East Suffolk and North Essex NHS Foundation Trust

Annual Report and Annual Accounts

1 April 2019 – 31 March 2020

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East Suffolk and North Essex NHS Foundation Trust

Annual Report
Annual Accounts

1 April 2019 – 31 March 2020

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

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Useful contact information

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Patient Advice and Liaison Service (PALS)

Our Patient Advice and Liaison Service (PALS) offers confidential, on-the-spot advice and support to help patients, relatives and other visitors sort out any concerns they may have about their care.

You can contact PALS on Freephone 0800 783 7328 or by emailing pals@esneft.nhs.uk. Please state whether your email is about Ipswich or Colchester Hospital.

We care, do you?

Becoming a member of our foundation trust gives you the opportunity to get involved in decisions that affect the services that we provide to you and your family. Membership is open to anyone over the age of 16 who lives in our area.

To find out more, email ft.membership@esneft.nhs.uk, phone 01206 742347 or visit www.esneft.nhs.uk and click on “get involved”.

General information and inquiries

Email: communications@esneft.nhs.uk

Full contact details and more contact information is available at www.esneft.nhs.uk

Please note: There is no requirement for a foundation trust to prepare a Quality Report for inclusion in its Annual Report for 2019/20.

For a copy of this Annual Report in Braille, large print or foreign language formats, please call 01473 704770

Welcome

Message from the Chair

Welcome to East Suffolk and North Essex NHS Foundation Trust's (ESNEFT) Annual Report for 2019/20. I write this message in April 2020, when ESNEFT is in the midst of the response to the COVID-19 pandemic. In these unprecedented times it feels rather strange looking back over the past year, but it is good to do so and remind ourselves of the significant progress the Trust has made. Next year's report will undoubtedly feature the pandemic extensively, but at this point in time I am reflecting that when we are at the end of this crisis, we have to be able to build on the amazing strengths that ESNEFT, the NHS and the wider health and care system is showing now to take health and care to another level when things are more stable.

I would like to begin by saying a huge thank you to our staff who have worked so hard over the past year to provide safe, effective and high quality services to our patients. I've been hugely impressed with their positivity since I was appointed as Chair, and look forward to continuing to work closely together as we further improve the services we provide and outcomes for our patients.

We have made significant progress in the past 12 months, with many exciting capital projects taking shape. These represent a significant investment in the NHS locally – building for better care. We have looked for innovative ways to do things differently to drive efficiencies, such as using robots on some of our administrative processes to free up staff to spend more time with patients. This demonstrates our Trust philosophy that 'time matters'. The Board agreed to invest an additional £3.5m in nursing creating an additional 249 posts and have had some real successes in recruitment to improve our vacancy rate. As well as attracting new staff we are also seeking ways to give existing colleagues every opportunity to progress their careers so that they can make the very best use of their skills for the benefit of patients.

We received our first inspection report from the Care Quality Commission (CQC) in January 2020 and were pleased that it highlighted some outstanding areas of care in the Trust, such as our children's and young people's services, end of life care and maternity. We were given an overall rating of 'requires improvement', which reflects some of the challenges that both ESNEFT and the wider NHS are facing. We are already using the recommendations made by the inspectors to help us further develop our services, and are confident the steps we are taking will be reflected in an improved rating following the CQC's next visit.

While we recognise that there is still more to do, it is also important to reflect on some of the many highlights we have seen during the past 12 months. Throughout the year, our staff clocked up some fantastic achievements:

- The £3.25m Collingwood Centre opened at Colchester Hospital, vastly improving the experience which cancer patients and their families have when receiving care. We also welcomed patients to our new cancer wellbeing centre, where they can get information, advice and complementary therapies in a relaxed environment away from the hustle and bustle of the main building.

- We worked with the East of England Ambulance Service to trial a ground-breaking mobile stroke unit in the Ipswich area. The modified ambulance allows staff to take a CT scan and administer clot-busting thrombolysis treatment where appropriate, in turn reducing delays and increasing the patient's chance of making a good recovery.

- One of our patients at Colchester Hospital became the first person to receive the world's most advanced heart implant, which doctors have likened to having a "paramedic in your pocket".

- REACT (Reactive Emergency Assessment Community Team) was shortlisted for a prestigious Health Service Journal award after helping to prevent more than 600 admissions to Ipswich Hospital every month.

- We opened a dedicated induction of labour suite at Ipswich Hospital where mums-to-be who are being induced can relax in homely and comfortable surroundings while they wait to have their baby.

- The first patients were welcomed to our new community phlebotomy clinic in Landseer Road in Ipswich. The clinic gives patients the chance to book an appointment by phone or online rather than dropping in, which helps staff to manage demand and prevents people from having to wait for their blood test during busy times.

- New state-of-the-art beds were introduced in both of our critical care departments to help patients take part in rehabilitation more easily.

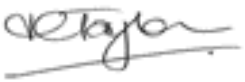
- Work began on a £7m project to build a state-of-the-art specialist centre for diagnostic cardiac and radiology procedures at Colchester Hospital, which will allow patients to be treated more quickly.

- We thanked our hard working staff and celebrated their achievements at the Team ESNEFT awards, and acknowledged those who have given long service to the NHS at two special afternoon teas.

- A portal which gives Ipswich Hospital patients the chance to switch off paper reminders and instead view their appointment details online launched, and will be rolled out to Colchester in the near future.

- The team behind the construction of Aldeburgh Hospital's dementia-friendly sensory garden received well-deserved recognition when they were given a gold award in the community garden category at the National Landscaping Awards in London.

On behalf of everyone on the ESNEFT Board, I would like to thank our staff, governors, volunteers, supporters, stakeholders, patients and partners for helping to make all of this possible. We truly do appreciate your ongoing support.



Helen Taylor
Chair

Chief Executive's overview and plans for the year ahead

The past year has been one of consolidation for East Suffolk and North Essex NHS Foundation Trust. The whole organisation has pulled together to standardise the way we work across all of our sites while looking for ways to further improve. My thanks go to our colleagues, volunteers, partners and the community for their ongoing support during what has been a busy 12 months. In March 2020 a level four national emergency alert was issued to the whole of the UK as the impact of the worldwide COVID-19 pandemic became apparent. We have lived through unprecedented times and know that the legacy of COVID-19 will be felt for some considerable time as we 'restart' services and retain the very best of working in a radically different way.

During 2019/20, we began working even more closely with our health and care partners through the Suffolk and North East Essex Integrated Care System (ICS). We are one of the first 14 nationally to become an ICS, which brings together health and care and the public, private and voluntary sectors in a strong and inclusive partnership. Its footprint includes three clinical commissioning groups, 11 local councils, 102 GP practices and 10 NHS providers, who are all working together to meet the needs of local people.

The ICS has been collectively branded as the "Can Do Health and Care" system and has a strong strategic plan, which is based around its higher ambitions to address wider determinants of health and improve services. During the coming 12 months, every member of the ICS – including ESNEFT – will focus on delivering these aims while looking for further ways to integrate and collaborate for the benefit of our patients.

At the same time, we will be driving several major capital projects on both of our main hospital sites as part of our ongoing 'building for better care' programme. At Colchester, a new urgent treatment centre, wellness centre and Collingwood Centre for cancer care have already been completed, as well as an extensive revamp of the hospital's front entrance. During 2020/21, we will continue to develop plans for our new £44m elective care centre, which will be built in the next few years at our Colchester site for all patients who need orthopaedic surgery, such as hip and knee replacements.

The coming 12 months will also see us progress several exciting schemes in Ipswich. Work is due to start on our new £35m emergency department and urgent treatment centre in autumn 2020, which will ensure that patients arriving at the hospital are treated in the most appropriate place to meet their needs. A new breast care centre, a redevelopment of the children's department and relocation of dermatology, dietetics and neurophysiology from the Victorian north end of the hospital site are also in the pipeline.

We are currently leading the way in the NHS using robots to carry out tasks previously completed by staff. This has led to greater patient choice and a reduction of the number of people who do not attend for their appointments. We will continue to focus on the way we use technology in the coming year as we look for additional ways to help us meet demand while making efficiencies for both staff and patients, which is integral to our Time Matters philosophy.

The coming year will inevitably bring challenges, but also exciting opportunities to do things differently to make our colleagues' lives easier while improving care and outcomes for the communities we serve. Let's work together to make the most of those opportunities so that we can deliver our ambition of offering the best care and experience to everyone in east Suffolk and north east Essex.

Nick Hulme
Chief Executive

About us

History of the Trust

East Suffolk and North Essex NHS Foundation Trust (ESNEFT) was established in July 2018 and brought together the two trusts which previously ran Colchester (Colchester Hospital University NHS Foundation Trust) and Ipswich hospitals and Ipswich East Suffolk Community Health Services(Ipswich Hospital NHS Trust).

The merger has given us the opportunity to work in different ways to improve the services we provide, as well as the potential to make further changes in the future. We will continue to engage with local people as the Trust develops over the months and years ahead.

The people we serve

We provide hospital and community health services to around 800,000 people living across a wide geographical area. We deliver care from two main hospitals in Colchester and Ipswich, six community hospitals and in patients' own homes. We also provide a range of specialised services, such as spinal surgery and prosthetics.

Our pathology services are provided by North East Essex and Suffolk Pathology Services (NEESPS) which is a partnership of Ipswich, Colchester and West Suffolk hospitals and is hosted by our Trust.

In 2019/20 we were the largest NHS organisation in the region and have an annual budget of more than £650 million.

We are also one of the biggest employers in East Anglia, and employed 10,160 people on 31 March 2020.

Time Matters

At ESNEFT, our philosophy is that time matters to everyone. Too often, our current systems and ways of working add unnecessary stress and frustration. Across the Trust, we will concentrate on improving the things we do and removing those which do not work or cause time delays for our staff and patients throughout our day-to-day business.

Building on the success of the first Time Matters Week in November 2018, we held a second week in November 2019. A series of events were organised over seven days, and concentrated on the out-of-hours experiences of patients and staff. The week placed a greater focus on clinical services, as opposed to corporate services which were the focus in 2018. This was a fully inclusive event and included all teams across ESNEFT, both clinical and non-clinical and within both acute and community settings.

Time Matters Week 2019 (TMW2019) gave us the opportunity to continue sharing our philosophy, ambition and objectives, listening and working with patients and staff to see what time matters means to them and how they can contribute.

The primary focus of directors and senior managers during the week was to provide visible support across the organisation. As well as having face-to-face contact with teams, the week also gave them the chance to gain knowledge of areas outside of their day-to-day responsibilities, and to listen, observe, gently enquire, share expertise and lead the ambition for the organisation around Time Matters. Their aims were also to:

- enable innovation, encourage ideas, empower and support staff to release 'non value-added time' and improve time to care
- build 'interconnectedness' – i.e. what affects one of us affects us all
- build 'ingenuity' – i.e. there's nothing we can't achieve if we set our minds to it

During the week, Directors, senior managers and service leads were responsible for engaging with staff and patients. As well as understanding what time matters means to them, the focus was also on how we can work together across ESNEFT to lead, support, advise, empower and change while embracing and embedding the philosophy in our everyday business. Staff were encouraged to think about what Time Matters means and make changes themselves and within their teams, while recognition was also given that other changes may need support at a management or divisional level, or from the wider organisation or system.

The findings

The findings of TMW2019 are:

- Some issues being raised are within the gift of the staff to resolve within their own teams and departments.
- There was overwhelmingly positive feedback from staff on the level engagement they had with senior leaders during the week, with colleagues saying they felt listened to and valued.
- Patient feedback was mostly extremely positive across all areas.
- Communication across the organisation needs a new approach to reach staff, particularly on wards, clinical areas and the back office.
- Outpatient appointments should be an area for focus, from waiting times to receiving a first appointment, patient letters, signposting to waiting times in clinic.
- There was fantastic engagement during the week with divisions, which identified, owned and solved actions.
- Out-of-hours engagement was informative and appreciated by all those involved.
- Car parking is still problematic for patients and staff. Patients commented that they arrive two hours before appointment to ensure they can get a space or schedule an afternoon appointment as it's easier to park. Staff commented that patients are arriving in clinic stressed and frustrated by parking.
- IT and the intranet is still a key issue, including the speed of equipment, response time of systems and the usability of the intranet, as staff are struggling to find information.

Next steps

Although good progress has been made in resolving issues and implementing new ideas following our first Time Matters Week, much of the larger scale, organisational-wide items raised during TMW2019 are similar to the previous year. Most of these are currently being addressed, although the speed of change is slower than expected by our staff and patients.

To address this, the Executive Management Committee (EMC) has reviewed our strategic transformation to narrow our focus and accelerate delivery of the most important priorities. The key findings and proposed actions from TMW2019 have been factored in the prioritisation process to align corporate and clinical priorities under a new programme structure reporting to EMC / Operational Development Group. This may be subject to further change for 2020/21 in response to the impact of Covid-19.

Staff are being encouraged to make time matters principles integral to the way they work and continuously involve their teams in identifying issues and processes which are not working. As well as supporting their patients and colleagues, the approach aims to help them feel empowered to make changes within their service.

Performance Report – overview

The Performance Report helps readers to assess how the Directors performed in their duty to promote the success of the Trust. The report has been prepared in accordance with the relevant sections of the Companies Act 2006, as interpreted in the Government Financial Reporting Manual. We have also taken account of Monitor guidance and the Financial Reporting Council guidance on the Strategic Report (November 2015) to ensure that the report is fair, balanced, understandable, comprehensive but concise and forward-looking.

Statement of purpose and activities

Our vision and strategy

Our new strategy was approved by our Board in April 2019 and runs until 2024. It was developed with our staff, partner organisations and representatives of the communities we serve, and sets out a clear and exciting direction for our services over the next five years.

Our ambition is to offer the best care and experience, and is supported by five strategic objectives which will guide planning and investment:

- Keep people in control of their health
- Lead the integration of care
- Develop our centres of excellence
- Support and develop our staff
- Drive technology enabled care

The document is aligned with national and local strategies, and recognises that we are part of a complex system of health, care and wellbeing services and have key role to play in making sure that service users can receive joined-up care. At its heart is our philosophy that time matters, and our drive to reduce the unnecessary stress of navigating the system and free up time to focus on what matters most.

Over the coming 12 months, the health and care system as a whole will continue to face significant challenges. This is due to the coronavirus (COVID-19) pandemic, and our growing and ageing population, combined with shortages in supply of some groups of the workforce. To address this, we have to adopt new ways of working and achieve higher levels of co-ordination with our health and care partners across the system. Developing our staff with new skills and introducing new roles is at the heart of this. Technology will also play a key role in making our services more accessible while helping us use information well. Innovation in treatments and diagnostic services are also required to ensure that our services continue to be centres of excellence.

Our services

The Trust provides a range of patient services:

	2019/20
Outpatient attendances	917,394
Emergency Department (A&E) patients	183,425
Inpatient and day case admissions	199,749
Babies born	7,001
Community Hospital admissions	1,509
Community attendances	354,007

Data sources: Power BI as at 14/04/2020 and maternity dashboards for March 2020

Key issues, opportunities and risks

As part of good governance, ESNEFT continues to identify issues, opportunities and risks that could affect the Trust in delivering our objectives to achieve future success and sustainability.

Key issues

- The population we serve is growing at one of the fastest rates in England. Favourably, people are also living longer. These factors increase the number of people needing health care services.
- It is difficult to recruit staff across a range of key disciplines. In some teams, the mix of skills and staff roles could be developed further.
- Like many other Trusts we are in financial deficit, despite good progress in cost improvement over the last years.
- National standards for clinical service quality continue to rise and maintaining compliance is challenging in some areas.
- Responding to COVID-19 clinical pressures and the impact on urgent and non-urgent elective capacity.

Opportunities

- We have significant scale in many of our clinical services, with six specialties among the ten largest in England (by number of people treated).
- We have a range of new skills and roles being introduced into our services.
- We provide community services (in Ipswich and East Suffolk) offering good integration of services.
- We operate in a system with a track record of strong partnership working with other health and care agencies.
- We have been allocated £69.3m of capital investment to ensure the sustainability of emergency and elective (planned) care services.
- We have strong education and research teams, with an international presence in some disciplines.

Risks

The causes of the risks and mitigating actions are described in more detail in the Annual Governance Statement. In brief, the principal risks to the Trust's strategic objectives are:

- Ineffective organisational management may not be able to fully mitigate the variance and volatility in performance against the plan.
- Identifying, measuring and delivering cost improvement opportunities and leveraging transformational change, impact on delivery of control total, cash flow and long-term sustainability as a going concern.

- Ineffective engagement of our staff following staff survey, which may limit the opportunity of making improvements and listening to our staff.
- Poor processes for recording activity, which may lead to information gaps.
- Delay in transformation of pathology services, leading to suboptimal service impacting on patient care and relationship with our partners.
- Insufficient nursing staff may lead to delayed or rushed care for patients and a poor patient experience.
- Failure to transform through our strategy and its delivery so that we are unable to achieve long term sustainability.
- If activity growth exceeds capacity assumptions contract and legacy issues are not addressed, then we may not have sufficient capacity to assess and treat people in a timely manner.
- If investment to support IT strategy delivery is not available then there could be delay to the delivery of enabling programmes of work to support the delivery of the Trust Strategy.
- If site wide redevelopment of the Ipswich hospital estate does not occur then some parts of the estate may become unfit for purpose, which may impact on the delivery of our clinical strategy.
- If we do not have in place appropriate EPRR to business disruption then there may be unplanned disruption to clinical and corporate services for up to 12 – 24 hours which may lead to patient care being suboptimal.
- (Emergent) If we do not effectively plan to recover from the business disruption associated with COVID-19 then we may not have the workforce resource or clinical capacity to respond to service demand.

COVID-19

The ongoing pandemic of coronavirus disease 2019 (COVID-19) spread to the UK in late January 2020, with transmission with the UK first documented on 28 February 2020 and a NHS level 4 incident declared in March 2020.

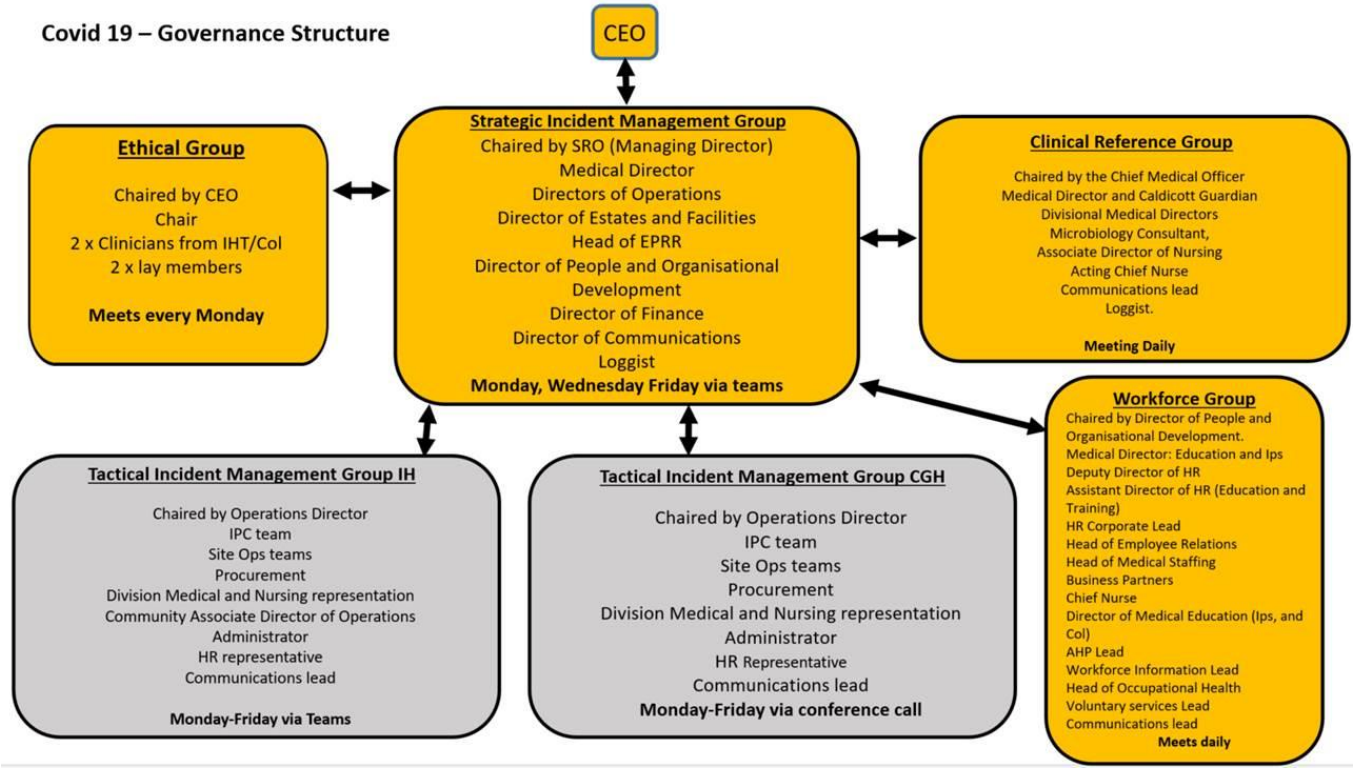
In response to the developing situation ESNEFT triggered its major incident plan with the following actions being taken:

- Trust wide leadership event held on the 6 March 2020 to brief and prepare the organisation (utilising our Pandemic Flu Plan)
- Undertook a review of service level business continuity in light of COVID-19
- Set up major incident command and control governance structure which included:
    - **Strategic Incident Management Team** – Providing strategic leadership, direction and coordination for ESNEFT's response to the evolving COVID-19 incident; and to identify strategic and operational objectives to ensure preparedness and effective risk manage for the duration of the incident. This group was chaired by the Deputy Chief Executive.
    - **Tactical Incident Management Groups** – Providing operational coordination for ESNEFT's response to the evolving COVID-19 incident, deploying the decisions made at the SIMT.

