annual report and accounts

2009/2010

South Essex Partnership University NHS
NHS Foundation Trust

South Essex Partnership University NHS Foundation Trust

Annual Report and Accounts 2009/10

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

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our vision

‘providing services that are in tune with you’

intro

SEPT (South Essex Partnership University NHS Foundation Trust) is one of the largest and highest performing NHS providers in the country of health and social care services for people with mental health problems and people with learning disabilities.

We were authorised as an NHS Foundation Trust on 1 May 2006; one of the first three mental health organisations to achieve this at the time. Our Trust has a turnover of approximately £116 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 the whole of Essex.

Unlike acute hospital services, mental health and learning disability services are mainly provided in community settings with defined geographical localities. In line with national policy we have developed a range of modern community based services and aim to provide local services where possible. As a result we operate from about 50 locations across Essex.

We are a highly regarded and forward thinking NHS Foundation Trust delivering leading edge mental health and learning disability services in a constantly changing environment. We work with a range of partner organisations and our teams of highly skilled and qualified health and social care staff provide services to people in their own homes, in residential and nursing homes, and from our resource centres and clinics. Hospital based care is provided at Brockfield House in Wickford, Rochford and Thurrock Community hospitals as well as the Mental Health Unit at Basildon hospital.

SEPT provides 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.

At the end of 2009 following months of rigorous external checks and approvals, SEPT was given the go ahead to acquire Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust. This means that, as of 1 April 2010, SEPT will be providing mental health and learning disability services to the people of Essex as well as those in Bedfordshire and Luton.

The following report covers the financial year April 2009 to the end of March 2010 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

In 2009/2010 South Essex Partnership University NHS Foundation Trust (SEPT) maintained its reputation for being one of the highest performing NHS organisations in the country. Against an international backdrop of economic challenges, SEPT continued to use the resources available to the maximum benefit of the people we serve. Change and challenge have been the bywords for this financial year, but we are so pleased to confirm that we have maintained our excellent operational performance in all areas – clinical, financial and management.

Recognition of the 'use of resources' and 'quality of services' earned our hat trick of double excellent ratings in the 2009 Care Quality Commission (CQC) Annual Health Check – the only mental health trust in the country to achieve this.

We met our income and expenditure financial targets and our regulator, Monitor, gave us an excellent financial risk rating of 4 in their 4th Quarter Compliance Report. They awarded us Green Ratings for Governance and Mandatory Services – these being the highest Trusts can achieve.

This year saw the completion of three major capital projects – Brockfield House, a state-of-the-art low and medium secure unit, Brentwood Resource Centre, a brand new community resource centre providing out-patient and day hospital services and The Hawthorn Post Graduate Education Centre on the Rochford Hospital site. We were delighted to welcome Phil Hope MP, Minister for Care Services, to open Brockfield House in September, mental health champion, Alastair Campbell, to unveil the plaque celebrating the establishment of the Brentwood Resource Centre in March and in August European Commission Advisor on Human Resources for Health, Elizabeth Kidd, to launch this important centre for education. A number of smaller schemes to improve clinical environments were also completed in this year.

Our governors have continued to take the lead in engaging with our 10,000 plus members and their communities. Their energy and commitment is unsurpassed and is a major component in SEPT's campaign to raise awareness and reduce the stigma that surrounds mental health and the people it affects. Their development as individuals and groups is ongoing and we thank them for their dedication and co-operation in working alongside the Board of Directors to promote the work of the Trust.

SEPT's vision 'Providing services that are in tune with you'

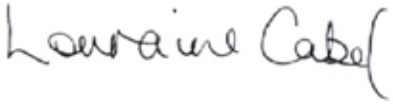
Our customer service initiatives continued throughout this past year. Being 'in tune' with those we serve ensures that our service users and carers receive the best of care. This would not be possible without the expertise and commitment of our staff. We would like to take this opportunity to say a special thank you to everyone working in the Trust who continue to make this vision a reality ensuring a positive experience for all who come in contact with SEPT.

A look back at some of the 2009 – 2010 milestones…..

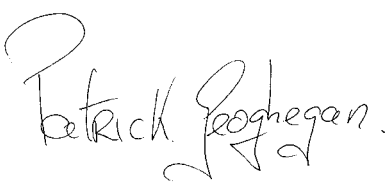
- Care Quality Commission Annual Health Check' – excellent for 'use of resources' and excellent for 'quality of services' – third year in a row and only mental health and learning disability trust in the country to achieve this
- Chief Executive shortlisted for two NHS Leadership Awards – Leader of the Year/ Change Leader of the Year – winning NHS Leader of the Year Award
- Welcomed Professor Louis Appleby CBE, National Director for Mental Health in England and Professor of Psychiatry at the University of Manchester to officially open Rochford Hospital
- Rebild Study published in American Journal of Psychiatry
- Excellent staff uptake of swine flu vaccination
- Runwell Hospital closure commemoration and celebrations
- Non Executive Director, Dr. Dawn Hillier, appointed Ambassador for Diversity
- Joined and supported 10:10 National Carbon Management Campaign
- Completed and opened brand new state of the art low and medium secure unit – Brockfield House
- Majority of the Trust's services achieved an excellent rating in PEAT (Patient Environment Action Team) Assessment.
- Completed and opened the Brentwood Resource Centre
- Health Access Champions and Rochford Hospital shortlisted in regional Health and Social Care Awards
- Developed Memory Clinics ahead of national Dementia Strategy
- Completed and opened the Hawthorn Post Graduate Education Centre on the Rochford Hospital site
- Arts and Health Award for Trust's Professor Jenny Secker's art research

This report would not be complete without mentioning one of the Trust's major achievements of the year. Following a meticulous and tough contest SEPT received the excellent news in December that we were selected to take forward the acquisition of Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust (BLPT). This means that in April 2010 we become one organisation under one Board of Directors and single management structure. At this time can we thank all the SEPT staff who have been working with colleagues in Bedfordshire and Luton ensuring this transition is as seamless as possible for staff, service users and carers.

We are pleased to present this annual report and do so with great pride. We are sure you will find it informative and interesting. Our achievements would not be possible without our directors, governors, staff, service users, carers, partners, stakeholders and members and we thank all of you. The partnership working between all of us ensures improved mental health and learning disabilities services for the people we serve.



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 2010. The following pages include an operating and financial review of the Trust's activities for 2009/10.

The Directors of South Essex Partnership University NHS Foundation Trust present their report for the period 1 April 2009 to 31 March 2010. Details of the Trust's Directors are contained within the Governance review section of this document (page 28).

On the 1st April 2010, the Trust acquired the Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust. The annual report and accounts for 2009/10 relating to this organisation are contained within a separate document.

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 2009/10.

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

Four key priorities were identified for 2009/10 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 - Delivering quality services

This priority reflected our commitment to respond to the focus on quality that is expected nationally and locally. We are delighted to report that all targets set by the Care Quality Commission (CQC) and Monitor, relevant to providers of mental health and learning disability services, were met as at 31 March 2010. The results of the CQC Periodic Review for 09/10 will not be published until October 2010, but the Trust is confident that it will receive an "excellent" rating for quality of services. The Trust has been registered by the CQC to provide health services from 1 April 2010 as a result of being able to demonstrate compliance with the new registration standards that come into force at that time. The results of the first annual National Mental Health In-Patient Survey published in September 2009 confirmed that whilst there is room for improvement, SEPT in-patients expressed the highest levels of satisfaction with services in the East of England. The Trust is able to confirm full compliance with all of the "Delivering Same Sex Accommodation" environmental requirements as at 31 March 2010. Stretching goals were agreed with local commissioners as part of the CQUIN (Commissioning for Quality and Innovation)

framework and with all local stakeholders as part of our first Quality Account. Many of the "stretch" targets related to further and continued improvements in access to services for local people and we are delighted to report that these have all been met, including achievement of a maximum 18 week wait for treatment (for all services) one year in advance of the national implementation date for mental health services.

Priority 2 - Service development

We made a commitment to ensure that we continue to improve existing services and develop new services to respond to local need. During the past year the Trust completed the building of and transferred existing services into a new forensic mental health unit (Brockfield House) and community mental health resource centre in Brentwood. We also established a new local memory assessment service in line with the National Dementia Strategy and an Improved Access To Psychological Therapies service. Support for carers of people with mental ill health was enhanced through provision of a local "Caring with Confidence" programme and as a result of securing additional funding from the Department of Health, the Trust has been able to help carers make time for themselves away from caring, build up their knowledge and strengths, obtain useful information and identify the positive changes they can make in their own situations. In partnership with NHS South West Essex we have attracted funding for the 'Who Cares?' project. This project involves colleagues in primary care and acute hospitals who help to identify carers so that appropriate support can be made available.

Priority 3 - Fit for purpose

Ensuring that our organisational infrastructure, our workforce and our Board is prepared for and able to respond to any future challenges was identified as essential. In these challenging financial times, excellent financial stewardship will be critical. At the end of March 2010, the Trust has achieved all of its financial duties, ending the year with a surplus of £2.1 million before impairments and a Monitor risk rating of 4. We have continued to invest in new technology and LEAN service improvement techniques to enhance efficiency and have continued to strengthen the governance structures in place to support quality decision making going forward. The Board, Executive Team and Top Team have participated in regular organisational, team and individual development programmes and a new competency framework and appraisal system has been introduced.

Priority 4 - Ensuring a sustainable future

The Annual Plan 2009/10 acknowledged that action was required to ensure that the Trust is sustainable in the longer term and the Board embarked on an ambitious programme of action to position the Trust favourably. In particular, the Trust successfully pursued the acquisition of Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust (BLPT) through a competitive and thorough process overseen by NHS East of England and subsequently assessed by Monitor. On 31 March 2010, BLPT was dissolved by the Secretary of State for Health and SEPT acquired the assets, liabilities, and contracts for provision of services for 3 years with effect from 1 April 2010.

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 cover care services provided to patients in hospital wards, those cared for in the community and patients receiving day hospital services. The commissioners monitor the Trust to ensure that agreed activity is delivered through monthly monitoring reports and quarterly contract monitoring meetings. Contract activity during 2009/10 was based on the provision of a specified volume of occupied bed days on hospital wards and face to face contacts in the community and day hospital attendances.

Figure 1 – Community Activity by Specialty

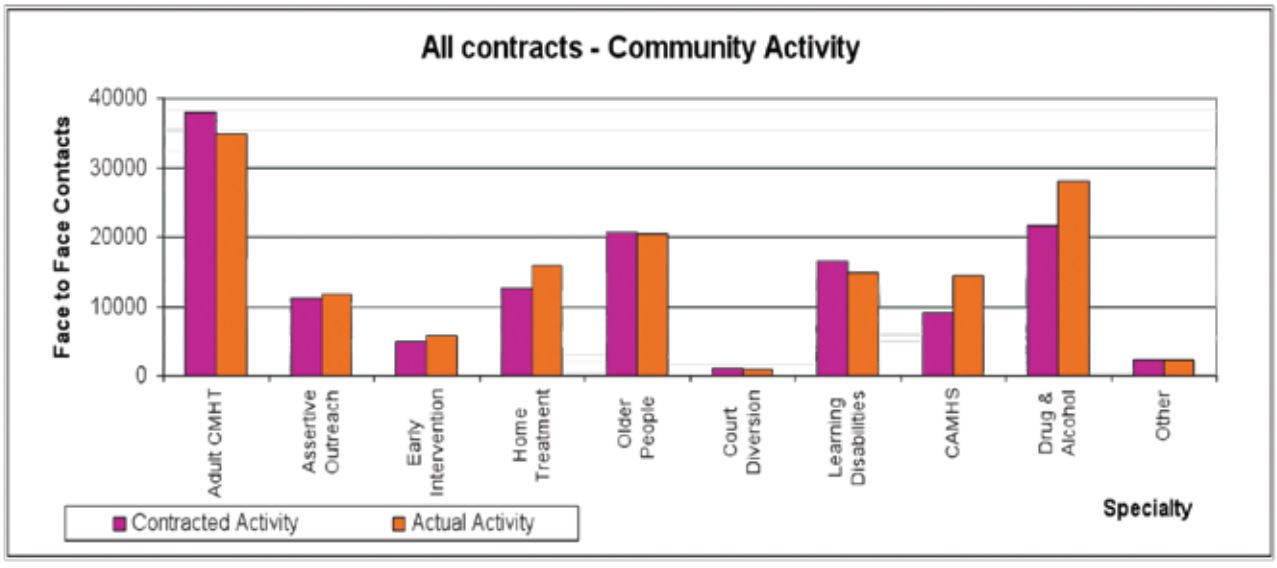


Figure 1 confirms that as at the end of March 2010 the Trust has exceeded the contracted activity for the Assertive Outreach, Early Intervention, Home Treatment, Child & Adolescent Mental Health Services (CAMHS) and Drug & Alcohol services and slightly under-performed against the Adult Community and Learning Disabilities teams.

Figure 2 confirms that the Trust performed exactly against the contract in place for older people inpatient activity and exceeded the contractual requirements for adult inpatient services. Hospital activity on the Low and Medium Secure wards was below maximum potential activity due to the opening of additional capacity at the new Brockfield House which was fully operational from the start of November 2009.

Figure 3 shows that the Trust over performed on its delivery of Adult day hospital activity, but due to an operational change following on from the introduction of the Dementia service, narrowly missed its target for Older Peoples day hospitals.

Figure 2 –Hospital Activity by Specialty

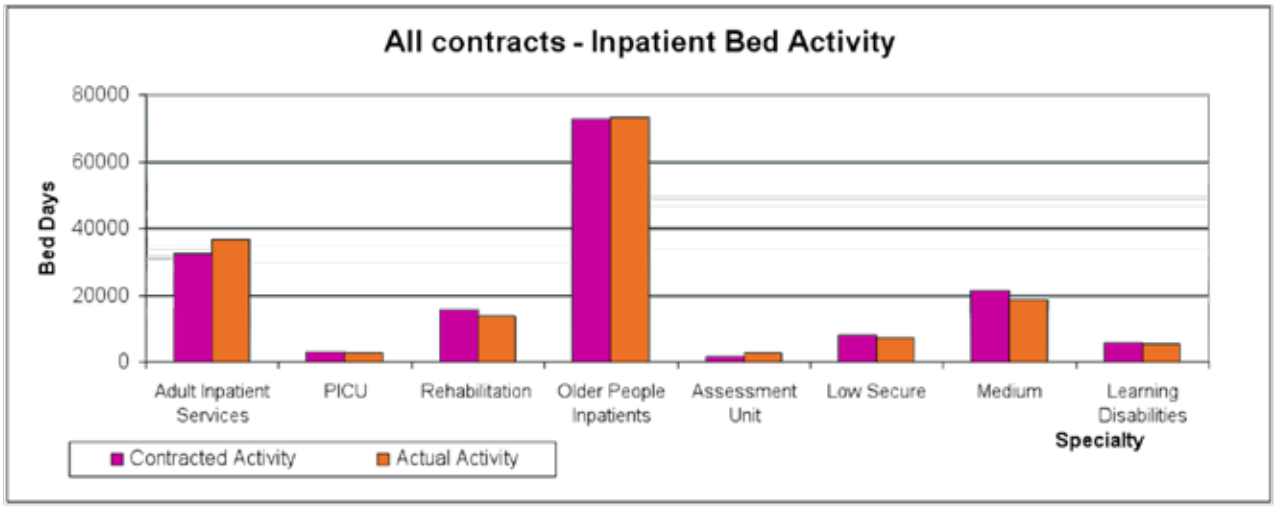
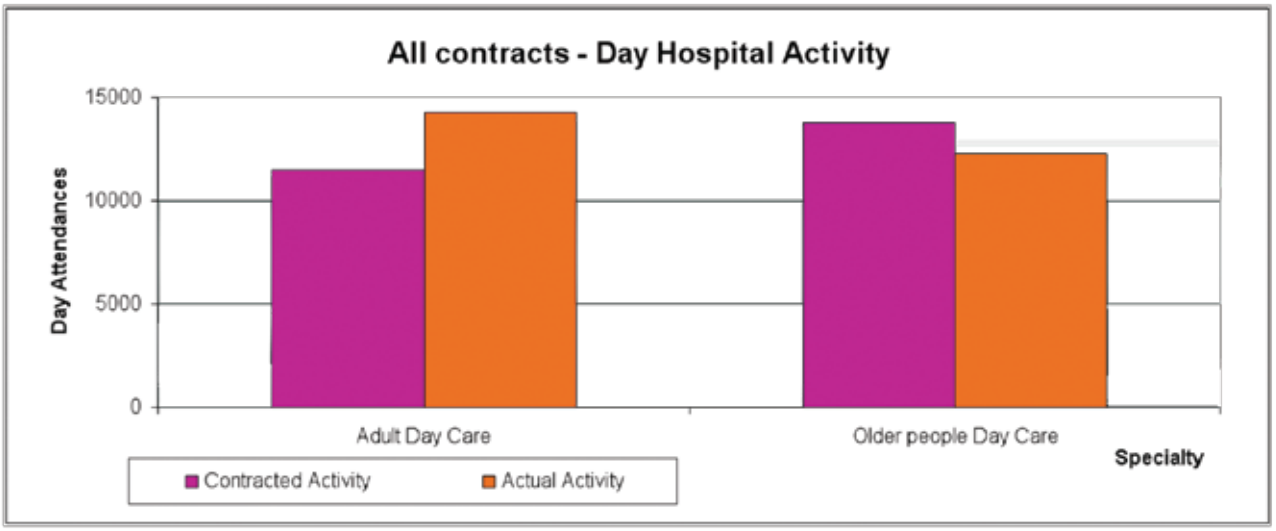


Figure 3 – Day Hospital Activity by Specialty



Performance Against Periodic Health Check Requirements

In October 2009, the Trust was delighted to receive confirmation of the Care Quality Commission's Periodic Health Check performance assessment for 2008/09. This is the third consecutive year that the Trust has received the highest possible rating and the Trust is the first mental health organisation to achieve this. The Trust received a score of "Excellent" for its use of resources, and "Excellent" for its quality of services. The Care Quality Commission calculates the Periodic Health Check rating for the Trust, based on performance during the year over a range of indicators.

Details of the Care Quality Commission performance indicators are also included within the section on Quality Acounts.

Table 1 – Self Assessed Performance Against Periodic Health Check Targets 2009/10 (as at May 2010)

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 97% follow-up rate.
	Admissions 'gatekept' (seen by or notified to CRHT (Crisis Resolution Home Treatment) prior to admission to identify whether an alternative to admission is appropriate)	94% of admissions have been gatekept by the CRHT between 1st April and 31 March 2009.
	Patterns of care from the MHMDS (Mental Health Minimum Data Set)	During Q1 and Q2 (measurement period defined by Healthcare Commission – Care Quality Commission) 100% of patients discharged from an in-patient setting had a care co-ordinator identified at the time of discharge.

Measure	Indicator	Trust Position
	Drug users in effective treatment	As at November 2009 (latest data available from the National Treatment Agency), 92% of service users were retained in treatment for 12 weeks or more. The Trust's retention rate was 92% for 2008/9.
	Experience of patients	The results of the survey of the experience of in-patients will not be available until July 2010.
	Completeness of the MHMDS	During Q1 and Q2 (measurement period defined by Care Quality Commission) 69% 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 11 out of the 12 key requirements.
	NHS staff satisfaction	The report on the staff satisfaction survey has been released but the indicator score from the CQC is not yet available.
Learning Disability Indicators	Campus provision	All campus patients were discharged on 1 April 2009 which means that the Trust has already achieved this target.
	Number of People with a care plan	All current inpatients have a care plan that meets the Healthcare Commission Care Quality Commission criteria.
MH & LD Combined indicators	Delayed transfers of care (DTOC)	During the period April to August 2009 (measurement period and construction identified by the CQC) there were 72 bed days occupied by people who were considered to be fit for discharge. During the same period there were 10336 bed days. This results in a DTOC rate of 0.7%.
	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 Department of Health core standards (shown above) together with performance against four key targets.

The Quality Account (Report) includes an update on the following four targets:

1. **100% enhanced Care Programme Approach 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 1st April 2009 and 31 March 2010, there were 1,001 discharges, of which 966 were followed up in seven days, equating to a follow up rate of 97%. 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 Adult Acute in-patient admissions to be seen by, or notified to, the crisis resolution home treatment teams, between 1st April 2009 and 31st March 2010. 94% of the 735 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 2.7% between April 2009 and March 2010. 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 Department of Health (DH) targets:

Table 2 – Performance Against DoH Targets

Department Of Health targets	Target 2009/10	Actual 2009/10
Early Intervention Services – New episodes Of care	92	118
Assertive Outreach Team caseload	245	251

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 2009/10 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 seven key objectives for 2009/10 and assessed the risks that had the potential to jeopardise them. These risks were incorporated into the Assurance Framework and monitored monthly 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 12 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 focussed 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 2009/10.

Head of Internal Audit Opinion (HIAO)

The Head of Internal Audit Opinion for 2009/10 was issued on 14 April 2010. 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 frameworks 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 2009 to ensure that the organisation remained up to date and had taken account of recent recommendations and guidance.

Risk Management Accreditation Schemes

The Trust achieved the highest level (Level 3) of the Risk Management Standards in September 2008. 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.

Throughout 2009/10 a programme of audits has been devised and implemented, to ensure that the Trust remains compliant with the RMS standards of governance.

Environmental Matters

The Trust continues to ensure that services are delivered and buildings utilised in such a way as to minimise the impact on the environment. Further information is provided in the section entitled Sustainability/Climate Change on page 62.

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 2010/11 to 2012/13. To receive your free copy of our Annual Plan, please contact our Communications Department on 01268 407742 or email communications@sept.nhs.uk.

Financial Review

This part of the Director's report provides a commentary on the Trust's financial performance leading to a net surplus (excluding impairments) of £2.1m for the 2009/10 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 annual report and accounts cover the 12 month period from the 1 April 2009 to 31 March 2010. The full set of accounts is included within this document.

The Trust's accounts have been prepared in accordance with directions given by Monitor, the Independent Regulator of Foundation Trusts. They are also prepared to comply with International Financial Reporting Standards (IFRS) and are designed to present a true and fair view of the Trust's financial activities. This is the first time the Trust along with the rest of the public sector, has presented accounts based on International Financial Reporting Standards. This has resulted in significant presentational changes to accounts published previously which were based on UK Generally Accepted Accounting Practice (UK GAAP). Over the past year, the Trust has restated prior year information to comply with IFRS and this has enabled comparative information to be shown within the annual accounts relating to the 2008/09 financial year.

