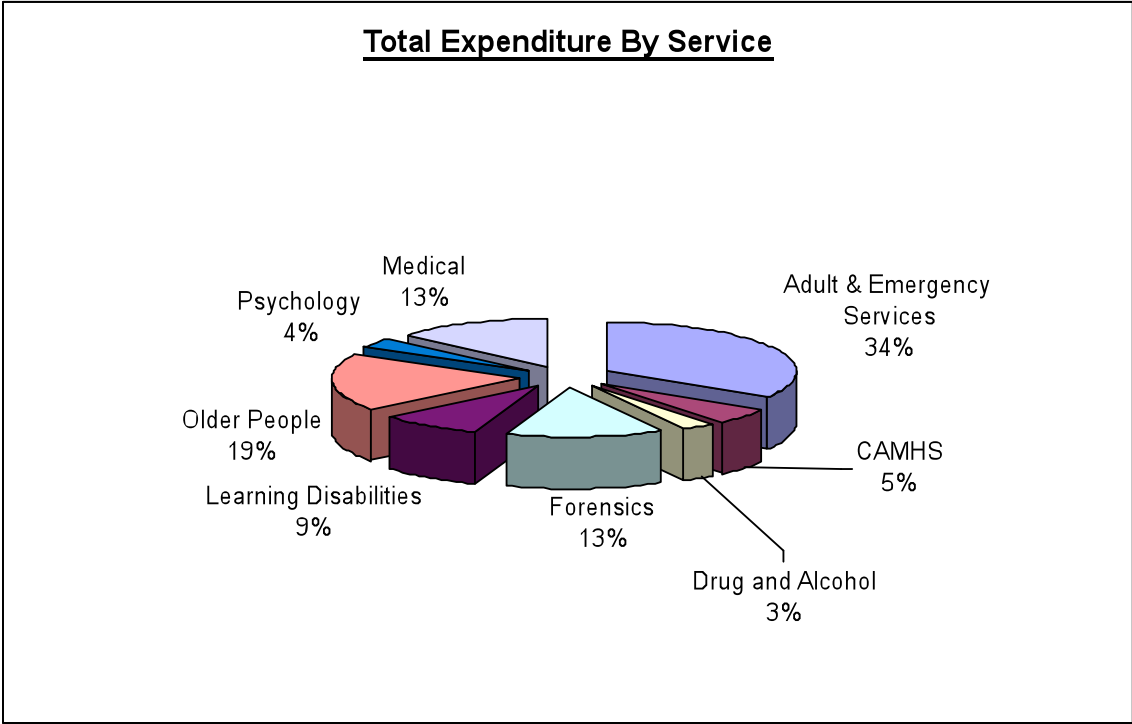
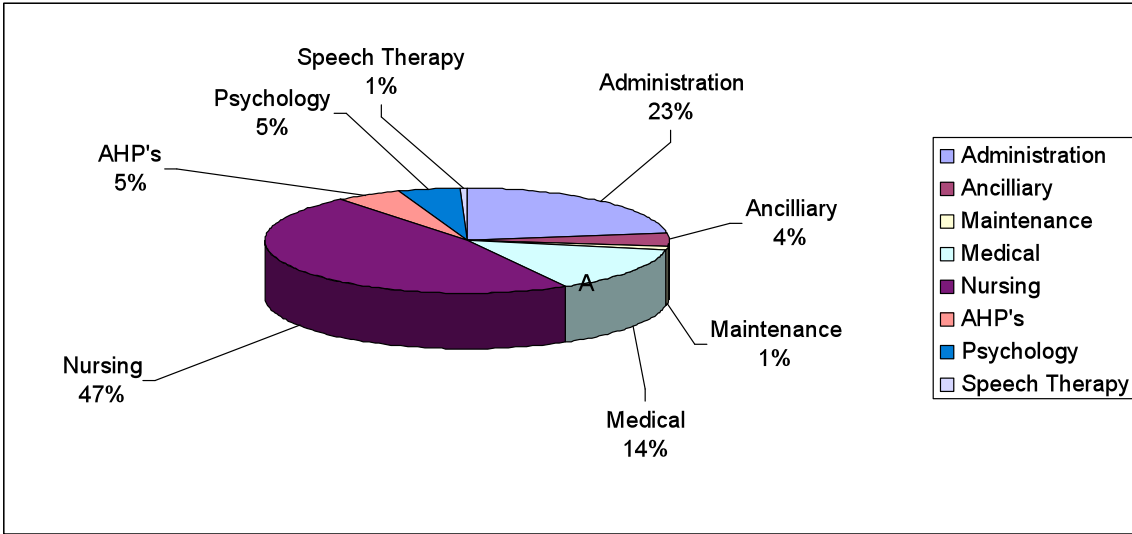


Figure 4 – Pay Expenditure



Working Capital and Liquidity

The Trust has robust cash management and forecasting arrangements. These are supported by a Cash Management Committee which is chaired by the Director of Finance. The membership of the Committee also includes the Director of Operations and a Non Executive Director.

The Trust has continued to benefit from investing surplus cash on a day to day basis throughout 2008/09 and this has enabled the Trust to generate interest from cash management activities of £0.6 million. This additional income has been used for the benefit of local patient care. However, in view of the economic downturn which occurred during 2008/09, the Trust's ability to generate significant interest from cash management declined significantly towards the end of the financial year. Nevertheless, the Trust was still able to maintain a healthy cash position throughout the year and a strong cash working capital position at the end of the financial year of plus £8.3 million.

Post Balance Sheet Events

The Trust's Directors confirm that there are no post balance sheet events applicable to the 2008/09 financial year.

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 essentially agreed with the Treasury before the start of the financial year and are based on 3.5% of the Trust's estimated average value of assets during the financial year.

The Trust also has reserves relating to income and expenditure surpluses and asset revaluation resulting from the impact of valuations undertaken by the District Valuer. The Trust also has a small reserve in relation to donated assets. The total of the Trust's Public Dividend Capital and reserves is equivalent to the taxpayers' equity in the Trust.

The Department of Health has returned to the

public financing of most capital schemes in the form of interest bearing debt. For Foundation Trusts this is managed through the Foundation Trust financing facility. Foundation Trusts are also able to borrow externally, subject to a prudential borrowing limit set by Monitor, the independent regulator for Foundation Trusts. However, the Trust has not borrowed any new external funds during 2008/09.

Prudential Borrowing Limit

Section 12 of the Health and Social Care (Community Health and Standards Act 2003) requires Monitor, the independent regulator of Foundation Trusts, to prepare a code (prudential borrowing code) to determine a limit on the total amount of borrowing that an NHS Foundation Trust is able to undertake. Section 41 of the National Health Service Act 2006 allows Monitor to revise that code. The code is designed to ensure that a Foundation Trust is able to operate with a degree of independence while at the same time not compromising the provision of required services.

Foundation Trusts continue to benefit from public financing in certain circumstances but in addition are able to borrow from commercial sources. This commercial borrowing is not backed by any form of government guarantee and therefore in these circumstances the Foundation Trust has to prove its credit worthiness in a normal commercial sense. To assist this process, Monitor sets a prudential borrowing limit, based on the code, which forms part of a Foundation Trust terms of authorisation.

The prudential borrowing limit for SEPT is:

1. Maximum cumulative long term borrowing: £22 million, and
2. Approved working capital facility: Not to exceed £9.2 million.

The Trust has so far not had to borrow any external finance on a commercial basis. The Trust's capital investment plans over the next five years can also be met from the Trust's internally generated resources including a programme of sale of unprotected assets. At this stage, therefore, the Trust has no plans to borrow commercially.

Capital Expenditure

Table 6 below summarises the Trust's capital resources and expenditure for 2008/09.

Table 6 – Capital Expenditure

	2008/09 £000
Brentwood Resource Centre	989
IT Equipment	344
Thurrock Transformer	247
Redevelopment of Gowing House	244
Runwell Contact Centre (including software)	442
Worksmart	119
Improvements to Basildon Mental Health Unit	185
Medical and Other Equipment	96
Meadowview / Mayfield Ward Upgrades	52
EMI Residual Interest	70
Decant Ward	179
Other	96
	£3,063

The Trust's capital programme for 2008/09 included the start of a new Resource Centre for the population of Brentwood. The capital spent forms part of a £3 million capital development and the scheme is due for completion during the summer of 2009.

During 2008/09 the Trust invested a further £2 million in a variety of more minor capital developments including £0.4 million into the Trust's new contact centre based at The Lodge, on the Runwell Hospital site and just under £0.2 million relating to the transfer of the former Ashingdon Ward to the Thurrock Community Hospital site to be used as a future backup facility and decant ward for both the Trust and the provider services of NHS South West Essex PCT. This capital investment forms part of a £1 million expenditure programme connected with the establishment of the new decant facility.

The Trust also invested funding into the Trust's infrastructure including just over £0.3 million on IT equipment, £0.2 million on a new electrical transformer on the Thurrock Community

Hospital site and just over £0.1 million on the Trust's worksmart initiative which is designed to enable staff to work more flexibly in the future.

Financial Investments

Foundation Trusts are able to make financial investments through a variety of means including joint ventures and subsidiary companies. The Trust has established an Investment Committee comprising the Chief Executive, the Director of Finance and three Non Executive Directors. This Committee will oversee any future investment proposals including acquisition and mergers. For the future, the Trust's Investment Committee may also consider the most efficient corporate structure to support the Trust's activities.

Non Health Care Activities

The Trust provides a range of non health care activities in the form of shared support services to the two Primary Care Organisations across south Essex. These services include the

provision of Treasury Management, Procurement and Paymaster Services and the management of related computerised financial ledgers and purchasing systems for all organisations.

The Trust also provided patient activity information services to the two south Essex Primary Care Trusts during 2008/09 although the service for NHS South West Essex PCT transferred to that organisation on the 1 April 2009. In addition, the Trust provides estates and facilities management services and a car leasing service to the local PCTs and also provides a car leasing service to the Basildon and Thurrock University Hospitals Foundation Trust and several local Housing Associations. The value of these combined services is £2.9 million.

Accounting Policies

The Trust has detailed accounting policies which comply with both the Financial Reporting Manual and Capital Accounting Manual for Foundation Trusts. Details of the policies are shown on pages 77 to 85 of the 2008/09 accounts.

NHS Pensions and Directors Remuneration

The accounting policy in relation to employee pension and retirement benefits is set out on page 81 of the annual accounts for 2008/09. Details of the remuneration of Directors is contained within the Remuneration Report section of this document (page 59).

Private Finance Initiative

The Trust currently provides services from two buildings developed via the Private Finance Initiative. These properties are located in Clifton and Rawreth with each providing 35 in-patient beds for older people with mental illness. The units were opened in 2004 and provide very high quality environments for the provision of local care.

The Trust achieved financial close on a further PFI scheme in October 2007 which will provide Forensic medium and low secure in-patient facilities at Runwell. This project is the final phase of a modernisation programme which will replace ageing facilities at Runwell Hospital, enabling the closure of the existing site during

2009. The new Forensic Unit is on schedule to be completed in August 2009 and is expected to be operational in September of the same year.

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 2008/09 financial year, the Trust achieved an average of 90% of all trade invoices paid within 30 days.

In October 2008, the Government introduced an initiative for all Public Sector organisations to pay Small and Medium sized companies within 10 working days. The Trust has this initiative and is currently averaging a 15 working day payment cycle for this trade sector. It is planned to introduce further measures during 2009/10 to improve this cycle further.

Private Patient Income

Foundation Trusts are set a private patient cap which limits the amount of private patient income that maybe generated within a particular accounting year. The Trust has a

private patient cap of zero and therefore does not generate any private patient income.

Efficiency and Income Generation Initiatives

The Trust generated efficiency savings and contributions from new initiatives of just over £3.5 million during 2008/09. The savings were required to cover a shortfall on inflation funding

in relation to national cost pressures around pay awards and drugs inflation together with local cost pressures in relation to non-pay requirements across the Trust and fire regulations.

A summary of the Trust's main savings and income generation initiatives delivered during 2008/09 is shown in table 7 below:

Table 7 – Efficiency and Income Generation Initiatives

	2008/09 £000
Sale of Inpatient Services	640
Total Income Generation Contribution	640
Review of Community Based Services	800
Project Office	60
Worksmart	25
Review of Membership / Governor Function	50
Pay Review	300
Rationalisation of Rehabilitation Services	250
Reduction to Backlog / Cyclical Maintenance	1,400
Review of Pharmacy / Drugs	200
Review of Transitional Budgets	500
Total Savings Achieved	£3,585

During the 2008/09 the Trust continued to sell a range of inpatient services to commissioners largely outside of Essex generating a contribution of just over £0.6 million to the Trust's efficiency programme. The Trust's clinical services also undertook a review of community based teams and reprioritised activity to the value of £0.8 million to form part of the Trust's new dementia services development. The Trust also undertook a detailed review of all pay expenditure enabling savings of around £0.3 million to be made.

The development of new community based rehabilitation services enabled the closure of Dove Ward on the Runwell Hospital site producing efficiency savings of just over £0.2 million. During the year the Trust also appointed a Chief Pharmaceutical Officer who has been able to have a successful impact on the Trust's

drug expenditure with savings of around £0.2 million achieved during 2008/09.

Over recent years the Trust has invested significantly in the Trust's infrastructure and all ward and department environments. This has included the complete regeneration of Rochford Hospital and refurbishment of most other clinical areas across the Trust. These measures have enabled the Trust to recurrently reduce its backlog and cyclical maintenance budgets by £1.4 million.

During 2008/09 the Trust also implemented a range of more minor efficiency measures resulting from savings in the Trust's Project Office and membership/governor administration function together with initial savings from the Trust's worksmart initiative.

Cost Allocation and Charging Requirements

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Future Financial Performance

The Trust's directors have set out a detailed financial plan covering the five year period from 2009/10 to 2013/14. This plan was approved by the Board of Directors at a meeting held on the 25 March 2009. The plan demonstrates that the Trust intends to make a minimum surplus of income over expenditure of around £2.4 million in each year of the five year plan. This is likely to give the Trust a minimum predicted financial risk rating, set by Monitor, of 4 throughout the planning period.

The financial settlements relating to the NHS have been maintained at a high level over recent years. This has continued into 2009/10. However, it is anticipated that the pressure on public expenditure caused by the recent economic downturn and recession will ultimately result in significantly more constrained growth in public expenditure over the next few years. This is likely to translate into efficiency requirements possibly exceeding 4% per annum from 2010/11 onwards. This will undoubtedly present the Trust with a significant challenge in relation to services for which income is largely fixed and for which no national tariff is currently applied.

The Trust's directors have developed a comprehensive efficiency programme but in addition will need to continue to explore other potential options of expansion including the possibility of acquisitions and mergers throughout the planning period. This will hopefully ensure the Trust is able to continue to deliver high quality services that are both effective and efficiently provided.

The Trust's directors are proud of the Trust's track record of delivering excellent services alongside excellent financial performance and this experience will be invaluable over the next five year planning period.

The Board of Directors
June 2009

Quality Account

1.1 Introduction

"Quality is everyone's business" is a phrase which I often use to describe the approach to ensuring that we deliver services that meet the expectations of all of our stakeholders that is in place within this Trust. I have a personal commitment to quality in everything that we do, which I know is shared by our Chair, Lorraine Cabel, and all members of our Board of Directors. But within this Trust we require this commitment and responsibility to be shared by each and every member of staff for it to be a reality for the people that use our services. I therefore ask all of our staff to deliver services that they would want to receive or that they would want their friends and families to.

I strongly believe that this shared commitment to quality, reinforced by a strong set of organisational values that are an integral part of our recruitment and induction processes and every aspect of our working lives, has led to the development and delivery of excellent specialist mental health and learning disability services within south Essex and recognition as one of the leading providers of these services in the country.

We received an 'excellent' rating for the quality of our services in 2006/7 and again in 2007/8 from the Healthcare Commission and are confident that the new quality regulator, the Care Quality Commission, will award the Trust 'excellent' again when the ratings for 2008/9 are confirmed in October 2009. Our commitment to quality is reflected in the excellent standard of facilities that we have in place already and the well developed plans that we have to ensure that all services are provided in accommodation fit for the 21st century; it is reflected in the achievement of 'excellent' scores for cleanliness; in achievement of Level 3 Risk Management Standards (the first mental health trust in the country); in our compliance with all Department of Health Core Standards For Better Health; in improved results year on year in the national patient survey programme; in our rating of 'good' in the review of acute in-patient services published by the Healthcare Commission in July 2008 and in the much improved scores achieved in the follow up

review of community mental health services that was undertaken in 2008.

In this, the first ever Quality Account produced by the Trust, I am delighted to confirm the progress that the Trust made during 2008/9 in delivering the quality priorities that we set out in our objectives for the year and to provide some indicators of quality that can be used to benchmark our services with those of similar providers. I am also keen to assure all of our stakeholders that we will not be complacent about quality in the future.

The Board of Directors, the Top Team and our clinical leaders are committed to delivering an ambitious programme of continuous quality improvement during 2009/10. We have all welcomed the introduction of Quality Accounts in the NHS as an opportunity to publicly confirm our commitment to quality. We have therefore agreed targets and priorities for continuous quality improvement that we know will stretch us in the coming 12 months, but will deliver the on-going real improvements that our service users, carers, partners and commissioners expect.

Dr Patrick Geoghegan OBE
Chief Executive

1.2 Quality Priorities in 2008/9

Continuous improvement has been and remains an integral part of our strategic and operational plans because our service users deserve to receive the best possible services that we can provide. Feedback received from our service users, their carers and representatives during our many engagement activities confirms that this is what they expect from us and we have responded to this by confirming our commitment to quality in the priorities and objectives that we set ourselves each year.

In the interim report of the NHS Next Stage Review (Our NHS, Our Future) published in October 2007, Lord Darzi set a vision for an NHS that focuses relentlessly on improving the quality of care, that delivers the kind of personalised care we all expect. We revised our corporate priorities for 2008/9 to ensure that

we explicitly confirmed our commitment to "Delivering Quality Services" in response to the renewed national focus on quality and to meet the on-going expectation of local people.

Three specific priorities for quality improvement were identified and taken forward during the year.

1. Ensuring that we continued to deliver services in line with best practice guidance, standards, targets and national priorities

The Trust had been successful in previous years in achieving good performance against local and national targets and standards and in delivering new national priorities. We wanted to ensure that this continued in the future.

In October 2008 the trust celebrated being named an 'excellent' trust for the second year running, following publication of the Annual Health Check results by the Healthcare Commission.