- **Workforce Group**- Providing effective advice and preparedness on coordination and prioritisation of training; health and wellbeing; and attendance of staff and volunteers.

- **Clinical Reference Group** –.Reviewing guidance issued by PHE and other national bodies in relation to COVID-19 on behalf of the SIMT.

- **Clinical Ethics and Advisory Group** - Advisory function for the decisions to ensure that consideration is given to the wider ethical implications of the decisions made from PPE, Resuscitation Guidance and principles for allocation of resources.



- On 18 March 2020, ESNEFT cancelled all non-urgent planned care activities to facilitate PPE and redeployment training of staff.
- A Trust-wide view of 'personal circumstances' and 'risk assessment' of our staff was undertaken in response to those identified with high risk health conditions and the closure of schools.
- From 23 March 2020, all staff that were able to work from home were supported to do so.
- A staff helpline for those reporting sickness absence and self-isolation was set up.
- Patient and staff testing for COVID-19 was set up.
- A communications and engagement plan was initiated (including to our Council of Governors).
- Trust-wide business as usual governance was revised to reduce time commitment whilst maintaining Board oversight.
- Services for urgent and emergency care were maintained.

Going concern disclosure

These accounts have been prepared on a going concern basis. In accordance with IAS 1, management has made an assessment of the Trust's ability to continue as a going concern.

The Directors, having made appropriate inquiries, have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the

Department of Health and Social Care Group Accounting Manual 2019/20, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £192,681k are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

Performance Report – analysis

This section provides more detail about the Trust's performance and information on our most important performance metrics, including finance, activity, quality and our future plans, including plans relating to regulatory compliance.

Care Quality Commission (CQC) registration

East Suffolk and North Essex NHS Foundation Trust has unconditional registration with the Care Quality Commission with no enforcement action. In line with the Care Quality Commissions inspection framework, an inspection of our core services, use of resources and well-led took place in 2019/20.

There have been no restrictions placed on the ESNEFT CQC registration.

NHSI enforcement undertakings

The S106 improvement notice issued by NHSI in January 2018, under the previous Colchester (RDE) licence, was removed on 24 April 2019 on the agreement of NHSE and the NHSI Regional Support Group. The Trust continues to be routinely monitored against the Single Oversight Framework (SOF) which includes 35 metrics across the domains of:

- Quality (Safe, Effective and Caring)
- Operational performance
- Organisation health
- Finance and use of resources

NHSI confirm that ESNEFT is in segment 2.

We had planned to carry out a self-assessment in late 2019/20 to assess East Suffolk and North Essex Foundation Trust's leadership against the NHSI Well-Led Framework. This was deferred to 2020/21 and will include a review of risk management and Board to ward effectiveness. The Trust was rated 'good' by the Care Quality Commission for Well-Led in 2019/20.

Financial outlook

The Trust's accounts for 2019/20 have recorded a deficit of £1.3 million (excluding the consolidation of charitable funds). This includes a significant impairment of assets of £4.8 million. NHSI/E measure the Trust's financial performance after adjusting for certain items, e.g. prior year provider sustainability funding, impairments and donated income. On this measure the Trust delivered a small surplus of £49k.

This includes £34.8m of support from the Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF), which was set up in 2017/18 by NHS Improvement to support providers to move to a sustainable financial footing based on their financial and operational performance. This non-recurrent funding was awarded to the Trust for achieving our agreed financial plan.

The Trust has developed a plan for 2020/21 which has a forecast break-even position after receipt of planned Financial Recovery Funding of £34.1 million. This may change as a consequence of the temporary financial arrangements that are being implemented to deal with the outbreak of COVID-19.

In April operational planning was been suspended until further notice. To simplify processes and reduce the number of transactions during the COVID-19 outbreak some temporary changes for April through to July 20 were introduced.

These include moving to a nationally determined monthly 'block contract' payment and where necessary 'top-up' payment designed to cover costs. All NHS providers are being guaranteed a minimum level of income reflecting their current cost base, together with the ability to claim for additional costs where these reflect 'genuine and reasonable additional marginal costs due to COVID-19'. Consequently, the expectation is that this will ensure adequate funds for providers to deliver a break-even revenue position during the period, and indeed this will inform the basis of NHSI/E's monitoring of performance during this time.

Cost improvement programme

It is our ambition to deliver a financial break even position in 2020/21, with support of £34.1m from the Financial Recovery Fund. To reach this control total and secure this support, it will be necessary to deliver a cost improvement saving of £18.8m. This is approximately 2.5% of the trust's expenditure baseline and is in line with national expectations. The Trust is developing plans to achieve these cost improvements.

Looking ahead to 2020/21

The requirements of the NHS Long Term Plan, which was published in January 2019, set out the need for trusts which are in deficit to be back in balance by 2023/24. To help us achieve this, the Trust has developed and constantly keeps under review a sustainable financial recovery plan. An updated long term financial plan was submitted to regulators in November 2019 and covers the period from 2020/21 to 2023/24.

Again, the outbreak of COVID-19 may impact on the delivery and trajectory of this long term plan.

Cash funding

Due to the planned receipt of Financial Recovery Funding (FRF) in 2020/21 the Trust is not planning to be reliant on Department of Health (DH) funding for cash financing.

NHS Improvement will review our plans to ensure that financial support is provided only for the necessary costs of running a safe organisation. Discretionary spending and investments will be reviewed as part of the conditions of accessing funding from the DH.

The Trust will also need to abide by other conditions, such as the use of capital, which means we will be under increased scrutiny financially and will face constraints in our ability to incur significant costs or capital commitments.

Long term planning

Longer term, the Trust will need to do more than deliver cost improvement plans and efficiency savings to return to a financially sustainable position and improve standards of care.

The Trust has produced consultation business case setting out the options for ESNEFT to develop sustainable clinical services in the long term and has consulted with the public on this document during 2019/20. This clinical strategy will consider ways to address increased demand and pressure on services caused by a growing population, changes in demographics and increasing prevalence of long-term conditions.

The Suffolk and North East Essex Integrated Care System (ICS) was established during 2018/19. The King's Fund have been supporting the ICS to consider future governance arrangements which will allow it to take forward planning at a neighbourhood, alliance and system level.

Financial accountability is expected to be held at an alliance level. ESNEFT straddles the North East Essex Alliance and the Ipswich and East Suffolk Alliance.

Innovation and excellence

The ESNEFT definition of innovation is: "The successful implementation of new ideas, which lead to improved health outcomes, increased efficiency and or financial benefit. These could be technological or otherwise, and which could be new to the universe or just new to the Trust."

Innovation team

The innovation team provide a service to help ESNEFT deliver the strategic objective to "drive technology-enabled care" and to support colleagues who have ideas which would benefit patients, the Trust and wider health service. Support is available in various forms, such as advice, signposting, suggestions on funding sources, support for bid and business case development, and connections to external academic and industry partners, and is for all staff.

In 2019/20 the team continued to develop a community of innovators within the Trust as part of a growing culture of innovation, and provides a strategic focus that enables innovation at a scale, which develops whole organisation solutions to common problems. The team has grown, with three more members of staff joining in the later part of the year bringing clinical, technology, business case development, bid writing and funding expertise.

The team has been working on a number of strategic innovations which will boost one or more departments, such as:

- Commencing the roll-out of the online Patient Portal to view and manage appointments, and to reduce on-site outpatient follow-up appointments.

- Bringing together the right people to develop tools using artificial intelligence to improve cancer and diagnostic pathways.

- Introducing robotics in surgery to improve services through enabling less invasive surgical procedures. In 2019/20 we successfully supported the development of the business case to procure a surgical robot to enhance surgical practice and training in abdominopelvic surgery. This will be linked to the surgical skills training centre within the Iceni Centre.

- Managing the five-year SMARTcare programme, which uses track and trace technologies to create our "internet of things". In 2019/20 we successfully supported the projects and business cases for the procurement of an electronic inventory management system, and sterile services and endoscopy reprocessing management systems with closed loops into theatres and procedure rooms.

- Working with industry to develop the application of technology for use in the homes of frail and vulnerable people to reduce hospital admissions.
- Working with industry on the use of assistive technology in theatres.
- Bidding to be part of the Active Hospitals programme, seeking to improve patients' physical activity in hospitals.

The innovation team is also supporting teams in developing their services:

- Improving the capacity of specialist nurses in end of life care and appropriate place for end of life care.
- Supporting the development of diabetes nurse specialists to change how inpatient care is managed and reduce length of stay and improve outcomes.
- Exploring the benefits and funding of the digitisation of Histopathology services.
- Collaboration between general surgery and University of Essex on use of technology in theatres and wards.

Support is also available for individuals with ideas or inventions, and the Innovation Group and voucher scheme particularly supports this.

Innovation Group

The Innovation Group is made up of supportive and encouraging staff who are able to offer guidance and approve innovation vouchers. Its members include a wide range of staff from innovation, research, clinical, procurement, pharmacy, executive, charities and Health Enterprise East (HEE).

The group act as a sounding board and a safe place for staff to disclose new ideas. The objective of the group is to encourage and allow innovation, and remove some of the bureaucracies that may prevent staff from sharing or developing their innovation. The group meets quarterly, or on an as and when basis.

Since the merger (July 2018) we have received more than 30 ideas from individuals, and have supported these people in a number of ways. We have received individual ideas from a variety of staff groups, including consultants, AHPs, HCAs, nurses, operational managers, junior doctors and executives.

Innovation vouchers and intellectual property reward scheme

The Gibbons Innovation Fund comprises of £50,000 from the Trust's charitable funds. There are 10 innovation vouchers, each up to the value of £5,000. The vouchers have been introduced to encourage staff to come forward with ideas, and can be used to support early stage innovations. The vouchers are open for all members of staff and can be used for feasibility research on a new product, new product design and development, filing of intellectual property and patents.

In 2019/20 four vouchers were awarded. Two were for developing prototype modifications to medical devices for concept approval, one was for an application for design right registration and manufacturing of a product design which can be used on wards, and the last was for developing a prototype for a treatment garment.

ESNEFT has an intellectual property (IP) policy in place to protect innovations. IP that is generated by an employee will be registered with the Trust. There is a Trust reward scheme for staff who generate IP, which ensures that any IP which has been commercialised is shared between the Trust and the inventor.

The Iceni Centre

The Iceni Centre itself continues to be an innovation hub and has excellent facilities, such as a lecture theatre linked to the operating theatres, seminar rooms, skills laboratory and a mock operating theatre. We have continued to expand the range of courses at the centre, including patient safety and human factors for clinical staff, while it remains one of only five training centres across the world to be accredited by the Royal College of Surgeons as an advanced surgical skills centre.

There is also a focus on research at the centre, with a number of international fellowships and clinical attachments, while we signed a memorandum of understanding with the University of Essex in 2019/20. We played host to a highly successful visit by a delegation of nine doctors on clinical attachments from our partner hospital in Ningxia, China and have developed plans with them for further groups of doctors, similar nursing delegations and research projects.

The centre has a number of clinical directors who are innovation champions. In 2019/20, monthly drop-in sessions on innovation were held for staff, with advice and support on hand to help with intellectual property and development issues.

The centre has continued to host schools masterclasses and medical careers days to encourage and stimulate interest in a career in healthcare.

Financial performance

The Trust's accounts for 2019/20 have recorded a deficit of £1.3 million (excluding the consolidation of charitable funds). This includes a significant impairment of assets of £4.8 million. NHSI/E measure the Trust's financial performance after adjusting for certain items, e.g. prior year provider sustainability funding, impairments and donated income. On this measure the Trust delivered a small surplus of £49k.

The financial performance of the Trust in 2019/20 was not materially impacted by the outbreak of COVID-19.

	2019/20 £m	2018/19 £m
Operating income	776.6	624.3
Operating costs	(771.4)	(627.6)
Operating deficit from continuing operations	**5.2**	**(3.3)**
Non-operating costs	(6.5)	(5.1)
Surplus/(deficit) for the year BEFORE gains arising from transfers by absorption	**(1.3)**	**(8.4)**
Gains arising from transfers by absorption	0.0	41.4
Surplus/(deficit) for the year	**(1.3)**	**33.0**

Consolidated accounts

The Trust has not consolidated the activities of the Colchester and Ipswich Hospitals Charity, whose activities are not considered to be material.

Operational service standards

Emergency department (A&E) four-hour standard

The Trust recorded a performance of 82.90% against the national standard of 95%.

National access standards

Our performance against the challenging national access standards between April 2019 and 31 March 2020 was:

	Standard	Performance
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspected cancer referrals	93%	81.15%
Two-week wait for symptomatic breast patients (cancer not initially suspected)	93%	46.15%
All cancers: 62-day wait for the first treatment from national screening service referral	90%	80.85%
All cancers: 62-day wait for the first treatment from urgent GP referral to treatment	85%	74.19%
All cancers: 31-day wait from diagnosis to first treatment	96%	92.33%
All patients who have operations cancelled for non-clinical reasons to be offered another binding date within 28 days	100%	92.76%
Percentage of patients on an incomplete pathway with a maximum of 18 weeks waiting time	92%	82.00%
MRSA	0	1
Incidence of Clostridium difficile infection	18	60

Capital estate development and infrastructure schemes

The Trust has completed a number of significant capital development estates schemes in the last 12 months to support clinical services as they strive to improve further. Services develop and change constantly, and the built environment needs to keep pace.

Carrying out building work in live clinical environments is a complex undertaking and requires very careful planning to ensure everyday care is not disrupted. During 2019/20, we are very proud to have successfully delivered several significant capital development projects:

- New £3.25m Collingwood cancer centre at Colchester Hospital – paid for by charitable funds, this work has seen enhanced cancer outpatient services brought into one place. As well as increasing capacity, the project has also improved the patient experience, is allowing staff to provide an enhanced model of medical care, complementary treatments, information and support. It has also improved recruitment and retention of staff.

- New £5.1m main entrance, reception, retail space and urgent treatment centre at Colchester Hospital – significant improvements have been made to the main entrance and adjacent areas, improving services, accessibility and experience for our patients, carers, visitors and staff. The development has also allowed us to create an urgent care centre ahead of the redesign of the emergency department in 2021.

- Wellbeing centre at Colchester Hospital (funded by the charity) – where people affected by cancer can access a wide range of supportive care at any stage of their cancer diagnosis. A calm, comfortable, non-clinical space located in a tranquil setting overlooking a lake, the centre is open to all cancer patients, their families and carers. It also offers complementary therapies, information, support and advice, as well as a meeting space for support groups.

- £0.8m mortuary expansion and refurbishment at Colchester Hospital – which has provided a bespoke bereavement hub with an on-site registration service to provide a better experience for

the bereaved in collecting the medical certificate and belongings of their loved ones. As required by Department of Health guidelines, the mortuary has also been expanded to increase capacity.

- Steam main distribution network at Ipswich Hospital – this ongoing project will improve the resilience of our hospital services by upgrading the network providing heating and hot water, which is around 50 years old. An additional service will be added to provide dual supplies to the site.

ESNEFT has also been awarded £69.3m from the Department of Health's Strategic Transformation Fund to invest in and transform buildings at both Ipswich and Colchester hospitals. A new emergency department (ED) and urgent treatment centre will be constructed at Ipswich Hospital, while the ED at Colchester will be redesigned at a total cost of £35.8m.

The remaining £44m will be spent creating a new elective care centre where all ESNEFT patients will have planned orthopaedic surgery.

Research and development/ innovation

We are fully committed to developing and supporting research which improves the quality and experience of care for local people. It is central to secure our future as a leading clinical research centre for specialist care in the UK.

The past 12 months have seen significant developments in our unit as we look to modernise the function and introduce leaner ways of working to continue to increase the amount of research carried out across our organisation within the resources available.

Year on year we aim to increase our research portfolio to be able to offer our patients the very best treatments, medicines and services, because we know that patients cared for in a research active environment have better outcomes. We continue to work with many different organisations nationally and internationally, as this enables our patients to have access to new medicines, devices or early diagnostics as part of a clinical trial.

During 2019/20, ESNEFT was able to deliver relevant research benefits to 3,726 patients on 382 clinical trials, including trials to reduce symptoms, increase survival times and improve quality of life. Some of our patients were the first to be recruited in Europe.

Our research activity saw 27 departments taking part during 2019/20, with 144 principal investigators leading the projects supported by 45.33 WTE research posts.

Our Trust is a member of the NIHR Clinical Research Network: Eastern (CRNE), which is responsible for effectively delivering NIHR research in the east of England. The majority of funding for our research activity flows through CRNE, with just over £1.5m allocated for research staff and supporting activity during 2019/20. This funding supports 38.5 WTE research posts and clinical support departments.

In 2019/20, ESNEFT recruited more patients to NIHR portfolio studies than any other east of England Trust, with the exception of Cambridge University Hospitals NHS Trust (Addenbrooke's).

Research governance

All research is delivered in accordance with the UK Policy Framework for Health and Social Care Research (2017). This sets out the research governance principals which protect and promote the interests of patients, service users and the public in health and social care, by describing ethical conduct and proportionate assurance based management of health and social care research.

We ensure that all of our research has undergone robust governance, and Trust assurance is required before any research can start at the organisation. All studies on the NIHR portfolio have been through quality assurance processes to ensure compliance with good practice.

Environmental sustainability

As a publicly-funded organisation and good corporate citizen, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term, even in the context of rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

The Director of Estates and Facilities is the Trust's lead for sustainable development and carbon reduction. ESNEFT has Sustainable Development Management Plans (SDMP) in place that identify the ways in which the Trust's activities impact on the environment and look to provide a framework for measuring improvement in each area.

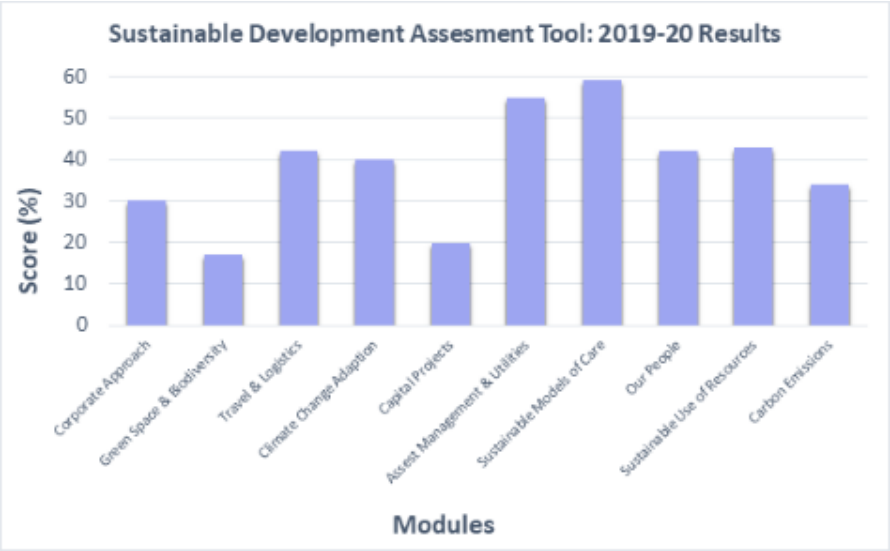
Sustainability Strategy

Our sustainability mission statement is: ***To become a leader in sustainable healthcare,*** with an aim of reducing our carbon emissions by the end of 2020/21 from the 2007/08 baseline year. To continue making improvements in 2020/21 we will have a new ESNEFT-wide plan to be known as the Green Plan.

Policies

In order to embed sustainability within our business it is important to explain the sustainability features in our processes and procedures. One of the ways in which the Trust embeds sustainability is through a Sustainable Development Management Plan, or SDMP.

Our impact as an organisation on corporate social responsibility is measured using the Sustainable Development Assessment Tool (SDAT) tool. The last time we used the SDAT self-assessment was in February 2020, scoring 38%:



As an organisation that acknowledges its responsibility towards creating a sustainable future, we help achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff.

ESNEFT contributes to the following sustainable development goals:

Partnerships and engagement

The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner. Crucially for us as a provider, evidence of this commitment will need to be made in part through contracting mechanisms.

We have continued to be active members of Colchester Travel Plan Club and are actively exploring how we can work more effectively with other local organisations with regards to waste.

The sustainability comparator for commissioned services for our CCGs, which is published a year in arrears, shows:

Organisation	Green Plan	SDAT	SD reporting score
NHS Ipswich and East Suffolk CCG	No	n/a	Good
NHS North East Essex CCG	No	n/a	Good

More information on these measures is available by visiting www.sduhealth.org.uk/policy-strategy/reporting/sdmp-annual-reporting.aspx

The Energy and Sustainability Team have been instrumental in launching a new social media channel (@ESNEFT_EFT) on Twitter and are looking to further improve communications on the intranet, staff newsletters and the Trust's website in 2020/21.

Organisation performance

Since the 2007 baseline year, the NHS has undergone a significant restructuring process which is still ongoing.

The 2014-2020 Sustainable Development Strategy outlined an ambition to reduce the carbon footprint of the NHS by 28% (from a 2013 baseline) by 2020. We have supported this ambition as follows:

Energy

We have carried out a number of activities to address specific objectives in the SDMPs over the past 12 months. In particular, we have invested additional funds in replacing fluorescent lighting with LED fittings, which will continue into 2020/21.