Under International Financial Reporting Standards the format of the main accounting statements and other disclosure requirements has changed significantly from previous years. In summary, the main changes are as follows:

- The income and expenditure statement is replaced by the Statement of Comprehensive Income for the year.
- The balance sheet is replaced by the Statement of Financial Position.
- The statement of realised and unrealised gains and losses is no longer required.
- There is a new statement of changes in tax payers equity.
- The cashflow statement is largely unchanged but renamed as the Statement of Cashflows.

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 inquires, 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 2009/10, 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 2009/10 financial year was presented to the Board of Directors in June 2009. Reports issued relating to the 2009/10 financial year were as follows,

- Audit Plan for 2009/10
- Annual Audit Letter
- ISA 260 Report for those charged with governance
- Review of Financial Statements 2009/10

The total fee for external audit for 2009/10 was £91,000. This comprises the following,

Table 3 – Audit Fee

Audit Area	Audit Fee £000
Accounts	84
Additional IFRS work	7
Total	91

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 Executive Chief Finance Officer 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 operate 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 2009/10 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 2011, free of charge, from the Executive Chief Finance Officer.

Political and Charitable Donations

The Trust did not make any political or charitable donations from its exchequer or charitable funds during 2009/10.

Financial Performance

The 2009/10 financial year ultimately proved to be another good year for the Trust in financial terms. The Trust's performance, however, must be viewed against the background of continued economical turmoil within the UK economy and world recession which has only more recently shown signs of improvement. During 2009/10, the Trust continued to do 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 accelerated to help stimulate economic growth.

The Trust received a good financial settlement for 2009/10 from its main commissioners. However, in contrast to previous years there was only limited new investment in relation to existing services. However, the Trust continued to tender for new opportunities and was successful in becoming the chosen provider of new psychological therapy services across south Essex generating significant new service income and was also successful in a number of other smaller contracts including Caring with Confidence and Employment Services.

The Trust also received additional income in relation to its new CAMHS inpatient facility based at Rochford Hospital, which now provides a specialist service for local children. The Trust also opened Brockfield House in September 2009 which is the Trust's new 99 bed medium and low secure unit providing services across Essex.

The Trust has continued to benefit from the stability and freedoms associated with Foundation Trust status. This has enabled the Trust to carry forward and retain surpluses from previous years and undertake a substantial range of environmental and new capital developments throughout the year. The Trust has also continued to extend its services to commissioners outside of Essex which, once again, has 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 care.

The Trust also implemented a range of new efficiency measures and income generation initiative during 2009/10. All these factors, together with careful ongoing management enable the Trust to generate a net surplus, excluding impairments of £2.1 million, with all targets and major development programmes achieved. The Trust also received a Monitor financial risk rating of 4 representing a low 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 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 2008/09 financial year. The directors confirm that in general the information provided relating to 2008/09, which has now been re-stated to comply with IFRS, directly

compares with the accounting information provided for 2009/10. However, there is one issue relating to the current economic recession which has led to significant impairment (reduced value) within the Trust's accounts and this is outlined further below

Impaired Value of Land and Property

For 2009/10 the Trust's accounts include an impairment(reduction) of non-current assets to the value of £11.7m in respect of land and property. This impairment relates in part to a revaluation of Brockfield House, the Trust's new secure services unit in Wickford. In addition, further impairments relating to the Trust's other premises have arisen following a 5 year revaluation of the Trust's estate by the District Valuer.

It is not uncommon that the valuation placed on a new development is lower than the original cost. This reflects the way in which the district valuer calculates replacement value. The impairments, however, relating to the Trust's remaining estate reflects the continuation of the economic recession experienced during 2009/10. This has resulted in a general lowering of both land and building values across the public sector.

Where possible, the reduced value associated with an impairment is charged against the Trust's revaluation reserve shown in the Statement of Financial Position. When the revaluation reserve for the particular property is exhausted any remaining impairment is charged to the statement of comprehensive income. These changes have had the effect of reducing the Trust's operating surplus of £2.1 million into a deficit from continuing operations after impairment losses of £7.3 million.

Within the statement of financial position, these impairments have reduced the value of the Trust's property, with being affected by the impact of depreciation and new additions. However, the directors confirm that these impairments are technical in nature and have no impact on the Trust's cash, financial viability and therefore financial risk rating.

Table 4 – Fixed Asset Impairments

	Decrease in Value £000
Land	2,740
Buildings	8,989
Total Decrease in value	11,729

Of the total impairment, £2.3m has been set against the Trust's revaluation reserve in the statement of financial position. However, this left £9.4m for which insufficient revaluation reserve existed and this amount has been included within expenditure shown on the statement of comprehensive income.

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 2009/10 this has resulted in additional income of £1.5 million, compared to £3 million in 2008/09. 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 7.9%
- An income and expenditure surplus margin of 1.8%
- A return on assets of 5%
- A Liquidity ratio of 39.4days

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 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

	2009/10 £000	2008/09 £000
Total Income	116,514	114,281
Income from Mandatory Clinical Services	105,977	98,001
Surplus from Continuing operations (before impairment)	2,121	3,779
Capital Expenditure(including new PFI Funded Brockfield House)	36,499	3,063
Capital Charges (Depreciation and Dividends)	5,818	6,091
Closing Cash Balance	12,102	15,488
Surplus/(Deficit) from Continuing operations (after impairment)	(7,299)	2,778

Operating Expenditure

The total operating expenditure excluding impairments for the 12 month period ended 31 March 2010 was £109.8million. Figure 4 (below) 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 £79.9 million. Figure 5 (below) provides an analysis of expenditure over the different staff groups.

Figure 4 – Total Expenditure by Service

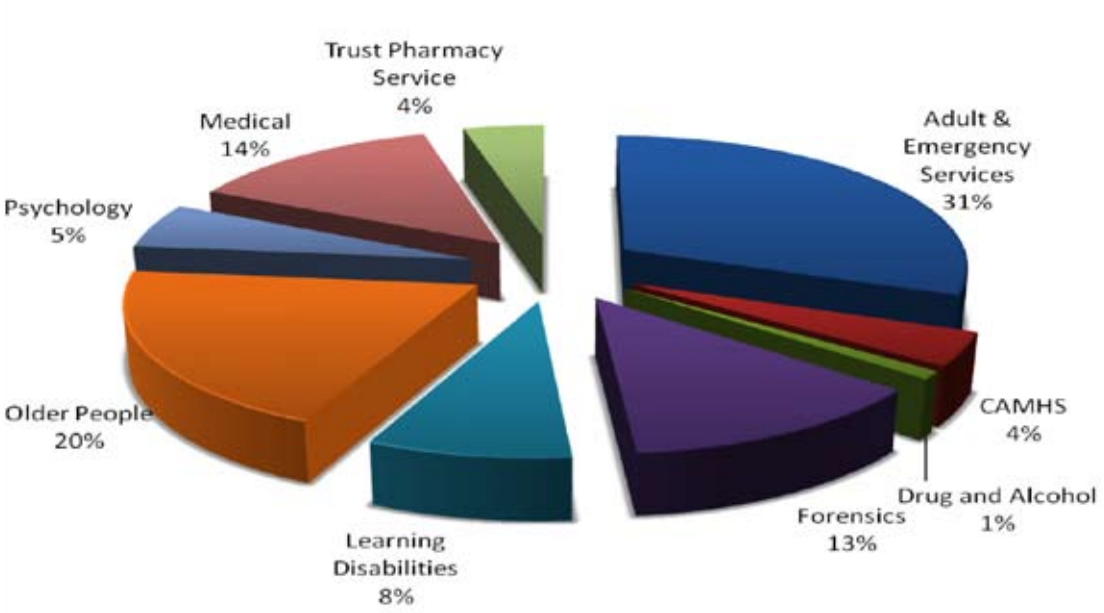
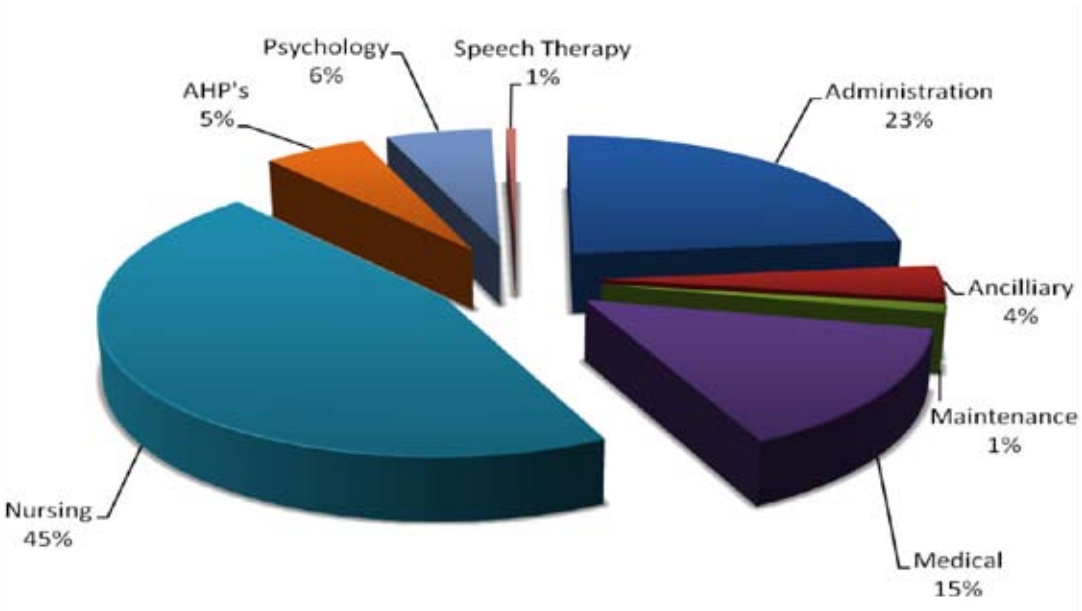


Figure 5 – Pay Expenditure



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 Executive Chief Finance & Resources Officer. 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 2009/10 and this has enabled the Trust to generate interest from cash management activities of £0.1 million. This additional income has been used for the benefit of local patient care. However, in view of the economic downturn which has continued during 2009/10, the Trust's ability to generate significant interest from cash management was limited during last 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 £3.8 million.

Events after the reporting period

As indicated at the beginning of the Directors report, the Trust acquired the Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust on the 1st April 2010. This acquisition was treated under "Merger Accounting Rules".

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. However, from 2009/10 onwards the final PDC Dividend payable for the year, is recalculated based on the final closing Statement of Position, and as such a creditor or debtor arrangement may exist at year end between the Treasury and the Foundation Trust.

The Trust also has reserves relating to income and expenditure surpluses and asset revaluation resulting from the impact of valuations 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. In 2009/10, the trust is deemed to have a long term borrowing of £34.3m as a result of recording the PFI assets onto the Statement of Financial Position in accordance with IFRS requirements.

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: £48.8 million, and
2. Approved working capital facility: Not to exceed £8.0 million.

The Trust has a long term borrowing of £34.3m in respect of the PFI Funded Scheme. The Trust's capital investment plans over the next 5 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 (page 21) summarises the Trust's capital resources and expenditure for 2009/10.

During 2009/10, the Trust invested a total of £36.5 million in a variety of capital developments which are detailed in table 6 above. Of this total investment, £28.8 million relates to the building of Brockfield House, which is the Trust's new PFI funded Secure Services Unit in Wickford.

The remaining £7.7 million has been invested in a range of schemes, including £1.5 million on developing a Resource Centre in Brentwood, and £0.9 million in medical and other equipment, largely in respect of the new Secure Services unit (Brockfield House) in Wickford. During the year, the Trust also made significant investment in IT and Information Systems, which largely related to the purchase of a new Information System and the continued roll out of Work Smart technology in order to allow clinicians and administration staff to work more flexibly and release office accommodation.

The Trust also undertook a number of upgrades around the Mental Health Unit at Basildon Hospital, Meadowview and Mayfield Wards on the Thurrock Hospital site, and developed a training facility for staff at the Hawthorne Centre at Rochford Hospital.

Table 6 – Capital Expenditure

	2009/10 £000
Brentwood Resource Centre	1,518
IT & Information systems	2,589
Thurrock Transformer	175
Thurrock Generator	150
Hawthorne Training Centre	513
Worksmart	793
Improvements to Basildon Mental Health Unit	194
Medical and Other Equipment	932
Meadowview / Mayfield Ward Upgrades	620
Other Minor improvements	170
Total Capex(excluding PFI Funded Scheme)	7,654
PFI Funded Scheme- Brockfield House	28,845
Total Capex(including PFI Funded Scheme)	36,499

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 Executive Chief Finance Officer and 3 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 2 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 2 south Essex Primary Care Trusts during 2009/10 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 million.

Accounting Policies

The Trust has detailed accounting policies which comply with both the NHS Foundation Trust Annual Reporting Manual and Capital Accounting Manual for Foundation Trusts and have been thoroughly reviewed by the trust and agreed with External Auditors. Details of the policies are shown on pages 98 to 111 of the 2009/10 accounts.

NHS Pensions and Directors Remuneration

The accounting policy in relation to employee pension and retirement benefits is set out on page 98 of the annual accounts for 2009/10. Details of the remuneration of Directors is contained within the Remuneration Report section of this document (page 25).

Private Finance Initiative

The Trust currently provides services from 3 locations developed via the Private Finance Initiative. These properties are located in Westcliff (Clifton Lodge), Rawreth (Rawreth Court) and Wickford (Brockfield House). Rawreth and Clifton each provide 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's latest PFI development (Brockfield House) was completed in August 2009 and became operational in September. This development completes the final phase of the Modernisation Programme relating to the replacement of ageing facilities on the former Runwell Hospital site. The Runwell site closed in December 2009.

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, which ever 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 2009/10 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

£3.6 million during 2009/10. 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.

A summary of the Trust's main savings and income generation initiatives delivered during 2009/10 is shown in table 7.

During 2009/10, the Trust achieved total savings from cost efficiencies and income generation initiatives of £4.8 million. The Trust was able to release savings of £1.4 million from an extensive review of the Trust's transitional budgets following the successful completion of a number of major schemes. In addition, a review of rehabilitation services, older people services, forensics and child and adolescent mental health services also contributed significantly to the plan.

The Trust also implemented a number of changes around the provision of administration support to clinical services which has released recurrent savings of £0.5 million. The Trust utilised a number of non-recurrent efficiency measures during 2009/10, which have been addressed on a recurrent basis as part of the

Table 7 – Efficiency and Income Generation Initiatives

	2009/10 £000
Sale of PICU Services	73
Total Income Generation Contribution	73
Review of Transitional Funding	1,385
Rehabilitation Services	250
Pharmacy Services	328
Review of Vacancies	184
Clinical Administration Staff Review	500
Review of Forensic Services	439
Review of Child & Adolescent Mental Health Services	163
Older People Inpatient Services	562
Non Recurrent Efficiency Measures	944
Total Efficiency Savings	4,755
Total Efficiency and Income Generation Initiatives	4,828

financial plan for the 2010/11 financial year.

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 5 year period from 2010/11 – 2014/15. This plan was approved by the Board of Directors at a meeting held on 31 March 2010. The plan relates to the new enlarged organisation including the services provided within Bedfordshire and Luton and demonstrates that the Trust intends to make a minimum surplus of income over expenditure of around £1.5 million in each of the 5 year plan. This is likely to give the Trust a minimum predictive financial risk rating, set by Monitor, of 3 throughout the planning period.

The financial settlements relating to the NHS have been maintained at a relatively high level over recent years. However, it is evident that the level of public debt will need to be reduced significantly over the next few years and that this will result in significant reductions to public spending. Although the health service is likely to be protected in relation to other public services, the NHS is still preparing for what is likely to be a significant reduction in 'real' terms and in comparison with the increasing demand on service provision. It is expected that this will translate into an efficiency requirement of at least 4.5% per annum from 2011/12 onwards. This will undoubtedly present the Trust with a significant challenge in relation to services for which income is largely fixed and for which currently no national tariff is currently applied.

The Trust's directors have developed a comprehensive strategy which focuses on the sustainability of the Trust's in the medium term. It also includes a major efficiency programme which will be supplemented by the need to explore other potential options of expansion including the possibility of further acquisitions and mergers throughout the planning period. This may also need to be supplemented by service contraction in order to ensure the Trust is able to continue to deliver high quality services that are effective and efficiently provided.

The directors continue to be proud of the Trust's track record of delivering excellent services alongside excellent financial performance. This experience will more than ever be invaluable over the next 5 year planning period.

The Board of Directors
June 2010

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 08.

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 6 occasions during the year. Membership of the committee and the number of times each member met during this period is included in Table 10.

The Remuneration Committee made a cost of living award to the Executive Directors for 2009/10 at 0.9% below the pay award made 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 2008/09. Achievement of objectives has regularly been monitored throughout the year by the Board of Directors.

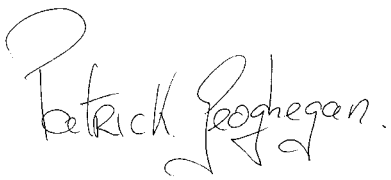
All Directors are employed on substantive contracts with a minimum notice period of six months. The Director of Specialist Services and Partnerships is currently on secondment from Essex County Council and as a result, the gross cost (including employer's superannuation and national insurance contribution) paid by the Trust to the County Council was £129,000.

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 2009/10 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 3 occasions during 2009/10. The Committee members and the number of times each member attended Committee meetings during this period is included in Table 11.



Dr. Patrick Geoghegan OBE
Chief Executive

Table 8– Directors Salaries and Allowances

Dr Patrick Geoghegan	Chief Executive & Executive Nurse
Dr Mike Lowe	Medical Director (until 28 Feb 2010)
Dr Pauline Roberts	Executive Medical Director from (01 Mar 2010)
Ray Jennings	Executive Chief Finance & Resources Officer and Deputy Chief Executive
Sally Morris	Executive Director of Operational Services
Philip Howe	Executive Director of Social Care and Partnership Strategy Delivery
Oliver Shanley	Director of Integrated Governance (until Sept 2009)
Andy Brogan	Interim Director of Integrated Governance (from Sept 2009)
Nikki Richardson	Executive Director of Corporate Affairs
Lorraine Cabel	Chair
Janet Wood	Non-Executive Director
George Sutherland	Non-Executive Director
Leslie Cuthbert	Non-Executive Director
Steve Currell	Non-Executive Director
Dawn Hillier	Non-Executive Director
Gary Scott	Non-Executive Director

Table 9 – Directors Pension Benefits

Patrick Geoghegan	Chief Executive & Executive Nurse
Michael Lowe	Medical Director
Dr Pauline Roberts	Executive Medical Director (from 01 Mar 2010)
Ray Jennings	Executive Chief Finance & Resources Officer and Deputy Chief Executive
Sally Morris	Executive Director of Operational Services
Philip Howe	Executive Director of Social Care and Partnership Strategy Delivery
Oliver Shanley	Director of Integrated Governance (until Sept 2009)
Andy Brogan	Interim Director of Integrated Governance (from Sept 2009)
Nikki Richardson	Executive Director of Corporate Affairs

Notes

The information in table 8 & 9 above is subject to audit

Salary 2009/10 (bands of £5,000)	Other Remuneration 2009/10 (bands of £5,000)	Benefits in Kind 2009/10 (to the nearest £00)	Salary 2008/09 (bands of £5,000)	Other Remuneration 2008/09 (bands of £5,000)	Benefits in Kind 2008/09 (to the nearest £00)
175 -180	20 – 25	0	175 – 180	20 – 25	0
85-90	0 – 5	0	95 – 100	0 – 5	0
0- 5	0	0	n/a	n/a	n/a
130 – 135	15 – 20	0	130 – 135	15 – 20	0
120 - 125	10 – 15	0	115 – 120	10 – 15	0
95 – 100	0	0	95 – 100	0	0
70 – 75	5 – 10	0	100 – 105	5 – 10	0
10-15	0	0	n/a	n/a	n/a
120 – 125	5 – 10	0	115 – 120	0 – 5	0
45 -50	0	0	40 -45	0	0
15 – 20	0	0	15 – 20	0	0
15 – 20	0	0	15 – 20	0	0
15 - 20	0	0	15 - 20	0	0
15 -20	0	0	15 -20	0	0
15 – 20	0	0	0 – 5	0	0
15 - 20	0	0	0 - 5	0	0

Real Increase (Decrease) in pension & related lump sum at age 60 £000	Total Accrued pension & related lump sum at age 60 at 31 March 10 £000	Cash Equivalent Value at March 2009 £000	Real Increase in cash equivalent transfer value £000	Cash Equivalent Value at March 2010 £000
(0-2.5)	310 – 315	1577	77	1 ,733.05
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
0 – 2.5	215 – 220	1,074	66	1,193.54
2.5 – 5.0	85 – 90	321	33	370.02
(0-2.5)	150 – 155	934	45	1025.89
10 – 12.5	135 – 140	451	59	569.56
n/a	n/a	n/a	n/a	n/a
0 – 2.5	185 - 190	870	38	952.05

governance review

Accountability

The Board of Directors is accountable to the Board of Governors (see Pages 32 for further details), 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 and together with other relevant information.

The Board of Directors will present to the Board of Governors at a general meeting scheduled for the 29 September 2010 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 29 September 2010 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 Page 84 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 29 to 32.

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: 31 March 2010

Chair And Non Executive Director's Profiles

Lorraine Cabel, Chair:

Lorraine has over 30 years experience of the NHS in roles that include nursing, public health and executive board level. Lorraine chairs both the Board of Directors and Board of Governors. Lorraine is a graduate in social sciences she has an in depth understanding of the causes of health inequalities, their impact on health and well-being and how strong partnerships between organisations can begin to address and reduce these. She has a proven track record of effective partnership working across local authority, health and third sector boundaries.

Leslie Cuthbert, Senior Independent Non Executive Director and Vice Chair:

Leslie has a wide and varied background, primarily as a Higher Courts Solicitor-Advocate before criminal courts as well as having been a Principal (Partner) in the well-respected criminal defence firm - McCormacks Solicitors LLP. Leslie has been with McCormacks for over 10 years and during this time has represented a number of people suffering from different forms of mental illness and accordingly has dealt with a number of other professionals in trying to assist those suffering from such conditions.

Janet Wood, Independent Non- Executive Director:

Janet is a qualified chartered accountant and worked in NHS finance from 1992 to 1999 holding various posts. She took a career break in 1999, keeping her technical skills up to date by working part-time for the HFMA (Healthcare Financial Management Association).Janet's spare time is taken up by her two children and she is an active fundraiser for their school.

George Sutherland, Independent Non Executive Director:
George lives in Hockley, has a substantial depth of experience at Chairman and Executive Director level in the logistics and business services sectors. He has a Masters in Business Administration (Dist) and a Diploma in Management Studies. He is a Fellow of the Institute of Directors, a Member of the Chartered Institute of Logistics and Transport and a Member of the Chartered Institute of Marketing.