The Annual Health Check is a system which scores all NHS trusts in the country on aspects of their performance, including the quality of the services they provide to patients and the public and how well they manage their finances and other resources such as their property and staff.

SEPT was awarded the top score of 'excellent' in the two categories: use of resources and quality of services. The Trust is one of only two mental health trusts in the country to achieve this result for two consecutive years. SEPT was also one of only ten trusts across the country to feature in a special one off publication published by the Healthcare Commission highlighting the excellent work done by the Trust.

The Healthcare Commission praised the Trust by saying; "South Essex is one of the highest-performing trusts in our Central region. It has scored consistently highly in every year of the annual health check and also performed well in this year's review of acute inpatient mental health services. This was particularly true in areas including service user involvement, care planning, governance, information for service users and carers, and the safety of staff." Whilst the results of the Annual Health Check 2008/9 will not be published until October 2009,

the Trust is confident that the 'excellent' rating will be retained.

2. Putting systems in place to routinely record, measure and monitor clinical and social care outcome measures

Whilst we were confident of our ability to implement and achieve local and national targets and standards, we wanted to introduce the systems that would tell us how effective our services are, particularly from a patient's perspective. Measuring the effectiveness of specialist mental health services is not well developed and we knew that implementing these systems would be a huge challenge.

Great progress was made during the year in establishing the most appropriate tools, developing the IT infrastructure and training staff in all services to ensure that we are well placed in the future to measure effectiveness.

For more detail on our achievements in relation to targets and standards, please refer to Priority 2 in the Director's Report (page 4)

3. Systems in place to ensure that feedback on service user and staff experience is used to further improve service quality

The Trust had been very disappointed with the average results that had been achieved in the annual national Community Mental Health service users survey in 2006 and 2007 and had not developed on-going, systematic monitoring of patient feedback over and above the annual national survey programme. As a result we undertook a comprehensive programme of action to improve the experience of those using community mental health services and the implementation of routine monitoring of experience.

We were delighted to see that our efforts were reflected in the results of the national service users survey carried out by the Healthcare Commission in 2008. Since the 2006 survey, trust and confidence in our clinical staff has improved significantly and the level of respect and dignity shown by staff is higher. There were several areas where the Trust showed significant improved performance compared to the national average. 78% of service users had contact with a member

of the Trust compared to only 60% nationally, and 79% had received a printed copy of their care plan, compared to 47% across the country. Three quarters of clients had the number of someone from local services whom they could call out of hours in an emergency compared to less than half nationally. Whilst these and other statistics show that the Trust is improving its services, there remain improvements which can be made through continued effort and dedication.

The Trust continued to place excellence in customer service as one of its priorities, with all staff participating in customer service training and several workstreams dedicated to the improvement in the interface with customers, their carers and representatives. The Trust has introduced its own survey tool to collect patient feedback – the Point Of Use survey, which we use to monitor patient experience in our resource centres and at out-patient clinics.

1.3 Quality Priorities for 2009/10

Our Board of Directors debated the potential priorities for quality improvement in the coming year and has agreed that the priorities and indicators to be progressed and monitored should be challenging and stretching if they are to be meaningful. Three priorities have been agreed which will respond to national policy developments and local expectation:

1. Patient experience and personalisation of services

Ensuring that our services meet the expectation of our service users and that their experience is positive is a key priority. We will take action to improve the systems in place that enable us to monitor service user feedback routinely and use it to improve services. We will also take action to improve the influence and control individuals have in the care that they receive. NHS reforms have delivered well on episodic experiences of care where the benefits of improved choice and the NHS markets have led to improvements in access and waiting times. However many people with long term conditions, like those with mental ill health, need continuity and coordination of care from different services and agencies to meet a range of needs which are

very personal to them. Driving up quality in this area requires developing responsive and individual packages of care and involving recipients much more in the design, delivery and evaluation of them. We will:

- undertake routine surveys of consultant out-patient clinics (each consultant's clinic will be surveyed at least once per quarter);
- improve response rates by 10% in Point Of Use surveys undertaken;
- take action to increase the % of patients who say they have received an explanation of their medication;
- improve the 'recommender score' in our Point Of Use surveys from the baseline achieved in March 09;
- develop an action plan to improve any issues identified as a result of the first national survey of mental health in-patient services;
- increase the number of direct payments/self directed packages of care that are agreed for our service users by local authorities;
- take action to improve the satisfaction of patients with their involvement in their care.

2. Improve access to our services

We have agreed with our commissioners that we will accelerate the introduction of new access targets for mental health services as follows:

- we will develop systems and monitoring arrangements to achieve a maximum waiting time of 18 weeks between referral to our services and treatment starting in all of our services;
- we will achieve maximum waiting times between referral to our services and an assessment of need taking place;
- the assessment of patients referred to a crisis resolution home treatment team will be started within 4 hours of referral;
- urgent referrals to our Clinical Assessment Service will be assessed within 24 hours and routine referrals will be assessed within 15 working days;
- urgent referrals to our early intervention service, eating disorders service and peri-natal mental health service will be assessed within 48 hours and routine referrals will be assessed within 21 days.

We will also carry out a full review of access arrangements to our child and adolescent

mental health service and take action to improve them.

3. Quality priorities identified by our stakeholders

In January 2009 we asked our stakeholders (staff, service users, governors, partners and commissioners) what they considered to be the top ten priorities for quality improvement should be for 2009/10. Seven of these priorities are covered by the actions identified in the priorities above. The remaining three priorities that they asked us to focus on are:

- ensuring that all patients receive a follow up contact within 7 days of discharge from an in-patient care environment;

The trust is already achieving current target of 95% but we agree that it is important to continue to give this high priority

- reducing the violence experienced by staff from patients;

20% of Trust staff reported that they had experienced physical violence from patients or their relatives in the previous 12 months in the 2008 national NHS Staff Survey. This was 1% higher than the national average for mental health trusts. We will investigate this and take action.

- ensuring that care environments achieve the highest standards of cleanliness.

The PEAT scores for cleanliness in successive annual assessments confirm that cleanliness is rated as 'excellent'. We will ensure that this is maintained.

1.4 Reports from regulators and concerns raised by bodies representing the public

We are delighted to confirm that during 2008/9 there were no concerns raised by bodies representing the public.

There were no reports from Regulators that identified specific concerns about this Trust during 2008/9. Two national reviews were undertaken by the Healthcare Commission in

2008/9 covering services which we provide.

'The pathway to recovery' the report setting out the results of a review of NHS acute in-patient mental health services was published by the Healthcare Commission in July 2008. The Trust was rated as 'good' in this review. This means that the performance of this trust goes beyond the minimum requirements and the reasonable expectations of patients and the public. Overall just 8 trusts achieved an 'excellent' rating, 20 were rated as "good" and the majority (41) were rated as 'weak' or 'fair'. Action to address the issues where we did not perform as well as we would have liked has been taken.

The results of the follow up review of Community Mental Health Services were published by the Healthcare Commission in March 2009. The original review was carried out in 2006. We were delighted that there had been significant improvement in our results since 2006.

2.0 Quality Overview

The Trust is able to give a picture of the quality of our services through the use of specific indicators that are capable of measuring our performance using a standardised definition and recognised data source. We have

been asked to select nine indicators covering patient safety, patient experience and clinical effectiveness which are the essential elements of a quality service. We chose the following because they have been identified as key indicators of clinical quality in national reviews of mental health services or were identified as a local priority by our stakeholders: :

2.1 Patient Safety

2.1.1 Reduction in Hospital Acquired Infections (MRSA and CDifficile infections)

Whilst hospital acquired infections within a mental health service setting are less frequent and pose less risk to our patients, we are not complacent. Our Infection Control lead and Facilities Management Team ensure that our clinical practices are safe, our facilities are clean and all Hygiene Code regulations are met. The Trust achieved an 'excellent' rating in the PEAT (Patient Environment Action Team) assessment of our facilities in 2008/9 and has achieved the hygiene standards for registration with the Care Quality Commission from 1 April 2009. We are delighted that during 2008/9 there were no incidences of either MRSA or C Difficile infections.

Incidence of MRSA

	2005/6	2006/7	2007/8	2008/9
Adult Wards	0	0	0	0
Older People Wards	0	0	0	0
Total	0	0	0	0

Incidence of Cdifficile infection

	2005/6	2006/7	2007/8	2008/9
Adult Wards	0	1	0	0
Older People Wards	1	3	1	0
Total	1	4	1	0

Indicator definition is that identified by Care Quality Commission. Data source is the trust as mental health trusts are not required to report incidence of HAIs.

2.1.2 % of discharges on enhanced CPA receiving a follow up within seven days of discharge from hospital

Nationally, of the people that committed suicide after leaving hospital between 2000 and 2004, 15% did so in the first week after discharge and 22% occurred before the person had had a follow-up visit in the community. Early follow-up when someone leaves hospital is therefore critical and all patients should have face-to-face or telephone contact with community services within seven days of discharge. In the Healthcare Commission's review of acute in-patient services in 2008, it was identified that 86% of patients nationally had received a follow up contact within seven days.

The Trust has had systems in place to monitor this important safety indicator for three years and performed above the national benchmark in 2007/8. Monitor set a threshold of at least 95% of discharges to be followed up within seven days for 2008/9. Between 1 April 2008 and 31 March 2009, there were 975 discharges, of which 938 were followed up in seven days, equating to a follow up rate of 96%.

2006/7	2007/8	2008/9
93%	100%	96%

Indicator definition is that identified by Care Quality Commission/ Monitor. Data source is HES/MHMDs

2.1.3 Systems and processes for management of patient safety and risk

In April 2008 the NHS Litigation Authority introduced Risk Management Standards for

Mental Health and Learning Disability Trusts (RMS).

These new standards are endorsed by the Royal College of Psychiatry and Royal College of Nursing and aim to reduce risk to patients through excellence in the systems and processes that support service delivery. The standards test the embedding of best risk management practice within organisations at three levels. Level 1 is about having the right policies / procedures in place and in line with best practice guidance, level 2 is about demonstrating implementation of the Trust policies and procedures and level 3 is about demonstrating that the Trust monitors the implementation and effectiveness of policies and procedures.

The average level of compliance with these standards within mental health trust is achievement of Level 1. This Trust achieved Level 3 in October 2008. We were the first mental health trust in the country to achieve this level of accreditation.

2.2 Patient Experience

2.2.1 Experience of using community mental health services

The follow up review of community mental health services published by the Healthcare Commission in March 2009 identified a range of indicators of patient experience to be integral to delivery of an effective service. We have selected the following three indicators because they reflect the issues that our stakeholders told us are most important to them.

Indicator	In 2005/6	In 2008/9	Healthcare Commission Assessment
Percentage of users who have or were offered a written copy of their care plan	79.19%	86.92%	top score nationally performance is consistently high
Percentage of users who were involved in deciding contents of their care plan	58.86%	61.45%	performance is average consistently
Percentage of users who have been told who their care coordinator is	86.39%	93.25%	top score nationally performance is consistently high

2.3 Clinical Effectiveness

2.3.1 Implementation of NICE guidance for schizophrenia

The follow up review of community mental health services published by the Healthcare Commission in March 2009 identified a range

of indicators that tested implementation of NICE guidance for schizophrenia. The Trust performance against three of these indicators is identified below. We were delighted with the improvement that was demonstrated between 2005/6 and 2008/9.

Indicator	2005/6	2008/9	Healthcare Commission Assessment
Percentage of users who have received or were offered cognitive therapy in last 12 months	50.68%	95%	Top score nationally. Performance high and improved.
Percentage of users with care plan that refers to agreed choice of antipsychotic drug in case of acute illness	10.96%	70.97%	Performance high and markedly improved
Percentage of users with a physical health review in the last 12 months	82.6%	97%	Second highest score nationally. Performance improved.

2.4 Key National Priorities: Performance in 2008/9

2.4.1 National Priority Indicators

There is just one national priority indicator for achievement by providers of mental health services: to "maintain levels of crisis resolution teams set out in the 03/06 planning round".

The Trust is required to have five Crisis Resolution/ Home Treatment Teams in place,

that meet the following criteria:

- a multidisciplinary team;
- 24/7 availability;
- staff in frequent contact with service users;
- provision of intensive contact over a short period;
- staff stay involved until problem resolved;
- capacity to offer intensive support at patients' homes.

The Trust has achieved this target since 2004.

2.4.2 Compliance with core standards

The Trust declared to the Care Quality Commission (29 April 2009) that it was fully compliant with all Core Standards between 1 April 2008 and 31 March 2009:

Ref	Standard	Trust Compliance
SAFETY		
C1	Incident reporting and learning and patient safety alerts	Compliant
C2	Child protection	Compliant
C3	National Institute for Clinical Excellence (NICE) interventional procedures	Compliant
C4	Healthcare acquired infections, acquisition and use of medical devices; medical device decontamination, medicines handling and waste management	Compliant
CLINICAL AND COST EFFECTIVENESS		
C5	National Institute for Clinical Excellence (NICE) technology appraisals and guidance; Clinical supervision and Clinical audit	Compliant
C6	Cooperation between health and social care organisations	Compliant
GOVERNANCE		
C7	Clinical and corporate governance (inc equality and use of resources)	Compliant
C8	Whistleblowing, organisational and personal development programmes	Compliant
C9	Management of records.	Compliant
C10	Employment checks and codes of professional practice	Compliant
C11	Recruitment and training of staff	Compliant
C12	Research governance	Compliant
PATIENT FOCUS		
C13	Dignity, respect, consent and confidentiality	Compliant
C14	Complaints and feedback on the quality of services	Compliant
C15	Food	Compliant
C16	Patient information	Compliant
ACCESSIBLE AND RESPONSIVE CARE		
C17	Patient involvement	Compliant
C18	Equal access and choice	Compliant
CARE, ENVIRONMENT AND AMENITIES		
C20	Safety, security, privacy and confidentiality	Compliant
C21	Design and cleanliness	Compliant
PUBLIC HEALTH		
C22	Partnership working	Compliant
C23	Disease prevention and health promotion programmes	Compliant
C24	Emergency plans	Compliant

Governance Review

Accountability

The Board of Directors is accountable to the Board of Governors (see Page 39), the majority of who are elected by the Public and Staff Members, for the performance of the Foundation Trust and to ensure that the Foundation Trust does not breach its Terms of Authorisation.

This accountability is discharged by the Chief Executive; in the form of a performance report to the Board of Governors every quarter, together with other relevant information.

The Board of Directors will present to the Board of Governors, at a general meeting scheduled for 17 September 2009, the following information:

- the annual accounts;
- any report of the auditor on them;
- the annual report; and,
- forward planning information for the next financial year.

At the meeting on 17 September 2009 the Board of Governors will present to the members:

- a report on steps taken to secure that (taken as a whole) the actual membership of its public constituencies and of the classes of the staff constituency is representative of those eligible for such membership;
- the progress of the membership strategy;
- any proposed changes to the policy for the composition of the Board of Governors and of the non-executive Directors' report of any other external auditor of the Foundation Trust's affairs;
- forward planning information for the next financial year; and,
- the results of the election and appointment of Governors and the appointment of non-executive Directors will be announced.

The Foundation Trust has also put in place mechanisms and processes to understand the governors, members and the wider communities views that influence the strategic direction of the Foundation Trust. Throughout the year Constituency Meetings are held where members of the Foundation Trust and the public

are invited to attend. Presentations are given by the Foundation Trust and members of the Foundation Trust and public are encouraged to share their views. These Constituency Meetings are chaired by the members of the Board of Governors with the Chair and the Chief Executive in attendance. Other Directors and Senior Managers of the Foundation Trust also attend these meetings.

Accounting Officer Status

The NHS Act 2006 (Chapter 5) designates the Chief Executive of the NHS Foundation Trust as the Accounting Officer. In this capacity the Chief Executive reports to the Board of Directors how the expected outcome and goals are intended to be delivered through the Foundation Trust's Business Plan, identifying key risks and mitigation strategies. During the year the Chief Executive, as Accounting Officer, provides the Board of Directors with updates on progress towards these outcomes and goals through actual and forecast results. In addition, the Chief Executive in discharging his function as Accounting Officer discusses with the Board of Directors all strategic projects and developments and all other matters of material interest which are current or will retrospectively affect the performance of the Foundation Trust. Specific areas for discussion are under or poor performance.

(See Pages 65 for the Accounting Officer's responsibilities in the preparation of the accounts)

Board of Directors

Biographical details of the Board of Directors are set out on pages 34 to 36.

In accordance with the Constitution as at the date of this report indemnities are in place under which South Essex Partnership University NHS Foundation Trust has agreed to indemnify its directors and governors who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions, save where they have acted recklessly. Any costs arising in this way will be met by the South Essex Partnership University NHS Foundation Trust.

External Auditors

In accordance with NHS Act 2006 (Chapter 5) Schedule 1 it is for the Board of Governors to appoint or remove the external auditor at a general meeting of the board. The Foundation Trust's external auditors, the Audit Commission, offers itself for re-appointment at the annual general meeting as external auditors of South Essex Partnership University NHS Foundation Trust. This re-appointment is recommended to the Board of Governors by the Foundation Trust's Audit Committee.

By order of the Board

Cynthia Fernandez
Acting Trust Secretary
Date: 1 June 2009

Chair and Non Executive Directors Profiles

Lorraine Cabel, Chair

With more than 30 years experience of the NHS in a wealth of roles, Lorraine Cabel is very well qualified for her job as chair of SEPT's Board of Directors and Board of Governors.

Lorraine has worked in the NHS in Essex for the last 18 years. She began her career as a nurse and following a span of 15 years in various nursing roles, Lorraine took a break and did a degree in Social Policy and Administration. Lorraine then moved into commissioning of healthcare, later becoming Executive Director for Commissioning for South Essex Health Authority. From there she moved to the Essex Strategic Health Authority where she was Director of Modernisation. Two years into this post she then took on a broader role as Executive Director of Primary Care and Partnerships. Just prior to joining SEPT she was Interim Chief Executive at South East Essex Primary Care Trust.

Leslie Cuthbert, Vice Chair, Senior Independent Director

For over 10 years as a Criminal Defence Solicitor-Advocate Leslie represented many individuals with mental health problems in various courts and in relation to different charges. More recently he has undertaken a number of other roles. He sits as a Road User Charging Adjudicator and as a Legal Member

on Mental Health Review Tribunals. Leslie is also on the editorial board of a judicial journal and as well as serving on the committee of the Solicitors Association of Higher Court Advocates he is an editor of the Association's newsletter and write articles for both of these publications. He teaches for the Open University and is also a Mental Health Liaison Worker for students undertaking courses with the University

George Sutherland, Non Executive Director

George is an experienced Chairman and Executive Director, with substantial knowledge in general management, strategic planning, marketing, M&A and re-structuring. This was achieved over a 30 year period in the private sector for large and medium-sized companies involve in the business services and logistics sectors.