Work to replace old inefficient chillers at Colchester Hospital has continued, together with an expansion of the new system that was installed late 2018/19 to further improve the energy and carbon savings. Strategic work has continued towards planned works at Ipswich Hospital, where we will displace the electric chillers through the use of absorption chillers connected to the steam network.

Feasibility studies have also begun to investigate the integration of solar PV and battery storage systems to be deployed where possible at ESNEFT properties.

Energy used

Resource		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Gas	Use (kWh)	34,188,424	30,808,829	35,334,914	34,605,401	33,995,271	32,792,34
	tCO_2e	7,173	6,448	7,385	7,207	6,255	6,03
Oil	Use (kWh)	1,161,491	644,657	1,406,948	474,999	334,617	126,05
	tCO_2e	372	206	446	109	93	3
Electricity	Use (kWh)	14,707,497	22,006,469	29,353,175	27,598,731	28,549,523	28,248,75
	tCO_2e	9,109	12,652	15,170	12,301	8,770	7,83
Green Electricity	Use (kWh)	13,345,551	7,078,886	441,766	1,267,547	200,774	30,35
	tCO_2e	8,265	4,070	0	0	0	
Total Energy CO_2e		24,919	23,375	23,000	19,618	15,118	13,89

Renewable energy

Colchester Hospital has two sets of solar photovoltaic (PV) panels, which generated a total of 29,061kWh during 2019/20, reducing the amount of grid-supplied electricity used by the Trust and generating income.

Clinical waste from both hospitals is incinerated on site at Ipswich Hospital, with the heat recovered used to provide heating and hot water, meaning much less gas is used than at other equivalent hospitals. This reduces our carbon emissions by more than 3,500 tonnes. Plans are underway to make use of this heat during the summer, when it is normally discharged into the atmosphere, to provide cooling in place of electric chillers.

Travel

We have completed a healthy transport plan as part of our travel policy and are keeping it under review.

We can improve local air quality and the health of our community by promoting active travel to our staff and to the patients and public that use our services.

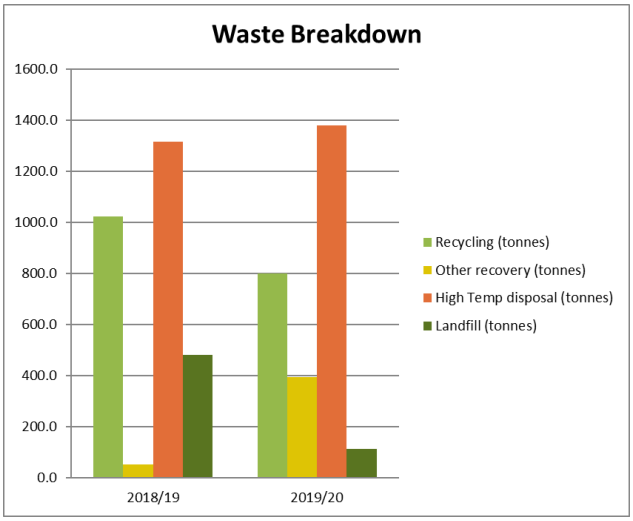
During the year, we have offered subsidies on bus and rail fares, and plan to build new cycle storage facilities and staff showers at both acute hospital sites and a new dedicated travel centre for staff and patients at both Colchester and Ipswich.

Every action counts and we are a lean organisation trying to realise efficiencies across the board for cost and carbon (CO2e) reductions. We support a culture of active travel to improve staff wellbeing and reduce sickness. Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors and are caused by cars, as well as other forms of transport.

Waste produced

Waste		2018/19	2019/20
Recycling	(tonnes)	1022.57	799.62
	tCO_2e	22.25	17.08
Other recovery	(tonnes)	49.52	393.08
	tCO_2e	1.08	8.55
High Temp disposal	(tonnes)	1317.05	1380.19
	tCO_2e	289.75	303.64
Landfill	(tonnes)	479.50	111.63
	tCO_2e	165.18	38.45
Total Waste (tonnes)		2868.64	2684.52
% Recycled or Re-used		36%	30%
Total Waste tCO_2e		478.26	367.72

Waste breakdown



Plastic use

The NHS produces many tonnes of plastic waste every year across catering, clinical practice and its supply chain. In recognition of this, we have a plan to reduce our use of single-use plastics and have signed up to the NHS plastics pledge.

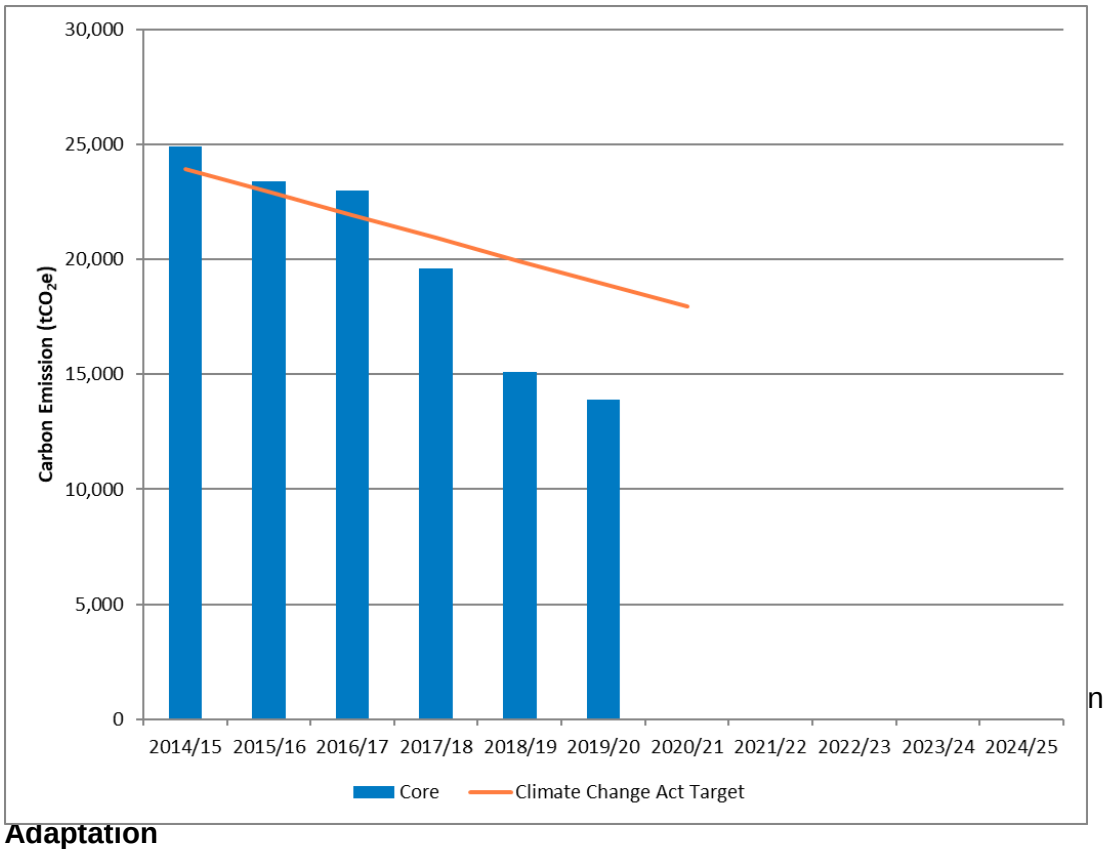
Finite resource use – water

Water consumption has decreased to its lowest level in 2019/20, however additional buildings at both Colchester and Ipswich and increased footfall have seen this figure rise again.

Water		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Mains Water	m^3	250,807	251,358	270,605	248,286	220,691	275,242
	tCO_2e	228	229	246	226	217	270

Carbon emissions progress

Through the various schemes implemented to date, ESNEFT has achieved the 2020 target of 28% carbon reductions in relation to our core activities ahead of schedule and will continue plans for achieving the 2025 target of 51% reduction.



n have in delivering

Adaptation

Events such as heatwaves, cold snaps and flooding are expected to increase as a result of climate change. To ensure that our services continue to meet the needs of our local population during such events, we have developed a number of policies and protocols in partnership with other local agencies.

Fire safety

The fire safety team are responsible for advising on and assessing fire safety across the Trust and consists of three highly specialised and qualified advisors (FSAs).

The fire risk assessment process has recently been streamlined utilising electronic assessment software which will help with the timely completion of assessments and the dissemination of information on fire risk.

The FSAs have been involved in a number of large building projects, including the Collingwood Centre, the Wellbeing Centre and the Big Picture at the Colchester site and the mortuary refurbishment, east theatres and maternity repairs at Ipswich. The FSAs have also been fully involved in the urgent treatment centre planned for the near future.

Liaison with both Essex and Suffolk Fire and Rescue Services continues. All of the Trust's major sites have now been audited by these services and in all cases, no significant issues have been identified.

Security

During the year, the security management specialist team have carried out security risk assessments and made recommendations to managers and estates and facilities where alterations to the premises are required.

The team continue to attend multi-disciplinary meetings and advise multiple staff groups on security matters. This includes working with the safeguarding team and the production of “How to care for and respond to patients with clinically-related challenging behaviours”.

All security officers have attended training on the prevention and management of violence and aggression. In August 2018, this course was extended to clinical staff to provide them with the tools to deal with incidents of violence and aggression and support security staff. It is also an opportunity to encourage staff to work collectively, creating more awareness and a safer environment for everyone.

The SMS has recently received the draft Standards for Violence Reduction and is working towards providing a new violence reduction policy which is required as part of the standards. The purpose of the Violence Prevention and Reduction Standards is to provide a risk-based framework, which supports our staff to work in a safe and secure environment and safeguards against abuse, aggression and violence. Externally we are supporting other organisations and carrying out independent assessments of their service provisions, specifically around CCTV.

Emergency planning

The Trust remains substantially compliant against the requirements laid out in the NHS England core standards for EPRR.

Over the past 12 months, the EPRR team have been involved with developing plans for the EU exit, providing NHSE with daily situation reports, attending regional and local meetings and cascading national updates to the relevant teams within the Trust.

The EPRR steering group is now in place for Suffolk and Essex covering key incidents, site-specific updates, mass casualty plans, lockdown plans and business continuity plans, as well as tactical and strategic command training lead internally by the EPRR team.

Facilities

The facilities department delivers support services including cleaning, catering, portering, security, management of car parking, waste and linen and laundry at both Colchester and Ipswich hospitals, as well as Felixstowe, Aldeburgh and Bluebird Lodge community hospitals.

One of the most important measures of the department’s success is the annual Patient-Led Assessment of the Care Environment (PLACE).

Going forward into 2020/21, the facilities department will look to harmonise the services delivered across ESNEFT wherever possible.

Social, community and human rights issues

Our place in the community

As an NHS provider and employer, the Trust operates within the requirements of UK and European law, including its responsibilities for equity of access to services, employment and opportunities.

We also operate within the NHS Constitution and have employment and service policies in place which address equality and human rights issues.

Information to, and consultation with, employees

The Trust consults with staff to implement organisational change, including mergers and where services have been redesigned or are being transferred either to or from an external service provider. Where formal consultation is necessary, the Trust is very careful to ensure that communication takes place before the formal consultation period. Once that period is closed, informal communication and consultation continue while any change is introduced.

Throughout any period of consultation and change, staff are given the opportunity for both individual and group communication in a variety of forums with the aim of supporting harmonious change for the staff affected and, ultimately, the service provided to patients. This is supported by our recognised unions.

The intranet, email and our TEAM system are also used as rapid methods of communication, while screensavers are also to share simple messages.

There is an established regular briefing by the Chief Executive and members of the Executive team which is cascaded through the organisational management structure. The Board encourages managers to engage with staff members in changing and improving the way in which services are provided.

Equality, diversity and inclusion (EDI)

In September 2019 ESNEFT appointed its first full time EDI lead in recognition of the need to drive this agenda forward so we both meet, and exceed, our legal duties under the Equality Act 2010, Public Sector Equality Duty and national NHS equality requirements to ensure as organisation and employer we:

- eliminate unlawful discrimination, harassment and victimisation and any other conduct
- advance equality of opportunity between people who share a protected characteristic and people who do not share it, and
- foster good relations.

This work has started and will be overseen by the Equality, Diversity and Inclusion Steering Group (EDIG), chaired by the Director of Human Resources and Organisational Development. The group is responsible for overseeing and providing leadership to the Trust regarding our EDI work. It also provides assurance to the People and Organisational Development Committee and subsequently to the Trust Board that we are complying with the requirement set out in with Equality Act 2010.

The group objectives have been set and will look to build on four key priority areas:

- **Inclusive leadership and culture:** Developing a community of leaders who take personal and collective responsibility to inspire and influence inclusive behaviours within the organisation and across our Integrated Care System (ICS). Creating an open and trusting environment that involves and includes everyone at all levels of the organisation to see the importance of EDI for patient care and staff experience.

- **Compliance management**: Strengthening our governance and our approach to embedding EDI across our systems to produce results. Embedding an equality analysis approach to the development of our policies, strategies and organisational change programmes. Monitoring compliance of the strategic.

- **Involvement and engagement**: Widening participation by seeking out a diverse range of stakeholders and underrepresented groups within our workforce and service user groups.

- **Data collection and analysis:** Improving the quality of data collected across the protected characteristics and using this to inform decision making.

LGBT+ Staff and Friends Network

Our LGBTQ+ Staff and Friends Network successfully launched at both our acute hospital sites and, to date, has 201 members with many staff now wearing their NHS rainbow pin badges with pride. The network has developed a two year plan focused on:

- establishing a single network for ESNEFT,
- having a clear and visible LGTQ+ identity,
- raising awareness through the development of a trans policy and participating in wider Trust activities, and
- develop training initiatives to help raise awareness of LGBTQ needs.

Workforce race equality standard

The Workforce Race Equality Standard (WRES) provides a framework for NHS Trusts to report, demonstrate and monitor progress against a number of indicators of workforce equality objectives, and to ensure that employees from Black, Asian and Minority Ethnic (BAME) backgrounds receive fair treatment in the workplace and have equal access to career opportunities. These indicators are a combination of workforce data and results from the NHS Staff Survey.

The overall performance of our WRES data comparing 2018 and 2019 is:

WRES indicators		2018	2019
1. Percentage of staff in each of the AFC bands 1-9 and VSM (including Board members) compared with the percentage of staff in the overall workforce. See chart below.	BAME	12.8%	14.7%
	Non-BAME	71.1%	70%
	Unknown	15.9%	15%
2. Relative likelihood of white applicants being appointed from shortlisting across all posts compared to BME applicants.		1.73	1.66
3. Relative likelihood of BME staff entering the formal disciplinary process compared to		2.34	1.78

white staff.			
4. Relative likelihood of BME staff accessing non-mandatory training and CPD.		1.76	0.93
5. Percentage of staff experiencing harassment bullying or abuse from patients, relatives or the public in the last 12 months.	BAME	30%	26.1%
	White	27%	26.3%
6. Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months.	BAME	26%	24%
	White	27%	22.5%
7. Percentage of staff believing that the Trust provides equal opportunities for career progression or promotion.	BAME	73%	63.2%
	White	77%	86.6%
8. Percentage of staff who have personally experienced discrimination at work from a manager/team leader or other colleagues.	BAME	13%	10.7%
	White	7%	5.2%
9. Percentage difference between the organisation's Board voting membership and its overall workforce.	BAME	10%	16.7%

Accessible information standard (AIS)

The accessible information standard (AIS) is a mandatory standard which directs a consistent approach to meeting the communication needs of service users and carers who have a disability, impairment or sensory loss.

While we are compliant with the AIS, we have a project implementation group and a project manager who ensures that we work towards meeting the required standard. We will continue to monitor implementation of the AIS by ensuring that it is included in our annual clinical records and making sure it improves the patient experience.

Medical staffing

In 2019, ESNEFT was the first choice for FY1 doctors commencing their careers as doctors in the east of England. Also in 2019, all FY1 doctors stayed with ESNEFT to complete their FY2 training to provide a better training experience.

Medical Staffing have continued to work closely with the Iceni Centre and have created Iceni fellow posts in surgery for doctors to come to ESNEFT for a 12 or 24 month period to learn new skills. We have also worked closely with Royal Colleges to extend our Medical Training Initiative Scheme, which now operates in surgery, trauma and orthopaedics, medicine, obstetrics and gynaecology and anaesthetics.

We have active Junior Doctor Forum meetings and safer working meetings on both sites.

Clinical Excellence Awards

Due to delays with the negotiations of the new consultant contract, an interim three year arrangement was put in place in 2018 following agreement with Department of Health and British Medical Association. ESNEFT produced a new policy to underpin the process. The Trust has an obligation to run Clinical Excellence Awards on an annual basis. In 2019, we had 364 eligible consultants and 21 submitted an application. We awarded a total of 14 points.

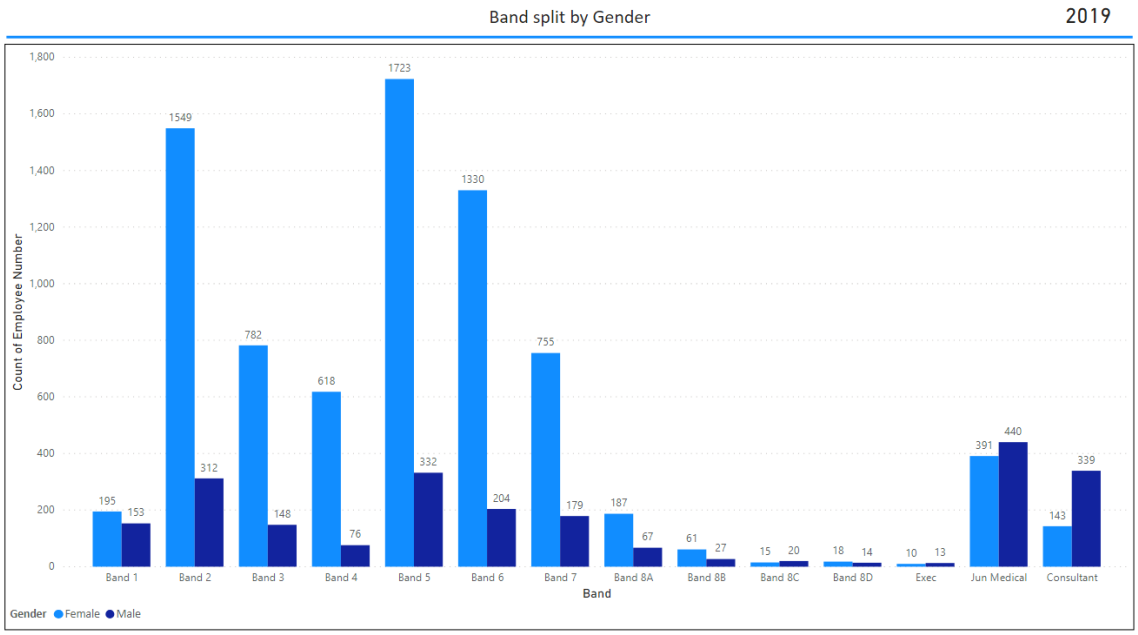
The investment the Trust has to make is protected for CEAs and we will be discussing the remaining investment after the 2020/21 round has been completed.

Gender pay gap

The Trust fully complied with the regulation to publish a full gender pay gap data analysis, and the report is published on our website. In common with most other NHS trusts, the ESNEFT report identified significant discrepancies in the pay gap between female and male staff and the results reflect the historical patterns of employment in the medical workforce.

Gender profile

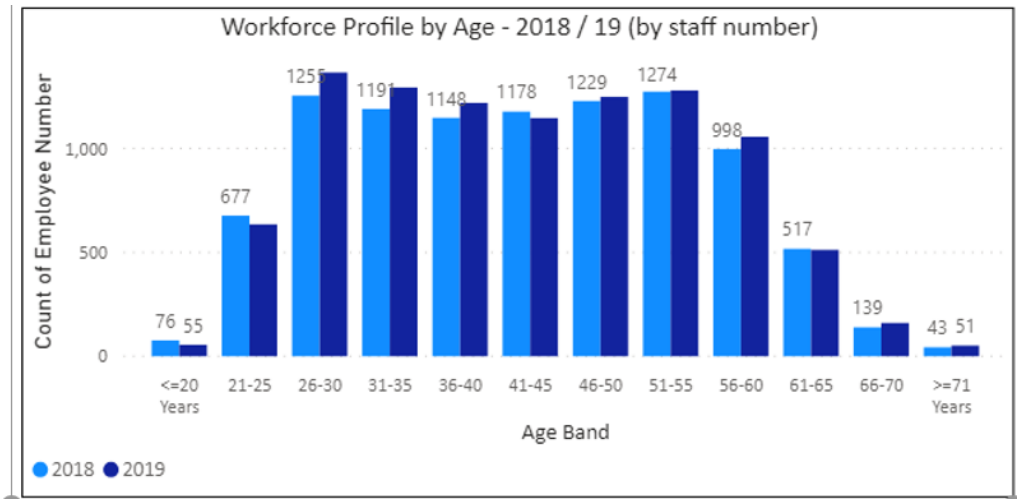
Female staff make up 77% of our workforce while 23% are male, which is consistent with the national gender profile of the NHS. However, the gender split of our local population is 51% female and 49% male.