Steve Currell, Independent Non Executive Director (From June 2007):
In July 2006 after 33 years service as a police officer Steve retired whilst holding the rank of superintendent. Steve is currently a director of two charities, Southend United Community Education Trust and Chairman of the board of LRBC Community Ltd. He is also an advisor for local churches and a national charity on Child Protection and until recently was on the council of reference of a charity working with sex offenders.

Dawn Hillier, PhD, Independent Non Executive Director (From 01 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. Dawn retired from a successful career in higher education and turned her entrepreneurial skills to establishing and her business partner Dawn is the author of two books and numerous articles.

Gary Scott; Independent Non Executive Director:
Gary has over 20 years experience of the NHS. He qualified as a State Registered Podiatrist in the mid 80's. He then moved into NHS general management in the mid 1990's after being selected to participate in a regional accelerated management development programme. Following on from this he held a number of senior management positions across the NHS in both Health Authority's and PCTs, In 2007 he set up his own interim management/ management consultancy company and now has clients in the public, private and third sectors. He is also the Chair of Governors of his local Primary School.

Executive Directors:

Dr Patrick Geoghegan OBE, Chief Executive & Executive Nurse:
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. In furtherance of this he has developed links with academia; with Yale, University of Pavia in Italy and links with Australia and New Zealand. He is also passionate about service user and carer involvement and believes organisations will be better placed if we listened to people who use our services but more important action what they tell us.

Philip Howe, Executive Director of Social Care and Partnership Strategy & Delivery:
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 (until end February 2010):
Mike is a General Medical Council Examiner and the Eastern Region General Adult Psychiatrist representative for the Royal College of Psychiatrists. He has been chairman of Thurrock MIND for 18 years.

Dr Pauline Roberts, Executive Medical Director (from March 2010)
Dr Pauline Roberts trained and worked in London and came as a Psychiatrist to South Essex in 1993. She was appointed as a Consultant in 1999 to the Thurrock Sector and transferred to Southend in 2004. She has been involved in medical management for 10 years as Clinical Director, Associate Medical Director, Deputy Medical Director and Medical Director from March 2010

Ray Jennings, Executive Chief Finance & Resources Officer and Deputy Chief Executive:
Ray is a chartered management accountant and has responsibility for the Trust's finance, purchasing and catering services.

Nikki Richardson, Executive Director of Corporate Affairs:
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, Executive Director of Operational Services
Sally 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. She has a history of partnership working and was Chairman of the South Essex Mental Health Local Implementation Team and established the Bullwood Hall Prison Health Partnership Steering group.

Oliver Shanley, Director of Integrated Governance (till end of September 2009):
Oliver qualified as a registered mental nurse in 1990 at Runwell hospital and holds a Masters Degree from King's University. 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. He has a long history of partnership working, including working for three years as a group leader with Essex Probation Services Multi Agency Sex Offender Treatment Programme.

Andy Brogan: Interim Director Integrated Governance (from September 2009):
Andy has a wealth of experience within the NHS and the private sector. He has held a variety of nursing director and governance posts – mainly in the North West – as well as spending time at CSIP (Care Services Improvement Programme) and the Department of Health

Code of Governance

Compliance With The Code Of Governance

The Independent Regulator for NHS Foundation Trusts (the 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 NHS Foundation Trust complied throughout the review period with the main and supporting principles of the Code of Governance excepting the following supporting principal:

"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 04 years), the Chair of the Foundation Trust under the period of review have 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 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. Also refer to the Chief Executive's Responsibilities listed in the Accountable Officer Report.

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 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 6 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 crises. A 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 10.

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, until February 2010), is the Chair of Thurrock Mind. The Board of Directors does not consider these interests to be material and therefore does not compromise these 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 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 (A.1.3)

Mrs Lorraine Cabel, Chair of the Foundation Trust and Mr Gary Scott Non Executive Director were part of the senior management team of a local Primary Care Trust where we have a material business relationship and are members of the NHS Pensions Scheme (A.3.1)

At least half the Board of Directors (excluding the Chair) comprise of Non Executive Directors (A.3.2). 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 4-years following satisfactory performance review (C.2.2).

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 either sub-committee. These sub-committees are:

- Executive Operational Committee
- Integrated Governance
- Audit Committee
- Integrated Strategic Planning
- Mental Health Act Managers
- Directors Remuneration*
- Joint Code of Governance
- Directors Nominations Committee*
- Investment Committee
- Integration and Transformation Sub 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 consist 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 Board of Governors composition has been reviewed during the year to accommodate the newly acquired business. These changes take effect from the 01 April 2010. However, the composition of the Board of Governors during 2009/10 is shown below:

Twenty-five Public Governors from the following public constituencies

- five Governors each from the constituencies of Basildon, Brentwood and Castle Point;
- 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
- one PCT Governors, one appointed jointly by South West Essex PCT and South East Essex PCT)
- three Local Authority Governors, one each appointed by Essex County Council, and 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 11 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

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

and as required:

- to 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;
- to respond as appropriate when consulted by the Board of Directors;
- to undertake such functions as the Board of Directors shall from time to time request;
- to 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.

Five governor/director project constituency groups have been set up to ensure regular links between the governors and the directors , and the local community, especially our members. Each of these groups meets regularly 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 hhtp: 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 2009. 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 Governors elected were:

The newly appointed governors during the period of review are:

Public Governors:

Basildon:	Klaus Kopp (Sept '12)*
	Cllr Keith Bobbin (Sept '12)*
	Akin Akinyemi (Sept '12)
	John Edward Pike (Sept '12)
Brentwood:	Frances Heywood (Sept '12)*
Rest of Essex:	Robert Calver (Sept '12)
Castle Point:	Eileen Greenwood (Sept '12)*
Rochford:	Jeanine Cresswell (Sept '12)
Southend:	Alex Kaye (Sept '12)
	Clive Lucas (Sept '12)
Thurrock:	Michele Lucas (Sept '12)
	Mike Riley (Sept '12)

Staff Governors:

Alison Childs (Other Clinical Specialties (Sept '12)
Carla Fourie (Social Worker (Sept '12)
Elizabeth Barron (Medical (Sept '12)

(* elected to serve their 2nd term of office)

The following Governors were appointed by Stakeholder organisations:

Anita Millar – joint appointment by the South East Essex and South West Essex PCTs.

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 11 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.

Audit Committee

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 fulfil the Committees' duties.

Members of the Audit Committee are:

- Janet Wood, Chair
- Leslie Cuthbert
- George Sutherland

In accordance with Monitor's Code of Governance for NHS Foundation Trust's the Board of Directors is satisfied that Janet Wood 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, Chief Executive and the Director of Finance.

The number of Audit Committee meetings held in the year under review is 11. The attendance of individual members' attendance is disclosed in Table 10

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.

The Joint Working Group of Directors and Governors (described in Page 32) 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 10 & 11.

The Directors' Nominations Committee makes recommendation 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 of 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.

As reported on Page 35 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 2009/10 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 accounting treatment of the Trust's privately financed secure services scheme.

The details of the Board of Directors, their status committee membership and attendance at Board and Committee meetings are as follows:

Table 10 - 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	12	11	
Mr Leslie Cuthbert - Vice Chairman & Senior Independent Director (Appointed November 2007) (Was Acting Chairman for the period December 2007 to February 2008)	1 May 2005	April 2012	12	9	
Mr Steve Currell - NED	1 June 2007	May 2013	12	9	
Gary Scott - NED	1January 2009	December 2011	12	11	
Mr George Sutherland - NED. Chair of Investment Committee.	1 May 2005	April 2012	12	10	
Mrs Janet Wood - NED. Chairman of Audit Committee with effect from December 2008	1 November 2005	October 2012	12	9	
Dr Dawn Hillier - NED	1 January 2009	December 2011	12	9	
Dr Patrick Geoghegan OBE - Chief Executive & Executive Nurse, Chairman of the Executive Operational Team and Chairman of the Integrated Governance Committee	June1996	End of April 2011	12	11	
Mr Ray Jennings - Executive Chief Finance & Resources Officer and Deputy Chief Executive and Chairman of the Integrated Strategic Planning Committee	November 1992	End of April 2011	12	8	
Andy Brogan - Interim Director of Integrated Governance & Nursing		(Joined Sept 2009)			
Dr Mike Lowe - Medical Director		End of April 2011(Retired 28 February 2010)	11	10	
Ms Sally Morris - Executive Director of Operational Services	January 2006	End of April 2011	12	11	
Mr Oliver Shanley - Director of Integrated Governance	July 2003	End of April 2011 (left September 2009)	8	7	
Mr Philip Howe - Executive Director of Social Care and Partnership & Delivery	April 2002	End of April 2011	12	9	
Ms Nikki Richardson - Executive Director of Corporate Affairs	October 2003	End of April 2011	12	9	
Dr Pauline Roberts- Executive Medical Director	March2010	End of February 2015			

	Audit Committee Meetings		Directors Nomination Committee		Directors Remuneration Committee		Mental Health Act Managers Committee		Executive Operational Team		Integrated Governance Committee		Integration & Transformation Sub-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	No of Meetings	No attended
			0	0	6	6					6	2	1	1			2	1	0	0
	11	9					4	4			6	5			5	5			0	0
					6	5	4	4			6	5					2	1	0	0
	11	9			6	6	4	1												
	11	5	0	0	6	6	4	3							5	4	2	0		
	11	10					4	1					1	1	5	4	2	2		
			0	0			4	2			6	5	1	1						
									24	16	6	0	1	1	5	0	2	0	0	0
	11	9							24	20	6	5	1	1	5	5	2	2	0	0
											1	1							0	0
									21	17	6	0								
									24	17	6	2					2	2		
									14	10	4	2								
									24	13	6	2					2	0		
									24	21	6	6					2	2		

Table 11 - Details of Board of Directors Meeting Attendance (Public)

	Frances Heywood	Eileen Greenwood	Lynda Galley	Lyn Peters	Debbie Shaw	Bob Calver	Julie Turner	Jeanine Cresswell	Brian Taylor	Paul Armstrong	Sandra Roberts	Dr Naila Khokhar	John Rolfe	Clive Lucas	Alex Kaye
		Castle Point			Rest of Essex			Rochford			Southend				
	May-06	May-06	Sep-07	Sep-08	May-06	Sep-09	Nov-06	Sep-09	Feb-08	May-07	May-06	Nov-08	May-06	Sep-09	Sep-09
	Sep 09 to Sep 12	Sep 09 to Sep 12	Sep 07 to Sep 10	Sep 08 Sep 11 (resigned Nov 09)	May 06 to Sep 09	Sep 09 to Sep 12	Sep 07 to Sep 10	Sep 09 to Sep 12	Feb 08 to Sep 10	May 07 to Sep 09	Sep 07 to Sep 10 (resigned Nov 09)	Nov 08 to Sep 09	Sep 08 to Sep 11	Sep 09 to Sep 12	Sep 09 to Sep 12
	2	2	2	1	1	1	2	1	1	1	2	1	2	1	1
	✓	✓	✓	☒	☒	✓	✓	✓	✓	☒	☒	☒	✓	✓	✓
	4	4	4		2	2	4	2	4	0	2		4	2	2
	2	4	3		0	2	2	2	1	0	1		4	2	2
	2														
	1														
										1					
										1					
		3													
		3													
		1							1						
		0							1						
	None	None	None	None	None		None	None	None	None	None	Member of SE Service Users Research Group (SE-SURGE)	None		None

Constituency/ Appointing Organisation	Name	Date of appointment	Period Elected	1/2nd Term of Office	In post as at 31 March 2010	Board of Governors meeting		Joint Code of Governance		Rules and Regulations Committee		Membership Sub Committee		Remuneration committee		Nominations Committee		Declaration of Interests
						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	
Basildon	Akin Akinyemi	Sep-09	Sep 09 - Sep 12	1	✓	2	1											None
	John Pike	Sep-09	Sep 09 - Sep 12	1	✓	2	2											None
	Jan Bentley	May-06	Sep 08 - Sep 11 (left May 09)	2	☒	0	0					1	1					None
	Dot Johnson	May-06	Sep 08 to Sep 11	2	✓	4	3											None
	Keith Bobbin	May-06	Sep 09 to Sep 12	2	✓	4	3			2	2			3	3			None
	Klaus Kopp	May-06	Sep 09 to Sep 12	2	✓	4	3											None
	Susan Lovett	Sep-07	Sep 07 to Sep 10 (resigned May 09)	1	☒	0	0					1	1					None
Brentwood	Megan Justins	May-06	Feb 08 to Sep 10 (resigned Mar 10)	2	☒	3	2											Relative in inpatient service
	Sylvia Fenton	May-06	Sep 08 to Sep 11	2	✓	4	4			2	2					1	1	Treasurer of Brentwood Choral Society

Table 11 - Details of Board of Directors Meeting Attendance (Public)

Constituency/ Appointing Organisation	Name	Date of appointment	Period Elected	1/2nd Term of Office	In post as at 31 March 2010	Board of Governors meeting: No of meetings	Board of Governors meeting: No attended	Joint Code of Governance: No of meetings	Joint Code of Governance: No Attended	Rules and Regulations Committee: No of meetings	Rules and Regulations Committee: No attended	Membership Sub Committee: No of meetings	Membership Sub Committee: No attended	Remuneration committee: No of meetings	Remuneration committee: No attended	Nominations Committee: No of meetings	Nominations Committee: No attended	Declaration of Interests
Thurrock	Shurleea Harding	Sep-07	Sep 07 to Sep 10 (resigned Nov 09)	1	☒	2	2					3	3					None
	Mike Riley	Sep-09	Sep 09 to Sep 12 (resigned Mar 10)	1	☒	1	1											
	Michelle Lucas	Sep-09	Sep 09 to Sep 12	1	✓	2	2											
	Joan Sheppard	Sep-08	Sep 08 to Sep 11	1	✓	4	2											
	Tony Reeve	Feb-09	Feb 09 to Sep 09 (resigned May 09)	1	☒	0	0											
	Yvonne Pennycook	May-06	May 06 to Sep 09	1	☒	2	0											None
	Ayoub Khamisi	Sep-08	Sep 08 to Sep 11 (left Nov 09)	1	☒													
	Margaret Verity	Sep-07	Sep 07 to Sep 10	1	✓	4	3											None

Table 11 - Details of Board of Directors Meeting Attendance (Staff)

Constituency/ Appointing Organisation		Name	Date of appointment	Period Elected	1/2nd Term of Office	In post as at 31 March 2010														Declaration of Interests
Medical		Kishore Seewoonarain	Sep-07	Sep 07 to Sep 10(Left Aug 2009)	1	☒	No of meetings	1	No attended	1										None
											No of meetings		No attended		No of meetings		No attended		No of meetings		No attended		No of meetings		No attended	
		Dr Elizabeth Barron	Sep-09	Sep 09 to Sep 12	1	✓	No of meetings	2	No attended	0										None
Nursing		Daphne McCambridge	Sep-08	Sep 08 to Sep 11	1	✓	No of meetings	4	No attended	4						5	No attended	3		None
Support Staff		Neil West	Sep-08	Sep 08 to Sep 11	1	✓	No of meetings	4	No attended	3									No of meetings	3	No attended	3			None
Other clinical Specialties		Elspeth Clayton	May-06	May 06 to Sep 09	1	☒	No of meetings	2	No attended	1						2	No attended	0		None
		Alison Childs	Sep-09	Sep 09 to Sep 12	1	✓	No of meetings	2	No attended	1										
Social Worker		Robin Oldfield	May-06	May 06 to Sep 09	1	☒	No of meetings	2	No attended	2				1	No attended	1				None
		Carla Fourie	Sep-09	Sep 09 to Sep 12	1	✓	No of meetings	2	No attended	2										

Table 11 - Details of Board of Directors Meeting Attendance (Partnership Governors, Local Authority Governors, PCT Governors)

PCT Governors	Partnership Governors / Local Authority Governors						
South West Essex PCT/ South West Essex PCT	Essex	Thurrock	Southend	Service User Network	Anglia Ruskin Uni/Essex University	Constituency/ Appointing Organisation	
Anita Millar	Mavis Webster	Cllr Danny Nicklen	Cllr Rayner	Roy Birch, Chairman, Governor's Remuneration Committee	Vacancy	Name	
Mar-10	May-06	Nov-08	Sep-08	May-08		Date of appointment	
Mar 10 to Sep 12	Sep 09 to Sep 12	Nov 08 to Sep 11	Sep 08 to Sep 11	May 08 to Sep 10		Period Elected	
1	2	1	1	2		1/2nd Term of Office	
✓	✓	✓	✓	✓		In post as at 31 March 2010	
1	4	3	4	4		No of meetings	Board of Governors meeting
0	4	0	1	3		No attended	
						No of meetings	Joint Code of Governance
						No Attended	
				2		No of meetings	Rules and Regulations Committee
				2		No attended	
				5		No of meetings	Membership Sub Committee
				5		No attended	
				3		No of meetings	Remuneration committee
				3		No attended	
	1					No of meetings	Nominations Committee
	1					No attended	
	None	None	None	None	None	Declaration of Interests	

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.

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. Our strategy is to build a broad 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. The geographical area of south Essex is sub-divided using electoral boundaries into the constituencies of Basildon; Brentwood; Castle Point; Rochford; Southend and Thurrock. From the 1st of April 2010 the public membership will include people who use our services, their carers and families, as well as the broader community of living in the areas covered by the Bedford Council, central Bedfordshire Council and Luton Council.

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.

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. Please see page 48 for details of 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 web-site www.sept.nhs.uk

Table 12 - Membership Analysis

Membership size and movements

Public constituency	Last year (2009/10)	Next year (estimated) (2010/11)
At year start (April 1)	8,277	8229
New members	134	5000
Members leaving	182	300
At year end (March 31)	8,229	12929

Staff constituency	Last year (2009/10)	Next year (estimated) (2010/11)
At year start (April 1)	2,152	2,446
New members	294	1600
Members leaving	0	200
At year end (March 31)	2,446	3,846

Analysis of current membership

Public constituency	Number of members	Eligible membership
Age (years):		
0-16	49	461,382
17-21	578	138,492
22+	4,979	1,623,018
Ethnicity:		
White	6,433	1,976,694
Mixed	62	22,821
Asian or Asian British	171	64,576
Black or Black British	176	24,780
Other	33	12,161
Socio-economic groupings*:		
ABC1	4,271	772,820
C2	1,658	248,659
D	1,783	240,422
E	517	62,364
Gender analysis:		
Male	3,177	1,092,208
Female	5,033	1,130,684

The analysis section of this report excludes:
- 2623 public members with no dates of birth, 1354 members with no stated ethnicity and 19 members with no gender

* Socio-economic data should be completed using profiling techniques (eg: postcode) or other recognised methods. To the extent socio-economic data is not already collected from members, it is not anticipated that NHS foundation trusts will make a direct approach to members to collect this information.

quality report

Part 1 Statement on Quality from the Chief Executive

"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 our stakeholders that use, have an interest in or commission the services provided by SEPT. 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.

It is this commitment to quality by everyone who works in and with our organisation that enables me to look back at 2009/10 and be proud of the quality of service that was delivered; proud of the improvements that we made in the year and proud that we were able to achieve the targets and standards required of us by our regulators. 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 Essex and recognition as one of the leading providers of these services in the country.

2009/10 was a particularly exciting year for SEPT. We were successful in our bid to acquire the contracts for services provided by Bedfordshire and Luton Partnership NHS Trust (BLPT) following a competitive tendering process. I am sure that it was the reputation for delivering high quality services and making sure that our staff, our service users, their carers and our partners are integral to service delivery that enabled us to acquire the additional contracts from 1 April 2010. I am absolutely committed to making sure that quality is maintained at least at current levels in Essex and that we are able to deliver a consistent level of quality in Bedfordshire and Luton.

Looking forward to 2010/11 we have set out ambitious plans for continued quality improvement that were identified as a result of a number of consultation activities that involved many of our staff, our service users, our members, and our partners. The year will bring many challenges as we have also made a commitment to commence a complete transformation programme in Bedfordshire and Luton that will lead to a new model of service being introduced that improves overall safety, experience and effectiveness of services; deliver a range of service improvements in south Essex and ensure that we achieve improvements in efficiency and productivity in light of the economic downturn.

We are however confident that we have effective plans and the right people with the right skills to deliver all of our quality improvement objectives. Successful delivery will though rely on commitment to and responsibility for quality that is 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.
The Board of Directors will monitor progress with the goals that we have set out in this document on a monthly basis and we will report progress on them at the end of the year in our Quality Account for 2009/10.

Statement of Accuracy.
I confirm that to the best of my knowledge, the information contained in this document is accurate.

Dr Patrick Geoghegan OBE

Part 2 Priorities for improvement in 2010/11 and statements of assurance from the Board

2.1 Priorities for improvement in 2010/11

From 1 April 2010 SEPT is responsible for delivering specialist mental health and social care services, specialist learning disability services, child and adolescent mental health services and forensic mental health services in Bedfordshire, Essex and Luton. Our priorities for improvement are aimed at continually improving the quality of service provided in all three areas.

The priorities and drivers for quality improvement in 2010/11 have been developed as a result of:

1. working with commissioners of mental health and learning disability services in Bedfordshire, Essex and Luton to identify action required to meet their expectations of a high quality service provider;
2. listening to the views of over 350 staff who attended twelve internal service planning events where the drivers affecting the Trust in the coming year were considered; objectives developed and areas in which the quality of services can be improved identified;

3. consultation with over 250 people at two stakeholder planning events held in south Essex and in Bedfordshire and Luton. These events involved a wide range of partners and stakeholders who considered the issues that affect the experience, effectiveness and safety of mental health and learning disability services and then prioritised those that meant most to them. There was a high level of consistency between the two events.
4. asking our Foundation Trust members in Essex to identify the most important areas for action that they wanted us to take forward;
5. dialogue with our social care partners to ensure that our priorities are consistent with those of each Local Authority with whom we work;
6. using feedback received from our meetings with LINks members;
7. considering performance against national targets and priorities and identifying what action is required to ensure that services meet and where possible, exceed these;
8. making sure we are constantly taking action to deliver the rights and pledges contained in the NHS Constitution.

The Priorities and Targets are summarised below in table 13 (page 52). The column "Links to Drivers" relates to the numbered drivers listed above to show the source and reason for inclusion.

2.2 Statements of Assurance from the Board

2.2.1 Review of Services

During 2009/10 SEPT provided 27 NHS services. SEPT has reviewed all the data available to them on the quality of care in these 27 NHS services. Defined as those services for which a service specification was agreed as part of the contracts for services agreed with commissioners.
The Trust reviews data on the quality of care of all services on a monthly basis. A comprehensive report on performance of all services against all available quality and performance indicators is produced for the Trust's Executive Team and senior managers. In addition each ward, community team and consultant is provided with a clinical quality dashboard of performance against relevant key quality indicators. Any performance below that expected is identified and action is identified as a result of this provision of information and action is taken to address identified issues as appropriate. The Board of Directors monitor the data available on all services on a quarterly basis.