George's professional qualifications / memberships include; Master of Business Administration (MBA), member of the Chartered Institute of Marketing (MCIM), Member of the Chartered Institute of Logistics and Transport (MCLT) and Fellow Institute of Directors (FIOD).

Janet Wood, Non Executive Director

Janet has a degree in Business Studies and Accountancy from Edinburgh University and is a member of the Institute of Chartered Accountants of Scotland, having trained with Deloittes. She joined the NHS in 1992, working for Redbridge Healthcare and then South Essex Health Authority, initially as chief accountant. She was appointed a NED for the Trust in November 2005.

Janet had a very successful career as an NHS accountant and is therefore fully conversant with all NHS finance issues. She was involved in getting the Essex PCTs up and running and putting in place finance and early governance structures.

Steve Currell, Non Executive Director

Steve served for 34 years in the police service in many roles both in uniform and CID. He retired in 2006 at the rank of superintendent responsible for the operational policing for the Southend unitary authority with 450 staff police officers and police support staff.

Steve has served SEPT as a partnership governor

and since June 2007 as a Non Executive Director. He is the Children's Champion for the Trust and a member of the Integrated Governance Committee, Integrated Strategic Planning Committee and is the nominated NED with responsibility for Security and Risk Management.

Dawn Hillier PhD, Non-Executive Director
(since January 2009)

Dawn is well known in her field and has a successful international track record as an academic entrepreneur, manager, teacher, and researcher and an exemplary record in higher education and the National Health Service.

Currently Dawn has focused her attention on wellbeing and the cultural dynamics of wellness at work in addition to maintaining her involvement with higher education through teaching, research, publication and supervision of doctoral students. She comes to the Trust from her post as a Non-Executive Director and Vice Chair of South East Essex Primary Health Care Trust where she took a particular interest in health inequalities, lifestyle management and public health.

Gary Scott, Non-Executive Director (since January 2009)

Gary has over 20 years experience of the NHS. He studied Podiatric Medicine at the Northern College of Chiropody (now part of the University of Salford) and qualified as a State Registered Podiatrist in the mid 80's. He then moved into NHS general management in the mid 1990's. Following on from this he held a number of senior management positions across the NHS in both Health Authority's and PCTs, but has worked predominately in Essex including Deputy Chief Executive at Thurrock PCT and Director of Primary Care Commissioning at Southend-on-Sea PCT.

Joan Holden, Non Executive Director (until November 2008)

Joan lives in Castle Point and is the Trust's liaison link for the Castlepoint locality. She is also Chair of the Trust's Audit Committee, a member of the Foundation Trust Financing Facility Committee and the East of England Audit Chair's Forum. Joan was also a local councillor for four years, the Chair of Governors of a primary school for 11 years, a member of the Community Health

Council and a member of the Citizens Advice Bureau Management Board.

Executive Directors

Dr Patrick Geoghegan OBE, Chief Executive

Patrick has worked in the NHS for over 35 years, holding a number of senior positions. He is passionate about mental health and learning disabilities in particular addressing the social stigma often associated with people who use these services. He sees leadership both from general management and clinical leadership as the key to improving services. Furthermore he has developed links with international academia; with Yale, University of Pavia in Italy as well as Australia and New Zealand. In 2008 Patrick was the only British NHS Trust representative to be invited to join a new, top-level board of experts to advise the European Commission on how to address mental health issues across the European Union. The Advisory Board is part of the World Health Organisation (WHO) and European Commission's high profile Partnership Project on User Involvement in Mental Health.

Philip Howe, Director of Partnerships and Specialist Services

Philip is a qualified social worker with over 30 years experience. Along with his operational responsibility for child and adolescent mental health services, adult community mental health services and substance misuse services. Philip's remit also includes developing an integrated approach to health and social care across the Trust.

Dr Mike Lowe, Medical Director

Dr. Lowe has worked as a General Adult Psychiatrist in the Thurrock area for 26 years as a full time clinician and for the last nine years he has been the part time Medical Director for the Trust. The appointment of substantive consultants means that the Trust has a fully trained workforce to standards approved by the Royal College of Psychiatrists and the Department of Health. Mike is motivated to work in medical management to help maintain and develop a high quality well managed service. He continues to support Thurrock MIND as a Trustee Board Member.

Ray Jennings, Director of Finance and Resources

Ray has worked for the NHS for 28 years during which time he has covered a variety of managerial positions across general hospitals, community and mental health services. He has a business degree and is a qualified Chartered Management Accountant. For the past 15 years Ray has worked at Director of Finance level. In 1999/2000 Ray became the joint Finance Director of the former Southend and Thameside Community Trusts prior to their merger into the South Essex Mental Health and Community Care NHS Trust on the 1 April 2000. Ray has remained the Finance Director as this Trust has evolved into the South Essex Partnership Trust and more recently Foundation Trust.

Nikki Richardson, Director of People Management and Business Development, Deputy Chief Executive

Nikki has worked for this organisation for 27 years in a number of roles; speech and language therapist, senior manager responsible for therapy services, assistant unit general manager at South Ockendon and as a director whose portfolio included older people's mental health, learning disabilities, specialist nursing and therapy services. She remains a registered speech and language therapist and has represented the profession at national level.

Sally Morris, Director of Operations

Sally is a chartered accountant and worked in the private sector prior to moving to the NHS 13 years ago. Since then she has held senior posts in acute, community and most recently primary care organisations. She has been involved with mental health and learning disability services for a number of years, ranging from consultancy work when in the private sector to director of mental health commissioning at South Essex Health Authority and lead for mental health at the Essex Strategic Health Authority. Sally's portfolio includes all operational services and clinical counselling and psychology.

Oliver Shanley, Director of Integrated Governance & Executive Nurse

Oliver has worked in a variety of managerial posts, including managing community services as well as substance misuse, adult in-patient and older people's services. In November 2003 Oliver was appointed as an Executive Director

within the Trust. Oliver qualified as a registered mental nurse in 1990 at Runwell Hospital, Essex. He has worked in a variety of settings spending most of his clinical career working with mentally disordered offenders, including establishing one of the first criminal justice mental health teams in Essex.

Oliver is currently undertaking a Doctorate in Healthcare through the Kings College in London. Oliver was also appointed as an honorary visiting fellow for the University of Essex.

Code of Governance

COMPLIANCE WITH THE CODE OF GOVERNANCE

The Independent Regulator for NHS Foundation Trusts (Monitor) published a Code of Governance in October 2006 by bringing together the best practice of public and private sector corporate governance. Foundation Trusts are expected to be fully compliant with all sections of the Code.

Monitor requires NHS Foundation Trusts to make a disclosure statement in two parts as required by the UK Listing Authority on listed companies on the application of the combined code. The two parts are:

- report on how it applies the main and supporting principles of the code; and
- either confirms that it complies with the provisions of the code or where it does not, to provide an explanation.

Board of Directors' Statement on Main and Supporting Principles

The Boards of Governors and Directors unequivocally support the main and supporting principles of the Code of Governance published by the Independent Regulator of NHS Foundation Trusts. In the Directors' opinion South Essex Partnership University NHS Foundation Trust complied throughout the review period with the main and supporting principles of the Code of Governance excepting the following supporting principle:

"Desirability of using the Senior Independent Director to lead the Non-Executives in the evaluation of the Chair (D.2)".

A joint working group consisting of governors and directors has been set up to review compliance with the Code of Governance. The group is also tasked with ensuring any non-compliance does not affect the governance of the Foundation Trust.

THE BOARD OF DIRECTORS, CHAIR AND CHIEF EXECUTIVE AND BOARD BALANCE

THE BOARD OF DIRECTORS

The Board of Directors believes the Foundation Trust is led by an effective Board, as the Board is collectively responsible for the exercise and the performance of the NHS Foundation Trust.

The Board of Directors reviews the size, composition and succession of directors in line with the Foundation Trust's business objectives and makes recommendations as appropriate to the Board of Governors. Currently under the Constitution the Board shall include up to eight Non Executive Directors (including the Chair) and up to eight Executive Directors (including the Chief Executive). In the event of an equality of votes the Chair has a second and casting vote.

The Chair, Chief Executive and Senior Independent Non Executive Director

The Board of Directors has agreed on a clear division of responsibilities between the chairing of the Board of Directors and Governors, and, the executive responsibility for the running of the Foundation Trust's Business.

The Chair

The Chair is responsible for providing leadership to the Boards of Directors and Governors ensuring governance principles and processes of the Boards are maintained whilst encouraging debate and discussion. The Chair is also responsible for ensuring the integrity and effectiveness of the Governors and Directors relationship. The Chair also leads the performance appraisals of both Boards as well as the Non Executive Director's performance appraisals.

Mrs. Lorraine Cabel (appointed in March 2008 for a period of four years), the Chair of the Foundation Trust under the period of review has had no other significant commitments during

the period of review.

Senior Independent Non Executive Director

Mr Leslie Cuthbert (appointed in November 2007 as Senior Independent Director until end of his first term of office), the Senior Independent Non Executive Director and Vice Chair of the Foundation Trust

The Chief Executive

The Chief Executive's principal responsibility is the effective running and operation of the Foundation Trust's business. The Chief Executive is also responsible for proposing and developing the Foundation Trust's strategy and business plan objectives which he does in close consultation with the Chair of the Board. The Chief Executive is also responsible for preparing forward planning information, which forms part of the annual plan, taking into consideration the views expressed by the Board of Governors. The Chief Executive is also responsible, with the executive team, for implementing the decisions of the Board and its Committees.

Board Balance

The Board of Directors believes that there is a balance of executive and non-executive directors and that no individual group or individuals dominate the board meeting.

The following Non Executive Directors have joined the Foundation Trust under the period of review:

- Dr Dawn Hillier, PhD, joined in January 2009; and
- Mr Garry Scott, joined in January 2009

The following Non Executive Director left the Foundation Trust under the period of review:

- Mrs Joan Holden, left in November 2008

The Board of Directors is satisfied that the Non Executive Directors who served on our Board of Directors for the year under review were independent.

Board of Director Appointments

Non Executive Director Appointments that predate Foundation Status were appointed by the NHS Appointments Commission for terms of four years. Any new Non Executive Directors

(excluding the Chair) terms of office will be three years. The re-appointment of a Non Executive Director after their first term of office is subject to a satisfactory performance appraisal. Any term beyond six years (i.e. two terms) for a Non Executive Director is subject to a particularly rigorous interview and satisfactory appraisal, and should take into account the need for progressive refreshing of the board. A vacancy arising as a result of a Non Executive Director serving more than six years is advertised externally. Non Executive Directors may serve longer than nine years (e.g. three three-year terms), only in exceptional circumstances and will be subject to annual re-appointment.

The Chair is appointed by the Board of Governors for two terms of office of four years, the second term of office being subject to satisfactory appraisal. Any term beyond this will be subject to external competition. For the appointment of the Chair, the Nomination Committee of the Board of Directors prepares a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crisis. The Chair's other significant commitments will be disclosed to the Board of Directors and the Board of Governors before appointment and will be included in the annual report.

The Board requires all its directors to devote sufficient time to the work of the Board to discharge the office of director and to use their best endeavors to attend meetings. The attendance of meeting of the Board of Directors and those committees and individual attendance by directors is set out in Table 8.

Statement Of The Decisions Taken by the Board of Directors

The business of the Foundation Trust is to be managed by the Board of Directors, who shall exercise all the powers of the Foundation Trust, subject to any contrary provisions of the NHS Act 2006 as given effect by the Foundation Trust's Constitution, which is set out above.

Registers Of Directors' Interests

The Foundation Trust maintains a formal Register of Directors' Interests. The register is available for inspection, on request, at the Foundation Trust Headquarters at The Lodge, Runwell Chase,

Wickford, Essex SS11 7XX (Telephone 0845 606 6288).

Board members do not hold directorships in companies with whom the Foundation Trust has done business within this financial year. However, Dr Mike Lowe, Medical Director, a Trustee Board Member of Thurrock Mind.

The Board of Directors does not consider this interest to be material and therefore does not compromise the Directors independence.

Board of Directors' Statement on Code Provisions:

The Board of Directors is required to either confirm that it complies with the provisions of the code or where it does not, to provide an explanation.

The Boards of Governors and Directors unequivocally support the Code Provision of the Code of Governance published by the Independent Regulator of NHS Foundation Trusts. In the Directors' opinion South Essex Partnership University NHS Foundation Trust complied throughout the review period with these provisions excepting the following:

Led by the Senior Independent Director, the Non Executive Directors should meet without the chairman at least annually to evaluate the Chair's performance.

Mrs Lorraine Cabel, Chair of the Foundation Trust, was an Executive Director of a local Primary Care Trust where we have a material business relationship and is a member of the NHS Pensions Scheme.

Mr Garry Scott, Non Executive Director of the Foundation Trust, was a senior member of a local Primary Care Trust where we have a material business relationship and is a member of the NHS Pensions Scheme.

At least half the Board of Directors (excluding the Chair) comprise Non Executive Directors The composition is eight Non Executives including the Chair and eight Executives with the Chair having a second and casting vote.

The Chair has been appointed for an initial term

of 4 years subject to reappointment for a second term of four years following satisfactory performance review.

Governance of the Foundation Trust

The Board of Directors focuses its attention as a board on strategy issues. It delegates detailed consideration of operational issues to the respective sub-committee. These sub-committees are:

- Executive Operational Team
- Integrated Governance
- Audit Committee
- Integrated Strategic Planning
- Mental Health Act Managers
- Directors Remuneration
- Joint Code of Governance
- Directors Nominations Committee
- Cash Management Committee
- Investment Committee

Reports from these Committees (excepting Remuneration and Nominations Committees) are publicly available. In common with the Board of Directors, each committee has access to independent advice as required and supported, if required, by the Foundation Trust Secretary who is demonstrably independent of the executive management of the Foundation Trust.

THE BOARD OF GOVERNORS

The Board of Directors believe that the Board of Governors are representative, act in the best interest of the Foundation Trust, hold the Directors to account and regularly feed back to the constituencies and stakeholder organisation that elected or appointed them.

The Board of Governors consists of Public Governors, Staff Governors, PCT Governors, University Governors, Local Authority Governors and other Partnership Governors. Members of the Foundation Trust elect Governors from the public and staff constituencies and these elections are conducted under the auspices of the Electoral Reform Service in accordance with the requirements of the Foundation Trust Constitution. The Foundation Trust is pleased to state that our Governors are the first democratically elected representatives from our local community with ability to influence and guide the strategic direction of Mental Health and Learning Disability in Essex.

The composition of the Board of Governors is shown below:

Twenty-five Public Governors from the following public constituencies

- five Governors each from the constituencies of Basildon, Southend and Thurrock;
- three Governors each from the constituencies of Brentwood, Castle Point and Rochford;
- one Public Governor from the constituency of rest of Essex;

Five Staff Governors, one each from the following classes

- registered medical practitioners, nursing, other clinical specialties, social workers, support staff

Appointed Governors

- one PCT Governor, appointed jointly by South West Essex PCT and South East Essex PCT
- three Local Authority Governors, one each appointed by Essex County Council, Thurrock Council and Southend on Sea Borough Council;
- two Partnership Governors appointed by partnership organisations. The partnership organisations that may appoint a Partnership Governor are:

Essex University and Anglia Ruskin University jointly – one Partnership Governor;
Trust's Service User Network – one Partnership Governor;

The size and composition of the Board of Governors has been reviewed by the Governors and Directors and the Foundation Trust is in the process of implementing the recommendations of this review.

Terms of Office for Governors

Elected Governors hold office for a period of three years commencing immediately after the annual meeting at which their election is announced and are eligible for re-election at the end of that period and may not hold office for more than six consecutive years, and shall not be eligible for re-election if they have already held office for more than three consecutive years. Appointed Governors hold office for a period of three years commencing immediately after the annual members meeting at which their appointment is announced, are eligible for re-appointment at the end of that period and may not hold office for longer than six

consecutive years, and shall not be eligible for re-appointment if they have already held office for more than three consecutive years. For the purposes of these provisions concerning terms of office for Governors, 'year' means a period commencing immediately after the conclusion of the annual meeting, and ending at the conclusion of the next annual meeting.

Table 9 shows the number of meetings of the Board of Governors and attendance by individuals.

Statement of the decisions taken by the Board of Governors

The roles and responsibilities of the Board of Governors, which are to be carried out in accordance with the Foundation Trust's Constitution, Terms of Authorisation and Code of Governance, are:

at a General Meeting

- appoint or remove the Chair and the other Non Executive Directors;
- approve an appointment (by the Non Executive Directors) of the Chief Executive;
- decide the remuneration and allowances, and the other terms and conditions of office, of the Non Executive Directors;
- appoint or remove the Foundation Trust's financial auditor;
- appoint or remove any other external auditor appointed to review and publish a report on any other aspect of the Foundation Trust's affairs;
- be presented with the annual accounts, any report of the financial auditor on them and the annual report;
- hold the Board of Directors to account for the performance of the Foundation Trust;

and as required:

- provide their views to the Board of Directors when the Board of Directors is preparing the document containing information about the Foundation Trust's forward planning;
- respond as appropriate when consulted by the Board of Directors;
- undertake such functions as the Board of Directors shall from time to time request;
- prepare and from time to time review the Foundation Trust's membership strategy and its policy for the composition of the Board of

- Governors and of the Non Executive Directors;
- when appropriate to make recommendations for the revision of this constitution.

Six governor/director project constituency groups, covering the constituencies of south Essex have been set up to ensure regular links between the governors and the directors, and the local community, especially our members to ensure targeted and specific programmes of engagement relevant to the diverse needs of each constituency is developed and progressed. Continuing the work with young people in schools and colleges to promote mental health and well-being, encouraging membership and increasing representation from this area of the community are also priorities for these constituency groups.

Each of these groups meets regularly (at least bi-monthly) providing important regular opportunities for dialogue between the Trust and the local community it serves.

An important part of their role is to communicate with the group of people who elected them, whether staff, patients or members of the public in the surrounding area. Public Governors hold constituency meetings/ surgeries around the membership area with a different 'theme' bi-monthly. Governors also have opportunities to meet members on Open Days and at the Annual General Meeting.