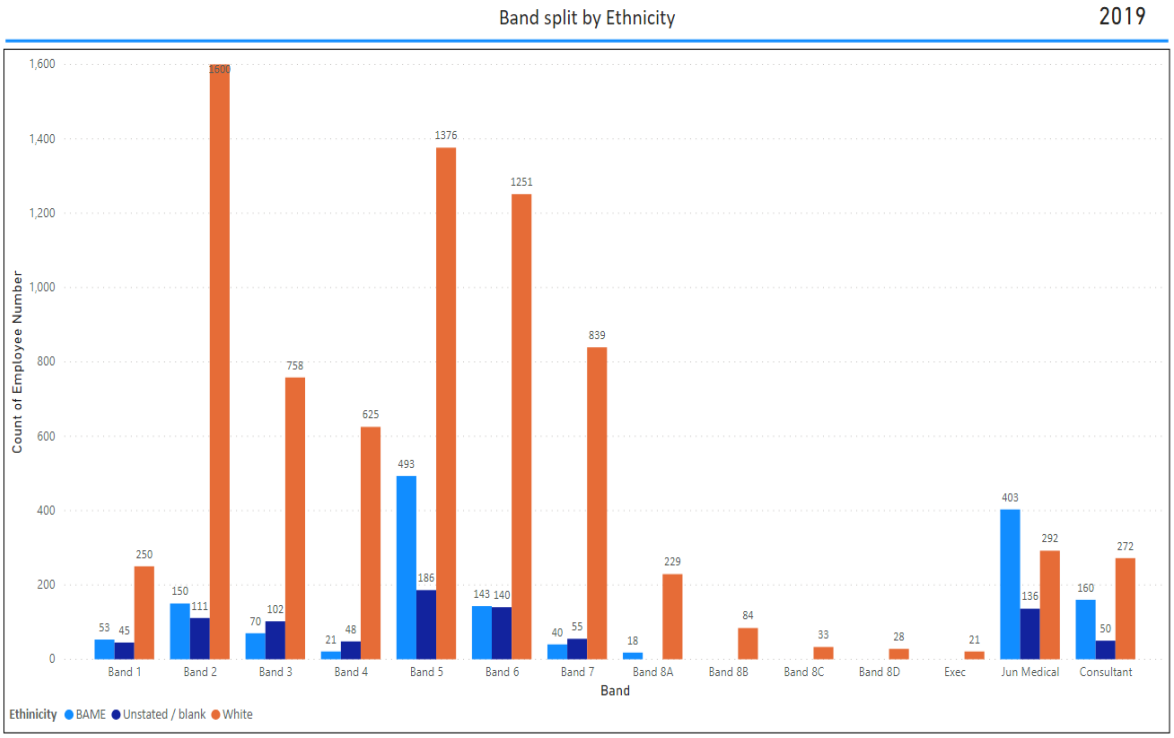
Age profile

A relatively high proportion of our staff are in older age groups, with the majority aged 41+ (55%), which means we have an increasing ageing workforce. 37% of our workforce is aged 26 – 40 and our younger age group (20 to 25) make up 8%. The age group 26 – 30 is our largest group.

We seek to increase our attractiveness to people of all ages through a range of measures, including the widespread provision of work experience opportunities and apprenticeships and the promotion of flexible working.



Ethnicity profile



Armed forces

The Trust has signed the Armed Forces Covenant which signifies that the organisation recognises the value and contribution of serving personnel, both regular and reservist, veterans and military families.

During 2019/20, an Armed Forces Working Group was established, in partnership with the Ministry of Defence, to continue to work towards achievement of the Employer Recognition Scheme Gold Award, having received the Silver Award in 2017.

Some of the main highlights during 2019/20 included:

- The appointment of a Trust Director lead, and Armed Forces Champion and a clinical champion.
- Accreditation as ‘Veteran Aware’ which shows our commitment to ensure all our patients receive the best possible care to meet their needs.
- Reference to armed forces and veteran patients is now included in the new Trust Access Policy.
- Signing the ‘Step into Health’ pledge which publicly confirms our support to the recruitment of members of the armed forces community into the NHS.
- Celebration events during Armed Forces Week in June 2019 (Fly the Flag Day).

Health and safety

The risk and governance team continue to lead Trust-wide health and safety governance structures, which allows us to provide a robust and well-developed health and safety management system as part of ESNEFT's risk management strategy.

The health and safety policy has been approved by the Board and complies with Section 3 (2) of the Health and Safety at Work Act 1974. In addition, all ward/departments have access to:

- A health and safety folder which contains the policy along with ward/department risk assessments; and
- COSHH (Control of Substances Hazardous to Health) manuals which contain risk assessments and guidelines for the safe use of substances.

All incidents relating to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) have been reported to the Health and Safety Executive (HSE) and investigations have been supported by the corporate health and safety team. The corporate health and safety team have supported investigations where staff or visitors have been injured due to a health and safety concern, which are then uploaded onto Datix, our electronic local incident reporting and management system.

All departments, including our community sites, have been inspected in compliance with HSG 65. Any safety improvements which were identified were addressed immediately with departments or escalated to line managers.

The new intranet has a dedicated health and safety page which contains guidance and contact details for the team, including a generic email.

The health and safety team have also continued to deliver induction presentations and health and safety mandatory training which is at 94% compliance.

Health and wellbeing

The Trust is committed to providing an effective health and wellbeing service to which all staff have access. The service provides rapid access to physiotherapy to enable staff to receive speedy advice and treatment, as well as an employee assistance programme.

The Trust continues to work in partnership with Suffolk Mind to help staff protect their emotional wellbeing and mental health. This included delivering training called 'Your Needs Met' to all of our divisional senior leadership teams, along with the continuation of our emotional needs audit.

Over the past 12 months, our health and wellbeing team have also enjoyed working with Public Health England and various alliance partners to review and refresh of the Healthy Workplace Award, which is based on eight standards including leadership, health and safety, healthy eating and mental health.

In our response to COVID-19 there is a comprehensive package of emotional, psychological and practical support for our teams put in place. These are promoted in the 'Caring for you during COVID-19 – wellbeing support and resources' booklet as a single point of reference.

Schwartz Rounds

Schwartz Rounds are structured monthly, one-hour meetings and are available to all staff, volunteers and colleagues working at our various sites. The purpose is to reflect on the emotional experience of working in healthcare, rather than finding solutions to problems. Evidence shows that staff who attend rounds feel more supported, valued and connected with others.

We have experienced rounds with varying degrees of emotional content and audience sharing. Schwartz Rounds in 2019/20 have included the following topics:

- Coping with grief and loss
- The power of exercise
- Hot chicks – understanding the impact of the menopause
- Celebrating our valued allied health professionals

Employee assistance

Staff continue to have access to an employee assistance programme for psychological support and a database for non-psychological problems. A helpline is available to support managers with work issues.

Zero tolerance policy against violence and abuse

The Trust will not hesitate to seek the prosecution of anybody who attacks members of staff while at work. The vast majority of assaults are verbal, and on rare occasions staff have been subject to assault which we take very seriously and will involve the police if required.

The safety of our workforce is paramount and a number of procedures are in place to minimise any potential risk to staff. The Trust has an accredited security adviser who runs in-house training courses on how to deal with violent and aggressive situations and how to manage conflict successfully. These courses are mandatory for all frontline staff.

Fraud and corruption

The Trust supports the continued establishment and maintenance of a strong anti-fraud, bribery and corruption culture among all staff, contractors, the public and patients. Fraud is taken seriously and staff are made aware of how to identify and report fraud correctly.

The Trust endorses the right and duty of individual staff to raise any matters of concern they may have with the delivery of care or services to a patient of the Trust, or about financial malpractice, unlawful conduct, dangers to health and safety or the environment.

In 2020 we published an anti-fraud and bribery statement, which supplements our existing anti-fraud work by setting out our position to all staff, contractors, the public and patients.

We are committed to abiding by the NHS Counter Fraud Authority's Standards for Providers and believe that a culture of openness and dialogue is in the best interests of patient care. However, this must be set in the context of our duty of confidentiality to patients. Our Freedom to Speak Up Policy sets out the procedures put in place for staff if they wish to raise concerns, and the responsibilities managers at all levels have to ensure these are dealt with thoroughly and fairly.

ESNEFT has recognised the increased risk of fraud with Fraudsters nationally exploiting the spread of the COVID-19 coronavirus to facilitate various types of fraud and cyber-crime. In March 2020 we issued a specific fraud notice to all staff to raise awareness.

Overview and scrutiny

Both Essex County Council and Suffolk County Council's Health Overview and Scrutiny Committees (HOSCs) and the joint committees of both councils (JHOSCs) considered aspects of the Trust's work during the year.

Trust representatives appeared at both committees on specific topics and items of interest, including the building for better care programme, plans for public consultation and patient transport.

Public consultations

A public consultation focusing on proposed changes to service provision at ESNEFT was run by Ipswich and East Suffolk and North East Essex Clinical Commissioning Groups between 18 February and 1 April 2020. The proposal outlined plans to centralise orthopaedic surgery from both hospitals onto one site. Under Section 242 of the NHS Act, this represented a significant change to services, meaning a public consultation was required.

The public consultation focused on proposals to build a new centre for planned orthopaedic surgery at Colchester Hospital, serving the whole of east Suffolk and north east Essex. Facilities for day surgery at Colchester would also be improved as part of ESNEFT's building for better care programme.

At the time of writing, consultation had concluded with outcomes to be collated and the decision-making process had not taken place. The process will conclude during the 2020/21 financial year.

Other patient and public involvement activities

The head of patient experience maintained contact with Healthwatch Essex and Healthwatch Suffolk, providing feedback on any issues which were raised. They also attend the joint Colchester and Ipswich hospital patient advisory groups.

Our patient user groups, which aim to make sure patients are involved in the new Trust, have agreed their terms of reference. Our Colchester Hospital User Group and the Ipswich Hospital User Group continue to thrive, with both groups aligning their processes and working together to support ESNEFT.

Principal risks and uncertainties

The Trust is able to demonstrate compliance with the corporate governance principle that the Board of Directors maintains a sound system of internal control to safeguard public and private investment, ESNEFT assets, service quality through its board assurance framework (BAF).

Effective risk and performance management

The Trust's risk management policy ensures effective governance and compliance with best practice. The Board maintains a framework which ensures timely escalation of risk by committees and specialist groups.

The risk management policy which sets out the principles to ensure performance and quality improvement is connected through a two-way communication between the Board and service delivery areas across ESNEFT, such as wards, clinics and patients' homes. This is underpinned by a clear risk appetite statement, which was approved by the Board of Directors.

A monthly integrated performance report to the Board provides an organisational dashboard which is underpinned and informed by reviews of service level dashboards, with action planning at these levels. Improvement at an operational level is managed through divisional quality and performance meetings and is tested through divisional accountability meetings with Executive Directors. A programme of patient presentations and patient stories relating to quality priorities and service risks is also delivered to the Board.

The Quality and Patient Safety Committee oversees and routinely receives information on all serious incidents and the lessons we have learnt from them.

The Trust has continued to build and strengthen the arrangements for managing serious incidents requiring investigation (SIRIs). During 2019/20, we continued to report patient safety incidents and investigate to establish their root cause to enable risks to be addressed in a timely manner.

In 2020/21 ESNEFT has signed up to pilot the new national Patient Safety Incident Response Framework (PSIRF).

ESNEFT is a member of the NHS Resolution's Clinical Negligence Scheme for Trusts.

Effectiveness of systems of internal control

The Board's arrangements for its review and evaluation of the effectiveness of its systems of internal control to manage its principal risks and meet regulatory requirements are also explained in the Annual Governance Statement.

Contractual or other arrangements

This section gives information about organisations with whom we had contractual or other arrangements which were essential to the business of the Trust (unless disclosure would, in the opinion of the Directors, be seriously prejudicial to that organisation and contrary to public interest):

- NHS North East Essex Clinical Commissioning Group (CCG) and associate commissioners (healthcare commissioning)
- NHS Ipswich and East Suffolk Clinical Commissioning Group and associate commissioners (healthcare commissioning)
- NHS England (specialised, local area and armed forces healthcare commissioning)
- West Suffolk NHS Foundation Trust (clinical services)
- Public Health England (clinical services)
- NHS Blood and Transplant (blood products)
- Essex Partnership University NHS Foundation Trust (mental health services)
- Norfolk and Suffolk NHS Foundation Trust (mental health services)
- Public Health England (microbiology services)
- Allied Health Professionals Community Interest Company (clinical services
- Anglian Community Enterprise Community Interest Company (clinical services)
- Ramsay Healthcare Ltd (clinical services)

Overview of other procurement arrangements

The Trust had a number of other procurement arrangements, including:

- Alliance Medical Limited (MRI services)
- Diaverum UK Limited (renal services)
- Steeper Group Ltd (orthotic and prosthetic services)
- GE Capital (equipment leasing)
- Suffolk GP Federation Community Interest Company

Joint ventures and partnership arrangements

The Trust has always worked in partnership with a number of organisations for the delivery of services. The most significant of these are:

- A section 31 partnership under the Health Act 1999 with Essex County Council, Mid Essex Hospital Services NHS Trust, NHS Mid Essex, NHS North East Essex, NHS South East Essex, NHS South West Essex and Thurrock Council for an integrated community equipment service.

- Partnership arrangements with other NHS Trusts, such as Mid Essex Hospital Services NHS Trust and West Suffolk NHS Foundation Trust for a range of clinical services.

Trust business model

ESNEFT operates a devolved management structure comprising six clinical divisions within three groups and one corporate division. The groups and divisions have delegated authority for governance, performance and expenditure/income and are accountable through the accountability framework to the Executive team, led by the Chief Executive.

Post year-end events

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £192,681k are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

Accountability Report

The Accountability Report pulls together all of the statutory disclosures relating to NHS foundation trusts and comprises the Directors' Report, Remuneration Report, Staff Report, FT Code of Governance Disclosures, regulatory ratings, Statement of Accounting Officer's Responsibilities and the Annual Governance Statement.

Directors' Report

The Directors' Report comprises the details of the individuals undertaking the role of Director during 2019/20 and the statutory disclosures required to be part of that report and information relating to quality governance. It is presented in the name of the following Directors who occupied Board positions during the year (it also incorporates the operating and financial review):

Name	Title
Eddie Bloomfield	Non-Executive Director
Laurence Collins	Non-Executive Director (until 4 April 2019)
Melissa Dowdeswell	Interim Chief Nurse (from 2 March 2020)
Shane Gordon	Director of Integration Director of Strategy, Research and Innovation
Nick Hulme	Chief Executive
Hussein Khatib	Non-Executive Director (from April 2019)
Adrian Marr	Director of Finance (from October 2019)
Mike Meers	Director of IM&T
Neill Moloney	Managing Director/Deputy Chief Executive
Catherine Morgan	Chief Nurse (until 1 March 2020)
Julie Parker	Non-Executive Director
Dawn Scrafield	Director of Finance (until August 2020)
Richard Spencer	Non-Executive Director
Carole Taylor-Brown	Non-Executive Director / Senior Independent Director / Deputy Chair
Helen Taylor	Interim Chair from June 2019 appointed substantive Chair as from January 2020
Dr Angela Tillett	Chief Medical Officer
David White	Chair (until June 2019)
Richard Youngs	Non-Executive Director

Statement as to disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. The Directors have taken all of the steps that they ought to have taken as Directors in order to be aware of any relevant audit information and to establish that the auditors are aware of that information.

Statutory income disclosures

Non-NHS income

Under the requirements of section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), the Trust can confirm that income from the provision of goods and services for the purpose of health services in England is greater than the income generated from the provision of goods and services for any other purpose.

Income to the Trust from non-NHS sources has a positive impact on the provision of goods and services for the purposes of the health service, as all income to the Trust is used for the benefits of NHS care.

Other public interest disclosures

Better Payment Practice Code

The Trust is required to pay trade creditors in accordance with the Better Payment Practice Code. This simple code sets out the following obligations of a business to its suppliers:

- bills are paid within 30 days, unless covered by other agreed payment terms
- disputes and complaints are handled by a nominated officer
- payment terms are agreed with all traders before the start of contracts
- payment terms are not varied without prior agreement with traders
- a clear policy exists of paying bills in accordance with contract

We aim to pay at least 95% of our invoices in accordance with these obligations. However, cash constraints caused by our in-year deficit necessitated that we increase payment terms to 35 days wherever possible without causing a detrimental impact on the supply of goods and services it receives.

	Number	£000
Total non-NHS trade invoices paid in the year	143,813	470,469
Total non-NHS trade invoices paid within target	99,034	363,234
Percentage of non-NHS trade invoices paid within target	69%	77%
Total NHS trade invoices paid in the year	3,995	79,094
Total NHS trade invoices paid within target	2,013	53,209
Percentage of NHS trade invoices paid within target	50%	67%

HM Treasury cost allocation compliance

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

Fixed assets

Although there is no predetermined frequency at which property, plant and equipment assets must be revalued, accounting standards require that asset values should be kept up-to-date. Therefore, the frequency of revaluation needs to reflect the volatility of asset values and, in NHS Improvement's view, property assets are likely to require revaluation at least every five years.

The last full valuation of the Trust's land and building assets was carried out at 31 March 2019 by the DVS (the commercial arm of the Valuation Office Agency). Both sites will be revalued on the same basis of alternative site with alternative build.

Political or charitable donations

The Trust made no political or charitable donations.

Interest rate or exchange rate risks

The Trust does not have any significant exposure to interest rate or exchange rate risks and therefore does not hold any complicated financial instruments to hedge against such risks. Details of the Trust's financial instruments are shown in the Annual Accounts.

Accounting policy for pensions and details of senior employees' remuneration

The accounting policy for pensions can be found in the Annual Accounts, which are in section B of this report. Details of senior employees' remuneration can be found in the remuneration report.

Quality Governance

The clinical governance structure supporting the quality agenda is established across ESNEFT. Three executive groups (the Clinical Effectiveness Group, Patient Safety Group and Patient Experience Group) report through to the Quality and Patient Safety Committee, an assurance committee of the Board of Directors

Well-led Framework

As part of the merger to form ESNEFT in 2018/19, the Board reviewed the arrangements in place to deliver against the NHSI Well-led Framework, which included a review of risk management and Board to ward effectiveness. As a result of this review, Board memorandums for quality governance, financial reporting procedures and a post transaction implementation were developed to set the governance on how we would deliver safe and high quality services and implement a vision for the future.

In 2019/20 we have continued to build on these foundations in line with NHSI Well-led Framework:

- Established and embedded our leadership structure at both Board and divisional level;
- Established leadership development programme which is unpinned by the ESNEFT values based appraisal system;
- Set our ESNEFT five year strategy following extensive internal and external consultation; and a range of enabling strategies to drive the programme (ICT, Estates, and Communication & Engagement).
- The ESNEFT values (OAK: Optimistic, Appreciative and Kind) on which continue to develop the ESNEFT way.
- Through divisional governance and our accountability framework (aligned to the Well-led Framework) there is a transparent view of performance throughout the organisation reflective of quality, operational performance and financial management.
- Continue to mature the risk management culture across ESNEFT services, with positive assurance reviews in 2019/20.
- Set our Quality Strategy, quality priorities and launched the Quality Improvement Faculty.

In 2020/21 we will see our People Strategy developed to support new ways of working, innovation and transformation for the benefit of the ESNEFT community.

In preparation for the CQC inspection we undertook a self-assessment against the well led framework. The CQC has rated Well-led as good, noting that:

- Leaders had the skills and abilities to run the trust and the services. They understood the priorities and issues the trust and services faced. They were visible and approachable in the service for patients and staff. They supported staff to develop their skills and take on more senior roles;
- The trust had a clear vision for what it wanted to achieve and a strategy to turn it into action, developed with all relevant stakeholders. The vision and strategy were focused on sustainability of services and aligned to local plans within the wider health economy. Leaders and staff understood and knew how to apply them and monitor progress. The trust philosophy of 'Time matters' to improve patient experience and achieve strategic objectives was embedded at all levels.
- Staff felt respected and valued. They were focused on the needs of patients receiving care. The service promoted equality and diversity in daily work, and provided opportunities for career development. The service had an open culture where patients, their families and staff could raise concerns without fear.
- The service collected reliable data and analysed it. Staff could find the data they needed, in easily accessible formats, to understand performance, make decisions and improvements.
- Leaders and staff actively and openly engaged with patients, staff, and equality groups, the public and local organisations to plan and manage services. They collaborated with partner organisations to help improve services for patients.
- All staff were committed to continually learning and improving services. They had a good understanding of quality improvement methods and the skills to use them. Leaders encouraged innovation and participation in research.

It was also noted that three of the core services inspected were rated as requires improvement for well-led to be improved.

ESNEFT welcomed the feedback and will take actions to improve in 2020/21. This year will also see our People Strategy developed to support new ways of working, innovation and transformation for the benefit of the ESNEFT community.

We planned to carry out an external evaluation of the Board and governance of the Trust using the Well-le Framework during quarter four 2019/20.This was deferred to 2020/21 and will include a review of risk management and Board to ward effectiveness.

Consistency of evaluation

The Trust has reviewed the consistency of its Annual Governance Statement against other disclosure statements made during the year as required by the Risk Assessment Framework, the disclosure statements required as part of this report and the Annual Plan and against the reports arising from the CQC planned and responsive reviews of the Trust. We have identified no material inconsistencies to report.

Patient safety

Our ultimate aim is to deliver the highest quality healthcare services to every patient, every day. Each area is responsible for setting and delivering Trust-approved improvement targets. Performance against internal and external quality indicators is monitored by the Patient Safety Group. Assurance is provided to the Quality and Patient Safety Assurance Committee on a monthly basis.