The income generated by the NHS services reviewed in 2009/10 represent 96% per cent of the total income generated from the provision of NHS services by SEPT for 2009/10.

2.2.2 Participation in Clinical Audits

During 2009/10 12 national clinical audits and 1 national confidential enquiry covered NHS services that SEPT provides.

During 2009/10 SEPT participated in 11 out of 12 (92%) national clinical audits and 1 (100%) national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that SEPT was eligible to participate in, did participate in, and for which data collection was completed during 2009/10, are listed on page 54 alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Table 13 – Quality Priorities and Targets

Priority	Goal	Target	2009/10 (baseline performance)
Improving patient safety	Increase the number of referrals to CRHT screened within 4 hours and increase in activity in pathway during year	98% in south Essex 95% in Bedfordshire and Luton	SE 95% B&L 76%
	Increase the number of patients discharged from hospital in Bedfordshire and Luton who receive a **face to face** follow up	85%	50%
	Action will be taken to monitor patients' perception of feeling safe whilst an in-patient and to address issues identified	Actions taken to improve perception of safety	88% patients felt safe in Essex 89% of patients felt safe in Bedfordshire and Luton
	Action will be taken to improve patient involvement in care and decision making	Improvement on baseline	Baseline to be developed in Q1 based on outcome of National Patient Survey results 2009/10
	Increase the number of carers of people with mental ill health who receive a carers assessment.	Improvement on baseline	Baseline TBA
	Take action to improve the quality of carers assessments.	Improvement on baseline	Baseline TBA
	Increase the provision of carer education/ support programmes and the numbers of carers who participate in them	Improvement on baseline	Baseline TBA
Improving service effectiveness	Increase the number of urgent referrals to community mental health services to be assessed within 24 hours	98% Essex 95% Bedford and Luton	SE 95% B&L Data not available
	Increase the number of routine referrals to community mental health services assessed within 14 days in Essex and 28 days in Bedfordshire and Luton	98% Essex 95% Bedford and Luton	SE 95% B&L 30%
	Increase the number of patients treated within 18 weeks of referral to all services in Bedfordshire and Luton and 16 weeks in Essex	95% within 16 weeks Essex 90% within 18 weeks Bedford and Luton	SE 95% within 18 weeks B&L Data not available
	Outcome assessment using Health of the nation outcome scheme payments by result (HONOS PBR) will be undertaken for all patients	80%	0%

Link to drivers	Rationale
1, 2, 3, 7,	This goal will make sure that there is a clear pathway for people in mental health crisis and a rapid response to referrals.
1, 2	Ensuring patients discharged from inpatient care receive a quick follow up reduces risk of suicide and social exclusion whilst improving care pathways. Services achieve the national target for following up patients on discharge (95% min) but this can by phone or face to face contact.
1, 3	Stakeholders told us that the number of assaults on patients (by other patients) is a cause for concern. We have looked at the number of assaults of this kind and they are not significantly different from the number in other similar organisations. We have therefore looked to improve the perception of safety whilst service users are in our in-patient services to see whether we can do more to make them feel safe.
1, 2, 8	When we asked our stakeholders in Bedfordshire, Essex and Luton what were the most important quality issues that we could improve, unanimously and consistently they told us that involving them in care and decision making was the top priority.
2,3,5,6,7, 8	Recognising the important role that carers play in supporting professional and service users has been consistently identified as an area where further improvement is required by carers, service users and our social care partners. Ensuring that all carers receive an assessment of their needs is a key health and social care priority.
2,3,5,6,7, 8	Carers who have received an assessment of their needs told us that improvements need to be made to the process if the assessment is to meet their very specific needs.
2,3,5,6,7, 8	Carers have told us that they need more support to be able to continue to provide the support they do to our service users.
1, 7,	Patients sometimes need to be assessed urgently but are not in need of immediate in-patient admission. Patient safety is dependent on rapid assessment.
1, 7,	Patients and referrers need to be confident and assured that all referrals are assessed in a timely fashion.
1, 7,	The time it takes for patients to start treatment is central to their care and waiting times are consistently one of the top priorities stated by patients in national surveys Meeting the 18 week goal supports improvement in patient access, management of care pathways and reducing waiting lists reducing appointment cancellations, and improving appropriate discharge.
1, 7,	The development of PbR is a national requirement which has the potential to radically change the way mental health services are commissioned and provided. In order to prepare for PbR and to improve quality of services both commissioners and providers need to understand the outcomes experienced by patients receiving mental health services

Audit Reference and Title	Nos of cases submitted to each audit inquiry as a percentage of the number of registered cases required percentage of cases expected	Completion Date
National Clinical Audits		
Prescribing Observatory Mental Health (POMH) Topic 1d Supplementary follow up of high dose and combined antipsychotics in Adult acute and PICU (Psychiatric Intensive Care Wards)	100% of applicable areas	June 2009
POMH Topic 1e Supplementary follow up of high dose and combined antipsychotics in Adult acute and PICU (Psychiatric Intensive Care Wards) (Re-Audit)	In progress 100% of applicable areas (Report not yet available)	April 2010.
POMH Topic 2d Screening for metabolic side effects of antipsychotic drugs in patients treated by Assertive Outreach Teams	Not audited	
POMH Topic 3 Prescribing of High-dose and combined antipsychotics for patients on secure services wards	100% of applicable areas	November 2009
POMH 5c Prescribing of high dose and combination antipsychotics in Adult acute and PICU (Psychiatric Intensive Care Wards)	100% of applicable areas (Report not yet available)	March 2010
POMH Topic 6b Assessment of the side effects of depot antipsychotics	In progress 14% of applicable areas (1 CMHT out of 7) (Report not yet available)	April 2010.
POMH Topic 7b Re-Audit of monitoring of lithium	197 in Adult and Older People Mental Health	July 2009
POMH Topic 8 Medicine Reconciliation	100% of applicable areas	September 2009
POMH Topic 9 Use of antipsychotic medications in people with a learning disability	100% of applicable areas	November 2009
POMH Topic 10 Use of antipsychotic medication in CAMHS	Due to start in June 2010	
National Falls and Bone Health Audit – March 2009	100% organisational audit	March 2009
National Audit of Continence Care	100% (Report not yet available)	March 2010
National Confidential Enquiry		
National Confidential Inquiry into Suicides and Homicides	As incident occurs 100%	

The reports of 6 national clinical audits carried out by the Trust were reviewed in 2009/10 and SEPT intends to take the following actions to improve the quality of healthcare provided:

Topic	Actions
POMH UK Topic 1d. Prescribing of High Dose and combination Antipsychotics on Adult Acute and Intensive Care Wards - Supplementary Audit	Procedures have been put in place to ensure that admitting doctors can only prescribe as required medication outside BNF (British National Formulary) limits for a maximum of 7 days or 6 doses. After a period of 7 days or 6 doses a Consultant must review the prescription. A second opinion is required if a consultant prescribes a high dose for more than four weeks Pharmacist will monitor the Prescription Card to ensure that these procedures are followed. Monthly Dashboard Reports: of high dose prescribing will be provided for every ward and each consultant. Nurses qualified to prescribe will be available on every shift to prescribe in an acute situation instead of writing 'as required' medication as a permanent item on patients medication cards
POMH Topic 3 Prescribing of High dose and combined Antipsychotics for patients on Secure Service Wards	Results of the audit were good and these results were shared with staff in the trust (via the Trust's Intranet) and presented to consultants and other medical staff
POMH UK 7b – (Re-Audit) Monitoring of Patients Prescribed Lithium	Following the audit consideration is being given to setting up Lithium Clinics in Southend and other areas of SEPT. A survey of patients receiving Lithium treatment is also being undertaken A mental health screening questionnaire will be incorporated into the new electronic patients record being developed in the trust
POMH-UK Topic 8a baseline report: Medicines Reconciliation	It is proposed to introduce changes to the proformas used by liaison nurses and doctors when admitting patients in to the service by adding questions on medicines reconciliation. An internal re-audit was completed which demonstrated an improvement in both audit standards. The documentation of reconciliation standard improved to 74% of case notes containing information and the number of sources used rose to 50% within 24 hours and 52% within a week of admission.
POMH UK Topic 9 Use of antipsychotic medication in people with Learning Disabilities	Following the audit the Learning Disabilities service agreed that all patients will be reviewed once a year, including Blood Pressure and Body Mass Index checks. A Front sheet is being designed and an alert system for when tests are due is being set up on the electronic record system, which is being developed in the trust .
National audit on falls and Bone health	Following the audit an e-learning package has been developed to ensure that all staff are trained in falls prevention and awareness A facility is planned to improve the availability of walking aids An osteoporosis risk assessment and treatment pathway is to be clarified and made accessible to all staff

The reports of 63 local Clinical Audits were reviewed by the provider in 2009/10 and SEPT intends to take the following actions to improve the quality of healthcare provided:

- SEPT will have one consistent audit process across the new Trust, which will ensure learning points are reported to a central point for dissemination and action.
- The audits, while demonstrating that there has been considerable improvement over the year against a number of measures, for instance service user satisfaction, have also highlighted areas which require further attention and re-audit.
- The learning from experience focus will continue in 2010/11 with re-audits of suicide prevention, of NPSA PSA/0005 related to lithium prescribing and a Trust wide staff survey on learning from experience. Record keeping is also an annual audit carried out in 2009/10 and programmed for 2010/11.
- Where performance has been identified as being weak action has been taken to correct this through training and re-skilling, and where necessary direct action.
- Review and changes in policy to improve patient safety and quality of experience.
- Outcome measures for people who use services have been identified as requiring development. This has been included as a target as both a Quality target and in the CQUIN
- Training needs have been identified and are being built into SEPT's training programme.
- Many services have carried out local service user surveys to ensure that services are meeting national and local expectations. These generally show high levels of satisfaction with local services and action plans are developed to address any issues raised. SEPT is planning to develop a consistent approach for capturing service user experience.

2.2.3 Participation in Clinical Research

The number of patients receiving NHS services provided or sub-contracted by SEPT in 2009/10 that were recruited during that period to participate in research approved by a research ethics committee was 77. This figure relates to the total sum of participants recruited to the United Kingdom Clinical Research Network (UKCRN) National Institute for Health Research Portfolio. Data has not routinely been collected in relation to recruitment in to student and own account research studies. As from May 2010 SEPT will be collecting this information as part of a research audit due to take place. As part of this audit, information will be requested as to the number of participants recruited to the study during 2009/10.

2.2.4 Quality and Innovation Goals Agreed With Commissioners.

A proportion of SEPT's income in 2009/10 was conditional on achieving quality improvement and innovation goals agreed between SEPT and any person or body they entered into a contract agreement or arrangement with for the provision of NHS services, through the Commissioning for Quality and Innovation payment framework (CQUIN). Full details of the agreed goals for 2009/10 and for the following 12 month period are available on request from Elizabeth.Semain@SEPT.nhs.uk . The majority of the agreed goals and our performance against them are set out in Part 3 of this document. The Trust agreed goals with commissioners which reflected the Trust's desire to exceed existing quality targets and to improve service provision in the areas that our service users, carers, staff, partners and NHSFT members told us were important when we asked them. Improving service user experience and making their involvement in care and treatment; reducing waiting times from referral to assessment and treatment and making sure that the environment in which we look after patients is maintained at the highest standards were identified as priorities that the Trust would pursue.

The monetary total of the CQUIN schemes for SEPT in 2009/10 which was conditional upon achieving quality improvement and innovation goals was £1,320,000. The Trust achieved all of the goals and received 100% of the total conditional additional income as a result.

2.2.5 Registration with, and Results of Periodic/ Special Reviews by the Care Quality Commission

SEPT is required to register with the Care Quality Commission and its current registration status is REGISTERED to provide the following regulated activities:

Assessment and medical treatment for persons detained under the Mental Health Act
Treatment of disease, disorder or injury

The locations from which the Trust is registered to provide these regulated activities are confirmed on the CQC website. A variation in the Trust's registration status has been applied for to take into account regulated activities and locations of service provision in Bedfordshire and Luton.

The Care Quality Commission has not taken enforcement action against SEPT during 2009/10.

SEPT is subject to periodic review by the Care Quality Commission and the last review covered the period up to 31 March 2009 and was published in October 2009. The CQC's assessment of SEPT following that review was "Excellent for Quality of Services" and "Excellent" for Use of Resources. This was the third year in succession that SEPT achieved "excellent" ratings in the Periodic Review (previously Annual Healthcheck process)

SEPT performed very well in all areas of the periodic review in order to achieve the "excellent" rating for Quality of Services. There was however room for improvement in the satisfaction expressed by patients in the Annual National Service User survey. Our quality improvement priorities for 2009/10 identified this and there has been substantial progress made in improving the systems in place to monitor experience more regularly and consistently and in the satisfaction expressed by service users. Details are provided in Part 3.

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

2.2.6 Data Quality

SEPT submitted records during 2009/10 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data:

- which include the patient's valid NHS number was 99% for admitted patient care and 100% for outpatient care
- and which included the patient's valid General Medical Practice Code was 100% for admitted patient care and 100% for outpatient care

SEPT's score for 2009/10 for Information Quality and Records Management, assessed using the Information Governance Toolkit was 84%.

SEPT was not subject to the Payments by Results clinical coding audit during the reporting period by the Audit Commission

Part 3 Review of Quality Performance 2009/10

3.1Performance against indicators for improvement identified in 2008/9 Quality Accounts

SEPT produced a Quality Accounts in May 2009 which reflected on the quality of services provided in 2008/9 and set out priorities for improvement in quality to be implemented in 2009/10.

The priorities identified for improvement in 2009/10 were based on consultations that took place with a wide range of stakeholders, including staff, service users, carers, Commissioners and other partner agencies. Feedback from the consultation process was used along with information routinely used internally (quality and performance data; complaints, PALs service user survey results etc.); commissioning intentions and other sources to identify the targets for improving quality during 2009/10.

As at 31 March 2010, we are delighted to report that there has been excellent progress with taking action that has lead to improvement in the majority of the priority areas identified:

Patient Experience and Personalisation of Services

Priority	Target	2009/10 Actual
We will undertake routine surveys of consultant out-patient clinics (each consultant's clinic will be surveyed at least once per quarter)	N/A	One survey conducted in each quarter
we will improve response rates by 10% in Point Of Use surveys undertaken	1150	29% increase
we will take action to increase the % of patients who say they have received an explanation of their medication	N/A	Quarterly targets met
we will improve the "recommender score" in our Point Of Use surveys from the baseline achieved in March 09	More than 85%	Quarterly targets of 85% exceeded.
we will develop an action plan to improve any issues identified as a result of the first national survey of mental health in-patient services	N/A	Action Plan Developed according to timescale.
we will increase the number of direct payments/ self directed packages of care that are agreed for our service users by local authorities	50	61 in receipt of Direct Payments by year end.
we will take action to improve the satisfaction of patients with their involvement in their care	30% of patients were involved as much as they wanted	75% of service users responded that their level of involvement was "Good" or "Excellent".

Improve Access to our Services

Priority		Target	Specialty	2009/10 Actual
urgent referrals to our Clinical Assessment Service will be assessed within 24 hours and routine referrals will be assessed within 15 working days		95% of referrals seen within target times	Urgent	100% seen within target in Q4
			Routine	96% seen within target in Q4
urgent referrals to our early intervention service, eating disorders service and perinatal mental health service will be assessed within 48 hours and routine referrals will be assed within 21 days.	Early Intervention	95% of referrals seen within target times	Urgent	0 Referrals received in Q4
			Routine	95% seen within target in Q4
	Eating Disorder		Urgent	0 Referrals received in Q4
			Routine	95% seen within target in Q4
	Perinatal		Urgent	0 Referrals received in Q4
			Routine	100% seen within target in Q4
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		95% of referrals seen within target times	All	98% of referrals waiting less than 18 weeks at the end of 2009/10
the assessment of patients referred to a crisis resolution home treatment team will be started within 4 hours of referral		95% of referrals seen within 4 hours	CRHT	GP Care Pathway built into Map Of Medicine framework to comply with this goal from1 April 2010.

Quality Priorities Identified by our Stakeholders

Priority	Target	2008/9	2009/10
ensuring that all patients receive a follow up contact within 7 days of discharge from an in-patient care environment	95%	96%	97% seen within 7 days of discharge
reducing the violence experienced by staff from patients	Less than 17%	17%	In the 2009 Staff Survey 14% of staff reported experience of patient violence
ensuring that care environments achieve the highest standards of cleanliness	Excellent	Excellent	Majority of the Trust's services achieved an excellent rating in PEAT (Patient Environment Action Team) Assessment.

3.2 Performance against key national priorities and National Core Standards

3.2.1Monitor's Compliance Framework

Performance against the relevant mental health service provision indicators and performance thresholds set out in Appendix 8 of the Compliance Framework for NHS Foundation Trusts for the year 2009/10 was as follows :

Indicator	Target	Actual 2009/10
Crisis Resolution Home Treatment Teams (CRHT) Access: % of patients whose admission was "gatekept" by a CRHT	90%	94%
Maintain Level of CRHTs as determined by the DH	5 compliant Teams (SEPT)	5 teams in place
Delayed Transfers Of Care	>7.50%	2.7%
Care Programme Approach: 7 day follow up	95%	97%

3.2.2 Care Quality Commission Targets

The Care Quality Commission require providers of mental health and learning disability services to achieve a range of quality improvement targets. Performance against the relevant targets in 2009/10 was as follows (based on information available in May 2010):

Indicator	Target	Actual 2009/10
Proportion of people receiving follow-up contact within seven days of discharge from hospital	95%	97%
Admissions "gatekept" (seen by or notified to CRHT prior to admission to identify whether an alternative to admission is appropriate)	90%	94%
% of people discharged from an in-patient setting with a care coordinator identified at the time of discharge	>80%	100%
Delayed transfers of care (mental health and learning disability)	<4.3%	0.7%
Data quality on ethnic group (mental health and learning disability)	100%	100%
Increase the % of drug users who were retained in treatment for 12 weeks or more in effective treatment	Increase on 08/09 performance	As at November 2009 (latest data available from the National Treatment Agency), 92% of service users were retained in treatment for 12 weeks or more. The Trust's retention rate was 92% for 2008/9.
Experience of patients	Improved results	Awaiting publication of national survey results by CQC
Completeness of the MHMDS	7 fields 100% 4 new fields 90%	7 fields 100% 4 new fields 47%
Child & Adolescent Mental Health Services	6 criteria met	The Trust is fully compliant on four criteria and is 75% compliant on two criteria.
Best Practice in MHS for people with an LD	Compliance with 12 criteria	The Trust achieved 'Green' status on 11 out of the 12 key requirements.
NHS staff satisfaction	Improved results	Awaiting publication of national survey results by CQC. Interim results suggest significant improvement on previous year.
Learning Disability Campus provision	Not applicable	N/A
Learning Disability: Number of People with a care plan	100%	100%

3.2.3 Compliance with Core Standards

During 2009/10 SEPT remained compliant with 24 out of 24 Core Standards for Better Health.

non financial report

Sustainability and climate change.

Sustainability – Reporting on performance

There is much evidence to demonstrate that the environment in which people live and work has a significant impact on health and well being. At SEPT, we believe in the provision of high quality health services whilst minimising the adverse impact on the environment. In demonstration of our commitment to operate within positive environmentally sustainable principles, we have invested significantly during 2009/10 to improve our environmental performance.

The SEPT carbon management plan includes challenging targets for carbon reduction which exceed those required within the NHS Sustainable Development Strategy Saving carbon, improving health (DH 2009). Our plans include for a 25% reduction in carbon emissions by 2014 from our baseline year of 2008/09 and a 10% reduction by the end of 2010. The performance reporting framework will provide evidence of progress against our carbon reduction plan and a mechanism by which the Trust can assess and mitigate potential liabilities against the Carbon Reduction Commitment emissions trading scheme introduced in April 2010.

The SEPT Sustainability Strategy

Following the appointment of our Sustainable Development Manager in June 2009, we have worked closely with the Carbon Trust to develop a carbon management plan, achieving Carbon Trust and Trust Board of Directors approval in March 2010. Our carbon management plan sets out an ambitious program to achieve a 25% reduction in measurable carbon emissions by 2014. We will achieve this via investment in a range of innovative projects which will focus on reduction on energy consumption in buildings, reduced fuel consumption from our transport fleet, waste minimisation, increased recycling, sustainable procurement and good housekeeping. Our carbon management plan will ensure that our healthcare activities are delivered in line with Saving Carbon Improving Health (2009) whilst adopting the core principles set out in the Good Corporate Citizen assessment model.

SEPT has signed up to the 10:10 campaign, one of the first NHS Trusts in England to do so. The 10:10 campaign sets a target of reducing carbon emissions by 10% by 2010, we are encouraging all Trust staff and members to also sign up to the campaign as part of our carbon management plan commitment.

During 2009/10, we have planted over 200 new trees across our estate in South Essex as part of the Campaign for Greener Healthcare NHS Forest initiative. The planting will contribute to the provision of enhanced healing environments for our service users, provide shading in the summer months and also provide an opportunity for our vocational services teams to work with service users on arboricultural skills.

During October 2009, we opened Brockfield House, a Medium and Low Secure in-patient unit at Runwell. This 97 bedded facility employs some of the latest technology to maximise energy efficiency including rain water harvesting for flushing of toilets, automatic lighting controls and high efficiency heating and cooling systems. In the same month, our new Brentwood Mental health Resource Centre was opened, our most environmentally sustainable building so far incorporating

ground sourced heat pumps, sun pipes, very high insulation standards and a range of other innovative low energy features.

Our program of carbon emissions reduction is supported via an investment plan which will ensure that a wide range of innovative projects can be implemented over the next four year period. These projects with the support of our staff, service users, suppliers and other key stakeholders will ensure that the carbon emissions from Trust activities are reduced by more than 2000 tonnes per annum.

Key performance indicators

The recent work with the carbon Trust has enabled the measurement of a greater proportion of our carbon emissions than previously possible. Our base line carbon emissions total for 2008/09 is calculated as 8373 tonnes, a business as usual scenario prediction is for this to rise to 8670 tonnes by 2014. However, the successful implementation of our carbon management plan will result in an annual reduction of carbon emissions of approximately 2100 tonnes representing a 25% reduction from the baseline by 2014.

During 2010/11, further key performance indicators will be developed to reflect the sustainable development strategy priorities as detailed in section 3.0 below. These KPIs will be reported to the Trust Board of Directors on a quarterly basis.

The Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) is a mandatory "cap and trade" emissions trading scheme for organisations whose total electricity consumption is greater than 6000 MWh or approximately £500k. NHS organisations which perform badly in terms of controlling carbon will face financial penalties if no action is taken to minimise emissions.

SEPT is required to register for the CRC during 2010/11 and therefore the preparatory work during 2009/10 should ensure that we are not exposed to avoidable financial and reputational penalties under the terms of the scheme.

Monitoring progress against our plans

Responsibility for the development of the Trust sustainability strategy is vested with the Executive Chief Finance and Resources Officer with further Board level support from a nominated Non Executive Director. Responsibility for development and implementation of sustainability policies, procedures and action plans is devolved to the Carbon Management Board with representatives from all Directorates across the Trust.

The carbon management plan was developed via wide consultation with the Trust Board of Directors, Governors, staff, service users and other key stakeholders capturing a wide range of views and ideas. Progress against the plan is subject to quarterly sustainability reports to the Trust Board of Directors.

Summary Performance

The table below sets out the non financial and financial performance data in relation to the management of waste and utilities for SEPT for 2008/9 and 2009/10.

Table 14 – Management of waste and utilities

Resource					£ 000	£ 000
		2009/10	2008/09		2009/10	2008/09
Waste minimisation and management	Total amount of waste disposed via incineration (tonnes)	1.55*	1.5011	Expenditure on waste disposal	84	74
Finite Resources (Utilities)	Total Water Consumption Cu.M	101,089*	77,530	Cost of water	210	113
	Total electricity consumption Gj	20,459*	21,927	Cost of electricity	677	525
	Total gas consumption Gj	30,923*	40,412	Cost of gas	369	309
	Total heavy fuel oil consumption Gj	26,877	33,313	Cost of heavy fuel oil	337	310

* At the time of report publication, final data for 2009/10 was not available therefore all figures shown are estimated.

2.0 Future priorities and targets.

A number of key priorities are identified within our Sustainable Development Strategy, these are summarised as follows:-

Priority 1 – Sign up to the 10:10 campaign and achieve a 10% reduction in carbon emissions from the baseline year of 2008/09 by 2010.
Priority 2 - Sign up to Good Corporate Citizen model with step change improvements to achieve high compliance rating by 2014 from baseline year of 2010/11
Priority 3 - Achieve carbon trust carbon management standard accreditation during 2010/11.
Priority 4 - Reduce Trust carbon emissions by 25% (29% in real terms) by 2014 from baseline year of 2008/09
Priority 5 - Improve energy performance of retained estate to improve all building performance to at least a C rating (35-55 Gj/100m3)

Progress against these key priorities will be subject to quarterly performance monitoring via the Trust Board of Directors. The key priorities provide supporting evidence to the carbon reduction vital signs mandated performance indicator which the Trust is required to submit to commissioners on an annual basis.

Regulatory Ratings (Monitor Ratings)

The Trust is monitored in accordance with the Compliance Framework for 2009/10 issued by Monitor – the Independent Regulator for Foundation Trusts. The Compliance Framework consists of 3 main components, namely an annual risk assessment, in year monitoring and intervention by Monitor as required. Monitor assigns risk ratings in 3 areas to the Trust in relation to finance, governance and mandatory goods & services. The ratings assigned to each of these areas determine the level of monitoring undertaken by the regulator .

The Trust's performance in each of the 3 risk rating areas for both 2009/10 financial year and comparator year of 2008/9 is detailed in table 15.

As at the end of the 2009/10 financial year the Trust is anticipating to have achieved a financial risk rating of 4 in accordance with the annual plan submission for that financial year. This compares to a financial risk rating of 5 at the end of the 2008/09 financial year and is representative of the tighter financial environment in which the Trust is now operating.

With respect to both the governance risk and mandatory services rating the Trust has consistently submitted an annual plan for both financial years with a green risk rating. This green level of risk rating has been achieved throughout both the current financial year and the 2008/09 financial year.

The Trust's strong financial governance and mandatory services risk rating has therefore resulted in there being no need for Monitor to apply any formal interventions to the Trust.

Table 15 – Regulatory Ratings

	Annual Plan 2008/09	Q1 2008/09	Q2 2008/09	Q3 2008/09	Q4 2008/09
Financial risk rating	4	5	5	5	5
Governance risk rating	Green	Green	Green	Green	Green
Mandatory services	Green	Green	Green	Green	Green

	Annual Plan 2009/10	Q1 2009/10	Q2 2009/10	Q3 2009/10	Q4 2009/10
Financial risk rating	4	5	5	5	4
Governance risk rating	Green	Green	Green	Green	Green
Mandatory services	Green	Green	Green	Green	Green

Equality and Diversity

The Trust has continued to use a Single Equality Scheme which covers age, gender, disability, religion and belief, sexual orientation and ethnicity.

The use of Diversity Champions across the Trust has also encouraged the promotion of equality issues from staff themselves. They provide support and advice for staff and act as a go between where necessary – ensuring that staff feels empowered to raise equality issues through recognised equality champions. The Trust is also now a Stonewall diversity champion, which ensures equality for gay and lesbian people and supports a positively diverse workforce.

The Action Plan is continually updated and reviewed through the Equality and Diversity Steering group.

Table 16 provides information on Equality and Diversity in respect of the Trust's staff.

Further information around membership equality and diversity is included in Table 12 above

SEPT is always looking for ways to promote and improve the experiences of our customers, ensuring that everyone has fair access to services regardless of differences such as disability, ethnicity, first language, age, gender, religion, sexual orientation, education, income, or any other reason. We feel that promoting the value of diversity provides a rich quality to our services and provides us with opportunities to find new ways of meeting the needs of individuals and genuinely providing services 'in tune with you'.

Table 16 - Equality and Diversity (Staff)

		Staff 2009/10	%	Staff 2008/09	%
Age					
	17-21 Years	21	1%	20	1%
	22+ Years	1985	99%	1950	99%
Ethnicity					
	White	1589	79%	1550	79%
	Mixed	25	1%	21	1%
	Asian	115	6%	111	6%
	Black	182	9%	178	9%
	Chinese or Other	81	4%	85	4%
Gender					
	Not Stated	14	1%	25	1%
	Female	1476	74%	1441	73%
	Male	530	26%	529	27%
Disabled		5	0%	3	0%

As an employer, SEPT has developed and implemented a range of policies which make us a fair and equal place to work. Equality and Diversity training is provided to all our staff and we are identifying and developing Diversity Champions who form a staff network with a passion for promoting Equality and Diversity in SEPT by providing support to their peers. They act as a two-way communication channel between staff and managers and between service users/carers and staff, helping to make things fairer for everyone, through access to the right resources and support.

We are committed to eliminating any form of discrimination either within the workplace or in relation to our clients. This does not mean treating everyone the same or providing the same service to everyone. It means providing everyone with a service in a way that meets their personal circumstances and needs.

The Equality & Diversity Steering Group oversees equality and diversity initiatives within the Trust to ensure the performance of equality & diversity activities are monitored and progressed. Details of the Equality & Diversity Steering Group activities are provided to the Trust Executive Team and Board on a regular basis.

All functions and services monitor their policies and service delivery using Equality Impact Assessments which identify areas in which areas equality can be improved and ensure there is no potential for discrimination. Monitoring data on the numbers of people with different protected characteristics who are using or working in particular services is provided by the Information Department. Plans are drawn up to ensure that action is taken to address under-representation.

In terms of disability, the Disability Equality Group provides a useful forum for monitoring the Trust's performance in regards to disability Equality. SEPT holds Positive about Disabled (the "Two Ticks" symbol) and Mindful Employer status and the Trust's performances against these organisation's standards are reviewed regularly.

Deriving from the Single Equality Scheme SEPT prepares annual action plans for Race Equality, Gender Equality and Disability Equality to address identified shortfalls. Each action plan has specific and measureable objectives, timescales and named individuals responsible for providing evidence to demonstrate achievement of each target. The Equality & Diversity Steering Group monitors the progress of the actions plans. The action plans are reviewed annually so that we are continually assessing and developing future priorities to achieve our equality and diversity agenda. SEPT ensures compliance in respect of publication duties by publishing our Single Equality Schemes, Race, Gender and Disability Action Plans, employment monitoring statistics and the results of equality impact assessments (which include race) on our website. SEPT has developed an effective infrastructure to support equality and diversity agenda.

The leads for Equality and Diversity are the Executive Director of Social Care and Partnership Strategy & Delivery and the Executive Director of Corporate Affairs. The action plans for Equality and Diversity are agreed and monitored by the Equality and Diversity Steering Group which reports through the Executive Team to the Trust Board of Directors.

Performance against targets set for 2009/10

- Equality Impact Assessments on all policies and delivery strategies – the Equality Impact Assessment is now a part of the procedure for policies
- Communication with service users taking account of language and communication issues – information prescriptions, translations, interpreters, easy read versions, large print, audio and Braille versions of documents all available when required.
- Information on culture and religion – Essex Mind & Spirit group established in South Essex, electronic resources available to staff: Positively Diverse, Catching the Concept of Spiritual Care
- Establishing a structure for greater staff involvement in promoting diversity within departmental teams, better understanding of the needs of minority service users – Diversity Champions group set up and trained.
- Equality and Diversity training available for all staff – e-learning resource available on the staff intranet.

Future priorities

The Trust's future priorities around Equality and Diversity are,

Priority 1. Developing further effective support and information services for carers.
Priority 2. Promoting the Dignity agenda across the new Trust area.
Priority 3. Survey access to Trust buildings for people with Disabilities and plan work to remedy any access difficulties.
Priority 4. Supporting the recruitment and retention of Lesbian, Gay, Bisexual and Trans staff. Providing an environment and sensitive service for LGBT service users.
Priority 5. Address the low numbers of people with mental health problems in employment.

Plans put in place to achieve the above priorities are:

- Promote equality for the carers of people with mental health needs through the provision of carers' information courses, literature on support for carers and the establishment and work of specific Carers' Support Workers
- Promote dignity in care, especially in relation to service user needs arising from gender, religion and sexual orientation. Work towards establishing Dignity Champions across the Trust area who will identify dignity issues and disseminate best practice.
- Promote equality for disabled people through commissioning a specialist Access Audit of Trust properties to identify any areas which do not comply with the Disability Discrimination Act requirements ensuring equal access to services and functions for people with sensory and mobility disabilities.
- Priority 4. Promote equality for LGB people (Lesbian, Gay and Bisexual) through SEPT support of the LGB staff network. Ensure that LGBT (Lesbian, Gay, Bisexual & Transgender) events are run and when information is produced for service users it acknowledges same-sex partnerships and the equality of LGBT people within services.
- Promote equality in employment for people with mental health problems through monitoring the ongoing employment status of service users of the CMHTs and work towards improving on the baseline percentage of service users in employment by supporting 100 people into paid work achieve using the evidence-based model of supported employment

Staff Survey

The annual National NHS Staff Survey was launched in 2003 and has run successfully each year since 2003. All NHS Trusts in England are required to take part, and Trust results are published by the Care Quality Commission, along with reports on the national findings.

SEPT have always had excellent results, and this year the results were the best ever.

Looking at the strongly agree category, SEPT have improved on almost all questions with consistent and significant percentage increases. In particular, areas on training and appraisal have risen significantly, and staff satisfaction and engagement has improved. The number of staff expressing a desire to leave the organisation has also decreased. An area for action will be on the reporting of violence and aggression when it occurred which has decreased.

Table 17 – Staff Survey

	2009/10		2008/09		Trust Improvement/ Deterioration
Response Rate	Trust	National Average	Trust	National Average	
	61%	53%	61%	54%	0%

	2009/10		2008/09		Trust Improvement/ Deterioration
Top 4 Ranking Scores	Trust	National Average	Trust	National Average	
Staff Intention to leave jobs	2.20%	2.56%	2.46%	2.6%	-0.26%
Staff suffering work-related stress in last 12 months	21%	30%	28%	30%	-7%
Work pressure felt by staff	2.71%	3.02%	2.86%	3.03%	-0.15%
Staff motivation *	4.01%	3.84%	n/a	n/a	n/a

	2009/10		2008/09		Trust Improvement/ Deterioration
Bottom 4 Ranking Scores	Trust	National Average	Trust	National Average	
Staff working extra hours	66%	63%	68%	64%	-2%
Staff agreeing that they have an interesting job	81%	82%	80%	81%	+1%
Staff using flexible working options	71%	72%	36%	72%	+35%
Staff experiencing discrimination at work *	8%	8%	n/a	n/a	n/a

* Data is not available for 2008/09.

other disclosures in the public interest

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.

The Trust was subject to an inspection by the Health and Safety Executive (HSE) in relation to the Management of violence and aggression. The HSE submitted a report to the Trust which requested three actions to be undertaken in regard to the Trust management systems of violence and aggression. These were immediately actioned by the Trust to the satisfaction of the HSE.

The Trust will continue to maintain dialogue with the HSE to ensure that all health & safety legislation and guidance is adhered to throughout the organisation.

Training

The Trust continues to offer a wide range of training to meet mandatory requirements and to provide continuing professional development in line with service needs.

A full review of all mandatory and core practice training requirements was carried out during the year. The objective was to ensure that all relevant statutory and advisory guidelines are being met. The review also examined models of delivery to consider the possibility for delivering training in more resource effective manners. The outcome of the review showed that the curriculum required few changes but there was additional potential for use of work-based learning and e-learning. As a result, manual handling has moved to a work-based delivery model in some in-patient areas and several courses have had additional e-learning elements introduced.

To facilitate the additional use of e-learning the Trust upgraded its existing e-learning facilities with the transfer of all e-learning to a module based site. The site has allowed subject experts to produce a range of new programs for staff. The facility allowed a complete revision of Induction training and the development of programs for staff new to the Trust. The programs act as an Induction pathway and a repository of essential information.

The Trust made maximum use of its University contracts funded through allocations from the SHA to a total of £0.2 million In addition, funds were received from the SHA for specialist training not available in the region and for the development of an e-learning program on Dementia Awareness. The latter program was developed using experts in the Trust and through collaboration with other trusts in the local health economy. It will be available in-house and on the regional e-learning platform. The Trust continued to deliver NVQ programs and to offer Skills for Life assessments and qualifications.

Training needs are identified through appraisal and support the Trust workforce plans. The changing needs of services and the introduction of new roles are under-pinned by education and training. Considerable investment has been put into training for the new Carer Link Workers and Carer Champions, in line with the Trust participation as a national Demonstrator Site for the Carers' Strategy.

Preparatory work for the acquisition Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust has taken place to ensure harmonisation of corporate and mandatory training. The work will give cohesion to the new organisation and prepare the way for complete integration of study processes.

Clinical Audit

The Trust has delivered a planned clinical audit programme which focused on risk management and safety, including infection control and care delivery which included service user involvement, and staff requirements such as regular supervision.

Compliance with implementation of Trust policies has been a key area reviewed and in addition clinical audits of NICE Guidance have been high on the agenda in order to provide evidence of care delivered against best practice guidance. The Trust also participated in the POMH (Prescribing Observatory for Mental Health) audits and details of these have contributed to the Quality Account for 2010.

An annual report will be published in 2010 to show the full details of outcomes from the audit programme for 2009/10. Clinical audit provides assurance to the Board that care is delivered in line with relevant policies especially in areas of high risk or interest .Assurance that clinical audit processes are effective was provided in SEPT by an audit of compliance to the clinical audit policy and procedure. A forward clinical audit programme for the new organisation has been developed for 2010/11 and will be overseen within clear governance structures.

Injuries, Diseases and Dangerous Occurrences

The on-going statistics for the Reporting of Injuries, Diseases & Dangerous Occurrences (RIDDOR) incidents within the organisation since April 2009, are detailed in table 18.

The incidents reported for 2009/10 are the same as the previous year. 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 these comparable figures 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 continue to fall below the average figure for comparable organisations

Infection Prevention and Control

The Trust Board is committed to ensuring that patient safety is at the forefront of all that we do. The importance of maintaining high standards of infection, prevention and control and cleanliness is a matter of national concern, therefore Infection Prevention and Control is a key feature of maintaining patient safety and ensuring that both the quality and the care our patients receive is of a very high standard.

Hospital acquired infections within a men¬tal health service setting are less frequent and pose less risk to patients in our care, however, we are not com¬placent. Our Infection Control lead and Facili¬ties Management Team ensure that our clinical practices are safe, our facilities are clean and the Trust is compliant with the Health and Social Care Act 2008 Code of Practice.

Majority of the Trust's services achieved an excellent rating in the PEAT (Patient Environment Action Team) assessment in 2009/10 and has achieved the hygiene standards for registration with the Care Quality Commission from 1 April 2009.

We are delighted that during 2009/10 there were no incidences of MRSA bacteraemia. There were two incidences of C Difficile infection in 2009/10. For the purpose of reporting nationally, C.diff case figures are attributed to the healthcare facility where the patient was treated 72hrs prior to the sample being taken.

This definition does not take into account the patient's medical history with regards to risk factors for C.diff, prior admissions to other healthcare facilities or the C.diff disease process. Both cases of the Infection were attributed to the trust because they were SEPT inpatients before being transferred to Basildon and Thurrock University Hospitals NHS Foundation Trust, the Root Cause Analysis (RCA) process shows that the trust cannot be held solely responsible for the patients acquiring C.diff. The NHS South West Essex Primary Care Trust's infection Control team investigated the incidents and concurs with our assessment.

Table 18 – Reported Incidents

Location	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2009/10 Total	2008/09 Total
Adult Wards	1	0	4	1	6	13
Community	1	0	1	0	2	4
Elderly Wards	5	4	3	3	15	2
Forensic In-patients	0	0	0	1	1	8
CAMHS In-patients	0	1	1	1	3	0
LD Wards	1	0	0	0	1	0
Resource Centres / Office	1	2	2	2	7	8
	9	7	11	8	35	35

We continue to work closely and collaboratively with other healthcare providers within the region in an ongoing effort to reduce healthcare associated infections within the sub economy.

We did experience a small number of incidents of seasonal gastrointestinal outbreaks on some of our inpatient units but these were managed quickly and effectively, resulting in yet a further year on year reduction in the number of outbreak incidents and duration, with a reduction of ward-closure days of 23 days.

The annual Infection Prevention and Control training, audit and surveillance work programme was completed, alongside the management of the Swine flu Pandemic. Uptake of the swine flu vaccination amongst staff was excellent and we vaccinated 62.6% of identified staff. Of all the non-acute trusts in the country (62 in total), SEPT came in with highest uptake and was the best performing Trust in the East of England region.

Infection Prevention and Control arrangements within SEPT are well established and excellent progress has been made towards achieving full compliance with the Code. The ongoing work in maintaining compliance will continue to be overseen by the Trust Infection Control Committee.

Serious Untoward Incidents

The Trust continues to report all serious Untoward Incidents (SUIs) to the Strategic Health Authority, the relevant Primary Care Trust, the National Health Service Litigation Authority, the Mental Health Act Commission (now subsumed within the CQC) Care Quality Commission in line with policy and procedure. This meets requirements for Risk Management Standards Level 3 which the Trust achieved in September 2008.
The definition of an SUI is detailed in the Trusts Corporate Policy CP3, this policy and procedure is currently under review and will be completed by July 2010. SUIs rose by 46% in the year from 185 last year to 270, unexpected deaths rose by 49% from 37 in 2008/09 to 55 this year and absconds rose by 6.9% from 58 to 62.

Adverse Incidents

There were 4,102 adverse incidents including SUIs reported in 2009/10, an increase of 1.8% on last year's total of 4028. This increase is partially attributable to a more proactive reporting and recording system for all incidents across the spectrum.

There was a significant increase of 72% in medication errors from 2007/08 to 2008/09, which reflects the continuous work involving reporting medication errors including near misses. A regular report is supplied to the Drugs and Therapeutic Committee with a focus on the importance of reporting.
There has been a slight decrease in medication incident reports for 2009/10 with 96 reported medication errors; this is a decrease of 8.6% from last year. Given the small amount of incidents that are reported this is a small variation in numbers. Medication related incidents are reported and monitored by the Risk Department and Pharmacy, each incident is investigated and reported to the Drugs and Therapeutic committee.

There has been a 17.6% increase in the number of reported assaults against staff during the year. This reflects the ongoing work by the accredited Local Security Management Specialist (LSMS); the LSMS came into post in January 2009 but was not accredited until October 2009.

Reported levels of violence are continually monitored by the Risk Management Committee and the majority of incidents are recorded as 'No Harm or Low Harm'. External validation is provided by the Security Management Service via Physical Assault Report Forms (PARs); this will be further enhanced by the introduction of the Serious Incident Reports (SIRs) forms in April 2010.

Fire Safety Inspection

The Essex Fire & Rescue Service has undertaken four inspections within the Trust at Rochford Hospital, Brockfield House, Clifton Lodge and Thurrock Community Hospital. 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 which was also evident throughout the inspections undertaken within the Trust, this ensures that the organisation continues to comply with the Regulatory Reform (Fire Safety) Order 2005

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 series of table top exercises to ensure the continued refinement and robustness of the plan.

The Trust has also provided a one day workshop facilitated by the Senior Lecturer of the Cabinet Office Emergency Planning College. This was attended by senior clinical managers who are now considered 'first responders' in the event of an incident.

During the course of the year the Trust implemented the Major Incident Response Centre (MIRC) in preparation for the escalation of the H1N1 Swine Influenza pandemic.
The Gold and Silver commands within the organisation were established and met on a regular basis to monitor the effect of the virus throughout the organisation.
The Trust Pandemic Flu and Major Incident Plans were implemented throughout the units and wards and appropriate Business Continuity Plans (BCP's) were established.

Research and Development

In 2009/2010 work has been ongoing within the research department to increase participation and recruitment in to studies funded by the National Institute for Health Research (NIHR) and eligible to be included in the NIHR Portfolio. Participation and recruitment in to these studies attracts funding and meets the government's objective that every patient in the NHS should have the right to take part in approved medical research that is appropriate for them.

This year SEPT participated in 9 NIHR studies and has recruited 78 participants. As a result of the increase in the Trust's activity, investment from the Essex & Herts Comprehensive Local Research Network has been forthcoming in terms of providing funding for two new fixed term research posts for one year to increase the Trust's capacity to recruit in to these studies and the indicative funding allocation for 2010/2011 has doubled from £31,000 in 2009/10 to £63,000.

The NHS East of England introduced a prestigious award scheme to enable Nurses, Midwives, Allied Health Professionals and Healthcare Scientists to apply for awards to support careers in research. There were four categories of award and two members of Trust staff were successful in securing an award; one being an MRes Award which is a two year award aimed at graduate practitioners with a demonstrable research interest and potential to undertake a meaningful research career and the second being a Doctoral Award which is a four year award aimed at practitioners with demonstrable research potential and leading to a Ph.D.