Governors are involved in many activities of the Foundation Trust and participated in providing their views for the Foundation Trusts forward plan together with staff, stakeholder and members. They are also actively involved in the following governor sub-committees:

- remuneration sub-committee
- joint code of governance project group
- nominations sub committee
- membership sub committee
- rules and regulations sub committee
- membership development sub committee

Contacting a Governor

Members are free to contact governors at any time via their dedicated email address which can be accessed via our website www.southessex-trust.nhs.uk

Members can also contact the dedicated

membership office on the following contact number 0800 023 2059.

An election to the seats falling vacant as a result of terms of office coming to an end, resignations and removal of Governors for non-attendance at Board of Governors meetings was held under the auspices of the Electoral Reform Services during the period July to September 2008. In addition Governors were appointed to vacant seats using the Constitutional provision to invite the next highest polling candidate for that seat at the most recent election, who is willing to take office, to fill the seat until the next annual election, at which time the seat will fall vacant and subject to election for any unexpired period of the term of office.

The newly appointed governors during the period of review are:

Public Governors:

Castle Point:	Mrs Lyn Peters
Thurrock:	Mrs Joan Sheppard
	Mr Tony Reeve
	Mr Ayob Khamisi
Southend:	Dr Naila Kohker

Staff:

Support Staff	Mr Neil West
Nursing Staff	Mrs Daphne McCambridge

Stakeholder organisations:

Thurrock Council:	Cllr Danny Nicklen
	Cllr Tunde Ojetola
Southend Unitary Council:	Cllr Pat Rayner
Service User Network:	Roy Birch

The Governors reappointed for a second term during this period are:

Public Governors:

Basildon:	Mrs Dot Johnson
	Mrs Jan Bentley
Brentwood:	Dr Sylvia Fenton
Southend:	Mr John Rolfe

Further detail is available in Table 9.

Declaration of Interests

All Governors are asked to declare any interest on the Register of Governors' Interests at the time of their appointment. This is reviewed and maintained by the Foundation Trust Secretary.

The register is available for inspection by members of the public. Anyone who wishes to see the Register of Governors' Interests should make enquiries to the Foundation Trust Secretary at the Foundation Trust's head office.

Table 9 shows the list of those Governors who have disclosed details of their interests, including details of company directorships held by Governors where those companies are likely to do business or are possibly seeking to do business with the Foundation Trust.

Appointment and Terms of Office

The Governors' Nominations Committee leads the process for the appointment of Non Executive Directors (including the Chair's) and the Directors Nominations Committee leads the process for the appointment of Executive Directors.

The Board of Directors and Governors have agreed a policy on the Board of Directors Composition and Succession Framework to ensure the Board of Directors are renewed without compromising its continued effectiveness.

The Joint Working Group of Directors and Governors has reviewed the Foundation Trust's compliance with the Code Provisions and is satisfied that the exceptions do not constitute a breach of Governance.

Nominations Committee

The Foundation Trust has two Nominations Committees; the Directors' Nominations Committee and the Governors' Nominations Committee. Committee membership and attendance of Directors and Governors at meetings is set out in Tables 8 and 9.

The Directors' Nominations Committee makes recommendations to the Board of Directors for the appointment of replacement or additional Executive Directors. It is also responsible for succession planning. This committee also reviews the balance of skills, knowledge and experience of the Board of Directors against current and future requirements of the Foundation Trust, and, as appropriate draws up a list of required attributes.

The Governors' Nominations Committee makes

recommendations to the Board of Governors for the appointment or replacement of additional Non Executive Directors. The Committee bases its recommendations on the attributes of Non Executive Directors drawn up by the Directors' Nominations Committee.

During the year under review the Governors' Nominations Committee undertook two recruitment processes as stated previously. On both occasions open advertising was used for the appointments. A robust and thorough recruitment process was overseen by the Governors' Nominations committee to ensure that the relevant knowledge, skills and experience of those seeking appointment were of a high calibre and effectively complemented and added to the Board of Directors existing strengths to create an effective Board Team. On both occasions successful appointments were made.

Information, Development and Evaluation

Reports from the Executive Directors, which include in-depth financial information and performance, are circulated to Board Directors prior to every Board of Directors meeting enabling them to discharge their respective duties. Senior management give presentations to the Board on significant matters during the year.

The Board of Governors receives regular presentations from the Chief Executive to enable them to discharge their duties.

Induction

On appointment or election all Directors and Governors are offered an appropriate induction course and are thereafter encouraged to keep abreast of matters affecting their duties as a Director or Governor and to attend training relevant to their role.

Performance Evaluation of the Board of Directors, its Committees and Individual Directors (including the Chair)

Robust processes are in place for the annual appraisal of the Board of Directors. The Chair leads the Non Executive Directors in their appraisal and the Chief Executive for Executive Directors. The Chief Executive is appraised by the Chair.

Appointment of External Audit

The Board of Governors is responsible for the appointment of the Trust's external auditors based on the recommendation of the Trust's Audit Committee. The Board of Governors has also approved a policy ensuring external auditors' independence and undertaking work outside of the Audit Code. During 2008/09 the Trust's external auditors have undertaken one audit task which was outside the scope of the Audit Code and this related to providing an opinion on the restatement of the Trust's April 2008 balance sheet under International Accounting Standards.

Audit Committee Report

Membership and meeting schedule:

The Audit Committee consists solely of independent Non Executive Directors. Its membership is selected to provide a broad set of financial, legal and commercial expertise appropriate to fulfill the Committees' duties. Members of the Audit Committee are:

- Joan Holden, Chair until November 2008
- Janet Wood, Chair from December 2008
- Leslie Cuthbert
- George Sutherland
- Garry Scott, from January 2009

In accordance with Monitor's Code of Governance for NHS Foundation Trust's the Board of Directors is satisfied that Joan Holden, Janet Wood and George Sutherland have recent and relevant financial experience.

At the request of the Audit Committee Chair, each meeting is attended by the External Audit representative, Internal Audit Manager, Local Counter Fraud Specialist, Chief Executive and the Director of Finance.

The number of Audit Committee meetings held in the year under review is nine. The attendance of individual members' attendance is disclosed in Table 8.

The Audit Committee has devised a comprehensive work plan which ensures the activities undertaken fully comply with the good practice guidance set out in the NHS Audit Committee Handbook.

Table 8 - Details of Board of Directors Meeting Attendance

Name / Position	Date of appointment	Current expiry of term	Board of Directors meeting		
			No of Meetings	No attended	
Mrs Lorraine Cabel Chairman of SEPT, Chairman of the Directors Remuneration Committee, Directors Nominations Committee and Governors Nominations Committee	3 March 2008	February 2012	11	11	
Mr Leslie Cuthbert - Vice Chairman & Senior Independent Director	1 May 2005	April 2009	11	10	
Mrs Joan Holden - NED and Chairman of the Audit Committee until November 2008	1 August 2001	November 2008	8	6	
Mr Steve Currell - NED	1 June 2007	May 2010	11	9	
Mr Gary Scott - NED	1 January 2009	December 2011	3	2	
Mr George Sutherland - NED	1 May 2005	April 2009	11	11	
Mrs Janet Wood - NED. Chairman of Audit Committee with effect from December 2008	1 November 2005	October 2009	11	9	
Mrs Dawn Hillier - NED	1 January 2009	December 2011	3	3	
Dr Patrick Geoghegan OBE - Chief Executive, Chairman of the Executive Operational Team and Chairman of the Integrated Governance Committee	June 1996	End of April 2011	11	10	
Mr Ray Jennings - Director of Finance and Chairman of the Integrated Strategic Planning Committee	November 1992	End of April 2011	11	9	
Dr Mike Lowe - Medical Director		End of April 2011	11	11	
Ms Sally Morris - Director of Operations	January 2006	End of April 2011	11	9	
Mr Oliver Shanley - Director of Integrated Governance	July 2003	End of April 2011	11	7	
Mr Philip Howe - Director of Partnership and Specialist Services	April 2002	End of April 2011	11	9	
Ms Nikki Richardson - Director of People Management and Business Development and Deputy Chief Executive	October 2003	End of April 2011	11	8	

	Audit Committee Meeting		Directors Nomination Committee		Directors Remuneration Committee		Mental Health Act Managers Committee		Executive Operational Team		Integrated Governance Committee		Investment Committee		Integrated Strategic Planning Committee		Joint Code of Governance	
	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended
			1	1	5	5	3	2			5	4			3	2	0	0
	9	7					3	3			5	2	4	4			0	0
	9	7					3	2			5	1					0	0
			0*	0	5	5	3	2			5	2			3	2		
	2	2			1	1	0	0										
	9	8			5	5	3	2					4	4	3	2		
	9	7	1*	1			3	2					4	3	3	3		
							0	0										
			1	1					41	33	5	1	4	3	3	0	0	0
									41	33	5	4	4	4	3	3	0	0
									41	35	5	1						
									41	33	5	3			3	1		
									41	32	5	4						
									41	30	5	4						
					5	1			41	32	5	4			3	1		

Table 9 - Details of Board of Governors Meeting Attendance

Constituency/ Appointing Organisation	Name	Date of first appointment	Period Elected	Period of Office	1/2nd Term of office	In post as at 31 March 2009	No of meetings	Board of Governors meeting	No of meetings	Joint Code of Governance	No of meetings	Rules and Regulations Committee	No of meetings	Membership Sub Committee	No of meetings	Remuneration committee	No of meetings	Nominations Committee	Declarations of Interest
Basildon	Jan Bentley	May-06	Sep 08 - Sep 2011	2	2	✓	6	6					3	2					None
	Dot Johnson	May-06	Sep 08 - Sep 2011	2	2	✓	6	6											None
	Keith Bobbin	May-06	May 06 - Sep 09	3	1	✓	6	3	0	0	5	3			3	3			None
	Klaus Kopp	May-06	May 06 - Sep 09	3	1	✓	6	5	0	0			2	1					None
Basildon	Susan Lovett	Sep-07	Sep 07 - Sep 10	3	1	✓	6	4					3	2					None
	Violet Sage	Sep 07	Sep 07 - Sep 10	3	1	☑	3	0											None
	(resigned Sept 08)																		
	Megan Justins	May-06	Feb 08 - Sept 10	<3	2	✓	6	6											Relative in inpatient service
Brentwood	Sylvia Fenton	May-06	Sep 08 - Sep 11	3	2	✓	6	6	0	0	5	5					2	1	Treasurer of Brentwood
	Frances Heywood	May-06	May 06 - Sep 09	3	1	✓	6	5			5	5							None
	Eileen Greenwood	May-06	May 06 - Sep 09	3	1	✓	6	6					3	2			2	2	None
	Lynda Galley	Sep-07	Sep 07 to Sept 10	3	1	✓	6	6					5	4					None
Castle Point	Lyn Peters	Sep-08	Sep 08 - Sep 11	3	1	✓	2	2											None
	Phil Stepney	May 07	May-07 to Sep-09		1	☑	2	2									0	0	None
	(resigned Jul 08)																		

Table 9 continued - Details of Board of Governors Meeting Attendance

Constituency/ Appointing Organisation	Name	Date of first appointment	Period Elected	Period of Office	1/2nd Term of office	In post as at 31 March 2009	Board of Governors meeting		Joint Code of Governance		Rules and Regulations Committee		Membership Sub Committee		Remuneration committee		Nominations Committee		Declarations of Interest
							No of meetings	No attended	No of meetings	No Attended	No of meetings	No attended	No of meetings	No attended	No of meetings	No attended	No of meetings	No attended	
Rest of Essex	Debbie Shaw	May-06	May-06 to Sept-09	3	1	0	6	0											None
Rochford	Julie Turner	Nov-06	Sept 07 to Sept 10	3	2	0	6	4									2	2	None
	Brian Taylor	Feb-08	Feb-08 to Sept-10	3	1	0	6	5											None
	Paul Armstrong	May-07	May-07 to Sept-09	3	1	0	6	1					5	1					None
	Dr Naila	Nov-08	Nov-08 to Sept-09	<1	1	0	1	0											None
	Khokher																		None
	Sandra Roberts	May-06	Sept 07 - Sept 10	3	2	0	6	3											None
	John Rolfe	May-06	Sept 08 - Sept 11	3	2	0	6	5											None
	Shunleea	Sep-07	Sept-07 to Sept-10	3	1	0	6	6					5	4					None
	Harding																		None
	Herman Prestcote	May-06	May-06 to Sept-09	3	1		4	1							3	0			None
Southend	Ken Ellard	May-06	May-06 to Sept-09	3	1		4	0											None
	(resigned Nov 08)																		
	Sharon Adams	May-06	May-06 to Sept 08	2	1		0	0											Member of Service Users Research
	(resigned May 08)																		

Table 9 continued - Details of Board of Governors Meeting Attendance

Staff	Constituency/ Appointing Organisation	Name	Date of first appointment	Period Elected	Period of Office	1/2nd Term of office	In post as at 31 March 2009	Board of Governors meeting		Joint Code of Governance		Rules and Regulations Committee		Membership Sub Committee		Remuneration committee		Nominations Committee		Declarations of Interest
								No of meetings	No attended	No of meetings	No Attended	No of meetings	No attended	No of meetings	No attended	No of meetings	No attended	No of meetings	No attended	
Thurrock		Tony Reeve	Feb-09	Feb-09 to Sept-09	<1	1	0	1	0											None
		Yvonne Pennycook	May-06	May-06 to Sept 09	3	1	0	6	0											None
		Joan Sheppard	Sep-08	Sep 08 - Sep 2011	3	1	0	2	1											
		Ayob Khamisi	Sep-08	Sep 08 - Sep11		1	0	6	0											
		Margaret Verity	Sep-07	Sept-07 to Sept-10	3	1	0	6	4											None
		Irene Lewsey	Sep-07 (resigned Dec 08)	Sept-07 to Sept-10	3	1		5	4											None
		Rowland Nakanda	May-06	May-06 to Sept 08	2	1		4	0											None
		Kishore Seewoonarain	Sep-07	Sept 07 to Sept 10	3	2	0	6	6											None
		Elaine Taylor	May-06	May-06 to Sept 08	2	1		4	4											None
		Daphne McAmbridge	Sep-08	Sept 08 to Sept 11	3	1	0	2	1											None
		Gaynor Abbott-Simpson	May-06	May-06 to Sept 08	2	1		4	3											None
		Neil West	Sep-08	Sept 08 to Sept 11	3	1	0	2	2											None
		Elspeth Clayton	May-06	May-06 to Sept-09	2	1	0	6	5											None
		Robin Oldfield	May-06	May-06 to Sept-09	3	1	0	6	5											None

Table 9 continued - Details of Board of Governors Meeting Attendance

Stake Holder Organisations																											
Constituency/ Appointing Organisation		Name		Date of first appointment		Period Elected		Period of Office		1/2nd Term of office		In post as at 31 March 2009		Board of Governors meeting		Joint Code of Governance		Rules and Regulations Committee		Membership Sub Committee		Remuneration committee		Nominations Committee		Declarations of Interest	
Anglia Ruskin University/Essex University		Prof Gill Green		May-06 (resigned FEB 09)		May-06 to Sept-09		3		1		0		5		2										None	
Council for Voluntary Services*		Ahmad Khwaja JP		Nov-06 (resigned April 08)		Nov-06 to Sept-09		3		1		0		0		0										None	
Service User Network*		Roy Birch Chair of Remuneration and Membership		May-08		May-08 to March-09		3		1		0		6		5		0		4		3		3		None	
		Steve Kent		May-06 (resigned April 08)		May-06 to Sept 09		3		1		0		0		0										None	
Southend on Sea Borough Council		Cllr Rayner		Sep-08		Sep-08 to Sep 11		3		1		0		2		2										None	
Thurrock Unitary Council		Cllr Danny Nicklen		Nov-08		Nov-08 to Sep-11		3		1		0		1		0										None	
		Councillor Tunde Ojetola		May-08 (resigned Nov 08)		May-08 to Nov 08		3		1		0		3		1											
Essex County Council		John Schofield		May-06 (resigned Feb 08)		May-06 to Sept-09		3		1		0		5		3										None	
		Mavis Webster		May-06		May-06 to Sept 09		3		1		0		6		4										None	

Membership

Membership

To ensure that we achieve the benefits associated with having a membership, the Foundation Trust has encouraged members to be involved in a range of activities that will contribute to the development of the Trust and the well being of the community served by the Trust. As at March 2009 we have recruited around 10,500 members.

We have two categories of membership for South Essex Partnership University NHS Foundation Trust:

Public Members

All people aged 12 and over and living in Essex are invited to join the NHS Foundation Trust.

Staff Members

All staff on permanent or fixed term contracts that run for 12 months or longer are automatically members (unless they don't want to be). Staff who are seconded from our partnership organisations and working in our

Foundation Trust on permanent or fixed term contracts that run for 12 months or longer are also automatically eligible to become members. All staff are members of the Foundation Trust and as at 31 March 2009 numbered 2,493.

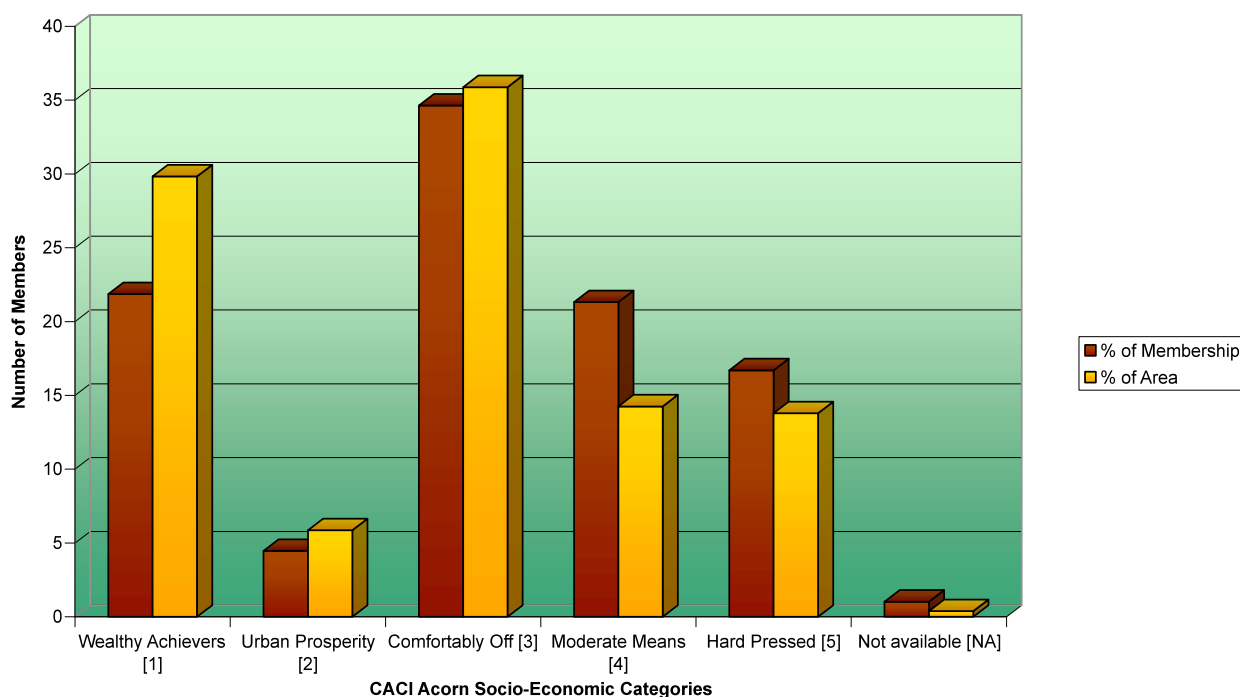
Membership Analysis

The Trust is keen to ensure a representative and engaged membership. It is also keen to ensure that the membership grows and membership in areas of under-representation is addressed with targeted campaigns. The chart below details our membership and the representativeness of our public membership.