Patient safety walkabouts

Governors and Non-Executive Directors have continued walkabouts throughout 2019/20 to service areas in the Trust, speaking with patients and staff. These walkabouts are reported through to the Council of Governors, with immediate actions reported back to service area leads for completion. The walkabouts were suspended in response to COVID-19 and the scheduled programme of walkabouts set up for 2020/21, will be reviewed in light of infection prevention and control requirements, as well as social distancing requirements.

Peer reviews

A peer review is the professional assessment against standards of our healthcare processes and quality of work, with the objective of facilitating improvement. The methodology used during CQC and Monitor reviews focus on the five key domains of safe, effective, caring, responsive and well-led and has been recognised as best practice. Subsequent peer reviews and ‘deep dives’ into concerns raised internally and externally continue to be led by the Risk and Compliance Team.

Mortality

The Hospital Standardised Mortality Ratio (HSMR) and Summary Hospital-level Mortality Indicator (SHMI) give an indication of whether the mortality ratio of an organisation is higher or lower than expected, when compared to the national (England) baseline. The HSMR for the 12 months to November 2019 was 106.6, ‘higher than expected’. ESNEFT was one of six acute non-specialist trusts of 15 in the east of England with a ‘higher than expected’ HSMR. The SHMI results include deaths within 30 days of discharge. For the 12 months to October 2019, ESNEFT’s SHMI was 1.0898, ‘as expected’.

Although mortality rates at ESNEFT follow the national seasonal trend for acute trusts, death rates are amplified during the winter due to serving and older population with multiple chronic comorbidities such as heart failure, renal failure, diabetes, dementia and COPD.

Work is ongoing to make sure that patients arriving at Emergency Departments (EDs) are rapidly assessed and treated according to national protocols and that, following admission, they are closely monitored and escalated. Additional protocols ensure that patients in higher risk categories are reviewed by an ED consultant prior to appropriate discharge.

We are working with community partners to reduce unnecessary admissions for patients in the last months of life by improving symptom control in the community, introducing services such as the COPD HOT clinic and allowing patients to be treated in their preferred place of care. In addition, there are hospital-based teams which facilitate discharge from the ED with community support, thereby reducing the number of avoidable hospital stays.

The Trust has developed a robust mortality review process for in-hospital deaths as specified in national guidance published March 2017. Deaths are reviewed in line with national mandatory requirements for learning from deaths using pre-defined criteria and multiple data sources. In addition, staff review any death where they feel that death was not ‘expected’ or where there were care concerns. Where learning or issues are recognised these are collated and fed back to the clinical teams, and are also escalated via the Trust’s internal governance system.

Since April 2019 (Colchester site) and November 2019 (Ipswich site), medical examiners have provided additional scrutiny by assessing the quality of care, both as described in the health record and through discussion with the bereaved. Since inception of the role, the Trust has maintained 100% compliance with the review of all non-coronial deaths. Every family/carer is offered the opportunity to speak with a medical examiner, which gives the bereaved an opportunity to ask questions about the care of their loved one, including clinical decisions, treatment and health conditions. Medical examiners have been able to provide an explanation about the effects of a disease or condition and subsequent treatment, which can be help with understanding and allaying concerns. Feedback from families has been that care was “excellent”, “could not have been better”, or “the staff were fantastic”.

Falls prevention

There were 825 inpatient falls at Colchester Hospital in 2019/20, which is a 6% reduction on the previous year. Of these falls, 17 resulted in serious harm, which is the equivalent of a 2% decrease on the previous year.

Ipswich Hospital had 1,358 inpatient falls in 2019/20, which is an increase of 7% on the previous year. Of these, 16 resulted in serious harm, which is a decrease of 2% on the previous year’s figure.

Our community hospitals recorded a total of 271 falls in 2019/20, a 44% reduction on the previous year. Of these, four falls resulted in serious harm.

ESNEFT has continued its focus on delivering safe care for all patients. Cohort nursing has been effective and is rolling out across all hospital sites. Our aim is to maximise patient safety by identifying patients at risk of falls on admission and continually monitoring them until discharge, while placing a focus on rehabilitation and mobilisation in our community hospitals to reduce the risk of deconditioning.

Pressure ulcers

Pressure ulcers remain an unwanted complication and it is widely acknowledged that they are largely preventable. They are costly in terms of human suffering, treatment and the potential for rising litigation costs due to them being regarded as a possible indicator of clinical negligence. Despite many national prevention campaigns in recent years, pressure ulcer incidence rates continue to rise.

Wounds are graded in accordance with European Pressure Ulcer Advisory Panel guidelines from stage one to stage four, with stage four being the most severe due to the extent of tissue damage that occurs.

The number of pressure ulcers at Colchester Hospital classified in stages two to four was 72, a decrease of 8% on the previous year. At Ipswich, there was a total of 218, which is an increase of 22% from the previous year. Our community hospitals recorded 20 stage two to four pressure ulcers this year, which is one more than in 2018/19.

Our Trust continues to promote the use of the ASKIN (assessment, surface, keep moving, incontinence/ moisture, nutrition/ hydration) care bundle as an effective model of pressure ulcer prevention by ensuring staff embed the model principles into their everyday nursing care. Assessment ensures that patients who are at risk of developing pressure ulcer damage are identified early and appropriate care interventions are implemented to prevent pressure ulcers.

Improvements in patient information

Our patient information strategy continued to ensure healthcare professionals were able to deliver accurate, up-to-date, easy-to-understand, informative and timely information to patients. More than 1,000 different leaflets were available, which were compliant with Department of Health guidelines.

Infection control

We have continued to perform well with regard to controlling and preventing hospital-acquired infections. Rigorous clinical and environmental hygiene measures, controls on prescribing antibiotics, isolation of infected patients and root cause analysis of cases, supported by learning and implementing changes, continue to have a significant impact. We will continue this vigilant approach in 2020/21 with education, monitoring and reporting.

Clostridium difficile

Clostridium difficile incidence is assessed as cases detected after day three of admission (these are considered to be attributable to an infection acquired in hospital). A new system of reviewing cases was introduced to determine whether cases were associated with or without breaches of local protocols, the latter being deemed unavoidable. The agreed maximum ceiling of cases was 107 across all sites governed by the Trust.

Of the 96 cases in total reported across the Trust sites, there were nine cases with breaches and 69 cases with no breaches across all sites. Note that there are currently 18 cases outstanding a final decisions which may affect the Trust-apportioned number of cases for the year 2019/2020. Continuing with a low number of cases is testament to the vigilance of clinical teams and their compliance with best practice. However, we still have further work to do relating to antimicrobial prescribing and timely isolation.

MRSA bacteraemia

MRSA incidence is assessed as cases detected more than 48 hours after admission, which are considered to be attributable to an infection acquired in hospital, or cases where MRSA is considered to be a contaminant in blood cultures. Although our target was to have zero cases of MRSA bacteraemia**,** one inpatient case was identified for the year 2019/2020. The case was reviewed by a panel and learning relating to peripheral line management shared as a result.

Gram-negative blood stream infections

E.coli bloodstream infections represent 55% of all Gram-negative blood stream infections. Approximately three-quarters of these cases occur before patients are admitted to hospital, we are contributing to a system-wide plan to support improvements across the health economy. There have been no local concerns about hospital associated cases, these are all investigated and reported as per the national Public Health England mandatory reporting programme.

Surgical site infection

Orthopaedic surgical site infection data reporting has been mandatory since 2005. The Trust also participates in non-mandatory reporting, including continual vascular surgical site infection surveillance, and continues to achieve rates well below the national benchmark in all modules covered.

Hand hygiene monitoring

We monitor compliance with best practice for hand hygiene in all clinical areas every month. Compliance overall remained above 95%, with the March figure (encompassing data from Colchester, Ipswich and the East Suffolk Community sites), being 95.96%.

COVID-19

ESNEFT have been committed to following the guidance issued by Public Health England (PHE). All staff have had the opportunity to undertake a risk assessment ensuring their health and safety within the work place. Staff have access and training regarding the use of personal protective equipment (PPE), and where there has been potential for national shortages of PPE, ESNEFT has ensured practices were in place to mitigate any risk. Over 1,000 ESNEFT staff have undertaken further training in order to support the pandemic either within clinical or operational settings.

Up to the end of March 2020, ESNEFT screened 979 patients.

Improving our patients' experience

Your experience is our responsibility

We remain fully committed to improving patient experience and providing high quality, safe and effective services, while putting patients, relatives and carers at the heart of everything we do.

We continue to welcome complaints as a tool for learning and making improvements. Following the merger, our Patient Advice and Liaison Service (PALS) and the complaints team were aligned to ensure anyone contacting them would receive a consistent and high standard of support, although the teams continue to provide local support to each hospital as enquiries remain site-based.

We are committed to learning from incidents and ensure our teams are aware of all lessons to be learnt for their areas, therefore reducing the risk of serious incidents, never events and serious complaints.

We collect patient feedback from many sources and use this information to inform service development and improvement programmes.

Privacy and dignity

Maintaining patients' privacy and dignity is fundamental to providing a high standard of care. According to the 2019 national adult inpatient survey, 98% of Trust patients said they were treated with dignity and respect and 99% stated there was always enough privacy when being examined or treated.

Treating patients with privacy and dignity is included on the extended clinical induction for all members of the multi-disciplinary team.

Delivering same sex accommodation

The NHS Constitution confirms a patient's right to dignity and respect. The Trust is committed to treating all patients with privacy and dignity in a safe, clean and comfortable environment.

We are compliant with the government requirement to eliminate mixed-sex accommodation, except when it is in the patient's overall best interest or reflects their personal choice. We have the necessary facilities, resources and culture to ensure that patients who are admitted to our hospitals will share only the room where they sleep with members of the same sex, and that same-sex toilets and bathrooms will be close to their bed area. Sharing with members of the opposite sex will happen only when clinically necessary, for example, where patients need specialist equipment such as in intensive care or the high observations unit.

If our performance falls short of the required standard, this is reported to North East Essex CCG or Ipswich and East Suffolk CCG. We also have an audit mechanism to make sure we do not misclassify any of our reports. We record the results of that audit as part of our patient experience audits.

Patient and public involvement

As an NHS foundation trust, we are committed to the principle of public, patient and staff involvement. Public and staff members have elected governors to represent their views and to work with the Trust to ensure patients' views are taken into consideration at all times.

The Council of Governors were represented at a number of public engagement events held between April 2019 and March 2020, and listened to feedback around the merger, the Building for Better Care programme and the quality of care across ESNEFT. They were pleased to note that at these engagement events, new public members were recruited in all constituencies including Colchester (13), Ipswich (12), the rest of Essex (8) and the rest of Suffolk (17).

How the Trust monitors patient experience

We value the feedback we receive from patients about their experiences of receiving care and gather it in several different ways.

The NHS Friends and Family Test (FFT) is well-established across the adult inpatient, maternity and emergency department (A&E) pathways. Responses are largely collected by leaflet, as well as via SMS and the telephone for patients using the ED. FFT reports are sent to the Trust's divisions and wards both weekly and monthly, results are discussed and reviewed at the Patient Experience Group, then reported through to the Quality and Patient Safety Assurance Committee and shared with commissioners.

Compliments and commendations are recorded and reported on a monthly basis. Feedback which is posted on online via forums such as NHS Choices, Care Opinion and HealthWatch is collected and shared via the patient experience team. Complaints and PALS also remain a rich source of feedback for learning and improvement and, where necessary, may also look into issues which have been raised online.

Using online and social media to engage and communicate

The Trust's communications team uses social media, namely Facebook and Twitter, to further engage and communicate with service users.

As of the end of March 2020, our ESNEFT Twitter page had 3,583 followers and our Facebook page had 8,752. Facebook encourages people to recommend and review services based on personal experience. As of the end of March 2020, our Trust had been reviewed 141 times, scoring and average of 4.4 out of 5.

The communications team responds to all appropriate comments, reviews and messages on its social media pages, positive or negative, escalating any issues as appropriate.

NHS Choices

The NHS Choices website (www.nhs.uk) allows people to leave compliments or feedback about our hospitals and services. These comments can be seen by anyone who visits the website and aids people to make decisions about where they chose to receive their treatment.

ESNEFT has been reviewed 269 times so far, and has scored an overall rating of 4.5 out of 5 stars.

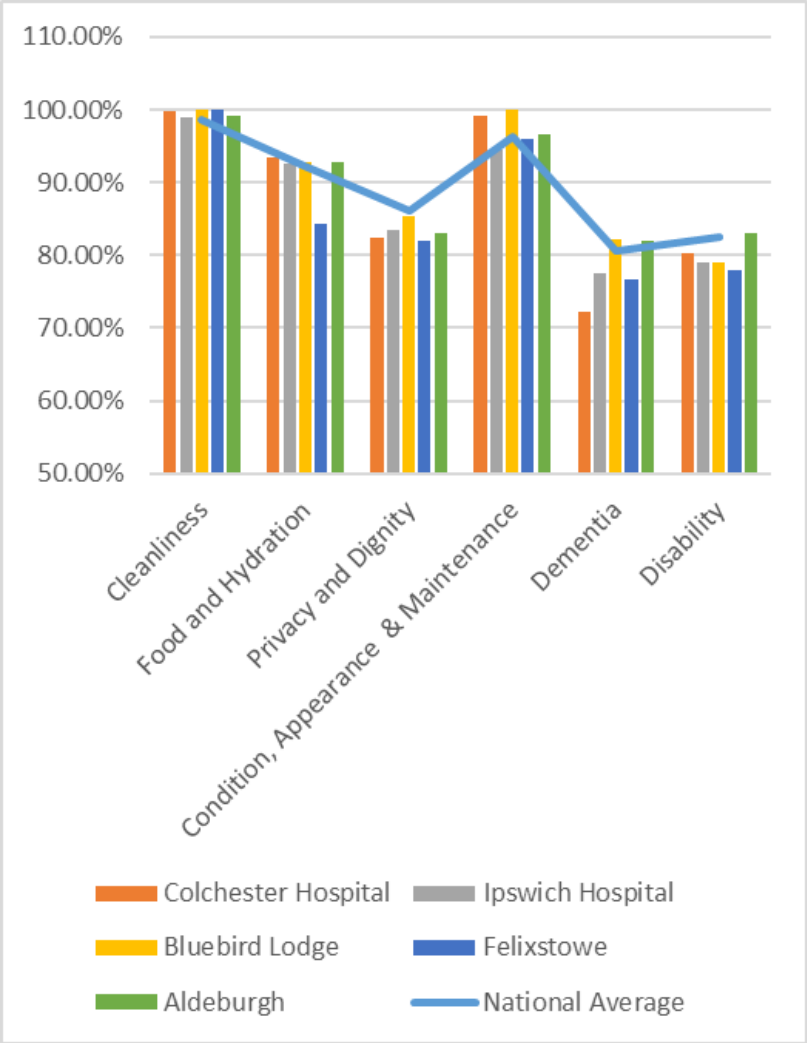
Our patient experience team responds to the reviews on NHS Choices, signposting patients to relevant services and departments as appropriate, along with escalating any issues as required.

Patient-led Assessments of the Care Environment (PLACE)

Patient-led Assessments of the Care Environment, or PLACE, are an annual review of the various hospital sites is carried out by a group of patient and staff assessors. They consider the patient environment from a non-clinical perspective and examine, in particular, cleanliness, how dementia friendly and accessible the environment is, whether it protects the privacy and dignity of patients and the quality of the food and hydration services.

In 2019, the facilities department organised the first ESNEFT PLACE assessments following the joining of the two PLACE teams from Colchester and Ipswich hospitals. Patient and staff assessors took part in the process on all hospital sites.

The results of the 2019 PLACE assessments were published in January 2020 and are detailed in the chart below for each of the individual sites along with the national average. The results show that the Trust performed well, while common themes for the future also emerged, including continuing to build on the work which is already taking place to ensure that the hospital environment is dementia friendly.



Engaging our staff in developing a patient experience approach

We continued to engage staff in developing a personal approach which improves the patient experience. In recruitment, all job descriptions, person specifications, adverts and questions at interview reflected the attitudes, behaviours and standards we expect of employees.

All new staff attended a corporate induction where a half-day was dedicated to patient experience and what all staff must do in terms of behaviours to ensure the Trust is consistently at its best.

Spiritual care and chaplaincy

We have a caring and responsive trust chaplaincy team and approximately 60 chaplaincy multi-faith volunteers, as well as faith/belief visitors whom we are able to call upon to provide appropriate rites and rituals to patients, carers, and staff who request them.

Our Trust chaplains have seen a substantial increase in referrals and contacts from staff, clergy, family members and volunteers. These cover different facets of care from cradle to grave and include spiritual, religious, emotional, and pastoral care, Holy Communion, prayers, naming and blessings, baptisms and funerals and end of life support. Our team was also privileged to work with patients and their partners to arrange emergency marriages in the past year. We were honoured to work with the staff to make each wedding a very special event for the couple involved.

Patient advice and liaison service (PALS)

Our Patient Advice and Liaison Service (PALS) aims to help patients, carers, relatives and families resolve problems as quickly and easily as possible by investigating their concerns or putting them in touch with the appropriate member of staff. A total of 6,649 PALS contacts were recorded in 2019/20.

Compliments

The Trust received 1,650 compliments in 2019/20. Compliments were received in several forms, including letters, cards, gifts, emails and through the local press. Where staff are named they are, where possible, informed and this aids morale and improves staff experience.

Our wards also received more than 19,000 gratuities, such as chocolates and biscuits, to thank staff for their care.

Complaints

We are committed to learning from all patient feedback to improve the services we provide. We encourage patients and visitors to help by telling us what they think of their experience.

A total of 1,266 complaints were received by the Trust in 2019/20. The Trust views the receipt of complaints positively, as each offers an opportunity to learn lessons and improve patient experience.

We responded to 71% of complaints within the agreed timeframe. We re-opened 75 complaints because the complainants were not satisfied by the first response they received.

We have worked extremely hard to improve the quality of complaint responses. However, in some cases the complainant has remained dissatisfied, either because not all their concerns were addressed or they challenged some aspects of the response. In such cases the complaint has been re-opened for further investigation. Re-opened complaints are generally resolved with either a face to face meeting or a further letter of response.

Referrals to the Parliamentary and Health Service Ombudsman (PHSO)

A total of 25 complaints were referred to the PHSO, with nine investigated. During the reporting period, three cases were partially upheld and no cases were fully upheld.

Acting to improve our complaints process

Every effort is made to ensure a senior manager calls a complainant within one working day of the complaint being logged to gain clarity on their concerns and offer apologies for the poor experience. A formal acknowledgement letter is also sent within three working days.

Service improvements following complaints

The Trust ensures that complaints are reviewed at Divisional Clinical Governance meetings so that lessons can be learnt and changes made to practice.

For example, feedback from relatives and patients admitted to critical care showed that although staff were responsive, answering questions and giving guidance, the environment was still quite daunting. A series of pictorial guides and informative signs have been commissioned, designed and placed around the units to support relatives with further questions.

Our Board of Directors

The Board of Directors functions as a corporate decision-making body. The duty of the Board and of each Director individually is to ensure the long-term success of the Trust in delivering high quality health care. As a Board, all Directors have the same status and as Non-Executive and Executives sitting on a single Board, operate on the principle of a "unitary board".

All the powers of the Trust shall be exercised by the Board of Directors on behalf of the organisation. The rules and regulations within which the Board is expected to operate are captured in the Trust's corporate governance documents, which include the organisation's constitution (which contains the standing orders for the Board of Directors), its schedule of matters reserved for Board decision, standing financial instructions and scheme of delegation. These documents explain the respective roles and responsibilities of the Board of Directors and Council of Governors, the matters which require Board and/or Council approval and matters which are delegated to committees or executive management.

Collectively the Board of Directors have responsibility for:

- Providing leadership to the organisation within a framework of prudent and effective controls.
- Supporting an appropriate culture, setting strategic direction, ensuring management capacity and capability and monitoring and managing performance.
- Facilitating the understanding on the part of Governors of the role of the Board and the systems supporting its oversight of the organisation.

Disagreements between the Board of Directors and Council of Governors are resolved through a process which aims to achieve informal resolution in the first instance, following which a formal process will be taken which involves a resolution for discussion at a Board meeting.

The Board takes active steps to ensure it interacts appropriately with the Council of Governors. Governors attend regular informal meetings with the Trust Chair and are regular observers of the Board assurance committees. Non-Executive Directors are invited to attend the Council of Governor meetings and Council of Governor members attend the public Board meetings. The Lead Governor is invited to attend the Board meeting as an attendee at every meeting.

The limitations set on the delegation to executive management require that any executive action taken in the course of business does not compromise the integrity and reputation of the Trust and takes account of any potential risk, health and safety, patient experience, finance and working with partner organisations.

Appointment and composition of the Board of Directors

The Board of Directors is made up of full-time Executive Directors and part-time Non-Executive Directors (NEDs), all of whom are appointed because of their experience, business acumen and/or links with the local community. The Trust considers all of its Non-Executive Directors to be independent.

The Board comprises a Chair, seven further NEDs positions and seven voting Executive Directors. The Council of Governors appointed the Chair and other NEDs in accordance with the constitution and in line with paragraphs 19(2) and 19(3) respectively of Schedule 7 of the National Health Service Act 2006. The NEDs were appointed by the Council of Governors following national recruitment. In line with the Trust's constitution, these appointments and reappointments were approved by the Council of Governors.