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 2009/10, 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 user 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 organisations 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, include 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– including in learning disability services and now include most clinical roles. 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 initially and a refresher is to be arranged for any service users and carers who want to sit on staff interview panels. For people with a learning disability we work with Southend's Shields' Parliament, who also provide a support worker for these occasions. We have also had involvement from service users from the CAMHS service. More than 50 interview panels were carried out within the last year where a service user or carer was involved from the assessment of the candidate through to making the final decision.

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.

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.

A second DVD has been produced in partnership with Woodlands School in Basildon. 'Life as Normal – The Musical' is entirely original and written by Woodlands School's music teacher and performed by the students. It is about mental health awareness, attitudes towards mental illness and mental health first aid. It will be distributed to all secondary schools in South Essex and the Bedfordshire and Luton areas for use in their PSHE, citizenship or health and social care classes.

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)
- Dual Diagnosis Group
- PEx
- Reprovision Reference Group (about the Trust building programme)
- Self Harm
- Lasting Memories

Service users and carers also represent the Trust at other events, workshops and meetings.

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' web site is also in the process of being tested.

Expert Patient / Carer Programme

We have 8 trained tutors for the expert patient programme. (all service users), of which two are accredited. The Expert patient programme did not run any courses from May 2009 to March 2010. There will be a full expert patient programme for April 2010 to April 2011. The Carer's programme is now being run under the Carer's Development Team.

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.

This has now been extended to an ongoing training programme with the University of Essex in Southend. 3 trainings days were held in the last year, with another 3 planned for the next year so far.

My Story

In November 2008, 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 which has now been produced.

PIPE

The Patient Information and Plain English Group is made up of 2 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 Time to Change 'Get Moving' event was held on World Mental Health day in October at the Priory Park in Southend where over 200 people attended to 'Walk an Extra Mile for Mental Health.' The event was put together with the Trust's Physiotherapy Team.

Cllr Rick Morgan from Southend Council came along as did many from groups like Basildon, Brentwood and Southend MINDs, Rethink, Peaceful Place, Reason, Trusts Links, Southend United, Richmond Fellowship, Thurrock Carers Centre, NHS South East Essex, Thurrock LINk, all walked together with people with dementia and their carers with nurses from SEPT.

The idea of the poetry competition came from service users and carers and was run with Essex County Council Libraries. We received 170 entries from people across Essex about what it's like to have a mental health problem and the stigma that people face. Posters of the winning entries were displayed in all 73 Essex libraries and a DVD of the entrants reading their poems was produced and shown on library TV's around the county.

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 2009/10, PALs received 223 enquiries from service users and carers that required PALS action. The average time taken to deal with the queries raised is 1 day. In addition PALs also receives on average 150 telephone general enquiries a month from service users and carers.

Complaints and Compliments Received

A total of 181 formal complaints were received during 2009/10 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.

A new complaints process was introduced in April 2009 and the 25 working days to provide a response was replaced with "an agreed completion date". All complainant's are contacted after making a formal contact (preferably by telephone or by email/letter) to confirm the issues raised and to agree a completion date by which they receive the Trust's response to their complaint. Also all complaints are risk rated (low, moderate, high or extreme). 142 were rated moderate, 36 high and 3 low.

Of the 181 complaints received for the year, 28 remain active as of end of March 2010. 9 complaints were withdrawn, 17 complaints were completed over the agreed timescale and no date was set for 14 complaints.

78% of complaints raised in 2009/10 were resolved within the agreed timescales. Overall the average time taken to respond to complaints was 27 days.

Working in Partnership with Staff

Workforce Wellbeing

SEPT have continued to receive recognition for our work in this area. Continually searching for new and innovative support mechanisms for staff we believe has contributed towards low level turnover within the Trust. Positive feedback from the award winning "Shape Your Life" day has indicated that staff feel more informed on the support and services available to them both within the Trust and externally.

The Occupational Health Service was also reviewed with a view to providing services for staff which were responsive, efficient and available. External Services and Initiatives have also been used which support the Workforce Wellbeing agenda.

A range of initiatives have contributed to health improvement of staff and their families wellbeing both at work and in their home life and this work is set to continue in the new SEPT healthy workplace strategy.

The new 5 year Healthy Workplace Strategy will aim to address physical & mental health issues and address risks to health for individuals, offering support, advice and access to services where possible.

University Status

SEPT was awarded University Trust status by Anglia Ruskin University (ARU) in September 2008. Since then the steering group, set up to direct the partnership working between Trust and University, has made progress on several streams of work. Further courses have been accredited over the past year, including the Trust Management Development Program.

Curriculum planning is proceeding and further courses are in development. The links between the Trust and University have been further strengthened by the appointment of SEPT staff as Clinical Fellows at the University. These staff will be involved in both the planning and delivery of courses. Trust involvement with the Postgraduate Medical Institute at ARU has added another element to the existing research links.

The Trust has continued to develop links with Yale and Pavia universities. SEPT is a partner in the Yale Global Healthcare Initiative and is continuing to develop the International Healthcare Management Program in partnership with Yale. The student doctor exchange program and research initiatives are continuing with Pavia in Italy.

Sickness Absence Data

Sickness absence remains a concern throughout the NHS. The Trust is continuing to take robust steps to reduce levels of sickness. Sickness during the current financial year has averaged 5.8% and the Trust will be reviewing policy and procedures to reduce this for the next financial year, setting managers robust and challenging targets.

All managers remain responsible for constantly reviewing sickness absence levels and for taking a proactive approach to address these issues.

Regular statistics to assist managers are produced in bulletin form that will highlight areas of concern. In addition the Trust is emphasising the advantages of a "welfare and wellbeing" culture in the Trust and, HR managers and advisors will be working closely with Directors and Senior Managers to advise on the appropriate action to be taken to deal with both short term and long term absence.

Employee Consultations

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
- Whistle-blowing – Public Concern about Healthcare Matters

Staff are always encouraged to raise concerns informally with their managers in the first instance in order to deal with the issue quickly and as close to source as possible.

In addition to this collective arrangements exist for the Trust to meet and discuss significant issues with staff representatives.

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 2009 to March 2010

Staff group	Reason for consultation
Forensic Service	Relocation to new Secure Unit premises
Runwell Decommissioning	Transfer of various staff groups to new bases at a number of locations within the Trust ahead of closure of the old Runwell site.
Coptfold House	Relocation to new base
Essex Mental Health Professionals	Restructure of team
Cherrydown Ward	Closure of ward.
Medical management restructure	Phase 2 – redesigning of clinical director roles
Belhus Ward	Closure of ward
Southend Learning Disability Team	Relocation of team
Estates Department, Runwell Hospital	Closure of department
Estates Department, Highwood Hospital	Closure of department
Pharmacy Department	Transfer of staff from Southend and Basildon Hospitals as part of formation of new Pharmacy Service for the Trust.
Human Resources	Restructuring of team.
All Trust staff	Consultation on TUPE transfer relating to the Trust's acquisition by SEPT of the former Bedfordshire and Luton Mental Partnership Trust

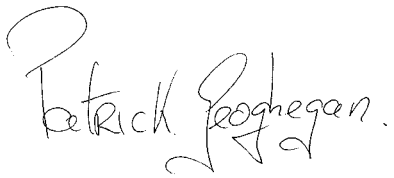
Involvement of Employees in FT's Performance

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 2009/10 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 within the restraints and changing demands. During 2009/10, nearly 400 staff participated in Planning Events, called "Stronger Together, From Good to Great," across Bedfordshire, Essex and Luton. The outcome of these events contributed to the Trust's Objectives for 2010/11 and quality priorities for 2010/11 identified in the Trust's Quality Account. In turn, they will also form the basis of the Directorate and Team level objectives for this coming year and will be used to ensure that the Trust achieves, and demonstrates it has achieved, its stated objectives.

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.

In 09/10 all staff were awarded one extra day of annual leave in recognition of the contribution made by everyone to achieving the excellent / excellent annual performance rating for 2008/9 by the Care Quality Commission.



Dr Patrick Geoghegan OBE
Chief Executive

South Essex Partnership University NHS Foundation Trust
Annual Accounts 2009/2010

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section B annual accounts and notes to the accounts

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

The NHS Act 2006 states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of 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").

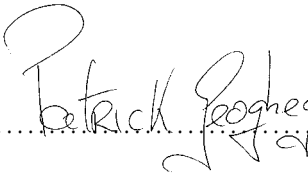
Under the NHS Act 2006, Monitor has directed the South Essex Partnership University NHS Foundation Trust to prepare each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair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

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

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS Foundation Trust 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.

Signed: 

Date: 2nd June 2010

Dr Patrick Geoghegan, OBE
Chief Executive

Statement Of Internal Control For The Year Ended 31 March 2010

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) 2009 Partnership agreements with Essex County Council and Thurrock Council, an extension was made to an existing partnership agreement (Section 75) 2006 with Southend Borough Council. I have constructed systems and processes to ensure effective working with these partner organisations.

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 Foundation Trust for the year ended 31 March 2010 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. To provide further assurance a self assessment against the Taking It on Trust criteria was undertaken by the Board of Directors.

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 2009 to March 2010 was carried out by Internal Audit in March 2010 and has confirmed that:

- 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 required.
- The Trust has an adequate committee structure in place to ensure that risks are effectively managed and controlled and that there is appropriate governance framework in place.
- There is an appropriate risk management structure in place which clearly documents the organisation's attitude to risk and the way in which risks are identified and managed.
- The Trust's corporate risk register works satisfactorily in conjunction with the Trust's Board Assurance Framework.
- Recommendations raised during the interim review were still outstanding, but not due for implementation until September 2010.

Based on Internal Audit work performed on the Board Assurance Framework during the year ended 31st March 2010, the Board of Directors has been advised that there is substantial assurance that the Trust has a "Generally sound system of internal control designed and operating in a way that gives a reasonable likelihood that the systems' objectives will be met."

The Risk Management Framework was reviewed and agreed by the Trust's Board of Directors in June 2009 and in March 2010. The framework 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 framework is supported by a plan that outlines actions 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 wide variety of sources such as;

- Complaints, Incidents/accidents, claim trend reports,
- Internal and External audit and review
- Risk assessment
- Patient surveys
- waiting list trends; and performance information
- staff recruitment / retention trends

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 framework 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 framework 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 2009/10 year the Trust has achieved a score of 84% against the toolkit requirements.

For 2009/10 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.

The trust has undertaken risk assessments and development of Carbon Reduction Delivery Plans in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. This work will be taken during 2010 -11.

5. Annual Quality Report

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

The Trust has taken steps to ensure that the Quality Report presents a balanced view of quality and that there are appropriate controls in place to ensure the accuracy of data that it contains. The steps taken include:

- **Governance and leadership**

  The Trust has put in place a performance and quality framework for managing quality performance and for ensuring that there is accountability for data quality.

  The Trust identified achievement of data quality targets (as part of achieving annual healthcheck requirements) and implementation of data quality improvement plans as agreed with commissioners as corporate objective in 2009/10.

  All staff have responsibility for data quality and the need to maintain this at high levels is communicated regularly. Accountability for data quality is defined and considered where relevant as part of the supervision and performance appraisal systems in place.

  There are robust processes in place to monitor and review data quality.

- **Policies**

  The Trust has operational procedures in place covering data collection and recording. Policies and procedures meet the requirements of relevant national standards.

  There are mechanisms in place to check compliance with policy and procedure and corrective action is taken where necessary.

- **Systems and Processes**

  The Trust has systems and processes in place for the collection, recording, analysis and reporting of data which ensure that data is accurate, reliable, timely and complete.

  The arrangements for collecting, recording and reporting data are integrated into the management processes of the Trust and support day to day operations.
  Information systems have built in controls to minimise scope for human error or manipulation and prevent erroneous data entry, missing data or unauthorised data changes. There are corporate security and recovery arrangements in place.

- **People and skills**

  Roles and responsibilities in relation to data quality are clearly defined and where appropriate incorporated into job descriptions.

  Staff receive training to support them in implementing Trust policies and procedures relating to data collection and recording.

- **Data use and reporting**
  Internal and external reporting requirements have been assessed and data provision is reviewed to ensure it is aligned to these needs.

  Data used for reporting is used for day to day management of the Trust's business. Data is reported back to those that created it to reinforce understanding of their wider role and importance.

  Data is used to support decision making and management action is taken to address service delivery issues identified by reporting.

  Data used for external reporting is subject to verification prior to submission. Data returns are prepared and submitted on a timely basis and are supported by an audit trail.

6. Review of Economy, Efficiency and Effectiveness of the use of Resources.

The Executive Operational Committee 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 Operational Committee 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.

In addition the Trust has been further reviewed by MONITOR and the East of England SHA as part of the acquisition of Bedfordshire and Luton Mental Health and Social Care Partnership NHS Trust.

7. 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:

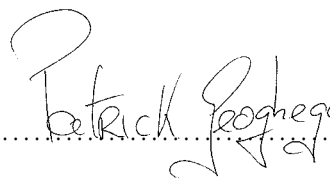
- The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit Opinion for 1st April 2009 to 31st March 2010 is as follows:

  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 2009 and 31st March 2010 that require disclosure in the SIC.

Signed:  Date: 2nd June 2010

Dr Patrick Geoghegan, OBE
Chief Executive

Independent Auditor's Report to the Board of Governors of the South Essex Partnership University NHS Foundation Trust on the NHS foundation trust summarisation schedules

I have examined the summarisation schedules (FTCs) numbered IFTC 01 to IFTC 38 of South Essex Partnership University NHS Foundation Trust for the year ended 31 March 2010, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This report is made solely to the Board of Governors of South Essex Partnership University Hospital 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.

In my opinion these summarisation schedules are consistent with the statutory financial statements on which I have issued an unqualified opinion except for IFTC01. An operating surplus of £6,278,000 is shown in the financial statements, compared to a deficit of £2,692,000 in IFTC01. The difference of £9,420,000 has been shown separately on the face of the Statement of Comprehensive Income financial statement but has been included within operating expenses within the IFTC01.

Basis of Audit Opinion

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

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 2010 and of its income and expenditure for the year then ended in accordance with the accounting policies adopted by the Trust;
- The financial statements and part of the Remuneration Report subject to audit have been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts; and
- Information which comprises the commentary on the financial performance included within the Director's 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 Audit Code for the NHS Foundation Trusts issued by Monitor.

Rob Murray
Officer of the Audit Commission

Regus House
Cambourne Business Park
Cambourne
CB3 6DP

4 June 2010

Foreword To The Accounts

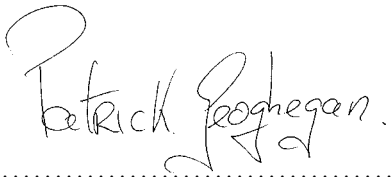
South Essex Partnership University NHS Foundation Trust
South Essex Partnership University NHS Foundation Trust ('the Trust') is required to prepare annual accounts in such form as Monitor, the independent regulator of Foundation Trusts, may with the approval of HM Treasury, direct. These requirements 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 Executive Chief Financial Officer
South Essex Partnership University NHS Foundation Trust
Head Office – The Lodge
Runwell Hospital
Runwell Chase
Wickford
Essex SS11 7XX

Telephone: 01268 366000



Signed:……. Date: 2nd June 2010

Dr Patrick Geoghegan, OBE
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

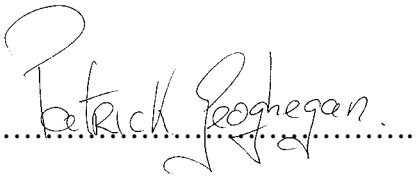
	NOTE	£000	2008/09 £000
INCOME FROM ACTIVITIES			
Operating Income from continuing operations	2	109,970	104,502
Other Operating Income from continuing operations	3	6,544	9,782
Operating Expenses of continuing operations	4	(109,786)	(107,669)
Operating surplus (deficit) for the year		**6,728**	**6,615**
FINANCE COST			
Finance income	7	83	562
Finance expense - financial liabilities	7	(1,444)	(400)
Finance expense - unwinding of discount on provisions	7	(68)	(73)
PDC Dividends		(3,178)	(3,589)
Net finance cost		**(4,607)**	**(3,500)**
Surplus/(Deficit) from continuing operations for the year before impairment		**2,121**	**3,115**
Impairments of Property, plant and equipment		(9,420)	(337)
Surplus/(Deficit) for the year		(7,299)	2,778
OTHER COMPREHENSIVE INCOME (LOSSES)			
Revaluation gains/(losses) and impairment losses on property, plant and equipment		(102)	(9,156)
Other recognised gains and losses		(1)	0
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR		**(7,402)**	**(6,378)**

The notes on the pages 98 to 143 form part of these accounts. All income and expenditure is derived from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	NOTE	£000	2008/09 £000	2007/08 £000
NON CURRENT ASSETS				
Intangible assets	8	2,237	262	125
Property, plant and equipment	9	123,190	100,826	110,120
Investment property	10	6,615	6,555	7,432
Other non current assets	11	1,644	1,734	1,912
Total non-current assets		**133,686**	**109,377**	**119,589**
CURRENT ASSETS				
Inventories	13	0	7	7
Trade and other receivables	12	2,841	4,380	4,038
Cash and cash equivalents	14	12,102	15,488	9,355
Total current assets		**14,943**	**19,875**	**13,400**
CURRENT LIABILITIES				
Trade and other payables	16	(9,579)	(10,413)	(8,158)
Borrowings	18	(756)	(130)	(123)
Provisions	19	(266)	(379)	(269)
Other current liabilities	17	(545)	(1,020)	(473)
Total current liabilities		**(11,146)**	**(11,942)**	**(9,023)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**137,483**	**117,310**	**123,966**
NON CURRENT LIABILITIES				
Borrowings	18	(34,266)	(6,503)	(6,633)
Provisions	19	(2,902)	(3,090)	(3,238)
Total non-current liabilities		**(37,168)**	**(9,593)**	**(9,871)**
TOTAL ASSETS EMPLOYED		**100,315**	**107,717**	**114,095**
FINANCED BY: TAX PAYERS EQUITY				
Public dividend capital	21	71,704	71,704	71,704
Revaluation reserve	22	32,000	32,108	41,379
Donated asset reserve	22	20	19	22
Income and expenditure reserve	22	(3,409)	3,886	990
TOTAL TAX PAYERS EQUITY		**100,315**	**107,717**	**114,095**

The Financial statements on pages 94 to 95 were approved by the Board on the 02 June 2010 and signed on its behalf by,

Signed: 

Date: 2nd June 2010

Dr Patrick Geoghegan, OBE
Chief Executive

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AT 31 MARCH 2010

	Total	Public Dividend Capital	Revaluation Reserve	Donated Assets Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000	£000
TAXPAYERS EQUITY AT 01 APRIL 2009	**107,717**	**71,704**	**32,108**	**19**	**3,886**
Surplus/(deficit for the year)	**(7,299)**	0	0	0	(7,299)
Revaluation gains/(losses) and impairment losses on property, plant and equipment	**(102)**	0	(103)	1	0
Transfers to the income and expenditure account in respect of assets disposed of	**0**	0	(4)	0	4
Other recognised gains and losses	**(1)**	0	(1)	0	0
TAXPAYERS EQUITY AT 31 MARCH 2010	**100,315**	**71,704**	**32,000**	**20**	**(3,409)**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AT 31 MARCH 2009

	Total	Public Dividend Capital	Revaluation Reserve	Donated Assets Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000	£000
TAXPAYERS EQUITY AT 01 APRIL 2008	**114,095**	**71,704**	**41,379**	**22**	**990**
Surplus/(deficit for the year)	**2,778**	0	(2)	0	2,780
Revaluation gains/(losses) and impairment losses on property, plant and equipment	**(9,156)**	0	(9,125)	0	(31)
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of on donated assets	**0**	0	3	(3)	0
Other recognised gains and losses	**0**	0	1	0	(1)
Other transfers between reserves	**0**	0	(148)	0	148
TAXPAYERS EQUITY AT 31 MARCH 2009	**107,717**	**71,704**	**32,108**	**19**	**3,886**

STATEMENT OF CASH FLOWS AS AT 31 MARCH 2010

	NOTE	£000	2008/09 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from/(used in) operations	23	9,289	12,387
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		83	562
Purchase of intangible assets		(1,714)	(168)
Purchase of property, plant and equipment		(6,028)	(2,753)
Sales of property, plant and equipment		0	217
Net cash generated from (used in) investing activities		**(7,659)**	**(2,142)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of private finance initiative obligations		(456)	(123)
Interest element of private finance initiative obligations		(1,444)	(400)
PDC dividend paid		(3,116)	(3,589)
Net cash generated from (used in) financing activities		**(5,016)**	**(4,112)**
Increase (decrease) in cash and cash equivalents		**(3,386)**	**6,133**
CASH AND CASH EQUIVALENTS AT 1 APRIL 2009		**15,488**	**9,355**
CASH AND CASH EQUIVALENTS AT 31 MARCH 2010		**12,102**	**15,488**

Notes To The Accounts

1. Summary of Accounting Policies and Other Information

1.1 General Information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Financial Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2009/10 NHS Foundation Trust Financial Reporting Manual issued by Monitor. The accounting policies contained within that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 Basis of Preparation

These financial statements of South Essex Partnership University NHS Foundation Trust (SEPT) have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS 1, First time adoption of IFRS, has been applied in preparing these financial statements. These financial statements are the first SEPT financial statements to be prepared in accordance with IFRS. Until 31 March 2009 financial statements of SEPT had been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). IFRS differs in certain respects from UK GAAP. When preparing the SEPT financial statements for the year ended 31 March 2010, amendments have therefore been made to certain accounting and valuation methods, previously applied under UK GAAP, in order to comply with IFRS. Comparative figures in these financial statements have also been restated to reflect these adjustments.

Reconciliations of the effect of the transaction from UK GAAP to IFRS on the Trust's equity and net income are given in note 1 appendix A to C

1.3 Presentation of Financial Statements

When preparing the financial statements the Trust will in normal circumstances follow the standard format. However, where it is determined that the standard format is not representative in reflecting the true performance of the Trust, the presentation of the primary statements may be amended accordingly.

1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.
Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of the sale have been met, and is measured as the sums due under the sale contract.

1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employers pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.7 Property plant & equipment

Recognition

Property, plant and equipment is capitalised where:

- It is held for use in delivering services or for administrative services
- It is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- It is expected to be used for more than one financial year; and
- The cost of the item can be measured reliably
- Individually it has a cost of at least £5,000; or
- They 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
- They 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.

Measurement

Valuation

All property, plant and equipment assets are initially measured at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trusts services or for administrative purposes are stated in the balance at their revalued amounts, being fair value at the date of revaluation less any subsequent depreciation or impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date. Fair values are determined as follows,

Land and non specialised buildings	-	market value for existing use
Specialised buildings	-	depreciated replacement cost

In accordance with HM Treasury requirements, tangible fixed assets are revalued every 5 years, with an interim revaluation at the end of the intervening 3rd year. In meeting this requirement a revaluation of tangible fixed assets has been conducted at 1 April 2010.