Membership Strategy

Our strategy is to build a broad representative membership that is evenly spread geographically across the local area served by the NHS Foundation Trust and reflects the ages and diversity of our local population. The public membership includes all people who use our services, their carers and families, as well as the broader community of Essex. Further details are available on our website www.southessex-trust.nhs.uk

CACI Acorn Socio-Economic Category Chart as at 31 March 2009



Source: ONS Census 2001. Acorn @ CACI L

TABLE 10 - MEMBERSHIP ANALYSIS (INCLUDING REPRESENTATIVENESS) – AS AT 31 MARCH 2009.

TOTAL (8493)										BASILDON (2595)										BRENTWOOD (441)										CASTLE POINT (751)									
Age					Age					Age					Age					Age					Age					Age									
Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity									
Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	% of Population									
12-16	61	1%	5%	12-16	41	1%	6%	12-16	1	0%	5%	12-16	1	0%	5%	12-16	5	1%	5%	12-16	5	1%	5%	12-16	5	1%	5%	12-16	5	1%	5%								
17-21	699	8%	6%	17-21	274	10%	7%	17-21	15	4%	6%	17-21	15	4%	6%	17-21	54	7%	6%	17-21	54	7%	6%	17-21	54	7%	6%	17-21	54	7%	6%								
22+	4977	59%	73%	22+	1588	62%	72%	22+	291	66%	74%	22+	291	66%	74%	22+	391	52%	74%	22+	391	52%	74%	22+	391	52%	74%	22+	391	52%	74%								
Unknown	2756	32%		Unknown	692	27%		Unknown	134	30%		Unknown	134	30%		Unknown	301	40%		Unknown	301	40%		Unknown	301	40%		Unknown	301	40%									
Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity									
White	6635	78%	97%	White	2142	83%	97%	White	331	75%	96%	White	331	75%	96%	White	613	82%	98%	White	613	82%	98%	White	613	82%	98%	White	613	82%	98%								
Black	190	2%	1%	Black	48	2%	1%	Black	3	1%	1%	Black	3	1%	1%	Black	4	0.5%	0%	Black	4	0.5%	0%	Black	4	0.5%	0%	Black	4	0.5%	0%								
Asian	172	2%	1%	Asian	61	2%	1%	Asian	19	4%	1%	Asian	19	4%	1%	Asian	4	0.5%	1%	Asian	4	0.5%	1%	Asian	4	0.5%	1%	Asian	4	0.5%	1%								
Other Chinese	26	0%	0%	Other Chinese	6	0%	0%	Other Chinese	11	3%	1%	Other Chinese	11	3%	1%	Other Chinese	1	0%	0%	Other Chinese	1	0%	0%	Other Chinese	1	0%	0%	Other Chinese	1	0%	0%								
Mixed	59	1%	1%	Mixed	16	1%	1%	Mixed	6	1%	1%	Mixed	6	1%	1%	Mixed	2	0%	1%	Mixed	2	0%	1%	Mixed	2	0%	1%	Mixed	2	0%	1%								
Other	1411	17%		Other	322	12%		Other	71	16%		Other	71	16%		Other	127	17%		Other	127	17%		Other	127	17%		Other	127	17%									
ROCHFORD (817)										SOUTHEND ON SEA (1939)										THURROCK (1400)										REST OF ESSEX (460)									
Age					Age					Age					Age					Age					Age					Age									
Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity									
Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	Number of Members	% of Members	% of Population	Number of Members	% of Members	% of Population									
12-16	0	0%	5%	12-16	6	0%	5%	12-16	0	0%	6%	12-16	0	0%	6%	12-16	8	2%	5%	12-16	8	2%	5%	12-16	8	2%	5%	12-16	8	2%	5%								
17-21	69	8%	6%	17-21	132	7%	6%	17-21	98	7%	6%	17-21	98	7%	6%	17-21	43	9%	6%	17-21	43	9%	6%	17-21	43	9%	6%	17-21	43	9%	6%								
22+	421	52%	74%	22+	1081	56%	74%	22+	871	62%	71%	22+	871	62%	71%	22+	267	58%	74%	22+	267	58%	74%	22+	267	58%	74%	22+	267	58%	74%								
Unknown	327	40%		Unknown	720	37%		Unknown	431	31%		Unknown	431	31%		Unknown	142	31%		Unknown	142	31%		Unknown	142	31%		Unknown	142	31%									
Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity					Ethnicity									
White	649	79%	98%	White	1427	74%	96%	White	1074	77%	95%	White	1074	77%	95%	White	328	71.5%	97%	White	328	71.5%	97%	White	328	71.5%	97%	White	328	71.5%	97%								
Black	5	1%	0%	Black	33	1.5%	1%	Black	83	6%	1%	Black	83	6%	1%	Black	10	2%	1%	Black	10	2%	1%	Black	10	2%	1%	Black	10	2%	1%								
Asian	5	1%	1%	Asian	40	2%	2%	Asian	29	2%	2%	Asian	29	2%	2%	Asian	9	2%	1%	Asian	9	2%	1%	Asian	9	2%	1%	Asian	9	2%	1%								
Other Chinese	0	0%	0%	Other Chinese	4	0%	0%	Other Chinese	3	0%	1%	Other Chinese	3	0%	1%	Other Chinese	1	0%	0%	Other Chinese	1	0%	0%	Other Chinese	1	0%	0%	Other Chinese	1	0%	0%								
Mixed	1	0%	1%	Mixed	16	0.5%	1%	Mixed	12	1%	1%	Mixed	12	1%	1%	Mixed	6	1.5%	1%	Mixed	6	1.5%	1%	Mixed	6	1.5%	1%	Mixed	6	1.5%	1%								
Other	157	19%		Other	419	22%		Other	199	14%		Other	199	14%		Other	106	23%		Other	106	23%		Other	106	23%		Other	106	23%									

Working in Partnership

Working in Partnership with Service Users / Carers

Providing the best possible health and social care services to improve the lives of people with mental health and learning disabilities is extremely important to the Trust. The experience we provide for people who use our services is critical. A poor experience undermines the effectiveness of the clinical and social care we provide. A good experience can make all the difference, helping people to feel valued as individuals and to engage better with their treatment.

During 2008/09, the Trust worked in accordance with its Customer Service Strategy which was developed by the Trust in 2007/08. This includes a clear set of customer service standards which the Trust is committed to delivering.

The Trust's vision and values remain unchanged from the previous year, as follows,

Our Vision:

'Providing services that are in tune with you'

Our Strategy:

Our aim is to provide high quality health services:

- in accordance (or in tune) with the NHS principles and standards;
- that are delivered in partnership with our service users, their carers, our staff, local authorities and other healthcare providers;
- that are innovative
- that promote recovery, independence and well being;
- and maximize opportunities to develop and expand services in related areas.

People who use the service In tune with me	VALUES	Colleagues (including partners) In tune with me
We believe you can live a fulfilling life	OPTIMISTIC	Everything we do - every intervention - is focused on helping you feel better
We respect you as an individual, and expect you to respect us too	RESPECTFUL	We value each other's contributions
We listen to your point of view, and think about things in the context of your life	EMPATHISING	We consider each other's perspective
We will give you choices	INVOLVING	We work together as teams, within our organisation and with partners
We help you to take control of your life	EMPOWERING	We all have permission to innovate
We'll help you to play an active part too	ACCOUNTABLE	We want to be judged by our results

Service User and Carer Involvement

The Trust remains committed to involving service users and carers in policy, practice and service development. We work closely with the Local Involvement Forums (LINKs) and stakeholders in the voluntary and third sectors, including MIND, Rethink, Shields Parliament (for people with a learning disability), the Independent Complaints Advocacy Service and various housing and young people's organizations. We would like to thank all the service users, carers and stakeholders who have volunteered to work with us on many issues. Here are a few examples.

Recruitment Panels

Involvement in interview panels began with those for consultant Psychiatrists and many have now been held – including in learning disability services. It is a powerful signal to candidates that involvement is real here. It also helps to have people present at the interview who consider how the candidates interact with the service user or carer.

A training session was held in October for any service users and carers who wanted to sit on staff interview panels. We now have 32 trained as interviewers and 20 more who want to join the scheme. For people with a learning disability we work with Southend's Shields' Parliament, who also provide a support worker for these occasions.

Patient Experience Group – PEx

PEx meets quarterly, and receives reports on all involvement activity. Membership is made up of service users, carers, and senior Trust staff to discuss all aspects of patient experience at the Trust. The group also receives reports on complaints, compliments and the Patient Advice and Liaison Service (PALS). The group is also used as a sounding board for new issues as well as giving members the opportunity to raise their own concerns or those from other service users and carers.

LINKs

The Trust has developed good working relationships with the three LINKs in South Essex,

all of which are invited to Trust events such as Planning Days. A protocol is being established for each of the LINKs that will detail how the relationship between the Trust and LINKs will be governed.

Work with Schools and Young People

The Trust has a Young Peoples' Involvement Officer which was a joint appointment between the Trust and Barnardo's. Their first objective is to set up a group of young service users and carers to comment on material, including national leaflets.

Work continues within secondary schools to raise understanding of mental health issues. All 75 secondary schools and colleges within our area have been individually written to, and were sent copies of DVD's produced by the Trust on issues affecting young people.

Our seminars with student groups are extremely popular. We tailor the talks to the requirements of the particular school or college and have delivered sessions on mental health awareness, self harming, eating disorders, keeping mentally healthy, etc. Within the last three months we have given talks to over 1,200 students from a wide variety of backgrounds. Often we bring along service users to speak about a condition that has affected them.

Committees

Service users attend and are involved in a number of Trust committees. These include the following,

- The Acute Care Forum (about adult wards)
- Secure Service Forum (patient reps from across the service)
- Partnership Boards (in learning disability services)
- Mental Health Act Implementation Group
- Dual Diagnosis Group
- CPA Steering Committee
- NICE Implementation
- PEx
- Reprovision Reference Group (about the Trust building programme)
- Self Harm
- Lasting Memories

Service users and carers also represent the Trust at other events, including a recent event on self harming organised by the Commissioners.

Carers

The Trust's Carers Awareness Group for carers and staff continues to meet and is looking at providing training for staff, as well as a Carers Education Programme. A survey of carer's opinion is to be launched and draft questionnaires have been sent out for consultation. The Trust also continues to publish its bulletin 'For Carers' and has now produced four issues.

The Trust is also looking to develop a Carers' Buddying scheme, and a carers' website is also in the process of being tested.

Expert Patient / Carer Programme

We now have six trained tutors (all service users), of which two are accredited, with a further eight tutors due to be trained.

Student Nurses

Service users and carers continue to be involved with the training of student nurses at Anglia Ruskin University and now at the University of Essex.

My Story

In November the Trust launched 'My Story' which involves the Trust publishing (anonymously) stories about being a service user or a carer in mental health and learning disability services. We believe this will be useful to other people in a similar position and will help staff understand service users and carers' issues more fully. Runwell Commemorative Booklet.

Service users and carers are also involved in the publication of a booklet of memories and experiences about Runwell Hospital.

PIPE

The Patient Information and Plain English Group is made up of two staff and about 35 service users/carers/advocates who approve all Trust material for the public, to make sure it is clear

and jargon-free.

We hold special meetings with the Shields Parliament in Southend about material for people with a learning disability. We also hold special events to gather young people's opinions on material.

Translation and Interpretation

The Trust continues to operate a translation and interpretation service. The most frequently requested languages are Albanian, Farsi, Czech, Polish and Cantonese.

Time to Change

Time to Change (which includes national TV advertising and lots of promotional material to secure a 5% shift in public attitudes to mental illness) was launched nationally on 19 January 2009. Rethink, MIND, NHS South East and South West Essex PCTs and SEPT have started a group to coordinate some local activities. It is a three year campaign and there is plenty for people to be involved with.

The big event was The Happening (after the Supremes song – "it happened to me, it can happen to you!") This was held at Southend United Football Club on 4 February. The centerpiece was over 200 people holding up their part of a huge poster that said, "Let's Tackle Stigma" on one side and "Time to Change" on the other. Steve Tilson, the Southend United Manager also participated. Schools were invited along to participate, together with Governors and others. Fashion Fantasy is another project with fashion students about understanding eating disorders and is used in the colleges in south Essex.

PALS

The PALS (Patient Advice and Liaison Service) gives service users and carers an alternative to making a formal complaint. PALS is contactable between 9am and 5pm Monday to Friday, and also through the Trust's website by email. If you are a service user or carer, and have a question, a concern or just want to find out more about our services, please contact PALS on freephone 0800 0857935.

During 2008/09, PALs received 350 enquiries from service users and carers. The average time taken to deal with the queries raised is three days.

Complaints and Compliments Received

A total of 158 formal complaints were received during 2008/09 and all of these were thoroughly investigated. Investigating complaints helps the Trust make improvements to services. People are encouraged to tell our staff if they are not happy with the service they are receiving, with the Trust preferring to resolve issues locally.

93.7% of complaints raised in 2008/09 were resolved within 25 working days. 105 were completed within 20 days or less (66.5%), 43 were completed between 21 and 25 working days (27.2%), two complaints took between 26 to 30 days (1.2%) and six complaints took longer than 30 days to complete (3.8%). Of the complaints which took longer than 30 days to complete, all six complaints were extended with the complainant's permission. two complaints remained active at the end of the year. The average time taken to respond to complaints was 17 days.

Working in Partnership with Staff

Staff Satisfaction

Employees within the organisation continue to provide extremely positive feedback about their experiences of working for the Trust. In this year's Healthcare 100 staff survey the Trust was voted Best Mental Health trust, eighth best organisation in the country to work for and best Trust for managers.

University Status

During 2008/09, the Trust was awarded University Status in partnership with Anglia Ruskin University and was the first mental health and social care trust in the country to achieve this.

Sickness Absence Data

The effective management of sickness absence is an essential part of every manager's responsibility within the Trust. In accordance with the Sickness Absence Procedure, managers are required to constantly review sickness absence levels and individual cases, and take a proactive approach to addressing these issues.

The average rate of sickness absence within the Trust for the year April 2008 to March 2009 was 4.85%. The results of the NHS Sickness Absence Survey 2005 (last published results) for Mental Health and Community Trust was 5.3%.

Employee Consultations

The Trust has a Joint Staff Forum where Staff Side and Management representatives meet regularly to discuss issues and matters of concern to the workforce. In addition to this, the Trust has a number of policies which allow staff to raise any matters of concern. These include:

- Staff Affected by Organisational Change and Employee Relations Policy, incorporating Recognition Agreement.
- Grievance
- Whistleblowing – Public Concern about Healthcare Matters

The Trust has a policy that promotes formal consultation with employees in relation to significant change. Consultations that have taken place in 2008/09 include:

Consultations – April 2008 to March 2009

Staff group	Reason for consultation
Meadowside staff	Staff transferring under TUPE to Estuary Housing Ltd
Churchill House	Staff relocation
Home treatment teams	Reorganisation of five home treatment teams to match new catchment areas/introduce on-call service
Facilities administration	Change of base from Runwell to Rochford
Runwell decommissioning x 2	Transfer of Forensic staff to new building/change of base from Runwell for other non Forensic staff
Dove Ward	Closure of ward
All staff working in hospitals, units and community based homes	Proposed changes to working hours to comply with WTD
Medical management restructure	Phase 2 – redesigning of clinical director roles
Belhus Ward	Closure of ward
Pebble Centre (CAMHS)	Centre given notice of closure by Thurrock Council
Coptfold House	Relocation to Brentwood Council Offices
Information Dept – Appointments office, Thurrock	PCT's ending contract leading to closure of department
Clinical Audit	Replacement of band 3 and 4 roles with band 6 nurse
Essex Mental Health Professionals	Proposed changes to working hours and job descriptions (reduction in funding due to North Essex withdrawal from contract)

Disabled Employees and Equal Opportunities

The Trust has in place a Single Equality Scheme that covers the legal and best practice requirements regarding age, gender, disability, religion and belief, sexual orientation and ethnicity.

Deriving from this scheme the Trust also prepares an annual action plan that takes forward actions for development in all areas of equality and diversity involving disability.

The Trust uses Equality Impact Assessments to ensure that all our activities (policies, procedures and services) are examined to ensure there is no potential for discrimination against a particular group of people.

In terms of disability, a Disability Equality Group has been formed to ensure the inclusion of all consultation with disabled people, including disabled employees.

The Trust holds Positive about Disabled (the 'Two Ticks' symbol) and Mindful Employer status for the work we have undertaken in recruiting and retaining people with disabilities.

Table 11 - Equal Opportunities

Ethnic Group	Headcount	Percentage
White	1,534	78.5%
Black	178	9.1%
Asian	111	5.7%
Chinese or Other	84	4.3%
Mixed	21	1.1%
Not Stated	26	1.3%
Total	1,954	

Disabled Employees

We have four members of staff with registered disabled status.

Involvement of Employees in FT's Performance

Our commitment to fully involving all of our staff in taking an active role and interest in the quality and performance of our services continued during 2008/9 with the roll-out of our 'ward to board' approach to performance monitoring and reporting. Regular 'dashboards' providing a summary of performance against key quality, safety and effectiveness indicators are now produced for each in-patient ward, for the majority of our community teams and for each of our consultant psychiatrists. These easy read summaries benchmark performance within the trust with other wards, teams and consultants and identify performance against locally and nationally agreed targets. Ward and team managers are required to share the information with their staff and use it to identify any areas where improvement may be required. The consultant psychiatrist's individual dashboards are used during supervision and appraisal. All of the indicators in the dashboards contribute to a detailed quality and performance report that is prepared on a monthly basis for the Trust's Executive Team, senior managers and clinical leaders.