The Board is content that its balance, completeness and effectiveness meet the requirements of an NHS foundation trust.

Register of interests

All Directors are asked to declare any interests on the register of Directors' interests at the time of their appointment. This register is reviewed and maintained by the Head of Corporate Governance, and is available for inspection by the public. The register is available for review at each public meeting of the Board of Directors and the Register can be access on the Trust website at www.esneft.nhs.uk/about-us/annual-report-and-accounts/esneft-register-of-interests/ or via contact the Trust's offices at the address on page 5.

None of the Executive Directors were released by the Trust to serve as Non-Executive Directors elsewhere during the year.

About the Non-Executive Directors

	**Helen Taylor** **Appointed:** 1 January 2020 as substantive Trust Chair **Term of office:** Expires 31 December 2022 Chair of the Board of Directors, the Council of Governors, the Remuneration and Nomination Committee and Appointments and Performance Committee. Having trained as a nurse, Helen has held a number of senior positions in health and social care, including Director of Integrated Commissioning and Vulnerable People with Essex County Council and Interim CEO with Suffolk Age UK. She has also held Director-level positions in social care with the London Borough of Tower Hamlets and North Yorkshire County Council, and was previously National Policy Lead for Adult Social Care and Older People with the Audit Commission.
	**Eddie Bloomfield** **Appointed:** 1 November 2018 **Term of office:** Expires 31 October 2021 Member of Finance and Performance Committee, Charitable Funds Committee, Remuneration and Nomination Committee Eddie has held four Chief Executive roles at the Ministry of Justice, which included Head of the Court Funds Office and Head of the Office of the Accountant General Public Trustee and as HM Chief Inspector of Court Administration for England and Wales. He is involved with several charities in and around Colchester in trustee and other voluntary positions, and brings extensive experience in political, financial management and change management. He was previously a Non-Executive Director at Colchester PCT.

	**Hussein Khatib** **Appointed: 1 April 2019** **Term of office:** Expires 31 March 2022 Chair of the Quality and Patient Assurance Committee, member of People and Organisational Development and Remuneration and Nomination Committee. Organisational Lead for Equality, Diversity and Inclusion. Hussein has experience of working in a senior clinical position in the NHS with substantial senior or Board level experience and a track record of executive leadership gained in a complex organisation.
	**Julie Parker** **Appointed:** 1 April 2014 **Term of office:** Expires 31 March 2021 Chair of the Finance and Performance Committee, member of Audit and Risk Committee and Remuneration and Nomination Committee. Julie has lived all her life in the area served by the Trust and is a qualified accountant. She has significant experience working as a Director of Resources and Finance at three London councils over a period of 10 years. She is currently a Board member at Colchester Borough Homes and a trustee for the Queen's Theatre, Hornchurch. Julie is a member of the Joint Audit Committee of the Police and Crime Commissioner and Essex Police. She also serves on the audit committees of the Health and Care Professions Council and Essex Fire and Rescue Service.
	**Richard Spencer** **Appointed:** 1 November 2018 **Term of office:** Expires 31 October 2021 Chair of Charitable Funds Committee, member of People and Organisational Development Committee and Remuneration and Nomination Committee. Richard Spencer is a former Director of Culture and Policy and Director of Corporate Social Responsibility at BT, and also worked as the company's Head of Strategy and Partnerships. Since taking early retirement in 2017, he has been appointed to the Communication Consumer Panel by the Department of Digital, Culture, Media and Sport and continues to act as an executive coach. He is also trustee of a homeless charity based in Colchester.

Carole Taylor-Brown
Appointed: 1 November 2018
Term of office: Expires 31 October 2021

Carole is Senior Independent Director and Deputy Chair.

Chair of People and Organisational Development Committee, member of Quality Committee and Remuneration and Nomination Committee.

Carole has significant experiences a leader in the public sector and as a NED in the NHS, charity and housing sectors. A HR professional by background, she worked regionally and nationally in the NHS and was Chief Executive of NHS Suffolk until her retirement in 2010. Since then, she has been working with the NHS supporting a range of board level reviews and coaching senior leaders and clinicians. She was formerly Chair of Trustees for Suffolk Mind and Suffolk Housing was a Visiting Fellow at University Suffolk for past 9 years. Carole is also a NED with the Flagship Group.

Richard Youngs
Appointed: 1 November 2018
Term of office: Expires 31 October 2021

Chair of Audit and Risk Committee, member of People and OD Committee, Charitable Funds Committee and Remuneration and Nomination Committee.

Richard is a former RAF wing commander, a role comparable to Chief Executive. He has held a number of roles at a senior level, including Officer Commanding Support Wing at RAF Honington, and Head of Future Pay Structure for the 170,000 members of the armed forces. He is also a NED with the East of England Cooperative Society, a membership organisation with a model not dissimilar to that of foundation trusts. He has a wide-ranging skills set covering HR and finance.

About the Executive Directors

Nick Hulme
Chief Executive
Appointed: 17 May 2016
Term of office: Permanent
Notice period: Trust: six months; employee: three months
Trust Accounting Officer. Responsible for corporate strategy, external relations, transformation plan, regulation and compliance, leadership.
Twitter: @Nickhulme61

Nick has worked in the NHS for more than 30 years. He was appointed Chief Executive of Ipswich Hospital in January 2013, and also became Chief Executive of Colchester in May 2016.

Shane Gordon
Director of Strategy, Research and Innovation
Appointed: 2 March 2015
Term of office: Permanent
Notice period: Trust: six months; employee: three months
Twitter: @DrShaneGordon

Shane was previously Clinical Chief Officer of North East Essex Clinical Commissioning Group. He was Associate Medical Director of the East of England Strategic Health Authority and is a member of the Royal College of General Practitioners and the Royal College of Surgeons.

Mike Meers
Director of ICT
Appointed: 1 January 2018
Term of office: Permanent
Notice period: Trust: six months; employee: three months

Mike has worked within local NHS services for more than 27 years managing information technology services and their transformation.

Neill Moloney
Managing Director/Deputy CEO
Appointed: 1 January 2018
Term of office: Permanent
Notice period: Trust: six months; employee: three months
Twitter: @NeillMoloney

Neill has worked in the NHS for more than 26 years, 11 of which have been as an Executive Director. He has extensive experience and expertise in operational management, planning and performance, as well as leadership in commissioning and information.

Melissa Dowdeswell
Interim Chief Nurse
Appointed: 2 March 2020**Term of office:** Interim.
Notice period: Trust: six months; employee: three months
Twitter: @MelissaD_85

Melissa has been appointed as the Interim Chief Nurse until a substantive appointment can be made following a difficult period with COVID-19.

Melissa has over 10 years experience in the NHS working in senior clinical and operational roles. Prior to becoming interim Chief Nurse she worked as Site Director of Nursing based on the Colchester site.

Adrian Marr
Director of Finance
Appointed: 7 October 2019
Term of office: Permanent
Notice period: Trust: six months; employee: three months

Adrian has worked in the NHS for over 30 years. He has undertaken Finance Director roles in provider and commissioning organisations, and was previously Director of Finance for NHS England in the east of England.

Dr Angela Tillett
Chief Medical Officer
Appointed: 3 March 2020
Term of office: Permanent
Notice period: Trust: six months; employee: three months **Twitter:** @angela_tillett

Angela trained at University College London and started as a Paediatric Consultant in Colchester in 2001. Her roles have included Lead Clinician for Paediatric Services, Divisional Director for Women's and Children's Services and subsequently Divisional Director for Surgery before she was appointed to the Chief Medical Officer role.

At the time of their appointment, all Directors are asked to declare any interests on the register of Directors' interests. They are asked to register any changes to their declarations and to confirm, in writing, on an annual basis that the declarations made are accurate. The register is maintained by the Trust's Head of Corporate Governance.

Former Executive and Non-Executive Directors

David White, Chair, was appointed 6 May 2016 and left the Trust June 2019.

Catherine Morgan, Chief Nurse, was appointment 23 January 2017 and left the Trust March 2020.

Dawn Scrafield, Director Finance, was appointed 2 February 2015 and left the Trust August 2019.

Laurence Collins, Non-Executive Director, was appointed 1 July 2018 and left the Trust April 2019.

Evaluation of the Board of Directors' performance

The Board of Directors met monthly. There were 12 meetings of the Board, five of which were held in public.

They took place on 4 April 2019, 2 May 2019, 28 May 2019 (extraordinary accounts meeting), 6 June 2019, 4 July 2019, 1 August 2019, 29 August 2019, 3 October 2019, 7 November 2019, 5 December 2019, 30 January 2020 and 5 March 2020.

Name	Title	Attended
Eddie Bloomfield	Non-Executive Director	11/12
Laurence Collins	Non-Executive Director	1/1
Melissa Dowdeswell	Interim Chief Nurse	2/2
Shane Gordon	Director of Strategy, Research and Innovation	11/12
Nick Hulme	Chief Executive	11/12
Hussein Khatib	Non-Executive Director	11/12
Adrian Marr	Director of Finance	6/7
Mike Meers	Director of ICT	12/12
Neill Moloney	Deputy Chief Executive	10/12
Catherine Morgan	Chief Nurse	11/12
Julie Parker	Non-Executive Director	12/12
Dawn Scrafield	Director of Finance	5/7
Richard Spencer	Non-Executive Director	10/12
Carole Taylor-Brown	Non-Executive Director	11/12
Helen Taylor	Non-Executive Director – Chair from July 2019	12/12
Angela Tillett	Medical Director/Interim Chief Medical Officer	12/12
David White	Chair	3/5
Richard Youngs	Non-Executive Director	12/12

Board development

Board development takes place in workshops and seminars on the days when the Board meets. During the year, the Board had sessions on developing ESNEFT's strategy and enabling strategies, equality, diversity and inclusion, risk management (including review of the Trust's risk appetite), AHP strategy and drivers for national change, and an understanding of mortality data.

Ongoing development

The Chair holds team and one-to-one meetings with the Chief Executive and Non-Executive Directors as required.

Appraisal process for the Chair and Non-Executive Directors

The Chair and Head of Corporate Governance work with the Council of Governors to maintain the appraisal process for the Chair and Non-Executive Directors.

The Chair is formally appraised by the Senior Independent Director and Lead Governor in conjunction with the Council of Governors via its Appointments and Performance Committee.

Appraisal of Non-Executive Directors is carried out by the Chair, advised by the Lead Governor, and reported in the Council of Governors via the Appointments and Performance Committee.

Appraisal process for Executive Directors

An appraisal process is in place for the Chief Executive and other Executive Directors. The Chair appraises the Chief Executive and the Chief Executive appraises the Executive Directors, reporting to the Remuneration and Nomination Committee on the process and outcome of the appraisals.

Governance arrangements

The Board's governance arrangements are described in more detail in the Annual Governance Statement. The Board finished the year with six committees. All are chaired by a Non-Executive Director and meet regularly, based on an agreed business cycle, and report to the Board of Directors. Governors have been assigned as observers to these committees and provide their feedback to the Council of Governors on their effectiveness.

The committees of the Trust Board are:

- Audit and Risk Assurance Committee
- Quality and Patient Safety Assurance Committee
- Finance and Performance Assurance Committee
- People and Organisational Development Assurance Committee
- Charitable Funds and Sponsorship Committee
- Remuneration and Nomination Committee

Audit and Risk Assurance Committee

This committee is responsible for reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities (both clinical and non-clinical) which support the achievement of the organisation's objectives.

It also ensures there is an effective internal audit function, established by management, which meets mandatory NHS internal audit standards and provides independent assurance to the Audit and Risk Assurance Committee, Chief Executive and Board of Directors.

The committee also reviews the work and findings of the external auditors appointed by the Council of Governors and considers the implications of their findings and recommendations and related management responses.

The Audit and Risk Assurance Committee held six meetings: 23 April 2019, 21 May 2019, 28 May 2019, 23 July 2019, 26 November 2019 and 25 February 2020.

Members and meetings attended in brackets: Richard Youngs, committee Chair (6/6), Julie Parker (5/6), Eddie Bloomfield (6/6), Helen Taylor (became Chair so not able to attend as a member)

Executive Directors (voting and non-voting) in attendance: Dawn Scrafield, Adrian Marr, Mike Meers, Neill Moloney and Denver Greenhalgh

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Internal auditors

Internal audit was provided by RSM. Their role is to provide independent assurance that our risk management, governance and internal control processes are operating effectively.

External auditors

The Council of Governors appointed BDO UK LLP as the Trust's external auditors from 1 April 2017 for three years and this was extended for one year in November 2019.

The responsibility of the Trust's external auditors is to independently audit the financial statements and part of the remuneration report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). They also usually provide independent assurance on the Quality Report, however for 2019/20 there is not requirement for a Quality Report as a response to COVID-19.

The Trust ensures that the external auditors' independence is not compromised by work outside the Audit Code by having an agreed protocol for non-audit work. Non-audit work may be performed by the Trust's external auditors where the Audit and Risk Assurance Committee's approved procedure is followed, which ensures all such work is properly considered and the auditors' objectivity and independence are safeguarded.

Quality and Patient Safety Assurance Committee

This committee's main duties are to:

- Oversee the development and implementation of a quality strategy with a clear focus on improvement, drawing on and benchmarking against ideas and best practice from external organisations.
- Review trends in patient safety, experience and outcomes (effectiveness) to provide assurance to the Board on performance against key quality performance indicators and undertake "deep dives" as appropriate.
- Receive reports on significant concerns or adverse findings highlighted by external bodies in relation to clinical quality and safety and the actions being taken by management to address them. These should include mortality outlier alerts.
- Oversee the implementation of improvement plans relating to reports of regulators and other external review bodies with responsibility for quality and safety.
- Oversee the development and implementation of action plans arising from both inpatient and other care related surveys with recommendations to the Board as appropriate.
- Consider the impact of quality impact assessments of cost improvement programmes on quality, patient safety and wider health and safety requirements.
- Oversee the effectiveness of the clinical systems established by the Trust to ensure they maintain compliance with the CQC's Essential Standards of Quality and Safety.
- Monitor and review the systems and processes in place at the Trust in relation to infection control and to review progress against identified risks to reducing hospital-acquired infections.
- Review aggregated analyses of adverse events (including serious incidents), complaints, claims and litigation to identify common themes and trends and gain assurance that appropriate actions are being taken to address them.
- Advise the Board of key strategic risks relating to quality and patient safety and consider plans for mitigation as appropriate.

The Quality and Patient Safety Assurance Committee held 10 meetings.

Members and meetings attended in brackets: Helen Taylor, Non-Executive Director (3/3), Hussein Khatib, Non-Executive Director (9/10), Eddie Bloomfield, Non-Executive Director (7/7), Carole Taylor-Brown, Non-Executive Director (9/10), Neill Moloney, Managing Director (8/10), Catherine Morgan, Chief Nurse (6/8), Angela Tillett, Chief Medical Director (9/10)

Others in attendance: Paul Fenton, Director of Estates and Facilities (4/10), Denver Greenhalgh (8/10), Nicky Leach, Director of Logistics and Patient Services (4/9)

Finance and Performance Assurance Committee

This committee's remit is to:

- Oversee the development and implementation of the Trust's financial and performance strategy to deliver the service objectives as set out in the Forward Plan and to ensure delivery of financial and performance targets.
- Monitor delivery of the Trust's cost improvement programme and the development of efficiency and productivity processes.
- Oversee the investment and borrowing strategy and policy, reviewing performance against Treasury management benchmarks and targets and ensuring compliance with Trust policies and procedures in respect of limits, approved counterparties and types of investment.
- Receive monthly reports on financial and operational performance, including cost improvement programmes, noting any trends, exceptions and variances against plans on a Trust-wide and divisional basis and undertaking "deep dives" as appropriate.
- Under direction from the Board, oversee and scrutinise the investment appraisal of business cases and wider business development opportunities.
- Oversee the contracting and planning mechanisms in place with commissioners of healthcare to agree annual or longer term contracts as may be appropriate, seeking to ensure that any financial or operational risks arising from those contracts are identified and mitigated as appropriate.
- Oversee the rolling capital programme, including scrutiny of the prioritisation process, and monitor its delivery.
- Advise the Board of key strategic risks relating to financial and operational performance and consider plans for mitigation as appropriate.

The Finance and Performance Assurance Committee held 11 meetings.

Members and meetings attended in brackets: Julie Parker, Non-Executive Director (9/11), Eddie Bloomfield, Non-Executive Director (11/11), Hussein Khatib, Non-Executive Director (9/10), Neill Moloney, Managing Director (9/11), Catherine Morgan, Chief Nurse (7/10), Dawn Scrafield, Director of Finance (5/5), Angela Tillett, Chief Medical Officer (6/11), Adrian Marr, Director of Finance (6/6), Melissa Dowdeswell, Interim Chief Nurse (1/1)

Others in attendance: Paul Little, Director of Integrated Health and Care (9/11), Nicky Leach Director of Logistics and Patient Services (8/11), Alison Power, Director of Operations (8/11), Karen Lough, Director of Operations (9/11)

People and Organisational Development Assurance Committee

This committee's remit is to:

- Oversee the Trust's strategy and plans on workforce issues, including the efficient deployment of staff to meet service requirements, advising the Board on strategic and operational risks and opportunities relating to workforce, staff engagement and employment practice.
- Oversee the Trust's strategy and plans for workforce education, learning and development, and provide assurance to the Board that individual training and development approaches are fit for purpose.
- Receive details of workforce planning priorities that arise from the annual business planning process and to receive exception reports on any significant issues/risks.
- Ensure that effective workforce enablers are put in place to drive high performance and quality improvement.
- Review performance indicators relevant to the remit of the committee.
- Monitor and evaluate the Trust's compliance with the Public Sector Equality Duty.
- Mandate the scope of negotiations on changes to reward systems within the Trust and to keep oversight and impact of benefits management.

- Receive and review regular reports on organisational development, including leadership capability, workforce planning, cost management, regulation of the workforce and its health and wellbeing.
- Receive and review reports on the NHS Staff Survey and other staff engagement data and ensure that action plans support improvement in staff experience and services to patients.
- Advise the Board of key strategic risks relating to workforce and employment practice and consider plans for mitigation as appropriate.

The People and Organisational Development Assurance Committee held nine meetings.

Members and meetings attended in brackets: Carole Taylor-Brown, Non-Executive Director (9/9), Richard Spencer, Non-Executive Director (7/9), Richard Youngs, Non-Executive Director (8/9), Neill Moloney, Managing Director (7/9), Catherine Morgan, Chief Nurse (6/8), Melissa Dowdeswell, Interim Chief Nurse (1/1), Shane Gordon, Director of Strategy, Research and Innovation (6/9)

Others in attendance: Clare Conaghan, Director of People and Organisational Development (6/6), Rebecca Driver, Director of Communications and Engagement (6/9) Crawford Jamieson, Medical Director Ipswich site (7/9)

Charitable Funds and Sponsorship Committee

The Charitable Funds and Sponsorship Committee has delegated responsibility from the Board of Directors to adhere to the principles and responsibilities of trusteeship as defined by the Charity Commission and the Trustee Act 2000, Section 11. In the main, the committee reviews the policies and procedures for fundraising, acceptance and expenditure, including the internal control arrangements operating within the Trust for charitable funds.

The committee includes representation from operational senior managers from across the Trust. Ten formal meetings of the committee were held.

Members and meetings attended in brackets: Richard Spencer, Non-Executive Director (10/10), Eddie Bloomfield, Non-Executive Director (10/10), Richard Youngs, Non-Executive Director (9/10)

Executive Directors in attendance: Catherine Morgan, Chief Nurse (7/9), Dawn Scrafield, Director of Finance (3/4), Shane Gordon, Director of Strategy, Research & Innovation (7/10), Adrian Marr, Director of Finance (4/5), Melissa Dowdeswell, Interim Chief Nurse (1/1)

Remuneration and Nomination Committee

The Remuneration and Nomination Committee also fulfils the role of a nomination committee and reviews the structure, size and composition of the Board of Directors and makes recommendations for changes where and when appropriate. It also considers succession planning arrangements, taking into account the challenges and opportunities facing the Trust and the skills and expertise required on the Board of Directors. This committee is responsible for advising on the appointment and/or dismissal of Executive Directors. Board appointments are made through a competitive process following trust recruitment policies with remuneration agreed using national benchmarks. It is also responsible for the approval of their remuneration and terms of service and the monitoring of their performance against delivery of organisational objectives.

The Trust Chair is the Chair of the committee and the membership comprises all the Non-Executive Directors. The Chief Executive, Director of Human Resources and Organisational Development and the company secretary are routinely invited to attend these meetings except when their own terms and conditions are under discussion. An appointments panel of the Remuneration and Nomination

Committee is convened when permanent executive appointments are to be made. All appointments are by public advertisement. External assessors are part of the recruitment process.

The Remuneration and Nomination Committee held five meetings: 2 May, 4 July, 29 August, 7 November and 5 March 2020.

Members and meetings attended in brackets: David White, Chair (1/1), Helen Taylor (Chair from June 2019) (5/5), Eddie Bloomfield (5/5), Julie Parker (5/5), Carole Taylor-Brown (4/5), Richard Spencer (5/5), Richard Youngs (5/5), Hussein Khatib (5/5)

Executive Members invited to attend to present included, Neill Moloney, Managing Director, Nick Hulme, Chief Executive, Leigh Howlett, Interim Director of HR&OD and Clare Conaghan, Director of HR&OD

The committee did not commission any advice or assistance during the year.