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.

Until 31 March 2009, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would not meet the location requirements of the service being provided, an alternative site can be valued. HM Treasury has agreed that NHS Foundation Trusts must apply these new valuation requirements by 1 April 2010 at the latest. This approach has been adopted for the valuations conducted at 1 April 2010 and prior period comparatives have been restated.

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 the District Valuer to value it's fixed assets.

Properties in the course of construction for service or administrative purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses, as allowed by IAS23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The

carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered materially different from fair value.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

Depreciation

tems of Property, Plant and Equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

The Trust applies the following useful lives to property, plant and equipment assets. The lives applied to building assets are based on the latest valuations received from the district valuer.

Main Asset Category	Sub Category	Minimum Useful Economic Life (in years)	Maximum Useful Economic Life (in years)
Buildings –owned	Structure	13	80
	Building finishes	23	70
	Engineering and installations	3	80
	External works	17	80
	Fixtures and fittings	0	70
Buildings – PFI schemes	Structure	13	61
	Building finishes	61	62
	Engineering and installations	3	31
	External works	18	45
	Fixtures and fittings	61	62
Plant, machinery and equipment	Medical and surgical equipment	5	15
	Office equipment	5	5
	IT hardware	5	5
	Other engineering works	5	15
Furniture and fittings	Furniture	10	10
	Soft furnishings	7	7
Motor vehicles		7	7

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'

De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.

1. management are committed to a plan to sell the asset;
2. an active programme has begun to find a buyer and complete the sale
3. the asset is being actively marketed at a reasonable price;
4. the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
5. the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated 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.

Private Finance Initiative (PFI Contract)

PFI transactions which meet the IFRIC12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on balance sheet' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS39.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charge for services. The finance cost is calculated using the effective interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractural or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

The Trust does not have any internally-generated intangible assets.

Software
Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

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

Subsequently intangible assets are measured at fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), and indexed for relevant price increases, as a proxy for fair value.

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.

Amortisation
Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.
The Trust applies the following useful lives to amortise intangible assets to arrive at the assets residual value'

Main Asset Category	Sub Category	Useful Economic Life minimum (in years)	Useful Economic Life maximum (in years)
Intangible assets	**Software**	**0**	**5**

1.9 Investment properties
On initial recognition Investment Properties are measured at cost including any costs directly attributable to bringing them into working condition. Investment property is recognised as an asset only when it is probable that the future economic benefits that are associated with

the investment property will flow to the entity and the cost of the investment property can be measured reliably.

The Trust currently has properties which were previously used for learning disability services. Following the decommissioning of these services, the properties have subsequently been deemed surplus to requirements and are currently leased to housing associations.

In accordance with IAS40, Investment Properties are revalued annually, with any gain or loss arising being dealt with in the Statement of Comprehensive Income.

1.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the income statement. On disposal, the balance for the asset on the revaluation reserve, donated asset reserve or government grant reserve is transferred to retained earnings.

1.11 Government grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset.

1.12 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases
Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings
Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.13 Inventories
Inventories are stated at lower of cost and net realizable value.

1.14 Financial instruments and financial liabilities
Recognition
Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trusts 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 and de-recognised, as applicable, using the settlement date.

De-recognition
All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

The classification of financial assets depends on the nature and purpose of the assets and is determined at the time of initial recognition. The financial assets are classified on the balance sheet as follows;

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 rate method, less any impairment. 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 Statement of Comprehensive Income.

Financial liabilities

Financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest rate 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 rate method and charged to the income and expenditure account.

Impairment of financial assets

At the balance sheet date, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Income to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Provision for Debtors Impairment

A provision will be provided against the recovery of debts, where such a recovery is considered doubtful. Where the recovery of a debt is considered unlikely, the debt will either be written down directly to the Statement of Comprehensive Income, or charged against a provision to the extent that there is a balance available for the debt concerned, and thereafter charged to operating expenses.

1.15 Provisions

The NHS 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 HM Treasury's discount rate of 2.2% in real terms.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS 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 Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 19.

Non clinical risk pooling

The 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 as and when the liability arises.

1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an income of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

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

1.17 Public dividend capital

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

A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and the cash held. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

1.18 Pension cost

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 2009/10 were £6,672,000

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 IAS 19 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.nhspa.gov.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.

1.19 Taxation

South Essex Partnership NHS Foundation Trust is a Health Service body within the meaning of s519AICTA 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 dis-apply 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 there from exceed £50,000pa. There is no tax liability arising in the current financial year.

1.20 Value added tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.21 Foreign exchange

The functional and presentational currencies of the Trust are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the balance sheet date:

Monetary items are translated at the spot exchange rate on 31 March 2010.

Non monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and

Non monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.22 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's Financial Reporting Manual.

1.23 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 the capital commitment is disclosed at note 24.

1.24 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.

1.25 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' above). 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.

1.26 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 Appendix A

Reconciliation of Taxpayer's Equity at 01 April 2008

	UK GAAP £000	Effect of transition to IFRS £000	IFRS £000
NON CURRENT ASSETS			
Intangible assets	130	(5)	125
Property, plant and equipment	113,983	(3,863)	110,120
Investment property	0	7,432	7,432
Other non current assets	0	1,912	1,912
Total non-current assets	**114,113**	**5,476**	**119,589**
CURRENT ASSETS			
Inventories	7	0	7
Trade and other receivables	5,950	(1,912)	4,038
Cash and cash equivalent	9,355	0	9,355
Total current assets	**15,312**	**(1,912)**	**13,400**
CURRENT LIABILITIES			
Trade and other payables	(8,631)	473	(8,158)
Borrowings	0	(123)	(123)
Provision	0	(269)	(269)
Other current liabilities	0	(473)	(473)
Total current liabilities	**(8,631)**	**(392)**	**(9,023)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**120,794**	**3,172**	**123,966**
NON CURRENT LIABILITIES			
Borrowings	0	(6,633)	(6,633)
Provision	(3,507)	269	(3,238)
Total non-current liabilities	**(3,507)**	**(6,364)**	**(9,871)**
TOTAL ASSETS EMPLOYED	**117,287**	**(3,192)**	**114,095**
FINANCED BY: TAX PAYERS EQUITY			
Public dividend capital	71,704	0	71,704
Revaluation reserve	41,379	0	41,379
Donated assets reserve	22	0	22
Income and expenditure reserve	4,182	(3,192)	990
TOTAL TAX PAYER'S EQUITY	**117,287**	**(3,192)**	**114,095**

1 Appendix B

Reconciliation of Taxpayer's Equity at 31 March 2009

	UK GAAP £000	Effect of transition to IFRS £000	IFRS £000
NON CURRENT ASSETS			
Intangible assets	272	(10)	262
Property, plant and equipment	104,047	(3,221)	100,826
Investment property	0	6,555	6,555
Other non current assets	0	1,734	1,734
Total non-current assets	**104,319**	**5,058**	**109,377**
CURRENT ASSETS			
Inventories	7	0	7
Trade and other receivables	6,114	(1,734)	4,380
Cash and cash equivalent	15,488	0	15,488
Total current assets	**21,609**	**(1,734)**	**19,875**
CURRENT LIABILITIES			
Trade and other payables	(11,433)	1,020	(10,413)
Borrowings	0	(130)	(130)
Provision	0	(379)	(379)
Other current liabilities	0	(1,020)	(1,020)
Total current liabilities	**(11,433)**	**(509)**	**(11,942)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**114,495**	**2,815**	**117,310**
NON CURRENT LIABILITIES			
Borrowings	0	(6,503)	(6,503)
Provision	(3,469)	379	(3,090)
Total non-current liabilities	**(3,469)**	**(6,124)**	**(9,593)**
TOTAL ASSETS EMPLOYED	**111,026**	**(3,309)**	**107,717**
FINANCED BY: TAX PAYERS EQUITY			
Public dividend capital	71,704	0	71,704
Revaluation reserve	31,446	662	32,108
Donated assets reserve	19	0	19
Income and expenditure reserve	7,857	(3,971)	3,886
TOTAL TAX PAYER'S EQUITY	**111,026**	**(3,309)**	**107,717**

1 Appendix C

Reconciliation of Profit or Loss for the Year Ended 31 March 2009.

	UK GAAP £000	Effect of transition to IFRS £000	IFRS £000
INCOME FROM ACTIVITIES			
Operating Income from continuing operations	104,502	0	104,502
Other Operating Income from continuing operations	9,782	0	9,782
Operating Expenses of continuing operations	(107,320)	(349)	(107,669)
Operating surplus (deficit) for the year	**6,964**	**(349)**	**6,615**
FINANCE COST			
Finance income	562	0	562
Finance expense - financial liabilities	0	(400)	(400)
Finance expense - unwinding of discount on provisions	(73)	0	(73)
PDC Dividends	(3,589)	0	(3,589)
Net finance cost	**(3,100)**	**(400)**	**(3,500)**
Surplus/(Deficit) from continuing operations for the year before impairment	**3,864**	**(749)**	**3,115**
Impairments of Property, Plant and Equipment	(337)	0	(337)
Surplus/(Deficit) for the year	**3,527**	**(749)**	**2,778**
OTHER COMPREHENSIVE INCOME (LOSSES)			
Revaluation gains/(losses) and impairment losses on property, plant and equipment	(9,788)	632	(9,156)
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR	**(6,261)**	**(117)**	**(6,378)**

2 Operating Income from Continuing Operations

2.1 Provision of Healthcare Services

	£ 000	2008/09 £ 000
Block contract income	102,102	97,001
Other clinical income from mandatory services	3,803	1,000
Other non-protected clinical income	4,065	6,501
	109,970	**104,502**

Included within Other non-protected clinical income is £1,329,000 income received from local councils for Drugs and Alcohol Action Team Services. Also included is £1,334,000 income generation funding received.

2.2 Source of Income from Activities

	£ 000	2008/09 £ 000
NHS Foundation Trusts	120	1,610
NHS Trusts	0	3
Strategic Health Authorities	37	84
Primary Care Trusts	106,614	99,600
Local Authorities	2,808	2,896
Department of Health - other	99	108
NHS other	0	68
Non-NHS other	292	133
	109,970	**104,502**

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	2008/09 £ 000
Mandatory services	105,905	98,001
Non mandatory services	4,065	6,501
	109,970	**104,502**

2.4 Private Patient Income

	£000	2002/03 £000
Private patient income	0	0
Total patient income	109,970	74,491
Proportion	0%	0%

	2008/09 £000	2002/03 £000
Private patient income	0	0
Total patient income	104,502	74,491
Proportion	0%	0%

Section 44 of the 2006 Act requires that the proportion of private patient income (PPI) to the total patient related income of NHS Foundation Trusts should not exceed the relevant proportion whilst the body was an NHS Trust in 2002/03 (the base year). For mental health NHS foundation trusts from 2009/10 the PPI cap will be the greater of;

- The proportion of the total income derived from private patient charges in the base year ; or
- 1.5 %

As a Trust received no income from private patent charges in 2002/03, the cap is therefore set at 1.5% of total patent income in 2002/03.
The Trust received £nil private patient income for the year ended 31 March 2010 (2008/09: £nil).

3 Other Operating Income from Continuing Operations

3.1 Other Operating Income

	£ 000	2008/09 £ 000
Education & training	1,848	1,635
Research & development	84	63
Profit on disposal of property, plant and equipment	0	3
Other income	4,612	8,081
Total	**6,544**	**9,782**

3.2 Other Income

	£ 000	2008/09 £ 000
Estate recharge	712	622
Staff accomodation retals	115	149
Catering	215	136
Property rentals	301	424
Other	3,269	6,750
Total	**4,612**	**8,081**

Included within Other operating income is £1,901,000 received for the provision of shared services to local PCT commissioners.
Property rentals included within other income of £301,000 relates to rental income received on Investment properties.

4 Operating Expenses of Continuing Operations

4.1 Operating Expenses Comprise

	£ 000	2008/09 £ 000
Services from NHS Foundation Trusts	694	1,075
Services from NHS Trusts	575	568
Services from other NHS Bodies	213	304
Employee Expenses - Executive directors	1,023	1,196
Employee Expenses - Non-executive directors	166	144
Staff cost	78,803	74,573
Drug costs	2,419	2,527
Supplies and services - clinical	530	575
Supplies and services - general	1,675	1,708
Establishment	4,386	3,895
Research and development	103	400
Transport	128	109
Premises	12,155	13,535
Increase / (decrease) in bad debt provision	59	(27)
Depreciation on property, plant and equipment	2,561	2,596
Amortisation on intangible assets	79	44
Impairments of property, plant and equipment *	0	0
Audit fees		
audit services- statutory audit	84	76
Other auditors remuneration		
further assurance services	183	106
other services	38	130
Clinical negligence	151	119
Loss on disposal of land and building	0	17
Legal fees	487	180
Consultancy Cost	919	330
Training, courses and conferences	658	521
Patient travel	57	35
Car parking & Security	516	394
Redundancy	(36)	224
Early retirements	0	141
Hospitality	66	142
Insurance	109	127
Other services	812	346
Other	173	1,559
TOTAL	**109,786**	**107,669**

* Impairments have been shown separately on the Statement of Comprehensive Income

4.2 Operating Leases

4.2.1 Arrangements Containing an Operating Lease

	£000	2008/09 £000
Minimum lease payments	1,870	1,840
Total	**1,870**	**1,840**

4.2.2 Arrangements Containing an Operating Lease of Land & Building

	£000	2008/09 £000
Future minimum lease payments due:		
- not later than one year;	1,007	995
- later than one year and not later than five years;	1,437	1,325
- later than five years.	0	0
Total	**2,444**	**2,320**

4.2.3 Arrangements Containing an Operating Lease Other

	£000	2008/09 £000
Future minimum lease payments due:		
- not later than one year;	654	624
- later than one year and not later than five years;	513	716
- later than five years.	0	0
Total	**1,167**	**1,340**

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

5 Staff Costs

5.1 Staff Costs Comprise

	£ 000	2008/09 £ 000
Salaries and wages	63,165	61,086
Social Security costs	5,039	4,954
Employers contributions to NHS Pensions	6,672	6,306
Agency/Contract staff	4,950	3,423
Total	**79,826**	**75,769**

5.2 Directors Remuneration

		Salary £000	Other Remuneration £000	Benefits in Kind £000	Employers Pension Contribution £000
Patrick Geoghegan	Chief Executive and Executive Nurse	175-180	20-25	0	25-30
Michael Lowe	Medical Director to 28/02/10	85-90	0-5	0	15-20
Pauline Roberts	Executive Medical Director from 01/03/10	0-5			0-5
Raymond Jennings	Executive Chief Finance & Resources Officer and Deputy Chief Executive	130-135	15-20	0	15-20
Sally Morris	Executive Director of Operational Services	120-125	10-15	0	15-20
Philip Howe	Executive Director of Social Care and Partnership Strategy Delivery	95-100	0	0	
Oliver Shanley	Director of Integrated Governance to 30/09/09	70-75	5-10	0	10-15
Nikki Richardson	Executive Director of Corporate Affairs	120-125	5-10	0	15-20
Andy Brogan	Interim Director of Integrated Governance from 30/09/09	10-15	0	0	0-5
Lorraine Cabel	Chair	45-50	0	0	7.5-10
Joan Holden		0	0	0	0
Janet Wood	Non-Executive Director	15-20	0	0	0
George Sutherland	Non-Executive Director	15-20	0	0	0
Leslie Cuthbert	Non-Executive Director	15-20	0	0	0
Steve Currell	Non-Executive Director	15-20	0	0	0
Dawn Hillier	Non-Executive Director	15-20	0	0	0
Gary Scott	Non-Executive Director	15-20	0	0	0

		2008/09			
		Salary	Other Remuneration	Benefits in Kind	Employers Pension Contribution
		£000	£000	£000	£000
Patrick Geoghegan	Chief Executive and Executive Nurse	175-180	20-25	0	20-25
Michael Lowe	Medical Director to 28/02/10	95-100	0-5	0	15-20
Pauline Roberts	Executive Medical Director from 01/03/10	0	0	0	0
Raymond Jennings	Executive Chief Finance & Resources Officer and Deputy Chief Executive	130-135	15-20	0	15-20
Sally Morris	Executive Director of Operational Services	115-120	10-15	0	15-20
Philip Howe	Executive Director of Social Care and Partnership Strategy Delivery	95-100	0	0	
Oliver Shanley	Director of Integrated Governance to 30/09/09	100-105	5-10	0	10-15
Nikki Richardson	Executive Director of Corporate Affairs	115-120	0-5	0	15-20
Andy Brogan	Interim Director of Integrated Governance from 30/09/09	10-15	0	0	0-5
Lorraine Cabel	Chair	40-45	0	0	7.5-10
Joan Holden		10-15	0	0	0
Janet Wood	Non-Executive Director	15-20	0	0	0
George Sutherland	Non-Executive Director	15-20	0	0	0
Leslie Cuthbert	Non-Executive Director	15-20	0	0	0
Steve Currell	Non-Executive Director	15-20	0	0	0
Dawn Hillier	Non-Executive Director	0-5	0	0	0
Gary Scott	Non-Executive Director	0-5	0	0	0

5.3 Analysis of Average Staff Numbers

	Total	2008/09 Total
Medical and dental	108	112
Administration and estates	454	424
Healthcare assistants and other support staff	338	363
Nursing, midwifery and health visiting staff	492	482
Scientific, therapeutic and technical staff	231	205
Bank and agency staff	366	389
Other	129	116
Total	**2,118**	**2,091**

5.4 Employee Benefits

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

5.5 Retirement due to ill health

During the year ended 31 March 2010, there were 5 (2008/09: 1) retirements from the Trust agreed on the grounds of ill-health. The additional pension liability from these early retirements, to be borne by the NHS Pensions Agency, is estimated to be £219,627 (2008/09: £12,879).

6 The late payment of Commercial Debts (interest) Act 1998.

There is no amount included within interest payable (Note 7) arising from claims made by small business under this legislation.

7 Finance Cost and Finance Income

7.1 Finance Income

	£000	2008/09 £000
Interest on held-to-maturity financial assets	83	562
Total finance income	**83**	**562**

7.2 Finance Costs - Interest Expense

	£000	2008/09 £000
Finance Costs in PFI obligations	1,444	400
Total finance cost	**1,444**	**400**

7.3 Finance Costs - Unwinding of Discount

	£000	2008/09 £000
Unwinding of discount on pension provision	68	73
	68	**73**

8 Intangible Assets

	Total	Software licences purchased	Intangible Assets Under Construction	2008/09 £000	2007/08 £000
	£000	£000	£000		
Cost at 1 April	1,125	1,125	0	949	940
Additions	2,030	494	1,536	168	24
Reclassifications	24	24	0	8	(15)
Cost at 31 March	**3,179**	**1,643**	**1,536**	**1,125**	**949**
Amortisation at 1 April	863	863	0	824	786
Provided during the year	79	79	0	44	48
Reclassifications	0	0	0	(5)	(10)
Amortisation at 31 March	**942**	**942**	**0**	**863**	**824**
Net book value at 1 April	262	262	0	125	
Net book value at 31 March	**2,237**	**701**	**1,536**	**262**	**125**

9 Property, Plant and Equipment

	Total	Land	Buildings excluding dwellings	Dwellings	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings	Assets under Construction
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2009	**122,147**	**46,156**	**62,554**	**397**	**2,149**	**299**	**5,959**	**2,527**	**2,106**
Additions - purchased	**34,469**	0	31,798	0	194	0	1,023	843	611
Impairments charged to revaluation reserve	**(2,403)**	(1,565)	(838)	0	0	0	0	0	0
Revaluation surpluses	**2,302**	265	2,000	37	0	0	0	0	0
Reclassifications	**(24)**	0	1,846	0	173	0	0	0	(2,043)
Disposals	**0**	0	0	0	0	0	0	0	0
Cost or valuation at 31 March 2010	**156,491**	**44,856**	**97,360**	**434**	**2,516**	**299**	**6,982**	**3,370**	**674**
Accumulated Depreciation at 1 April 2009	**21,321**	**150**	**12,901**	**27**	**1,571**	**281**	**4,542**	**1,849**	**0**
Provided during the year	**2,560**	0	1,769	12	99	9	402	269	0
Impairments recognised in operating expenses	**9,420**	1,175	8,245	0	0	0	0	0	0
Reclassifications	**0**	0	0	0	0	0	0	0	0
Revaluation surpluses	**0**	0	0	0	0	0	0	0	0
Disposals	**0**	0	0	0	0	0	0	0	0
Accumulated depreciation at 31 March 2010	**33,301**	**1,325**	**22,915**	**39**	**1,670**	**290**	**4,944**	**2,118**	**0**
Net Book Value									
NBV - Purchased at 1 April 2009	**100,807**	**45,999**	**49,641**	**370**	**578**	**18**	**1,417**	**678**	**2,106**
NBV - Donated at 1 April 2009	**19**	7	12	0	0	0	0	0	0
NBV Total at 1 April 2009	**100,826**	**46,006**	**49,653**	**370**	**578**	**18**	**1,417**	**678**	**2,106**
Net Book Value									
NBV - Purchased at 31 March 2010	**123,170**	**43,524**	**74,432**	**395**	**846**	**9**	**2,038**	**1,252**	**674**
NBV - Donated at 31 March 2010	**20**	**7**	**13**	**0**	**0**	**0**	**0**	**0**	**0**
NBV Total at 31 March 2010	**123,190**	**43,531**	**74,445**	**395**	**846**	**9**	**2,038**	**1,252**	**674**

Analysis of Property Plant and Equipment

Net Book Value									
- Protected	**109,633**	41,341	68,292	0	0	0	0	0	0
- Unprotected	**13,557**	2,190	6,153	395	846	9	2,038	1,252	674
Total at 31 March 2010	**123,190**	**43,531**	**74,445**	**395**	**846**	**9**	**2,038**	**1,252**	**674**

Property, Plant and Equipment continued;

	Total	Land	Buildings excluding dwellings	Dwellings	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings	Assets under Construction
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2008	**128,780**	**54,424**	**61,987**	**425**	**3,703**	**295**	**5,229**	**2,653**	**64**
Additions - purchased	**2,825**	0	0	0	14	0	717	31	2,063
Impairments charged to revaluation reserve	**(9,195)**	(8,268)	(899)	(28)	0	0	0	0	0
Revaluation surpluses	**70**	0	0	0	30	4	0	36	0
Reclassifications	**(8)**	0	1,466	0	(1,466)	0	13	0	(21)
Disposals	**(325)**	0	0	0	(132)	0	0	(193)	0
Cost or valuation at 31 March 2009	**122,147**	**46,156**	**62,554**	**397**	**2,149**	**299**	**5,959**	**2,527**	**2,106**
Accumulated Depreciation at 1 April 2008	**18,660**	**0**	**10,620**	**15**	**1,877**	**269**	**4,072**	**1,807**	**0**
Provided during the year	**2,596**	0	1,801	12	105	9	465	204	0
Impairments recognised in operating expenses	**337**	150	187	0	0	0	0	0	0
Reclassifications	**5**	0	293	0	(293)	0	5	0	0
Revaluation surpluses	**30**	0	0	0	13	3	0	14	0
Disposals	**(307)**	0	0	0	(131)	0	0	(176)	0
Accumulated depreciation at 31 March 2009	**21,321**	**150**	**12,901**	**27**	**1,571**	**281**	**4,542**	**1,849**	**0**
Net Book Value									
NBV - Purchased at 1 April 2008	**110,120**	**54,424**	**51,367**	**410**	**1,826**	**26**	**1,157**	**846**	**64**
NBV - Donated at 1 April 2008	**0**	0	0	0	0	0	0	0	0
NBV Total at 1 April 2008	**110,120**	**54,424**	**51,367**	**410**	**1,826**	**26**	**1,157**	**846**	**64**
Net Book Value									
NBV - Purchased at 31 March 2009	**100,806**	**45,999**	**49,640**	**370**	**578**	**18**	**1,417**	**678**	**2,106**
NBV - Donated at 31 March 2009	**20**	**7**	**13**	**0**	**0**	**0**	**0**	**0**	**0**
NBV Total at 31 March 2009	**100,826**	**46,006**	**49,653**	**370**	**578**	**18**	**1,417**	**678**	**2,106**

Analysis of Property Plant and Equipment

Net Book Value									
- Protected	**82,215**	41,818	40,397	0	0	0	0	0	0
- Unprotected	**18,611**	4,188	9,256	370	578	18	1,417	678	2,106
Total at 31 March 2009	**100,826**	**46,006**	**49,653**	**370**	**578**	**18**	**1,417**	**678**	**2,106**

9.1 The Net Book Value of Land and Building at the Year End

	Total	Protected	Unprotected	2008/09	2007/08
	£000	£000	£000	£000	£000
Freehold	118,371	109,633	8,738	96,029	106,201
Total	**118,371**	**109,633**	**8,738**	**96,029**	**106,201**

9.2 Analysis of Revaluation of Property, Plant and Equipment

	Total	Revaluation Reserves Surplus	Revaluation Reserves Impairment	SOCI Impairment	2008/09	2007/08
	£000	£000	£000	£000	£000	£000
Land	(2,476)	265	(1,565)	(1,176)	(8,418)	0
Building	(7,084)	2,000	(838)	(8,246)	(1,086)	(10,737)
Dwelling	37	37	0	0	(28)	0
Other	0	0	0	0	70	0
Total	**(9,522)**	**2,302**	**(2,403)**	**(9,421)**	**(9,462)**	**(10,737)**

In November 2009 the constructions of a new forensic unit and a new day care centre were completed and brought into use. At that point the forensic unit and resource centre were valued at modern equivalent depreciated replacement cost by the district valuer, resulting in impairments of £4.6 million and £0.4 million respectively. Other in year revaluations following the completion of ad hoc works at existing buildings led to revaluation surpluses of £0.7 million and impairments totalling £1.2 million.