Our annual planning process ensures that as many staff as possible have an opportunity to consider how the trust is currently performing and identifying the action that is required to ensure continued success and delivery of high quality services. During 2008/9, nearly 400 staff

participated in planning events and a further 120 took part in a staff listening event, aimed specifically at identifying the blockages in systems and processes that may prevent them from delivering top class services.

Recognition of the effort and involvement that is put into improving quality and performance by all of our staff is an integral part of our continuous improvement strategy. All staff are encouraged to submit ideas for improvement through our 'I2I' (Innovate to Improve) staff suggestion scheme. Staff also submit their projects and service developments into our Annual Quality Awards scheme. Shortlisted projects are presented by teams and individuals to colleagues, partners, service users, carers, members, the public and national and local VIPs at our Quality Award celebration. This year all staff were awarded one extra day of annual leave in recognition of the contribution made by everyone to achieving our excellent / excellent rating by the Healthcare Commission.

Other disclosures in the public interest

Bedford and Luton Partnership NHS Trust
The SEPT Board of Directors were pleased to support Dr Patrick Geoghegan's appointment on a part time basis, as Interim Chief Executive at Bedford and Luton Partnership NHS Trust (BLPT) from September 2008. This was at the request of the East of England Strategic Health Authority and the BLPT Board of Directors. In addition, at the request of the BLPT Board of Directors, some senior staff from SEPT have also been providing additional capacity and support to

BLPT to ensure that the Trust is able to function effectively whilst it's long term future is agreed. This arrangement has not affected the performance nor the delivery of the Annual Plan within SEPT. The backfill opportunities that have arisen as a result of filling capacity within SEPT have proven to be a beneficial opportunity for senior staff to progress their personal development.

Health & Safety Performance

The Trust has continued to provide Health & Safety guidance and support throughout the year and provides an assurance of the organisation's commitment in maintaining a safe environment for all. The Trust works in partnership with the Unions to drive this agenda forward. Additionally, Integrated Risk has appointed an additional Health and Safety Assistant and a full time Local Security Management Specialist (LSMS).

The Trust also had an inspection by the Health and Safety Executive in relation to the management of violence and aggression. The HSE submitted a very positive report to the Trust which stated the management systems were robust, met the statutory requirements of health and safety legislation and the trust was also complimented on the efficient and professional manner in which the staff had conducted themselves throughout the HSE investigation process. Their report goes on to say,

"At the time of inspection, it was apparent that SEPT had some significantly robust systems in place to manage and prevent violence and

aggression. These systems are integrated into the overall risk management structure. This has been improved over the past few years, particularly within the amalgamation of the Clinical Health and Safety Risk Departments under one banner. For this the Trust should be commended".

Training

Mandatory training for staff is in line with the requirements set for trusts operating at Level 3 of the Risk Management Standards. All mandatory training targets were met during the year. We delivered training to front line staff to support the implementation of the amendments to the 1983 Mental Health Act and the Deprivation of Liberty legislation. Role development has continued with training to support the new Memory Service and the increased use of nurse prescribers. The move to University Trust status has meant that we can develop and accredit programmes: courses at Undergraduate and Master Levels have been produced during the year.

Clinical Audit

We continued our comprehensive programme of clinical and organisational audit covering a whole range of areas such as risk, violence, patient safety, infection control and clinical supervision. We will publish a full annual report on our audit findings in the summer. The audit outcomes provide the assurance to the Board that governance arrangements are in place, our policies are regularly monitored and corrective actions are taken if necessary.

Table 12 – Reported Incidents

Location	2007/08	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2008/09Total
Adult Wards	7	1	1	2	2	6
Community	8	2	0	1	0	3
Elderly Wards	8	2	1	2	0	5
Low Secure	3	1	0	1	0	2
Runwell	1	3	1	1	2	7
Resource / Office	0	2	3	2	5	12
	27	11	6	9	9	35

Injuries, Diseases and Dangerous Occurrences

Detailed below are the on-going statistics for the Reporting of Injuries, Diseases & Dangerous Occurrences (RIDDOR) incidents within the organisation since April 2008.

There has been a slight increase in the number of incidents reported. This is due, in part, to effective training regarding the importance of comprehensive reporting and the embedding of a 'fair blame' culture throughout the organisation. The Trust views such an increase in reporting as positive as it provides evidence that the re-structured reporting system is capturing all reportable incidents. The Integrated Risk Management Department are responsible for, and process, the reporting of all RIDDOR incidents directly to the Health & Safety Executive. The level of RIDDOR incidents fall below the average figure for comparable organisations.

Hospital Acquired Infections

The local target is a reduction in the number of blood borne cases of MRSA Bacteraemia. The Department of Health and Health Protection Agency mandatory reporting scheme for MRSA Bacteraemia cases only involves acute trusts. Mandatory Clostridium Difficile reporting is done via our partner acute Trust Laboratories.

For the period April 2008 - March 2009, there have been no recorded cases of MRSA Bacteraemia or Clostridium Difficile on the wards, compared to one incident in 2007/08.

Serious Untoward Incidents

To comply with the requirements of the Risk Management Standards Level 3, which the Trust achieved in September 2008, all serious untoward incidents (SUIs) necessitate reporting to the Strategic Health Authority, the Primary Care Trust, the National Health Service Litigation Authority and the Mental Health Act Commission; where applicable.

The definition of an SUI is detailed within the Trust's Corporate Policy CP 3. During the year the number of SUIs has fallen when compared to

the 2007/08 figure. Unexpected deaths rose by one, absconsions showed a marked decline indicating the positive impact of the anti absconsion package and the opening of the Rochford Site. A further incident was a fire in an inpatient ward which was dealt with in an efficient and professional manner, resulting in the safe evacuation of all patients and staff. All unexpected deaths are of course a tragedy, the Trust has a rigorous system of investigation undertaken by senior staff which ensures that lessons are learnt and embedded into practice. It requires to be noted that the overall death rate from suicide and undetermined death has fallen in England and Wales by 20%. The East of England region and South Essex experience suicide rates at 10% lower than the national average.

Adverse Incidents

There were 4028 reported incidents in 2008/09, an increase of 8% on the previous year's total (2007/08) of 3714. This increase is partially attributable to a more proactive reporting system. The Healthcare Commissions confidential staff survey identifies that staff report the Trust has good incident reporting systems and a fair and transparent culture for incident investigation.

There has been a large increase of reported medication errors over the course of the last year. The increase is a demonstration of the awareness-raising that has been going on specifically within this subject area, which it is widely documented is under-reported across the health sector. These reports are kept under constant review by the Drugs and Therapeutics Committee and are also reported to the National Patient Safety Agency (NPSA). The rise in figures is a clear indication that problems and errors are now being identified and reported so that solutions and trends can be identified and addressed.

There has been an in-year decrease in reported assaults by both inpatients (32% decrease) and by community services. This reflects a greater clarification of the figures and changes in reporting to eradicate double entries (two members of staff involved in the same incident was previously reported as two incidents – under the current system this now records as

one incident). Reporting levels of violence are kept under constant review by the Risk Management Committee, and the current reports are recorded by a majority as either No Harm or Low Harm. External validation is provided by other sources of data i.e. National Patient Safety Agency (NPSA) Reporting and Learning System (RLS) which confirms that the majority of incidents have been categorised as no or low harm.

Furthermore, the Security Management Service (SMS) national report which specifically addressed violence against staff demonstrated that SEPT have a lower level of incidents (9.5%) than the national average (12%). The staff survey also demonstrates that (higher than national average) staff know how to report, and feel confident in the investigation process. The internal data recorded and verified by external agencies can be considered positive and is reflective of an organisation that takes the issue of violence and aggression seriously and is proactive in its response to and management of same.

Fire Safety Inspection

The Essex Fire & Rescue Service has undertaken five inspections within the Trust at Grays Hall, Heath Close, Runwell Hospital, Mountnessing Court and Meadowside. A positive report was received in all cases, it is also pleasing to note that the Essex Fire & Rescue Service have complimented the Trust on the high level of cooperation and commitment they experienced and was evident throughout the inspections undertaken within the Trust, this ensures that the organisation continues to comply with the Regulatory Reform (Fire Safety) Order 2005.

Risk Management

The Risk Management Strategy was reviewed and approved by the Board of Directors in June 2008.

Emergency Planning and Business Continuity Management (BCM)

In accordance with the Civil Contingencies Act 2004, the Trust has actively engaged in the testing of the Major Incident Plan with a live

exercise and has undertaken a series of table top exercises to ensure the continued refinement and robustness of the plan. The organisation has also ensured that staff responsible for maintaining capacity for effective response have undergone specialist training in Emergency Planning / Business Continuity Management facilitated by the Cabinet Office's Emergency Planning College in York. The Trust has also provided a two training course delivered by the Cabinet Office Emergency Planning College. This was attended by in-patient and community staff; these personnel are considered 'first responders' in the event of an incident.

Research and Development

In 2008/09 work has been ongoing within the research department to utilise the last year of NHS Transitional R&D Support Funding from the Department of Health in order to prepare for the new funding arrangements for research. NHS research funding will now be sourced from the National Institute for Health Research Clinical Research Network (NIHR CRN) and will relate either to participant accrual in to research studies on the NIHR UKCRN national research portfolio or from grants to researchers from the same organisation.

A significant development this year has been the establishment of a new Postgraduate Medical Institute (PMI) at Anglia Ruskin University. The PMI has been established as a partnership between Anglia Ruskin University and ten NHS Trusts, including SEPT, with funding from the University of £3.5 million pounds. The PMI will focus on research important to regional and national health and well-being and build upon existing postgraduate medical training, research and development and innovation work. The recently declared University status of SEPT will ensure a leading role for the Trust in the continuing development of the PMI and its agenda to support high quality research.

Remuneration Report

This section covers the remuneration of the Trust's most senior management in relation to those persons in senior positions who have authority or responsibility for directing or

controlling major activities of the Foundation Trust. In practical terms this relates to the Trust's Board of Directors including both Executive and Non Executive Directors.

Over the next few pages information is provided in relation to the Board of Directors Remuneration Committee and Board of Governors Remuneration Committee. The overall policy on remuneration is also outlined below and more detailed information in relation to the remuneration of all Board Executive and Non Executive Directors is shown in Table 13.

Board of Directors Remuneration Committee

The Trust has established a Remuneration and Terms of Service Committee which is a key sub group committee of the Board of Directors.

The Committee has delegated responsibility to review and set the remuneration and terms of service of the Executive Directors. The Committee which comprises Non Executive Directors met on five occasions during the year. Membership of the committee and the number of times each member met during this period is included in Table 8.

The Remuneration Committee made a cost of living award to the Executive Directors in line with the pay award to other NHS staff.

The Remuneration Committee has developed a broader framework in which to assess the applicability of any performance related bonus payments and this year have given consideration to Executive bonus payments based on the overall performance of the Trust and achievement of corporate, directorate and individual objectives for 2007/08. Achievement of objectives has regularly been monitored throughout the year by the Board of Directors.

All Directors are employed on substantive contracts with a minimum notice period of six months. The Director of Specialist Services and Partnerships is currently on secondment from Essex County Council and as a result, the gross cost (including employer's superannuation and national insurance contribution) paid by the Trust to the County Council was £130,000.

The Trust does not make termination payments to Executive Directors which are in excess of contractual obligations. There have been no such payments during the 2008/09 financial year.

Board of Governors Remuneration Committee

The Board of Governors has established a Remuneration Committee which has delegated responsibility for assessing and making recommendations to the Board of Governors in relation to the remuneration of the Trust's Non Executive Directors.

The Committee met on Three occasions during 2008/09. The Committee members and the number of times each member attended Committee meetings during this period is included in Table 9.

Dr Patrick Geoghegan OBE Chief Executive

Table 13 – Directors Salaries and Allowances

		Salary 2008/09 (bands of £5,000)	Other Remuneration 2008/09 (bands of £5,000)
		£000	£000
Patrick Geoghegan	Chief Executive	175-180	20-25
Michael Lowe	Medical Director	95-100	0-5
Raymond Jennings	Director of Finance & Resources	130-135	15-20
Sally Morris	Director of Operations	115-120	10-15
Philip Howe	Director of Partnerships	95-100	0
Oliver Shanley	Director of Integrated Governance	100-105	5-10
Nikki Richardson	Director of People Management & Business Development	115-120	0-5
Lorraine Cabel	Chair	40-45	0
Joan Holden	Non-Executive Director	10-15	0
Janet Wood	Non-Executive Director	15-20	0
George Sutherland	Non-Executive Director	15-20	0
Leslie Cuthbert	Non-Executive Director	15-20	0
Steve Currell	Non-Executive Director	15-20	0
Dawn Hillier	Non-Executive Director (from Jan 2009)	0-5	0
Gary Scott	Non-Executive Director (from Jan 2009)	0-5	0

Notes

The provisional bonuses for 2008/09 totalling £195,000 have been accrued within the Statutory Accounts

Table 14 – Directors Pension Benefits

		Real Increase in Pension and related lump sum at age 60
		£000
Patrick Geoghegan	Chief Executive	15-17.5
Michael Lowe	Medical Director	N/A
Raymond Jennings	Director of Finance & Resources	12.5-15
Sally Morris	Director of Operations	5-7.5
Philip Howe	Director of Partnerships	5-7.5
Oliver Shanley	Director of Integrated Governance	7.5-10
Nikki Richardson	Director of People Management & Business Development	10-12.5

Notes

In comparing the real increase in pension and lump sum between the 2008/09 and 2007/08 financial years, it will be evident that there was a significant increase on 1 October 2008 as a result of the Occupational Pension Scheme (Transfer Value Amendment) regulations.

Benefits in Kind 2008/09 <i>(Rounded to the nearest £00)</i>	Salary 2008/09 <i>(bands of £5,000)</i>	Other Remuneration 2008/09 <i>(bands of £5,000)</i>	Benefits in Kind 2008/09 <i>(Rounded to the nearest £00)</i>
£00	£000	£000	£00
0	170-175	0	0
0	90-95	0	0
0	125-130	0	0
0	115-120	0	0
0	110-115	0	0
0	100-105	0	0
0	115-120	0	0
0	0-5	0	0
0	15-20	0	0
0	15-20	0	0
0	15-20	0	0
0	25-30	0	0
0	10-15	0	0
0	0	0	0
0	0	0	0

Total Accrued pension and related lump sum age 60 31 March 2008	Cash Equivalent Value at 31 March 2008	Real Increase in cash equivalent Transfer Value
£000	£000	£000
295-300	1,577	423
N/A	N/A	N/A
200-205	1,074	298
75-80	321	88
145-150	934	231
110-115	451	120
175-180	870	250

ent that there is a significant difference. This is due to a change in the factors used to calculate CETV's which came into force



South Essex Partnership University NHS Foundation Trust

ANNUAL ACCOUNTS 2008/2009

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STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF THE TRUST

The National Health Service Act 2006 ("the 2006 Act") 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 accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ('Monitor').

Under the 2006 Act, Monitor has directed the South 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 accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of South Essex Partnership University NHS 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 NHS Foundation Trust Financial 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 Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; 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 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, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

Chief Executive

Date

STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDED 31 MARCH 2009

1. Scope of Responsibility

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

The Foundation Trust has Health and Social Care Act (Section 75) 2006 Partnership agreements with Essex County Council, Southend on Sea Borough Council and Thurrock Council. I have constructed systems and processes to ensure effective working with these partner organisations. These include establishment of a Joint Partnership Board where chief officers from the partner organisations meet on a quarterly basis to oversee the partnership arrangements.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Essex Partnership University NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Essex Partnership University NHS NHS Foundation Trust for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts.

As an employer with staff entitled to membership of the NHS Pension Scheme control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with.

3. Capacity to Handle Risk

As part of my role of providing leadership to the risk management process I am Co-Chair of the Integrated Governance Steering Committee, which is a sub-committee of the Board of Directors. The Integrated Governance Steering Committee is responsible for overseeing the risk management and assurance systems within the Trust. The Trust's governance structure was reviewed by the Board to ensure it is fit for purpose and meets the requirements of a NHS Foundation Trust. The role of the Audit Committee was also reviewed in the light of the Audit Committee Handbook (2005)

The Director of Performance Management and Business Development has delegated responsibility for managing the strategic development and implementation of organisational risk management and assurance systems. The Director of Integrated Governance has responsibility for managing operational, organisational and clinical risk. The Director of Finance and Resources has responsibility for managing financial risk.

The Trust trains all staff in various aspects of risk management and ensures that where staff require specialist advice and training, that this is provided through attendance on specific course and attendance at conferences. Risk specialists are employed by the Trust and the organisation also contracts with independent risk specialists to develop or address specific training needs.

4. The Risk and Control Framework

The Board has regularly considered the development of an Assurance Framework since March 2003. A review of the Assurance Framework for the period April 2008 to March 2009 was carried out by Internal Audit in March 2009 and has confirmed that:

- Our review of the Trust's Risk Management Framework confirms that the effective delivery of risk management during the 2008/09 year is centred on the BAF as well as, the Corporate Risk Register and local Risk Registers.
- A review of the Terms of Reference of the Audit Committee and that of the Integrated Governance Steering Committee confirmed that both Committees have been delegated the responsibility of evaluating the effectiveness of the assurance system on an ongoing basis.
- Based on Internal Audit work performed on the Board Assurance Framework during the year ended 31st March 2009, Internal Audit opinion is as follows:

The Internal Audit review of the Trust's overall arrangements for gaining assurance has concluded that an assurance framework has been established which meets the minimum standards for 2008/09.

The Risk Management Strategy was reviewed and agreed by the Trust's Board of Directors in June 2008. The strategy confirms the accountability arrangements for risk management within the Trust of both individuals and of committees, including Service Management Boards, the Audit Committee, the Executive Operational Team, and the Integrated Governance Steering Committee. The strategy outlines the framework for delivery of effective risk management, including a tiered approach of risk registers at Board, Corporate and Directorate level. These registers are underpinned by an improved Risk Identification process which is fed from a spectrum of sources such as complaints; incidents/accidents reports; claims ; audit ; risk assessment ; patient surveys; waiting list trends; staff recruitment / retention trends and performance information. The Trust has put in place effective systems that assess and identify risks to achieving objectives at the start of the year and continues throughout the year to identify any new risks that arise and evaluate any changes to existing risks. The strategy outlines how risks are prioritised in a consistent manner throughout the organisation, including the potential impact on the organisation and the assessment of the likelihood of the risk crystallising. Furthermore, the strategy details the how in which controls are identified and how assurance is provided and also evaluated.