Remuneration Report (unaudited)

The purpose of the Remuneration Report is to provide a statement to stakeholders on the decisions of the Remuneration and Nomination Committee relating to the Executive Directors of the Board of Directors. In preparing this report, the Trust has ensured it complies with the relevant sections of the Companies Act 2006 and related regulations and elements of the NHS Foundation Trust Code of Governance.

Annual Statement on Remuneration

Statement of the Chair of the Remuneration and Nomination Committee

Decisions on Executive remuneration were based on available benchmarking information from a NHS England and NHS Improvement, the advice of the executive search firm supporting the appointments and other market intelligence. Directors are employed on service contracts whose provisions are consistent with those relating to other employees within the Trust.

Following publication of NHS Improvement's Guidance on Pay for Very Senior Managers, all new appointments to the Trust where the salary is over £150,000 are subject to an element of earn-back pay. This means that a percentage of base pay (normally at least 10%) is placed at risk, subject to the individual meeting agreed performance objectives.

Remuneration and performance conditions

With the exception of those individuals subject to earn-back pay, the remuneration of the Directors and Non-Executive Directors does not include any individual performance-related component. Their remuneration follows NHS Improvement guidance on pay for very senior managers in trusts and foundation trusts (March 2018), is subject to an annual review which takes into account a benchmarking comparison with other similar organisations, general labour market conditions and the Board's collective achievement of organisational objectives.

The Remuneration and Nomination Committee reviewed benchmarked data at its meeting on 4 March 2020 when it confirmed the executive annual pay review.

The remuneration of the Chair and Non-Executive Directors is decided by the Council of Governors following advice from the Appointments and Performance Committee. To determine the remuneration, the committee uses the data from an annual survey undertaken by NHS Providers. The level of remuneration for Non-Executive Directors is based on an average expected workload of a minimum of four days a month and a minimum of three days a week for the Chair.

To determine Executive Directors' salary levels, the Remuneration and Nomination Committee uses mainly the data from the annual NHS Providers survey, NHSI guidance and along with the benchmarking information provided by external search organisations supporting Executive Director recruitment.

Decisions relating to salary levels in the rest of the organisation are factored into the Remuneration and Nomination Committee's discussion of Executive Director Salaries and the Appointments and Performance Committee's discussion of Non-Executive Director salaries. The committee does not consult with employees when considering its policy on senior managers' remuneration.

Other than the Trust's Medical Director, amendments to annual salary are decided by the Remuneration and Nomination Committee. The annual salary of the Executive Directors is inclusive of all cash benefits other than business mileage. The Medical Director's salary is in accordance with the medical and dental

consultants' terms and conditions of service. The special allowance for undertaking the role of Medical Director is approved by the Remuneration and Nomination Committee.

There were no new applications to the Treasury during 2019/20 following the benchmarked review of remuneration for the appointments to the Board. No payments were made during the year for loss of office or to past senior managers.

Salary is set at a level appropriate to secure and retain the high calibre individuals needed to deliver the Trust's strategic priorities, without paying more than is necessary.

When determining salary levels, an individual's role, experience and performance, and independently sourced data for relevant comparator groups are considered. Salary increases typically take effect from 1 April each year.

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

Senior managers' remuneration policy

Contractual compensation provisions for early termination of Executive Directors' contracts

There are no special contractual compensation provisions for early termination of Executive Directors' contracts. Early termination by reason of redundancy is subject to the normal provisions of the Agenda for Change: NHS Terms and Conditions of Service Handbook (Section 16); or, for those above the minimum retirement age, early termination by reason of redundancy is in accordance with the NHS Pension Scheme. Employees above the minimum retirement age who themselves request termination by reason of early retirement are subject to the normal provisions of the NHS Pension Scheme.

Principles on which the determination of payments for loss of office, an indication of how each component will be calculated and whether, and if so how, the circumstances of the loss of office and the senior manager's performance are relevant to any exercise of discretion are considered on a case by case basis by the Remuneration and Nomination Committee.

Annual report on remuneration

Duration of contracts, notice periods and termination payments

Details of Directors' contracts and notice periods are summarised in the Board of Directors' profiles section. With the exception of the Chief Nurse, Executive Directors are appointed to substantive contracts.

Remuneration and Nomination Committee

Details on the meetings of the Remuneration and Nomination Committee are provided on page 61. The committee has a clear policy on the remuneration ranges for every Executive Director position. Any decisions that fall outside the parameters of the policy, which are due to exceptional circumstances for example, are subject to further discussion and approval by the committee.

Fair Pay Multiple (subject to audit)

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

The banded remuneration of the highest paid director in ESNEFT in the financial year 2019/20 was £225,113.67 (2018/19: £212,100). This was 8.58 times (2018/19: 7.9) the median remuneration of the workforce, which was £26,220 (2018/19: £26,963). In 2019/20, five (2018/19, 7) employees received remuneration in excess of the highest paid director. Remuneration ranged from £10,505 to £306,560 (2018/19: £7,215 to £306,776). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions'.

The highest paid director in ESNEFT salary change was due to them withdrawing from the NHS pension scheme and taking up the organisational offer of receiving their pension contributions as salary. The organisation also had a significant number of successful recruitment campaigns for newly qualified nurses, health care assistants and facilities staff, the latter to comply with NHSI/E new agency rules. This has resulted in an increase in the number of staff in the lower paid bands and ultimately impacted on the median pay threshold.

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

Salaries for senior managers are established and maintained taking the following elements into consideration: the individual's role, experience and performance and independently sourced data for relevant comparable organisations. This includes consideration of salary levels at other members of ESNEFT. Salaries for senior managers are formally reviewed every three years with annual interim reviews.

When setting remuneration levels for the executive directors, the committee considers the prevailing market conditions, the competitive environment (in particular through comparison with the remuneration of executives at other leading NHS healthcare organisations of similar size and complexity) and the positioning and relativities of pay and employment conditions across the broader Trust workforce.

The remuneration committee has responsibility for authorising the engagement of any staff member on a non-agenda for change contract or salary.

Salary and pension entitlement of the Board of Directors

The Chief Executive has determined that "senior managers", being those staff in senior positions who have authority or responsibility for directing or controlling the major activities of the Trust, are the Executive and Non-Executive Directors. The remuneration, salary and pension entitlements of the Board of Directors are detailed from page 67 onwards. These disclosures have been audited.

Directors and Governors expenses

Information on the expenses of Directors and Governors is required by the Health and Social Care Act 2012.

There were 33 Directors eligible to claim expenses during 2019/20. Of these, 24 made claims totalling £27,639. (Compared to 23 Directors eligible to claim expenses during 2018/19. Of which, 18 made claims totalling £20,683).

A total of 35 Governors were eligible to claim expenses. Of these, 16 made claims totalling £3,127.46. (Compared to 38 Governors were eligible to claim expenses during 2018/19. Of which, 11 made claims totalling £2,020.69).

Signed

Nick Hulme
Chief Executive
24 June 2020

Salary and allowances of senior managers (subject to audit)

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100) £00	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
Nick Hulme	Chief Executive	220 – 225	4	0 – 5	0 – 5	0	220 – 225
Neill Moloney	Managing Director	170 – 175	1	0 – 5	0 – 5	52.5 – 55	220 – 225
Michael Meers	Director of Information Communication and Technology	115 – 120	0	0 – 5	0 – 5	0	115 – 120
Catherine Morgan (left 01/03/2020)	Chief Nurse	125 – 130	1	0 – 5	0 – 5	10 – 12.5	135 – 140
Angela Tillett	Chief Medical Officer	150 – 155	0	0 – 5	10 – 15	17.5 – 20	180 – 185
Shane Gordon	Director of Strategy, Research and Innovation	195 – 200	4	0 – 5	0 – 5	0	195 – 200
Dawn Scrafield (left 01/09/2019)	Director of Finance	60 – 65	1	0 – 5	0 – 5	65 – 67.5	130 – 135
Adrian Marr (from 08/10/2019)	Director of Finance	70 – 75	0	0 – 5	0 – 5	0	70 – 75
Melissa Dowdeswell (from 02/03/2020)	Interim Chief Nurse	5 - 10	0	0 – 5	0 – 5	27.5 – 30	120 – 125
David White (left 07/06/2019)	Chair	10 – 15	0	0 – 5	0 – 5	0	10 – 15
Helen Taylor (Chair from 07/06/2019)	Chair/ Non-Executive Director	45 – 50	1	0 – 5	0 – 5	0	45 – 50
Edward Bloomfield	Non-Executive Director	10 – 15	1	0 – 5	0 – 5	0	10 – 15
Laurence Collins (left 04/04/2019)	Non-Executive Director	0 – 5	1	0 – 5	0 – 5	0	0 – 5
Hussein Khatib	Non-Executive Director	10 – 15	0	0 – 5	0 – 5	0	10 – 15

Richard Spencer	Non-Executive Director	10 – 15	0	0 – 5	0 – 5	0	10 – 15
Carole Taylor-Brown	Non-Executive Director	10 – 15	0	0 – 5	0 – 5	0	10 – 15
Richard Youngs	Non-Executive Director	10 – 15	0	0 – 5	0 – 5	0	10 – 15
Julie Parker	Non-Executive Director	10 – 15	3	0 – 5	0 – 5	0	10 – 15

Comparative table showing salary and allowances of senior managers in 2018/19

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100) £00	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
Nick Hulme	Chief Executive	190 – 195	0	0	0	5 – 7.5	195 – 200
Neill Moloney	Chief Operating Officer/ Managing Director	150 – 155	1	0	0	127.5 – 130	280 – 285
Michael Meers	Director of Information Communication and Technology	90 – 95	0	0	0	87.5 – 90	180 – 185
David White	Chairman	50 – 55	6	0	0	0	50 – 55
Tony Thompson (Left 30/06/2018)	Non-Executive Director	0	0	0	0	0	0
Andrew George (Left 30/06/2018)	Non-Executive Director	0	1	0	0 – 5	0	0 – 5
Laurence Collins	Non-Executive Director	5 – 10	0	0	0	0	5 – 10
Elaine Noske (Left 31/10/2018)	Non-Executive Director	0 – 5	0	0	0	0	0 – 5
Helen Taylor	Non-Executive Director	5 – 10	5	0	0	0	5 – 10
Richard Kearton (Left 31/10/2018)	Non-Executive Director	0 – 5	2	0	0	0	0 – 5
Barbara Buckley	Chief Medical Officer	155 – 160	0	0	0 – 5	0	160 – 165

(Left 31/01/2019)							
Catherine Morgan	Chief Nurse	135 – 140	0	0	0	77.5 – 80	215 – 220
Angela Tillett	Medical Director (from 01/07/2019) Chief Medical Officer (from 01/02/2019)	25 – 30	0	0	10 – 15	67.5 – 70	105 – 110
Shane Gordon	Director of Integration	185 – 190	0	0	10 – 15	0	195 – 200
Dawn Scrafield	Director of Finance	150 – 155	0	0	0	115 – 117.5	265 – 270
Jude Chin (Left 30/06/2018)	Non-Executive Director	0 – 5	0	0	0	0	0 – 5
Tim Fenton (Left 31/10/2018)	Non-Executive Director	5 – 10	0	0	0	0	5 – 10
Diane Leacock (Left 30/11/2018)	Non-Executive Director	5 – 10	0	0	0	0	5 – 10
Julie Parker	Non-Executive Director	10 – 15	0	0	0	0	10 – 15
Jan Smith (Left 30/06/2018)	Non-Executive Director	0 – 5	0	0	0	0	0 – 5
Edward Bloomfield (From 01/11/2018)	Non-Executive Director	5 – 10	2	0	0	0	5 – 10
Richard Spencer (From 01/11/2018)	Non-Executive Director	5 – 10	2	0	0	0	5 – 10
Carole Taylor-Brown (From 01/11/2018)	Non-Executive Director	5 – 10	3	0	0	0	5 – 10
Richard Youngs (From 01/11/2018)	Non-Executive Director	5 – 10	5	0	0	0	5 – 10
Susan Aylen-Peacock (Left 01/11/2018)	Non-Executive Director	5 – 10	0	0	0	0	5 – 10

Pension benefits (subject to audit)

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual.

Name	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2020 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at age 60 at 31 March 2020 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2020 £000	Cash equivalent transfer value at 31 March 2019 £000	Real increase in cash equivalent transfer value £000	Employers contributions to stakeholder pension £000
Nick Hulme	0 – 2.5	0 – 2.5	0 - 5	0 – 5	0	0	0	0
Neill Moloney	2.5 – 5	0 – 2.5	60 – 65	140 – 145	1111	1012	50	0
Michael Meers	2.5 – 5	0 – 2.5	45 – 50	110 – 115	839	818	0	0
Catherine Morgan (left 01/03/2020)	0 – 2.5	0 – 2.5	45 – 50	125 – 130	943	889	11	0
Angela Tillett	0 – 2.5	2.5 – 5	50 – 55	160 – 165	1242	1150	42	0
Shane Gordon	0 – 2.5	0 – 2.5	0 – 5	0 – 5	0	0	0	0
Dawn Scrafield (left 01/09/2019)	0 – 2.5	0 – 2.5	50 – 55	105 – 110	746	672	15	0
Adrian Marr (from 08/10/2019)	0 – 2.5	0 – 2.5	60 – 65	145 – 150	1244	1202	0	0
Melissa Dowdeswell (from 02/03/2020)	0 – 2.5	0 – 2.5	10 – 15	0 – 5	106	84	2	0

The financial information in the table above is derived from information provided to the Trust from the NHS Pensions Agency. Whilst the Trust accepts responsibility for the disclosed values, the Trust is reliant upon NHS Pensions Agency for the accuracy of the information provided to it, and has no way of auditing these figures. The figures are therefore shown in good faith as an accurate reflection of the senior managers' pensions' information. There are no entries in respect of pensions for Non-Executive Directors as they do not receive pensionable remuneration.

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual had transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Accounting policy for pensions can be found on page 24 of the accounts.

Staff report

On 31 March 2020, the Trust directly employed 10,195 staff (8,773 full time equivalents (FTE)).

The Trust also reviewed its acuity staffing levels on the wards, resulting in an increase in the establishment required to meet patient need safely.

	Number of Trust staff		
	Headcount	Establishment (FTE)	Staff in post (FTE)
31 March 2020	10,160	9,676.93	8,739.17

Staff costs (subject to audit)

	2019/20		
	Permanent (£000)	Other(£000)	Total (£000)
Salaries and wages	316,168	931	**317,099**
Social security costs	31,340	0	**31,340**
Apprenticeship levy	1,598	0	**1,598**
Employer contributions to NHS Pension Scheme	55,290	0	**55,290**
NEST pension contributions	89	0	**89**
Termination benefits	0	0	**0**
Agency/ bank staff	0	54,928	**54,928**
Total	**404,485**	**55,859**	**460,344**

Average staff numbers (subject to audit)

The average staff numbers by staff group is shown below. This calculation is based on the whole time equivalent (FTE) number of employees in each week in the financial year, divided by the number of weeks in the financial year.

Average number of employees (FTE basis)	2019/20		
	Total	Permanent	Other
Medical and dental	1,162	1,071	91
Administration and estates	2,309	2,141	168
Healthcare assistants and other support staff	1,869	1,639	230
Nursing, midwifery and health visiting staff	2,907	2,593	314
Scientific, therapeutic and technical staff	728	689	39
Healthcare science staff	356	322	34
Total average numbers	**9,331**	**8,455**	**876**

Membership of the Trust

The data in the table below is sourced from the Trust's membership database and therefore analyses staff members, not just employees. “Staff” includes any qualifying Trust employee and hospital volunteers, so the number in the table below is greater than the number of staff employed by the Trust.

Age	Staff members 2019/20	Public members 2019/20
0 to 16 years	1	1
17 to 21 years	110	31
22+ years	10,193	9,416
Not specified	70	1,246
Total	**10,374**	**10,694**
Ethnicity		
Not specified	2,787	1,826
White	6,383	8,339
Mixed	125	99
Asian or Asian British	879	245
Black or Black British	143	128
Other ethnic group	0	0
Other	57	57
Total	**10,374**	**10,694**
Gender		
Male	2,326	4,065
Female	8,048	6,247
Transgender	0	0
Not specified/ prefer not to say	n/a	382
Total	**10,374**	**10,694**

Sickness absence

Staff sickness absence	2019/20
Total WTE calendar days lost	117,959
Total WTE days available	3,124,105
Total staff years lost (days lost/366)	322.29
Total staff years available	8,535.81
Total staff employed in period*	11,472
Total staff employed in period with absence*	7,003
Total staff employed in period with no absence*	4,469
Average working days lost per employee	10.28

* Headcount, including starters and leavers. Source: Electronic Staff Record

Gender equality

A gender pay gap is the difference between the average hourly earnings of males and females, with the figure expressed as a proportion of male earnings. It is important to note that gender pay gap reporting is separate from equal pay; gender pay gap reporting requires us to publish six statutory calculations every year showing how the pay gap is between ESNEFT male and female employees.

The table below shows the breakdown of male and female Executive Directors, other senior managers and employees. Directors who were on interim off-payroll contracts and the Non-Executive Directors and as at 31 March are not classed as employees and are not therefore covered in the total number of staff employed by the Trust figure of 10,160.

Role	Female	Male	Notes
Non-Executive Directors	3	4	Includes Chair
Executive Directors	2	5	Includes Chief Executive
Other senior managers	23	21	Bands 8d and above
Employees	7,914	2,188	
Total	**7,942**	**2,218**	

Further information on gender pay gap is available on the ESNEFT website and for national comparison the Cabinet Office website at https://gender-pay-gap.service.gov.uk. Readers are asked to note that on the Cabinet Office website the Trust remains under the name of Colchester Hospital University Foundation Trust.

Employment of disabled people

We are committed to eliminating discrimination, both within the workforce and in the provision of services. The Trust has a legal responsibility under the Equality Act 2010 to:

- eliminate discrimination, harassment and victimisation;
- advance equality of opportunity; and
- foster good relations between persons who share a relevant characteristic and those who do not.

Recruitment

The Trust makes sure that disabled applicants are always fully and fairly considered on their merits, as with any individual. Any applicant who meets the minimum criteria for selection is invited for interview.

Via our recruitment policy, we make sure that the implementation of the recruitment and selection practices will not discriminate directly or indirectly on the grounds of gender, sexual orientation, marriage or civil partnership, pregnancy and maternity, caring responsibility, ethnic or national origin, religion, culture, disability, age or trade union membership.

The workplace

The Trust provides an occupational health service which can be accessed by all staff. It is provided by a multidisciplinary team, and as well as specialist practitioners in occupational health also includes clinical nurses, technicians and a consultant.

If an employee becomes disabled, the Trust will, via line managers and the health and wellbeing department, maintain regular contact with them to monitor progress, give support and, at an agreed and appropriate stage, consider possible courses of action. This can include a phased return to work and consideration of the effect any disability might have on future employment.

The Trust seeks to offer terms and conditions of service which will enable suitably qualified person with a disability to seek and maintain employment with the organisation wherever practicable.

Policies

We carry out equality impact assessments for equality analysis when reviewing policies or when planning changes to services as part of organisational change processes to ensure our functions and services are not discriminatory.

Training

The Trust continues to ensure that all staff have equal opportunities to develop with others, develop new skills or enhance existing skills and advance their careers. This includes mandatory training, clinical skills, personal development and apprenticeships.

The Trust recognises that some staff will have additional needs when starting or returning to the workplace and their corporate and local induction should reflect this. This includes staff who:

- qualified abroad
- are returning to work after prolonged absence
- are training part time
- are under the age of 18
- have a disability

It is the line manager or supervisor's direct responsibility to ensure that staff with additional needs are properly inducted into the Trust by way of local induction and are treated equitably during their employment with the Trust.

All staff are required to undertake equality and diversity training. Compliance currently stands at 94.57%.

According to role requirements training is also provided in the following areas:

- dementia
- deprivation of liberties
- learning disabilities
- Mental Capacity Act
- safeguarding of the vulnerable adult

The Trust has continued working with Suffolk Mind to deliver "Your Needs Met" sessions and has also rolled out mental health first aid training to more than 50 staff. The programme will continue throughout 2020/21.

Workforce Disability Equality Standard (WDES)

The Workforce Disability Equality Standard (WDES) provides a framework for NHS trusts to report, demonstrate and monitor progress against a number of indicators of workforce equality, and to ensure that disabled employees receive fair treatment in the workplace and have equal access to career opportunities.

The WDES is a set of ten specific measures (metrics) which enable organisations to compare the employment experiences of disabled and non-disabled staff. From April 2019, it has applied to all NHS trusts and foundation trusts and is a key step for NHS organisations to improve equality for the NHS workforce.

We are proud to have complied with this regulation and have developed our action plan based on our data analysis. Its goals are to:

- Create a culture and environment where ESNEFT staff are confident and empowered to disclose, as well as have, open conversations about their disability status.
- Ensure systems and processes are aligned to enable disability equality in the workplace.
- Understand and use our workforce data to inform initiatives which will improve the experience for disabled and non-disabled staff.
- Be recognised as a system leader for disability equality through wider engagement.

These goals are in alignment with NHS regulations and the Equality Act 2010. Our action plan was approved and ratified by the People and Organisational Development Committee on 26 September 2019 and published online.

Staff engagement

Organisational development and leadership

Work on the Organisational Development Plan concluded in summer 2019. Outputs included action learning sets, the introduction of a leader's induction and coaching for divisional management teams.

The Trust has continued to deliver leadership training, both as a stand-alone programme and also tailored programmes for clinical leads and consultants. In partnership with the Essex Leadership Group, we have also continued to deliver Mary Seacole local.