In addition to the above, the Trust has also carried out the required 5 yearly revaluation of its' estate as at 31 March 2010. The revaluation exercise conducted by the district valuer resulted in revaluation surpluses £1.6 million and impairments of £5.6 million.

Of the total impairments incurred during the year of £11.8 million, £2.4 million was written off against available reserves and the balance of £9.4 million dealt with in the statement of comprehensive income.

Impairment losses incurred from the revaluation of property assets are normally treated as an operating expense and included within the operating surplus/deficit. However, due to the significant value of impairment losses incurred in the current financial year, amounting to £9.4 million, these losses and comparatives have been shown separately on the face of the Statement of Comprehensive Income. In order to give a clearer representation of the Trust's performance, the Statement of Comprehensive Income shows the Trusts overall performance before and after impairments.

9.3 Remaining Economic Lives of Property, Plant and Equipment

Main Asset Category	Sub Category	Minimum Useful Life (in years)	Maximum Useful Life (in years)
Buildings –owned	Structure	13	80
	Building finishes	23	70
	Engineering and installations	3	80
	Fixtures and fittings	0	70
	External works	17	80
Buildings – PFI schemes	Structure	13	61
	Building finishes	61	62
	Engineering and installations	3	31
	Fixtures and fittings	61	62
	External works	18	45
Plant, machinery and equipment	Medical and surgical equipment	4	8
	Office equipment	1	5
	IT hardware	1	5
	Other engineering works	0	6
Furniture and fittings	Furniture	1	10
	Soft furnishings	1	7
Motor vehicles		1	7

9.4 Assets under PFI Contract

	£000	2008/09 £000	2007/08 £000
Cost or valuation			
Cost or valuation at 1 April	4,890	4,923	7,163
Additions during the year	28,845	0	0
Impairment charged revaluation reserves	0	(33)	(2,240)
Cost of valuation at 31 March	33,735	4,890	4,923
Accumulated depreciation			
Accumulated depreciation at 1 April	1,240	1,103	772
Provided during the year	265	137	331
Impairment recognised in expenses	4,623	0	0
Accumulated depreciation at 31 March	6,128	1,240	1,103
Net Book Value at 1 April	**3,650**	**3,820**	**6,391**
Net Book Value at 31 March	**27,607**	**3,650**	**3,820**

EMI Homes – PFI

In 2004, two homes were opened for the provision of care for the Elderly Mentally ill. The construction has been financed by a private finance initiative, between South Essex Partnership University NHS Foundation Trust (the grantor) and Ryhurst (the operator), under a public private service concession arrangement.

The term of the arrangement is 30 years, over which the grantor will repay the financing received from the operator, ending in 2033. At the end of the financing period legal ownership will pass from Ryhurst to South Essex Partnership University NHS Foundation Trust.

During the period of the arrangement the grantor will have full and sole use of the properties to provide the health care services as described above.

The operator is contracted to provide maintenance services of a capital and revenue nature over the period of the contract. No material capital expenditure is included in the contract arrangement.

Maintenance costs payable to the operator are subject to annual increases based on the Consumer Price Index (CPI).

There are no changes in the arrangement over the contract period.

Forensic Unit - PFI

In November 2009 a new forensic unit was opened to provide low to medium secure services. The construction of the new facility has been financed by a private finance initiative between South Essex Partnership University NHS Foundation Trust (the grantor) and Grosvenor House (the operator), under a public private service concession arrangement.

The term of the arrangement, over which the grantor will repay financing received to the operator, is 29 years ending in 2037. At the end of the financing period legal ownership will pass from Grosvenor House to South Essex Partnership University NHS Foundation Trust.

During the period of the arrangement the grantor will have full and sole use of the unit to provide health care services as described above.

The operator is contracted to provide maintenance services of a capital and revenue nature over the period of the contract.

Maintenance costs payable to the operator are subject to annual increases based on the Consumer Price Index (CPI).

There are no changes in the arrangement over the contract period

Finance Leases

There were no assets held under finance leases and hire purchase contracts at the end of the reporting period and therefore there was no depreciation charged in the statement of comprehnsive income.

10 Investment Property

	£000	2008/09 £000	2007/08 £000
Carrying value at 1 April	6,555	7,432	6,514
Impairments recognised in expenses	0	(664)	918
Revaluation surplus	60	0	0
Disposed during the year	0	(213)	0
Carrying value at 31 March	**6,615**	**6,555**	**7,432**

11 Other Non current Assets

	Financial Assets £000	Financial Assets 2008/09 £000	Financial Assets 2007/08 £000
NHS Debtors	1,644	1,734	1,912
Total	**1,644**	**1,734**	**1,912**

12 Trade and Other Current Receivables

12.1 Trade and Other Current Receivables

	2008/09			2007/08		
	Total	Financial Assets	Non Financial Assets	Total	Financial Assets	Non Financial Assets
	£000	£000	£000	£000	£000	£000
NHS receivables	996	996	0	2,257	2,257	0
Provision for impaired receivables	(155)	(155)	0	(96)	(96)	0
Accrued income	152	152	0	528	528	0
Prepayments	850	0	850	585	0	585
Other receivables	998	473	525	1,106	723	383
Total	**2,841**	**1,466**	**1,375**	**4,380**	**3,412**	**968**

	2007/08		
	Total	Financial Assets	Non Financial Assets
	£000	£000	£000
NHS receivables	2,050	2,050	0
Provision for impaired receivables	(245)	(245)	0
Accrued income	871	871	0
Prepayments	676	0	676
Other receivables	686	378	308
Total	**4,038**	**3,054**	**984**

12.2 Provision for Impaired Receivables

	£000	2008/09 £000	2007/08 £000
At 1 April	96	245	0
Increase in provision	155	96	245
Amount utilised	0	(122)	0
Unused amount reversed	(96)	(123)	0
At 31 March	**155**	**96**	**245**

12.3 Analysis of Impaired Receivables

	£000	2008/09 £000	2007/08 £000
Up to three months	85	19	83
In three to six months	29	29	162
Over six months	41	48	0
Total	**155**	**96**	**245**

At 31 March 2010, the Trust had 2 impaired debts totalling £155,000 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.

12.4 Analysis of Non impaired Receivables Past Their Due Dates

	£000	2008/09 £000	2007/08 £000
Up to three months	361	520	730
In three to six months	132	115	0
Over six months	0	16	0
Total	**493**	**651**	**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 31 March 2010 none of these debts were considered doubtful, with full settlement therefore expected.

13 Inventories

	£000	2008/09 £000	2007/08 £000
Raw materials and consumables	0	7	7
	0	7	7

During the year miscellaneous stocks items valued at £7,000 were written off. Miscellaneous stock items are charged to operating expenses when purchased.

14 Cash and Cash Equivalents

	£000	2008/09 £000	2007/08 £000
Cash and cash equivalents at 1 April	15,488	9,355	9,794
Net change during the year	(3,386)	6,133	(439)
Cash and cash equivalents at 31 March	**12,102**	**15,488**	**9,355**
Broken down into;			
Cash at commercial bank and in hand	993	210	8,876
Cash in GBS accounts (Government Banking System)	11,109	15,278	479
Total	**12,102**	**15,488**	**9,355**

15 Investments

There were no investments held by the Trust as at 31 March 2010 (2008/09: £nil)

16 Trade and Other Current Payables

	2008/09			2007/08		
	Total	Financial Liabilities	Non Financial Liabilities	Total	Financial Liabilities	Non Financial Liabilities
	£000	£000	£000	£000	£000	£000
NHS Payables	669	669	0	262	262	0
Trade payable - capital	343	343	0	167	167	0
Trade payable - other	2,282	2,282	0	1,313	1,313	0
Other payables	2,570	0	2,570	2,505	0	2,505
Accruals	3,653	3,653	0	6,166	6,166	0
Public dividends capital payable	62	62	0	0	0	0
Total	**9,579**	**7,009**	**2,570**	**10,413**	**7,908**	**2,505**

	2007/08		
	Total	Financial Liabilities	Non Financial Liabilities
	£000	£000	£000
NHS Payables	435	435	0
Trade payable - capital	464	464	0
Trade payable - other	0	0	0
Other payables	2,900	1,875	1,025
Accruals	4,359	4,359	0
Public dividends capital payable	0	0	0
Total	**8,158**	**7,133**	**1,025**

17 Other Current Liabilities

	£000	2008/09 £000	2007/08 £000
Deferred income	545	1,020	473
	545	**1,020**	**473**

18 Borrowings

18.1 Current Liabilities

	£000	2008/09 £000	2007/08 £000
Obligation under PFI contract due within one year	756	130	123
Total	**756**	**130**	**123**

18.2 Non Current Liabilities

	£000	2008/09 £000	2007/08 £000
Long term obligation under PFI contract	34,266	6,503	6,633
Total	**34,266**	**6,503**	**6,633**

18.3 PFI Obligations

	£000	2008/09 £000	2007/08 £000
Gross liabilities	71,070	12,648	13,171
of which liabilities are due			
- not later than one year;	2,925	523	523
- later than one year and not later than five	11,308	2,090	2,090
- later than five years.	56,837	10,035	10,558
Finance charges allocated to future periods	(36,048)	(6,015)	(6,415)
Net liabilities	**35,022**	**6,633**	**6,756**
- not later than one year;	756	130	123
- later than one year and not later than five	3,100	601	569
- later than five years.	31,166	5,902	6,064
	35,022	**6,633**	**6,756**

18.4 Obligations During the Next Year in which The Commitment Expires:

	Total £000	EMI Homes £000	Forensic Unit £000
21st to 25th years	**893**	893	0
26th to 30th years	**2,932**	0	2,932

19 Provisions for Liabilities and Charges

	Pensions Former Directors £000	Pensions Other Staff £000	Other £000	Total £000	2008/09 £000	2007/08 £000
At 1 April	**101**	**2,913**	**455**	**3,469**	**3,506**	**2,991**
Arising during the year	0	0	0	**0**	256	779
Utilised during the year	(7)	(235)	(127)	**(369)**	(366)	(339)
Unwinding of discount	2	59	7	**68**	73	75
At 31 March	**96**	**2,737**	**335**	**3,168**	**3,469**	**3,506**
Expected Timing of Cash Flows:						
- not later than one year;	6	246	14	**266**	379	268
- later than one year and not later than five years;	24	801	53	**878**	897	1,075
- later than five years.	66	1,690	268	**2,024**	2,193	2,163
Total	**96**	**2,737**	**335**	**3,168**	**3,469**	**3,506**

£3,756,000 is included in the provisions of the NHS Litigation Authority (NHSLA) at 31 March 2010 (2008/09: £3,846,665) in respect of clinical negligence liabilities of the Trust.

20 Movements in Taxpayers Equity

	£000	2008/09 £000	2007/08 £000
Tax payers equity at 1 April	107,717	114,095	102,246
Surplus (deficit) for the year	(7,299)	2,778	(6,220)
New public dividend capital received	0	0	3,897
Addtion in donated assets reserve	0	0	2
Other recognised gains and losses	(1)	0	0
Revaluation gains/(losses) and impairment losses property, plant and equipment	(102)	(9,156)	14,170
Tax payers equity at 31 March	**100,315**	**107,717**	**114,095**

21 Movements in Public Dividend Capital

	£000	2008/09 £000	2007/08 £000
Public dividend capital at 1 April	71,704	71,704	67,807
New public dividend capital received	0	0	3,897
Public dividend capital at 31 March	**71,704**	**71,704**	**71,704**

22 Movements on Reserves

	Revaluation Reserve £000	Donated Assets Reserve £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2009	32,108	19	3,886	36,013
Transfer from statement of comprehensive income	0	0	(7,299)	(7,299)
Revaluation gains/(losses) and impairment losses property, plant and equipment	(103)	1	0	(102)
Transfers to the income and expenditure account in respect of assets disposed of	(4)	0	4	0
Other recognised gains and losses	(1)	0	0	(1)
At 31 March 2010	**32,000**	**20**	**(3,409)**	**28,611**

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

Movements on Reserves continued;

	Revaluation Reserve	Donated Assets Reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
At 1 April 2008	41,379	22	990	42,391
Transfer from statement of comprehensive income	(2)	0	2,780	2,778
Revaluation gains/(losses) and impairment losses property, plant and equipment	(9,125)	0	(31)	(9,156)
Transfers to the income and expenditure account in respect of assets disposed of	0	0	0	0
Reduction in the donated assets reserve in respect of depreciation, impairment, of donated assets	3	(3)	0	0
Other transfers between reserves	(148)	0	148	0
Other recognised gains and losses	1	0	(1)	0
At 31 March 2009	**32,108**	**19**	**3,886**	**36,013**

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

23 Notes to the Statement of Cash Flows

23.1 Cash Flows from Operating Activities

	£000	2008/09 £000
Operating surplus(deficit) from continuing operations	6,728	6,615
Operating surplus (deficit)	**6,728**	**6,615**
Non Cash Income and Expense:		
Depreciation and amortisation	2,640	2,640
Revaluation of investment property	(60)	664
(Increase)/decrease in trade and other receivables	1,629	(341)
(Increase)/decrease in inventories	7	0
Increase/(decrease) in trade and other payables	(811)	2,255
Increase/(decrease) in other liabilities	(475)	554
Increase/(decrease) in provisions	(369)	0
NET CASH GENERATED FROM/(USED IN) OPERATIONS	**9,289**	**12,387**

23.2 Reconciliation of Net Cash Flow to Movement in Net Debt

	£000	2008/09 £000
Net increase/(decrease) in cash for the period	(3,386)	6,133
Change in net debt resulting from cash flow	(3,386)	6,133
Net debt at 1 April	15,488	9,355
Net dept at 31 March	**12,102**	**15,488**

23.3 Analysis of Net Debt

	At 1 April 2009	Cash Change in the year	At March 2010
Commercial cash at bank and in hand	210	783	993
GBS cash at bank	15,278	(4,169)	11,109
Total	**15,488**	**(3,386)**	**12,102**

24. Capital Commitments

The value of the capital commitments under expenditure contracts at 31 March 2010 was £2,838,000 (2008/09: £2,046,000).

25. Event After the Reporting Period

On 1 April 2010 (the date of acquisition), South Essex Partnership University NHS Foundation Trust (the acquiring Trust) acquired Bedfordshire and Luton Mental Health and Social Care Trust (the dissolving Trust). Under statutory instrument no. 838, and transfer order, issued by the Secretary of State for Health, the assets and liabilities of the dissolving Trust thereby transferred to the acquiring Trust on the acquisition date

The acquisition will be accounted for under merger accounting.

26. Contingencies

The Trust had no contingent liabilities at year end.

27. 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 operating policies of the Trust. During the year ended 31 March 2010 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:

Organisation	2009/10				
	Income £000	Expenditure £000	Receivables £000	Payables £000	Provision for impaired debts £000
Basildon and Thurrock University Hospital	11	1,655	22	223	0
East of England Strategic Health Authority	1,215	350	20	5	0
South East Essex Primary Care Trust	57,800	89	113	3	0
South West Essex Primary Care Trust	45,181	484	2,200	108	66
West Essex Primary Care Trust	6,391	0	49	0	0

Organisation	2008/09 Income £000	Expenditure £000	Receivables £000	Payables £000	Provision for impaired debts £000
Basildon and Thurrock University Hospital	17	1,872	14	28	0
East of England Strategic Health Authority	1,585	36	388	0	0
South East Essex Primary Care Trust	45,171	4	187	0	0
South West Essex Primary Care Trust	51,353	368	2,722	0	0
West Essex Primary Care Trust	8,543	0	307	0	0

The Trust had a number of material transactions with other government departments as follows

	2009/10 Income £000	Receivables £000	Provision for impaired debts £000
Essex County Council	1,562	167	89

	2008/09 Income £000	Receivables £000	Provision for impaired debts £000
Essex County Council	1,910	35	0

As stated in note 25, as at 1 April 2010 the Trust acquired Bedfordshire and Luton Mental Health and Social Care Trust.
During the year the Trust had the following transactions with Bedfordshire and Luton Mental Health and Social Care Trust,

Income £374,000

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 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.

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 2010 (2008/09: £27,000). 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.

28. 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 ; and

2. The amount of any working capital facility approved by Monitor

The Trust has a maximum cumulative long term borrowing limit of £48.8 million (2008/09: 27.6 million). As at 31 March 2010 the Trust had long term borrowing of 34.3 million (2008/09: 6.6 million).

	Actual ratio 2009/10	Approved ratio 2009/10	Actual ratio 2008/09	Approved ratio 2008/09
Minimum dividend cover	2.48	>1	2.79	>1
Minimum interest cover	4.28	>2	26.48	>2
Minimum debt service cover	3.19	>1.5	19.90	>1.5
Maximum debt service to revenue	2.51%	<10%	0.46%	<10%

Further information on the NHS foundation trust Prudential Borrowing Code and Compliance Framework can be found on the website of Monitor, the Independent Regulator of Foundation Trust.

29. Financial Instruments

IAS 32, 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 to which IAS 32 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 IAS32, 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 2010 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.

Foreign currency risk

The Trust has negligible foreign currency income or expenditure.

30 Financial Assets and Liabilities

30.1 Financial Assets

	Loans and Receivables 2009/10 £000	Loans and Receivables 2008/09 £000	Loans and Receivables 2007/08 £000
Trade and other receivables	3,110	5,146	4,966
Cash and cash equivalents (at bank and in hand)	12,102	15,488	9,355
	15,212	**20,634**	**14,321**

30.2 Financial Liabilities

	Other Financial Liabilities 2009/10 £000	Other Financial Liabilities 2008/09 £000	Other Financial Liabilities 2007/08 £000
Obligations under PFI contract	35,022	6,633	6,756
Trade and other payables	7,009	7,908	7,133
Provisions under contract	3,168	3,469	3,506
	45,199	**18,010**	**17,395**

30.3. Foreign Currency Risk

The Trust has negligible foreign currency income and expenditure.

30.4 Fair Value

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's non current financial assets and liabilities.

	2009/10		2008/09		
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000	Fair Valuation
Financial Assets					
Other Non Current receivables	1,644	1,644	1,734	1,734	Note A
	1,644	1,644	1,734	1,734	
Financial Liabilities					
Provisions	2,902	2,902	3,469	3,469	Note B
	2,902	2,902	3,469	3,469	

The Trust's financial liabilities as at 31 March 2010 comprise provision for early retirement and, but do not include public dividend capital. As a foundation Trust's 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 agreement with commissioners to cover creditors over 1 year for early retirement provisions under contract and their related interest charge/unwinding of discount. In line with note B below, fair value is not a significantly deferent from book value.

B. Fair value does not deferent from book value since, in the calculation of the book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% in real terms.

31. Third Party Assets

The Trust held £445,216 cash at bank and in hand at 31 March 2010 (2008/09: £420,718) 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.

32. Losses and Special Payments

There were 14 cases (2008/09: 24) of losses and special payments totalling £1,159 (2008/09: £28,468). Losses and special payments are accounted for on a cash basis.

key to photographs

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for more information on 0800 0857 935 or email pals@sept.nhs.uk

Foundation trusts are public leaders in improving quality in health services. They are part of the NHS – yet decisions about what they do and how they do it are driven by independent boards. Boards listen to their elected governors and respond to the needs of their members – patients, staff and the local community.

Foundation trusts provide what the health service wants, yet are also free to invest quickly in the changes the local community needs, in striving to be the best, and in putting their patients first.

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