The Trust's appetite for risk is to identify all potential sources of threat prior to evaluation. This rating is used to determine the severity of the risk. Thereafter, all identified risks are managed through the establishment of actions and controls and are verified by appropriate assurance. The severity of the risk determines the level in the organisation at which the risk is managed but does not affect the organisation's appetite for identifying all potential threats in a managed and controlled manner.

Risk Management is embedded within the organisation in several ways. Risk Registers are regularly presented at Service Management Boards for discussion and update. Training and Education are key elements of the development process by providing staff with the necessary knowledge to work safely and to minimise risk at all levels. The process starts at Induction and continues through general and specific training programmes that include workshops, seminars, policies and procedures. In addition, a range of policies and procedures have been developed to minimise risk. These policies and procedures are subject to regular review and update and are made accessible to all staff through an intranet and via policy folders.

Public stakeholders such as the Local Authority partners of the Trust are involved in managing key shared risks through an established committee structure that oversees the operations and potential threats to the fully integrated community teams. These committees are responsible for identifying shared risks and for agreeing appropriate remedial action, including referral and escalation of the risks, where appropriate. In addition, the Board of Governors are advised of key risks which may have arisen

or are likely to materialise through a regular series of meetings and workshops. The Trust has monitored compliance with the Information Governance Standards and Data Protection Act through the Information Governance Toolkit issued by the Department of Health. For the 2008/09 year the Trust has been given a "Green" rating indicating a high level of compliance with the standards.

For 2008/09 the Trust had no serious untoward incidents to report in relation to the security of personal data. In addition, the Trust is fully compliant with the Health Care Commission core standards.

5. Review of economy, efficiency and effectiveness of the use of resources.

The Executive Team has responsibility for overseeing the day-to-day operations of the Trust and for ensuring that resources are being used economically, efficiently and effectively. To inform them in these matters the Team receives regular monthly finance and performance reports which highlight any areas of concern.

At a strategic level, the Integrated Strategic Planning Committee is responsible for ensuring that the use of resources is planned in an efficient and effective manner. The Executive team and the Integrated Strategic Planning Committee are both sub-committees of the Board of Directors, which reviews regular reports from them and itself receives a regular integrated finance and performance report.

Internal Audit conduct a review of the Trust's systems of internal control processes as part of an annually agreed audit plan. This review encompasses the committee structure, the flow of information pertaining to risk and its assurances through the organisation, ensuring that systems are appropriate, are in place and can be evidenced by a range of documents available within the organisation. Audits performed by internal audit have reviewed the governance arrangements within the organisation over a range of financial functions and activities to ensure that there is an appropriate and robust approach to the use of resources. The Board reviews the Trust's financial position monthly and approves the compliance reports which are required by the independent regulator, MONITOR.

6. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework, and 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 a plan to address weaknesses and ensure continuous improvement of the system in place.

The processes that have been applied in maintaining and reviewing the effectiveness of the system of internal control, include the roles of the following:

- The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit Opinion for 1st April 2008 to 31st March 2009 is as follows:

"Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently."

- The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

- Internal Audit and other external assessments such as the NHSLA Risk Management Standards and the National Patient and Staff Surveys.
- The Board Of Directors has identified the strategic risks facing the organisation during the period and have monitored the controls in place and the assurances available to ensure that these risks are being appropriately managed.
- The Audit Committee provides the Board with an independent and objective view of arrangements for internal control within the Trust and to ensure the Internal Audit service complies with mandatory auditing standards, including the review of all fundamental financial systems.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, Integrated Governance Steering Committee and Trust Board. A plan to ensure continuous improvement of the systems is in place.

There are no significant internal control issues that have been identified between 1st April 2008 and 31st March 2009 that require disclosure in the SIC.

Signed
Chief Executive

Date:

Independent Auditor's report to the Board of Governors of South Essex Partnership University NHS Foundation Trust

I have audited the financial statements of South Essex Partnership University NHS Foundation Trust for the year ended 31 March 2009 under the National Health Service Act 2006. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Governors of South Essex Partnership University NHS Foundation Trust as a body in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. My work was undertaken so that I might state to the Board of Governors those matters I am required to state to it in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Foundation Trust as a body, for my audit work, for the audit report or for the opinions I form.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions made by the Independent Regulator of NHS Foundation Trusts (Monitor) are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with statute, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts. I also report to you whether, in my opinion, the information which comprises the Directors' Report, included in the Annual Report, is consistent with the financial statements.

I review whether the Accounting Officer's statement on internal control reflects compliance with the requirements of Monitor contained in the NHS Foundation Trust Financial Reporting Manual 2008/09. I report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chair's Statement, the Chief Executive's Statement, Background Information, Operating and Financial Review, the sections on the Board of Governors, the Board of Directors, membership and public interest disclosures and the un-audited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the National Health Service Act 2006 and the Audit Code for

NHS Foundation Trusts issued by Monitor, which requires compliance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of South Essex Partnership University NHS Foundation Trust as at 31 March 2009 and of its income and expenditure for the year then ended in accordance with the accounting policies adopted by the Trust;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts; and
- information which comprises the Directors' Report, included in the annual report, is consistent with the financial statements.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Rob Murray
Officer of the Audit Commission

Regus House
Cambourne Business Park
Cambourne
CB3 6DP
4 June 2009

FOREWORD TO THE ACCOUNTS

South Essex Partnership University NHS Foundation Trust

South Essex Partnership University NHS Foundation Trust ('the Trust') is required to prepare annual accounts in such form as Monitor, the independent regulator of Foundation Trusts, may with the approval of HM Treasury, direct. These requirements are set out in paragraphs 24 and 25 of schedule 7 to the National Health Service Act 2006.

In preparing the accounts the Trust has complied with any directions given by Monitor, with the approval of HM Treasury, as to the methods and principles according to which the accounts are to be prepared and the information to be given in the accounts. The accounts are designed to present a true and fair view of the Trust's activities (paragraph 25(3), schedule 7 to the 2006 Act).

If you require any further information on these accounts please contact:

The Director of Finance and Resources
South Essex Partnership University NHS Foundation Trust
Head Office – The Lodge
Runwell Hospital
Runwell Chase
Wickford
Essex SS11 7XX

Telephone: 01268 366000

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 MARCH 2009**

	NOTE	£000	2007/08 £000
Income from activities:			
Continuing operations	2	104,502	101,368
Other operating income			
Continuing operations	3	9,779	6,652
Operating expenses:			
Continuing operations	4-5	(107,640)	(100,767)
OPERATING SURPLUS (DEFICIT)		6,641	7,253
Exceptional items		0	(7,245)
Profit (loss) on disposal of fixed assets	7	(14)	17
SURPLUS (DEFICIT) BEFORE INTEREST		6,627	25
Finance income		562	679
Other finance costs - unwinding of discounts		(73)	(75)
SURPLUS (DEFICIT) FOR THE YEAR		7,116	629
Public dividend capital dividends payable		(3,589)	(3,657)
RETAINED SURPLUS (DEFICIT) FOR THE YEAR		3,527	(3,028)

The notes on pages 95 to 121 form part of these accounts. All income and expenditure is derived from continuing operations.

**BALANCE SHEET AS AT
31 MARCH 2009**

	NOTE	£000	£000	2007/08 £000
FIXED ASSETS				
Intangible assets	9	272		130
Tangible assets	10	104,047		113,983
			104,319	114,113
CURRENT ASSETS				
Stocks and work in progress	11		7	7
Debtors: Amounts falling due after one year	12	1,734		2,057
within one year		4,380		3,893
Cash at bank and in hand	17.3		15,488	9,355
			21,609	15,312
CREDITORS : Amounts falling due within one year	14		(11,433)	(8,632)
NET CURRENT ASSETS (LIABILITIES)			10,176	6,680
TOTAL ASSETS LESS CURRENT LIABILITIES			114,495	120,793
PROVISIONS FOR LIABILITIES AND CHARGES	15		(3,469)	(3,506)
TOTAL ASSETS EMPLOYED			111,026	117,287
FINANCED BY: TAXPAYERS EQUITY				
Public dividend capital			71,704	71,704
Revaluation reserve	16		31,446	41,379
Donated asset reserve	16		19	22
Income and expenditure reserve	16		7,857	4,182
TOTAL TAXPAYERS EQUITY			111,026	117,287

The financial statements on pages 92 to 95 were approved by the Board on 4th June 2009 and signed on its behalf by,

Signed: _____ Chief Executive

Date:

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2009**

	NOTE	£000	£000	2007/08 £000
OPERATING ACTIVITIES				
Net cash inflow from operating activities	17		11,864	9,213
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:				
Interest received		562		679
Net cash inflow/(outflow) from returns on investments and servicing of finance			562	679
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(2,753)		(12,485)
Receipts from sale of tangible fixed assets		217		1,938
Payments to acquire intangible fixed assets		(168)		(24)
Net cash inflow (outflow) from capital expenditure			(2,704)	(10,571)
DIVIDENDS PAID			(3,589)	(3,657)
Net cash inflow/(outflow) before financing			6,133	(4,336)
FINANCING				
Public dividend capital received			0	3,897
Net cash inflow (outflow) from financing			0	3,897
Increase (decrease) in cash			6,133	(439)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR
THE YEAR ENDED 31 MARCH 2009**

	£000	2007/08 £000
Surplus for the financial year before dividend payments	7,116	629
Fixed Asset Impairment Losses	(9,828)	(3,492)
Unrealised surplus on fixed asset revaluations/indexation	40	17,662
Increase in donated asset reserve from interim fixed asset revaluation	0	2
Total gains and losses recognised in the financial year	(2,672)	14,801

NOTES TO THE ACCOUNTS

1. Accounting Policies and Other Information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trusts Financial Reporting Manual, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2008/09 NHS Foundation Trusts Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS Foundation Trust. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS 3 requirements to report 'earnings per share' or historical profits and losses.

1.2 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is under contracts from commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.3 Expenditure

Expenditure is accounted for applying the accruals convention.

1.4 Intangible Fixed Assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible Fixed Assets

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- Individually have a cost of at least £5,000; or

- Form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Form part of the initial equipping and setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS 15 every five years. A three yearly interim valuation is also carried out.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. During the year the Trust used to the District Valuer to value its fixed assets.

Although the next 5 yearly revaluation is not required until 1 April 2010, the Trust has conducted an impairment test as at 1 April 2009, which has resulted in a revaluation of assets as at 31 March 2009. The impairment test was considered necessary, due to the significant economic downturn.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Residual interests in off-balance sheet Private Finance Initiative properties are included in assets under construction within tangible fixed assets at the amount of unitary charge allocated for the acquisition of the residual with an adjustment. The adjustment is the net present value of the change in the fair value of the residual as estimated at the start of the contract and at the balance sheet date.

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amounts. Equipment assets, with the exception of IT assets, are adjusted each year by indexation rates.

Depreciation, Amortisation and Impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. No depreciation is provided on freehold land, and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trusts professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset. The Foundation Trust applies the following useful lives to equipment assets,

Main Category	Asset Sub Category	Useful Economic Life (Years)
Buildings	Structure	60
	Building Finishes	10
	Fixtures and Fittings	10
	Engineering and Installations	10
	External Works	25
Equipment	Other Engineering Works	5, 10 or 15
	Vehicles ⁷	
	Furniture	10
	Soft Furnishings	7
	Medical & Surgical Equipment	5, 10 or 15
	Office Equipment	5
	IT Hardware	5
	IT Software (intangible)	5

Fixed asset impairments resulting from losses of economic benefits are charged to the income and expenditure account. All other impairments are taken to the revaluation reserve and reported in the statement of total recognised gains and losses to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

Capital Commitments

For ongoing capital projects at the balance sheet date, the value of capital commitments will be based on the value of contracted work not yet completed at the balance sheet date. The value of capital commitments is disclosed at note 18.

1.6 Donated Fixed Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the net book value of the donated asset is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.7 Investments

Investments in subsidiary undertakings, associates and joint ventures are treated as fixed asset investments and valued at market value. Fixed asset investments are reviewed annually for

impairments.

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cash flow statement. These assets, and other current assets, are valued at cost less any amounts written off to represent any impairments in value, and are reviewed annually for impairments.

1.8 Government Grants

The Trust has no Government Grants in respect of capital or revenue expenditure.

1.9 Private Finance Initiative (PFI) Transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of application note F to FRS 5.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the Trust has contributed land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.10 Stocks and Work-In-Progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Work-in-progress comprises goods in intermediate stages of production.

1.11 Cash, Bank and Overdrafts

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS Foundation Trust's cash book. These balances exclude monies held in the NHS Foundation Trust's bank account belonging to patients (see 'third party assets' below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

1.12 Research and Development

Expenditure on research is not capitalised. The Trust does not undertake any expenditure on development that qualifies to be capitalised.

1.13 Provisions

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of 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 the Treasury's discount rate of 2.2% in real terms.

Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one of more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 20 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of benefits is probable. Otherwise, they are not recognised, but are disclosed in note 20 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 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.

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 Trust is disclosed at note 15.

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 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.

1.14 Pension Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period. The total employer contributions payable in 2008/09 were £6,318,000.

The Scheme is subject to a full actuarial investigation every four years. The main purpose of which is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members.

The last such investigation, on the conclusions of which scheme contribution rates are currently based, had an effective date of 31 March 2004 and covered the period from 1 April 1999 to that date. Between the full actuarial valuations, the Government Actuary provides an annual update of the scheme liabilities for FRS17 purposes. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority -

Pensions Division website at [www.nhs.uk](http://www.nhs.uk/nhs.uk). Copies can also be obtained from The Stationery Office.

The conclusion of the 2004 investigation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. This is after making some allowance for the one-off effects of pay modernisation, but before taking into account any of the scheme changes which come into effect on 1 April 2008. Taking into account the changes in the benefit and contribution structure effective from 1 April 2008, employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. From 1 April 2008, employees' contributions will be on a tiered scale from 5% up to 8.5% of their pensionable pay.

The scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year pensionable pay for death in service, and up to five times their annual pension for death after retirement, is payable. Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The scheme provides the opportunity to members to increase their benefits through money purchase additional voluntary contributions (AVC) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to their pension benefits. The benefits payable relate directly to the value of the investments made.

1.15 Taxation

South Essex Partnership University NHS Foundation Trust is a Health Service body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within the categories covered by this. There is a power for the Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (s519 A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000pa. There is no tax liability arising in the current financial year.

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 VAT is recoverable, the amounts are stated net of VAT.

1.16 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the income and expenditure account.

1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts 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 the HM Treasury Financial Reporting Manual.

1.18 Leases

Where substantially all risks or rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.19 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real 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 donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.20 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 each individual case is handled.

Losses and special payments are charged to the relevant functional headings, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.21 Financial assets and financial liabilities

1.211 Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non financial items (such as goods and services), which are entered into in accordance with the 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.

Regular way purchases or sales are recognised or de-recognised, as applicable, using the settlement date.

All other financial assets and liabilities are recognised when the Trust becomes party to the contractual provisions of the instrument

1.212 De-recognition

All financial assets are derecognised when the rights to receive cashflows from the assets have expired or the 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.

1.213 Classification and Measurement

Financial assets are classified as loans and receivables or available for sale financial assets. Financial liabilities are classified as other financial liabilities

1.214 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 in current assets.

The Trust's loans and receivables comprise: current investments, cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

Loans and receivables are measured initially at fair value, net of transaction costs, and are 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 asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

1.215 Available for sale financial assets

Available for sale financial assets are non derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long term assets unless the Trust intends to dispose of them within 12 months of the balance sheet date.

Available for sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains and losses recognised in reserves. When items classified as 'available for sale' are sold or impaired, the accumulated fair value adjustments recognised in reserves are included in the income and expenditure account.

1.216 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 payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

1.217 Determination of fair value

For financial assets and liabilities carried at fair value, the carrying amount is the amortised cost.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

1.218 Impairment of financial assets

At the balance sheet date, the Trust assesses whether any financial asset is 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 cashflows 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 revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income and expenditure account and the carrying amount of the asset is reduced through the use of an allowance account.

2 Income from Activities

2.1 Provision of Healthcare Services

	£000	2007/08 £000
Block Contract Income	97,001	93,620
Other clinical income from mandatory services	7,501	7,748
	104,502	101,368

2.2 Source of Income from Activities

	£000	2007/08 £000
NHS Foundation Trusts	1,610	280
NHS Trusts	3	2,083
Strategic Health Authorities	84	152
Primary Care Trusts	99,600	96,173
Local Authorities	2,896	2,433
Department of Health - Other	108	34
NHS Other	68	105
Non-NHS Other	133	108
	104,502	101,368

2.3 Mandatory and Non Mandatory Clinical Income

Under the Trust's Terms of Authorisation, the Trust is required to provide mandatory health services. The allocation of operating income between mandatory health services and other services is detailed below,

	£000	2007/08 £000
Mandatory Services	98,001	94,777
Non Mandatory Services	6,501	6,591
	104,502	101,368

The Trust received £nil private patient income during the year ended 31 March 2009

3 Other Operating Income

	£000	2007/08 £000
Education & training	1,635	1,674
Research & development	63	55
Other	8,081	4,923
	9,779	6,652

Included within 'other' is £2,224,000 received from one of the Trust's main local commissioners (South West Essex Primary Care Trust) in relation to various one off revenue and capital projects to support service improvements and developments. Also included within 'other' is income of £2,304,000 received for providing shared accounting services to the Trust's main local commissioners.

4 Operating Expenses

4.1 Operating expenses comprise:

	£000	2007/08 £000
Services from NHS Foundation Trusts	1,075	1,084
Services from NHS Trusts	568	551
Services from other NHS bodies	304	326
Executive Directors costs	1,196	1,137
Non-Executive Directors costs	144	157
Staff costs	74,573	69,366
Drug costs	2,527	2,314
Supplies and services		
- clinical (excluding drug costs)	575	550
- general	1,708	1,764
Establishment	4,786	4,575
Research and Development	400	148
Transport	109	126
Premises	13,988	13,010
Increase (Decrease) in bad debt provision	(15)	185
Depreciation and amortisation	2,502	1,905
Audit fees		
- external audit services - statutory audit	76	65
- external audit services - other services	19	0
Other auditors remuneration		
- internal audit services	128	103
- other services	89	46
Clinical negligence	119	104
Fixed asset impairment - exceptional items (see below and note 10.4)	337	0
Other	2,432	3,251
	107,640	100,767

The exceptional items shown above , totaling £ 337,000, relate to revaluation losses incurred as a result of an impairment test on the Trust's property and land assets, felt necessary due to the severe economic downturn. Although exceptional, the losses have not been shown separately on the income and expenditure account on the basis of materiality.

4.2 Operating Leases

4.2.1 Operating expenses comprise:

	£000	2007/08 £000
Other operating lease rentals	1,840	1,747
	1,840	1,747

4.2.2 Annual commitments under non-cancellable operating leases:

	Land & Buildings		Other Leases	
	£000	2007/08 £000	£000	2007/08 £000
Operating leases which expire:				
Within 1 year	32	29	268	253
Between 1 and 5 years	0	0	444	444
After 5 years	974	995	0	0
	1,006	1,024	712	697

Non cancellable operating leases are operating leases with a total committed cost at outset of at least £5,000.

5 STAFF COSTS AND NUMBERS

5.1 Staff Costs

	T otal £000	2007/08 T otal £000
Salaries and wages	64,509	60,022
Social Security costs	4,954	4,447
Employers Contributions to NHSPA	6,306	6,034
Total	75,769	70,503

5.2 Average number of persons employed

	T otal Number	2007/08 T otal Number
Medical and dental	112	109
Administration and estates	424	381
Healthcare assistants & other support staff	363	369
Nursing, midwifery & health visiting staff	482	485
Scientific, therapeutic and technical staff	205	189
Bank & agency staff	389	366
Other	116	129
Total	2,091	2,028

5.3 Employee benefits

There are no non pay benefits which are not attributable to individual employees.

5.4 Retirements due to Ill-Health

During the year ended 31 March 2009, there was 1 early retirement from the Trust agreed on the grounds of ill-health. The additional pension liability from this early retirement, to be borne by the NHS Pensions Agency, is estimated to be £12,879.

6 The Late Payment of Commercial Debts (Interest) Act 1998

There are no amounts included within Interest Payable (Note 8) arising from claims made by small businesses under this legislation.

7 Profit (Loss) on Disposal of Fixed Assets

Profit/loss on the disposal of fixed assets is made up as follows:

	£000	2007/08 £000
Profit on the disposal of land and buildings	3	24
Loss on disposal of land and buildings	0	(7)
Loss on disposal of other fixed assets	(17)	0
	(14)	17

8 Interest Payable

The Trust made no interest payments during the year ended 31st March 2009.

9 Intangible Fixed Assets

	Software Licences £000	2007/08 £000
Gross cost at 1 April 2008	964	940
Additions - purchased	168	24
Reclassifications	18	0
Gross cost at 31 March 2009	1,150	964
Accumulated amortisation at 1 April 2008	834	786
Charged during the year	44	48
Accumulated amortisation at 31 March 2009	878	834
Net book value at 1 April 2008 - purchased	130	154
Net book value at 31 March 2009 - purchased	272	130

10 Tangible Fixed Assets

10.1 Tangible fixed assets at the balance sheet date comprise the following elements:

	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2008	131,530	56,924	61,996	425	320	3,703	295	5,214	2,653
Additions - purchased	2,895	0	0	0	2,133	14	0	717	31
Reclassifications	(18)	0	1,466	0	(21)	(1,466)	0	3	0
Impairments	(9,828)	(8,533)	(1,267)	(28)	0	0	0	0	0
Other revaluations	70	0	0	0	0	30	4	0	36
Disposals	(537)	(72)	(140)	0	0	(132)	0	0	(193)
At 31 March 2009	124,112	48,319	62,055	397	2,432	2,149	299	5,934	2,527
Accumulated Depreciation:									
At 1 April 2008	17,547	0	9,517	15	0	1,877	269	4,062	1,807
Charged during the year	2,458	0	1,663	12	0	105	9	465	204
Reclassifications	0	0	293	0	0	(293)	0	0	0
Other revaluations	30	0	0	0	0	13	3	0	14
Impairments	337	150	187	0	0	0	0	0	0
Disposals	(307)	0	0	0	0	(131)	0	0	(176)
At 31 March 2009	20,065	150	11,660	27	0	1,571	281	4,527	1,849
Netbookvalue: At 1 April 2008									
- Purchased	113,960	56,916	52,464	410	320	1,827	26	1,152	845
- Donated	23	8	15	0	0	(1)	0	0	1
Total at 1 April 2008	113,983	56,924	52,479	410	320	1,826	26	1,152	846
Netbookvalue: At 31 March 2009									
- Purchased	104,028	48,162	50,383	370	2,432	578	18	1,407	678
- Donated	19	7	12	0	0	0	0	0	0
Total at 31 March 2009	104,047	48,169	50,395	370	2,432	578	18	1,407	678

10.2 Analysis of Tangible Fixed Assets

	£000	£000	£000	£000	£000	£000	£000	£000	£000
NetBook Value									
- Protected	85,120	43,981	41,139	0	0	0	0	0	0
- Unprotected	18,927	4,188	9,256	370	2,432	578	18	1,407	678
Total at 31 March 2009	104,047	48,169	50,395	370	2,432	578	18	1,407	678

10.3 The net book value of land and buildings at the balance sheet date comprises:

	Total £000	Protected £000	Unprotected £000	2007/08 £000
Freehold	98,934	85,120	13,814	109,813
	98,934	85,120	13,814	109,813

10.4 The impairment of fixed assets arising during the year is analysed as follows:

	Revaluation Reserve £000	Income and Expenditure Account £000	Total £000	2007/08 £000
Land	(8,533)	(150)	(8,683)	0
Buildings	(1,267)	(187)	(1,454)	(10,737)
Dwellings	(28)		(28)	0
	(9,828)	(337)	(10,165)	(10,737)

Due to the severe economic downturn during the year it was felt necessary for an impairment test to be carried out on the Trust's property and land assets as at 31 March '09. As a result, total revaluation losses of £10.2 million were incurred, of which £9.8 million was written off against available reserves and the balance of £0.3 million dealt with in the income and expenditure account as an exceptional item within operating expenses.

10.5 There were no assets held under finance leases and hire purchase contracts at the Balance Sheet date and therefore there was no depreciation charged in the Income and Expenditure Account.

11 Stocks and Work in Progress

	£000	2007/08 £000
Raw materials and consumables	7	7
	7	7

12 Debtors

	£000	2007/08 £000
Amounts falling due within one year:		
NHS debtors	2,257	2,030
Provision for debtors impairment	(96)	(245)
Prepayments and accrued income	1,113	1,547
Other debtors	1,106	561
	4,380	3,893
Amounts falling due after more than one year:		
NHS debtors	1,734	2,057
	1,734	2,057

12.1 Provision for Impaired debts

At 1 April 2008
Provision for debtors impairment
Amounts utilised
Unused amounts reversed
At 31 March 2009

£000
245
96
(122)
(123)
96

2007/08 £000
0
(245)
0
0
(245)

12.2 Analysis of impaired debts

Ageing of impaired debts
Up to three months
In three to six months
Over six months

£000
19
29
48
96

2007/08 £000
83
162
0
245

At 31 March 2009, the Trust had 2 impaired debts totalling £ 96,000 against which full provision has been made reflecting the age of the debt and likelihood of recovery. No collateral is held against recovery of the debt.

12.3 Analysis of non impaired debts past their due date

Ageing of non-impaired debts past their due dates
Up to three months
In three to six months
Over six months

£000
520
115
16
651

2007/08 £000
730
0
0
730

Debts are past their due date if payment is not received within the settlement terms. The standard settlement terms of the Trust is 30 days from the date on which the invoice is issued. At the balance sheet date none of these debts were considered doubtful, with full settlement therefore expected.

13 Investments

There were no investments held by the Trust as at 31 March 2009.

14 Creditors

Creditors at the Balance Sheet date are made up of:

Amounts falling due within one year:

NHS creditors

Tax and social security costs

Non NHS trade creditors - revenue

Non NHS trade creditors - capital

Accruals and deferred income

	2007/08
£000	£000
262	435
2,505	1,026
1,313	1,874
167	464
7,186	4,833
11,433	8,632

14.1 Loans

The Trust had no loans as at 31 March 2009

14.2 Finance Leases

The Trust had no finance lease obligations or commitments as at 31 March 2009

15 Provisions for liabilities and charges

	Pensions - former Directors £000	Pensions - other Staff £000	Other £000	Total £000	2007/08 £000
At 1 April 2008	106	3,057	344	3,507	2,991
Arising during the year	0	136	119	255	779
Utilised during the year	(7)	(344)	(15)	(366)	(339)
Reversed unused	0	0	0	0	0
Unwinding of discount	2	64	7	73	75
At 31 March 2009	101	2,913	455	3,469	3,506
Expected timing of cash flows:					
Within 1 year	6	247	14	267	268
1 - 5 years	25	819	53	897	1,075
Over 5 years	70	1,847	276	2,193	2,163
	101	2,913	343	3,357	3,506

£3,846,665 is included in the provisions of the NHS Litigation Authority (NHSLA) at 31 March 2009 in respect of clinical negligence liabilities of the Trust.

16 Movement in Taxpayers Equity

	£000	2007/08 £000
Taxpayers equity at 1 April 2008	117,287	102,246
Surplus / (deficit) for the financial year	7,116	629
Public dividend capital dividends	(3,589)	(3,657)
Fixed asset impairments	(9,828)	(3,492)
Surplus / (deficit) from revaluations of fixed assets	40	17,662
New public dividend capital received	0	3,897
Addition in donated asset reserve	0	2
Taxpayers equity at 31 March 2009	111,026	117,287

16.1 Movement in Public Dividend Capital

	£000	2007/08 £000
Public dividend capital at 1 April 2008	71,704	67,807
New public dividend capital received	0	3,897
Public dividend capital at 31 March 2009	71,704	71,704

16.2 Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve £000	Donated Asset reserve £000	Income and Expenditure reserve £000	Total £000
At 1 April 2008	41,379	22	4,182	45,583
Transfer from I & E Account	0	0	3,527	3,527
Fixed asset impairments	(9,825)	(3)	0	(9,828)
Surplus (deficit) on revaluation / indexation of fixed assets	40	0	0	40
Receipt of donated assets	0	0	0	0
Other transfers between reserves	(148)	0	148	0
At 31 March 2009	31,446	19	7,857	39,322

The Trust had no Government Grant or Other Reserves during the year.

17 Notes to the cash flow statement

17.1 Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities

	£000	2007/08 £000
Total operating surplus (deficit)	6,641	7,253
Depreciation and amortisation	2,502	1,905
Fixed asset impairment	337	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(164)	(32)
Increase/(decrease) in creditors	2,586	(353)
Increase/(decrease) in provisions	(38)	440
Net cash inflow from operating activities	11,864	9,213

17.2 Reconciliation of net cash flow to movement in net debt

	£000	2007/08 £000
Increase/(decrease) in cash in the period	6,133	(439)
Change in net debt resulting from cashflows	6,133	(439)
Net debt at 1 April 2008	9,355	9,794
Net debt at 31 March 2009	15,488	9,355

17.3 Analysis of changes in net debt

	At 1 April 2008 £000	Cash Change in year £000	At 31 March 2009 £000
Commerical cash at bank and in hand	8,876	(8,666)	210
OPG cash at bank	479	14,799	15,278
	9,355	6,133	15,488

18 Capital Commitments

The value of commitments under capital expenditure contracts at 31 March 2009 was £2,046,000 (2007/08 £nil).

19 Post Balance Sheet Events

There are no post balance sheet events to report.

20 Contingencies

The Trust had no contingent liabilities at year end.

21 Related Party Transactions

South Essex Partnership University NHS Foundation Trust is a body corporate established by the Secretary of State. The Independent Regulator of NHS Foundation Trusts ("Monitor") and other Foundation Trusts are considered related parties. The Department of Health is regarded as a related party as it exerts influence over a number of transactions and operating policies of the Trust. During the year ended 31 March 2009 the Trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department of those entities.

The Trust had material transactions with the following entities:

Basildon and Thurrock University NHS Foundation Trust (£1.9 million expenditure)
East of England Strategic Health Authority (£1.6 million income)
Essex County Council (£1.9 million income)
Norfolk and Waveney Mental Health NHS Foundation Trust (£1.7 million income)
South East Essex Primary Care Trust (£45.2 million income)
South West Essex Primary Care Trust (£51.4 million income)
West Essex Primary Care Trust (£8.5 million income)

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies.

21 Related Party Transactions (continued)

During the year none of the Board Members, Governors or members of the key management staff or parties related to them has undertaken any material transactions with South Essex Partnership NHS Foundation Trust.

The members appointed to the Board of Governors may also be members of Boards and Committees of local stakeholder organisations. Local stakeholder organisations have the right to nominate a Governor to the Board under the following arrangements:

One Primary Care Trust Governor, to be appointed jointly by South East Essex PCT and South West Essex PCT.

Three Local Authority Governors, one each appointed by Essex County Council, Thurrock Council and Sounthend on Sea Borough Council.

Two Partnership Governors appointed by partnership organisations.

The Partnership Organisations that may appoint a Partnership Governor are:

- i.) Essex University and Anglia Ruskin University jointly - one Partnership Governor.
- ii.) The Foundation Trust's Service User and Care Group - one Partnership Governor.

South Essex Partnership University NHS Foundation Trust is the Corporate Trustee of the South Essex Partnership NHS Foundation Trust General Charitable Fund, from which the Trust received £27,000 of revenue income during the year ended 31 March 2009. The Trust did not receive any capital payments. All the members of the Corporate Trustee are also members of the South Essex Partnership NHS Foundation Trust Board.

22 Prudential Borrowing Limit

The NHS Foundation Trust is required to comply and remain within a prudential borrowing limit. This is made up of two elements:

1. the maximum cumulative amount of long-term borrowing. This is set by reference to the five ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit.
2. the amount of any working capital facility approved by Monitor

The Trust has a maximum cumulative long term borrowing limit of £27.6 million. The Trust did not require any loans during the year ended 31 March 2009.

The Trust has an £8.0 million approved working capital facility with Lloyds Banking Group which has not been utilised.

Financial ratio	Actual ratio	Plan ratio	Approved PBL ratio
Minimum dividend cover	2.77	2.01	>1

23 Private Finance Transactions

As part of the reprovision of services from Runwell Hospital, the Trust has entered into a privately funded scheme (PFI) for the provision of 70 beds for the Elderly Mentally Ill (EMI) patients. The EMI homes opened in June 2004.

In addition, in October 2007 the Trust reached financial close on a PFI contract for the provision of a new medium and low secure unit for forensic patients. The construction of the new unit is planned for completion in 2009/10.

The schemes have been treated as off-balance sheet as follows,

23.1	£000
Amounts included within operating expenses in respect of PFI transactions:	
Gross	871
Residual Interest	(69)
Net charge to operating expenses	<u>802</u>
The trust is committed to make the following payments during the next year in which the commitment expires:	
Within one year	0
2nd to 5th years (inclusive)	0
6th to 10th years (inclusive)	0
11th to 15th years (inclusive)	0
16th to 20th years (inclusive)	0
21st to 25th years (inclusive)	0
26th to 30th years (inclusive)	899
Estimated capital value of project	7,163
Total length of project (in years)	29
Project start date	14-Jun-04
Project end date	14-Jun-33
Number of years to the end of the project	24

The annual amount paid under the scheme is expected to increase each year in line with inflation. On this basis the projected payment in the final year will be £1,895,000.

24 Financial Instruments

FRS 29, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with the local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies which FRS29 mainly applies. 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.

As allowed by FRS 29, comparatives of carrying amounts with fair values have not been disclosed for short term financial assets and liabilities where the carrying amount is a reasonable approximation of fair value.

Credit Risk

Over 90% of the Trusts income is from contracted arrangements with commissioners. As such any material credit risk is limited to administrative and contractual disputes.

Where a dispute arises, provision will be made on the basis of the age of the debt and the likelihood of a resolution being achieved.

Liquidity Risk

The Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. South Essex Partnership University NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

As at 31 March 2009 the Trust had no financial liabilities represented by provisions under contract.

Interest-Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. South Essex Partnership University NHS Foundation Trust is not, therefore, exposed to significant interest rate risk.

24.1 Financial Assets by Category

Set out below are the Trust's financial assets and liabilities by category which are due in less than 1 year.

Assets as per the Balance Sheet	Loans and Receivables £000
NHS Debtors	3,991
Provision for impaired debts	(96)
Accrued income	528
Other debtors	724
Cash at bank and in hand	15,488
Total as at 31 March 2009	20,635
NHS Debtors	3,962
Provision for impaired debts	(245)
Accrued income	871
Other debtors	230
Cash at bank and in hand	9,355
Total as at 31 March 2008	14,173

24.2 Financial Liabilities by Category

Assets as per the Balance Sheet	Other Financial Liabilities £000
NHS creditors	262
Other creditors	1,313
Accruals	6,166
Capital Creditors	167
Provisions	3,469
Total as at 31 March 2009	11,377
NHS creditors	435
Other creditors	1,874
Accruals	4,359
Capital Creditors	464
Provisions	3,507
Total as at 31 March 2008	10,639

24.4 Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

24.5 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities due in more than 1 year as at 31 March 2009.

	Book Value £000	Fair Value £000	Basis of Fair Valuation
Financial Assets:			
Debtors over 1 year	1,734	1,734	Note a
Total	1,734	1,734	
Financial Liabilities:			
Creditors over 1 year:	3,469	3,469	Note b
Total	3,469	3,469	

The Trust's financial liabilities as at 31 March 2009 comprise provisions for early retirement and, but do not include public dividend capital. As a Foundation Trust, in accordance with guidelines issued by Monitor, public dividend capital previously shown as non interest bearing debt, is not classified as a financial liability.

Notes:

- a These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount. In line with note b below, fair value is not significantly different from book value.
- b Fair value does not differ from book value since, in the calculation of the book value, the expected cashflows have been discounted by the Treasury discount rate of 3.5% in real terms.

25 Third party assets

The Trust held £420,718 cash at bank and in hand at 31 March 2009 which relates to monies held by South Essex Partnership University NHS Foundation Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

26 Losses and special payments

There were 24 cases of losses and special payments totalling £28,468 approved during 2008/09. Losses and special payments are accounted for on a cash basis.







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If you need help

- Face to face interpreters
- Document translation into other languages
- Signing (at BSL level 3)
- Document translation into Braille
- Document translation onto audio tapes
- Over the telephone translation

Contact PALS (Patient Advice and Liaison Service)
for more information on 0800 0857 935
or email pals@southessex-trust.nhs.uk