Leadership events took place throughout 2019/20. Our senior leaders spent two days focussing on the staff survey and the launch of our values, leadership behaviours and our new appraisal and career conversation framework. Three days were facilitated for our middle managers in September 2019 and again concentrated the launch of our values, leadership behaviours and our new appraisal and career conversation framework.

We also celebrated teams and individuals who has been nominated for our annual staff awards and heard their stories on how they had made a difference to the organisation and to patient care.

Valuing our staff

During 2019/20, we continued to recognise staff and volunteers through our Trust commendation scheme, which gives colleagues, patients and the public the chance to nominate the people they feel have made outstanding contributions.

Everyone who is nominated receives a letter from the Chief Executive with the citation included. Winners are visited by a member of the Executive team who presents them with their certificate.

We thanked our hard working staff and celebrated their achievements at the Team ESNEFT awards in February, and acknowledged those who have given long service at two special afternoon teas.

Staff Partnership Forum

The Staff Partnership Forum (SPF) is made up of management and staff side union representatives and meets monthly with the agenda agreed jointly between staff side and management.

A Staff Partnership Agreement was developed and agreed this year which sets out the specific responsibilities and purpose of the group which, in summary, is to promote good employee relations and maintain a positive, constructive and trusting relationship between the Trust and staff side through:

- **Information**: Keeping all parties fully informed of relevant matters at the earliest opportunity. This will include the SPF receiving and discussing reports upon the Trust's planning and workforce intentions, financial position and other relevant management issues appertaining to the Trust. Matters can be raised by either party.

- **Consultation**: To be given every reasonable opportunity to provide feedback on and to be consulted upon relevant proposed management decisions, such as organisational change and non-contractual employment policies and procedures

- **Negotiation**: For the purpose of reaching agreements and avoiding disputes for matters concerning interpretation and implementation of collective agreements or contractual terms and conditions of employment.

The Trust funds 11 days a week of dedicated facility time to enable the release of the staff side chair, branch secretary and senior stewards to attend meetings, undertake specific union activity and support HR case work. Additional support from shop floor union stewards is funded by releasing staff from their substantive post. Secretarial support is provided by the HR team. Not all roles are filled and many only will become paid from April 2020 however the agreed split of funded union allocation is as follows:

Role	Agreed time
Staff side chair	1 day per week
Senior steward – Colchester	2 days per week (I day covered by Staffside Chair 1 day vacant)
Senior steward - Ipswich	2 days per week
Senior steward – Community	1 day per week (vacant)
Staff side health and safety lead	1 day per week (vacant)
UNISON branch secretary	3 days backfill (from April 2020, 2 days currently)
RCN lead steward	1 day backfill (from April 2020)
Total dedicated time	**11 days**

Number of employees who were trade union officials	Whole time equivalents
20	18.03
Percentage of time spent on facility time	**Number of employees**
0%	7
1% - 50%	13
51% - 99%	0
100%	0
Total cost of facility time	**Costs**
Total pay bill	460,506,000
Percentage of pay bill spent on facility time	0.01%
Time spent on trade union activities as percentage of total facilities time	**Percentage**
2099 hours formally recorded	77%

Freedom to Speak Up and raising concerns

Our 'speaking up' vision statement for the Trust is: **We encourage our staff to raise concerns openly, or anonymously if they prefer, safe in the knowledge they will be supported if they do, to make our trust a positive and trustworthy place to work and receive care.**

The vision statement encapsulates the current drive from the Board to ensure that staff at all levels of the Trust know that they will be supported if they raise a concern. We recognise that there are still individuals who struggle to make their voice heard and that some have a lack of faith that they will be listened too, or fear that they will be victimised should they do so. This is not peculiar to ESNEFT and other parts of the NHS have similar challenges, but it demands action from all of us.

We have a stand-alone page on the Trust intranet which provides all the information that an individual wishing to raise a concern, speak up or whistle blow needs. This includes pointers to potential sources of advice, policy documents that could provide guidance, websites that might be helpful and email and addresses for our Freedom to Speak Up Guardian (F2SUG).

As part of staff induction each new employee receives a leaflet reflecting much of the advice on the intranet page, and with similar pointers to those who might help. Our raising concerns / freedom to speak up policy reflects national policy and the Guardian remains a member of the East of England Freedom to Speak Guardians assembly, which is overseen by the National Guardians Office. The Speaking Up Safely Group, encourages input from other parts of the organisation including equality and diversity and health and wellbeing. The group for 2020/21 is overseeing the establishment of a team of Assistant FTSUGs.

Tom Fleetwood, our Freedom to Speak Up Guardian regularly talks to the Chief Executive and Chair, works with other members of the executive team, replies quarterly to the National Guardian's data collection and reports quarterly to People and Organisational Development Committee and annually to the Trust Board.

NHS Staff Survey

The Trust continues to work towards the achievement of the pledges outlined in the NHS Constitution to ensure that all staff feel trusted, actively listened to, provided with meaningful feedback, treated with respect at work, have the tools, training and support to deliver compassionate care and are provided with opportunities to develop and progress.

Staff engagement

Our approach to staff engagement at ESNEFT is underpinned by six principles. These are included in our new Communications and Engagement Strategy which was launched in November following approval by the Trust Board. The strategy was developed with our staff, partner organisations and representatives of all the communities we serve.

Engaging and communicating with staff is one of our key ESNEFT priorities. All staff receive timely and consistent messaging on all areas of our work and openness and feedback is encouraged. Internal communication and staff engagement is crucial to the success of the organisation and has a vital role to play in achieving the Trust's objectives.

Through well-managed internal communications, we are working to deliver a common understanding of our goals and values and bring the ESNEFT brand to life through our staff. Internal communication and engagement is crucial in keeping our staff motivated, inspired and committed, and good internal communication will help retain our best staff.

Our internal communication and engagement objectives are:

- To **build** on existing staff communications channels
- To **encourage and support staff** to be part of the conversation and to share stories, ideas, successes and suggestions
- To **support leaders** across the organisation to communicate with their teams
- To **provide** clear, timely and accessible information
- To **facilitate** the development of messages, campaign assets and resources to share information

Our monthly CEO briefings have proved popular, and from March 2020 these have been led through Microsoft Teams Live with up to 750 staff taking part and asking our CEO direct questions. This has been supported by a regular VLOG from our CEO.

National 2019 NHS Staff Survey

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are grouped to give score in ten indicators. The indicator scores are based on a score out of 11 for certain questions with the indicator score being the average of those.

The response rate to the 2019/20 survey among trust staff was 49% and 2018/19: 39%. Scores for each indicator together with that of the survey benchmarking group (combined acute and community trusts) are presented below.

	2019/20		2018/19	
	Trust	Benchmarking group	Trust	Benchmarking group
Equality, diversity and inclusion	9.1	9.2	9.0	9.2
Health and wellbeing	5.7	6.0	5.7	5.9
Immediate managers	6.6	6.9	6.5	6.8
Morale	6.0	6.2	5.9	6.2
Quality of appraisals	4.9	5.5	4.9	5.4
Quality of care	7.3	7.5	7.2	7.4
Safe environment – bullying and harassment	7.8	8.2	7.8	8.1
Safe environment – violence	9.4	9.5	9.4	9.5
Safety culture	6.5	6.8	6.5	6.7
Staff engagement	6.8	7.1	6.9	7.0
Team working	6.3	6.7	-	-

The full reports of the annual NHS Staff Survey for ESNEFT are available at www.nhsstaffsurveys.com

The key headlines from the survey are:

- Our organisation was benchmarked against **48** combined acute and community trusts.
- **49%** of staff **(4,742)** responded compared to a 46% average response rate for similar trusts.
- Of the 90 questions asked across all 11 key themes, there was no statistically significant difference in nine of the themes. Two key themes improved in the areas of equality, diversity and inclusion and morale.
- **57.3%** of staff said they would recommend ESNEFT as a place to work.
- **66.9%** of staff said they would be happy with the standard of care provided if a friend or relative needed treatment.
- **72.4%** of staff agreed that care of service users is the organisation's top priority.

Our core strengths are outlined below (when compared to similar NHS organisations who use Picker as their survey provider):

	Top five scores (compared to average)
42%	Q11d. In the last three months, staff have not come to work when they are not feeling well enough to perform their duties.
93%	Q15d. Staff have not experienced discrimination from their manager/team leader or other colleagues.
54%	Q23b. Staff are unlikely to look for a job at a new organisation in the next 12 months.
72%	Q11b. In the last 12 months, staff have not experienced musculoskeletal problems as a result of work activities.
99%	Q12c. Staff have not experienced physical violence from other colleagues.

Our key issues to address are as follows:

	Bottom five scores (compared to average)
71%	Q9a. Staff who know who senior managers are.
30%	Q9b. Communication between senior management and staff is effective.
28%	Q19e. Appraisal/performance review: organisational values definitely discussed.
25%	Q9c. Senior managers try to involve staff in important decisions.
46%	Q19g. Definitely supported by manager to receive training, learning or development identified in appraisal.

The responses to the three key 'recommendation' questions that indicate our overall staff engagement position in the 2019 NHS Staff Survey are outlined below:

	Q21a. Care of patients/service users is my organisation's top priority	Q21c. I would recommend my organisation as a place to work	Q21d. If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation
Best	89.9%	81.0%	90.5%
ESNEFT	**72.4%**	**57.3%**	**66.9%**
Average	78.0%	64.0%	71.0%
Worst	58.8%	44.2%	48.8%

As the COVID-19 pandemic started to significantly impact on the way we worked during the latter part of 2019/20, we have predominantly focussed our staff engagement and experience activities on ensuring our staff are being effectively communicated with and that our health and wellbeing offering is significantly enhanced. A COVID-19 Wellbeing Group was formed at the end of March 2020, based on a framework outlined by the British Psychological Society. This has ensured that our staff are adequately supported from a physical, mental and financial wellbeing perspective and this work will be ongoing during 2020/21.

Staff friends and family test

Since April 2014, the staff friends and family test (FFT) has been carried out in all NHS trusts providing acute, community, ambulance and mental health services in England.

The aim is for all staff to have the opportunity to feed back their views on their organisation at least once a year. The staff FFT is helping to promote a big cultural shift in the NHS, where staff have both the opportunity and confidence to speak up, and where the views of staff are increasingly heard and are acted upon.

Research has shown a relationship between staff engagement and individual and organisational outcome measures, such as staff absenteeism and turnover, patient satisfaction and mortality; and safety measures, including infection rates. The more engaged staff members are, the better the outcomes for patients and the organisation generally. It is therefore important that we strengthen the staff voice, as well as the patient voice (NHS England).

The % of staff employed by or under contract to the Trust during the reporting period who would recommend the Trust as a provider of care to their family and friends.	Reporting period	ESNEFT score	National average
	2019/20 Q1	71%	81%
	2019/20 Q2	71%	81%
	2019/20 Q3	National 2019 NHS Staff Survey period	
	2019/20 Q4	*	*

The % of staff employed by or under contract to the Trust during the reporting period who would recommend the Trust as a place to work.	Reporting period	ESNEFT score	National average
	2019/20 Q1	53%	66%
	2019/20 Q2	44%	66%
	2019/20 Q3	National 2019 NHS Staff Survey period	
	2018/19 Q4	36%	65%

*Data not available at the time of production.

Review of tax arrangements of public sector appointees

The Trust now publishes information in relation to the number of off-payroll engagements following the review of tax arrangements of public sector appointees published by the Chief Secretary to the Treasury on 23 May 2012. For all off-payroll engagements the Trust follows guidance issued from NHSI.

For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months:

Number of existing engagements as of 31 March 2020	3
Of which:	
Number that have existed for less than one year at time of reporting	3
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months:

Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	2
Of which:	
Number assessed as within the scope of IR35	2
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	2
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements	7

Expenditure on consultancy

Trust expenditure on consultancy in 2018/19 was £1.621m, down from £4.636m last year.

Consultancy is commissioned when the Trust does not have its own internal resource or expertise to undertake the work in-house or when specific additional resource is required for a project. The total was significantly less than during 2017/18, during which consultancy advice on the full business case for the

proposed merger with the Ipswich Hospital NHS Trust and support for the new North Essex and East Suffolk Pathology Service was required.

Staff exit packages (subject to audit)

Compulsory redundancies

Exit package cost band	2019/20		2018/19	
	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of compulsory redundancies	Cost of compulsory redundancies £000
<£10,000	1	0	0	0
£10,001 - £25,000	1	21	0	0
£25,001 - £50,000	0	0	3	114
£50,001 - 100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
Total	**2**	**21**	**3**	**114**

This disclosure reports the number and value of exit packages agreed in the year.

Note: The expense associated with these departures may have been recognised in part or full in a previous period.

Non-compulsory departure payments

	2019/20		2018/19	
	Number	Cost (£000)	Number	Cost (£000)
Contractual payments in lieu of notice	35	100	16	25
Exit payments following employment tribunals or court orders	0	0	0	0
Total	**35**	**100**	**16**	**25**

Foundation Trust Code of Governance

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

The Board considers that it has complied with the provisions of the NHS Foundation Trust Code of Governance with the exception of the requirements relating to evaluation (Code B.6.5) and (Code B1.2) board composition.

Although the Board has continued to undertake a formal and rigorous evaluation of the performance of Board committees, it has not evaluated the performance of the Audit and Risk Committee nor the Board of Directors since the merger to form East Suffolk and North Essex NHS Foundation Trust. In April 2020 effectiveness reviews have been undertaken and will formally report to the Board through its committees annual reports in quarter one 2020.

Similarly, the Trust has not fully complied with the requirement that the Council of Governors, led by the Chair, should periodically assess its own performance. The Council of Governors will undertake its first evaluation in June 2020. The Council has continued, however, to report at all of its public meetings on how it has discharged its responsibilities in holding the Non-Executive Directors to account and engaging with members.

Following the appointment of new Chair of the Board of Directors in January 2020, a Non-Executive Director vacancy was created and remained so for the remainder of 2019/20 as recruitment was suspended as a consequence of COVID-19.

Board of Directors and Council of Governors

Other disclosures relating to the Board of Directors and its committees are in the report into our Board of Directors. Disclosures relating to the Council of Governors and its committees from page 51 onwards.

Our membership

Eligibility requirements for joining different membership constituencies

Our Trust has two types of member: public and staff. Public members are people aged 16 years or over who live in Essex or Suffolk and have registered to become a member. Staff members are automatically registered when they join the Trust and include any employee and volunteers.

A data cleanse was carried out by the membership and an external organisation which manages the Trust's membership database for future public and staff governor elections. Both teams removed and updated membership details and contact information.

At March 2019, ESNEFT had 10,694 public members and 10,374 staff members.

The public members are spread across the geographical area as follows:

Public membership	Number
Colchester	2,531
Ipswich	2,253
Rest of Essex	2,640
Rest of Suffolk	3,269
Out of area (including Norfolk)	n/a

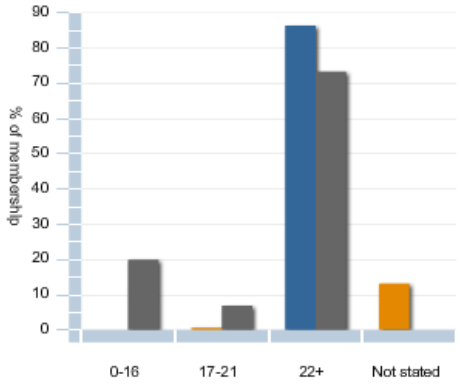
Age profile of our public members

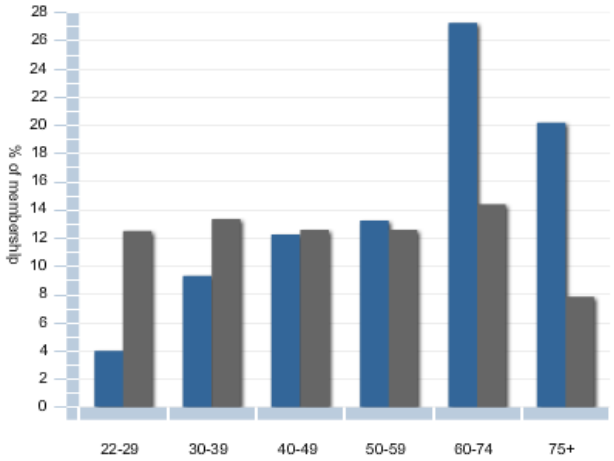
As with many NHS foundation trusts, there is under-representation of public members between the ages of 16 and 49 years, although efforts have been made to start rectifying this by making links with local academic institutions.

We have more public members aged 60 years and above than is representative of the geographical area we serve. The first column represents membership and the second represents population. Ideally, each pair of columns in the chart would be the same height to be truly representative of our population.

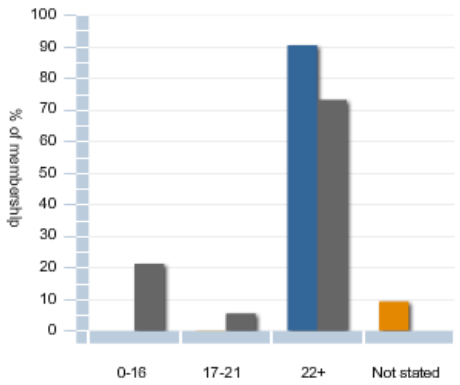
Please note that people aged under 16 are not eligible to be members.

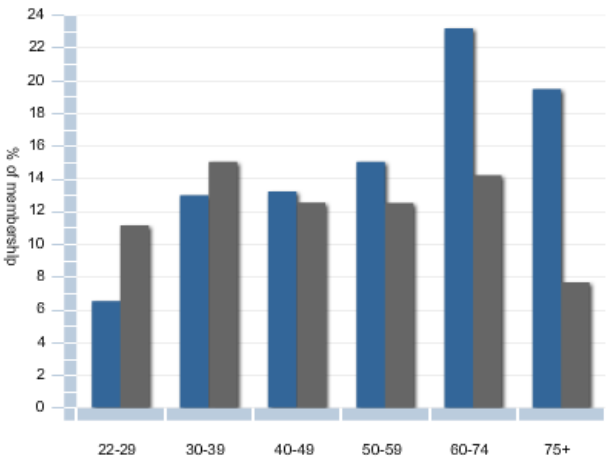
Colchester



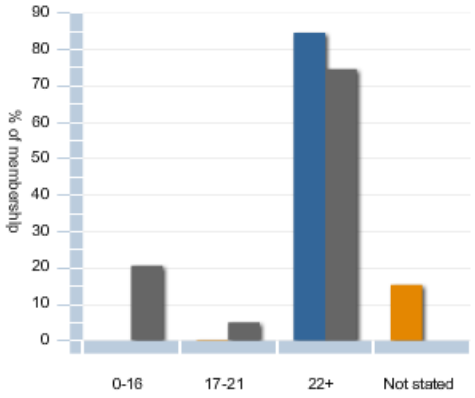


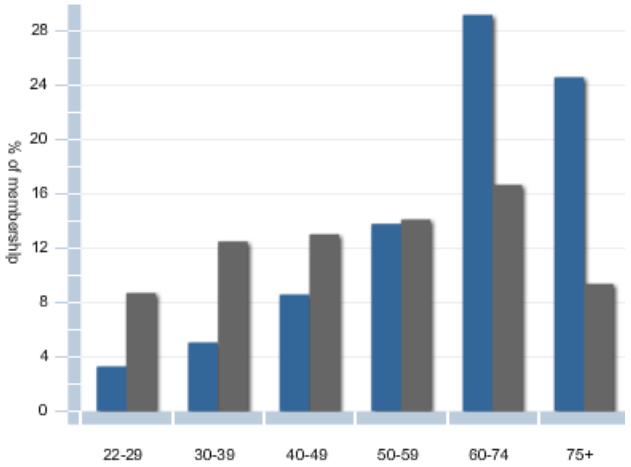
Ipswich



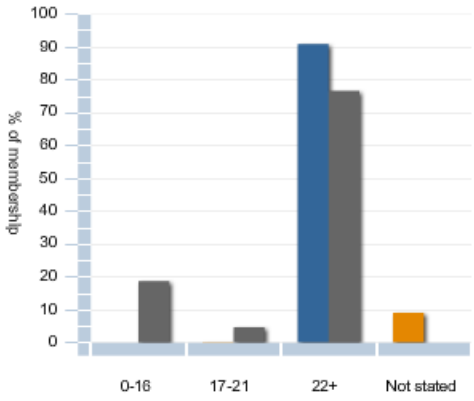


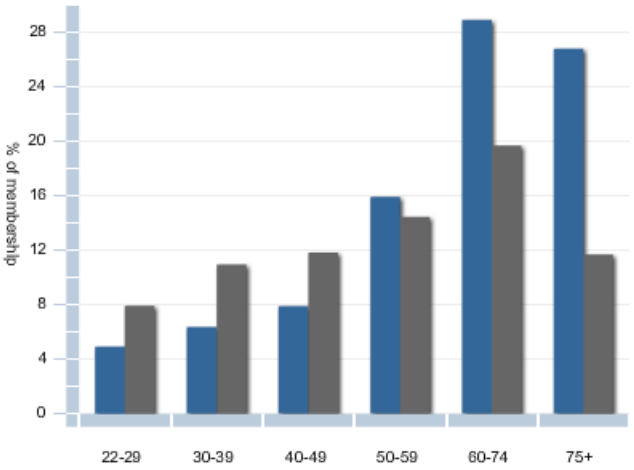
Rest of Essex





Rest of Suffolk





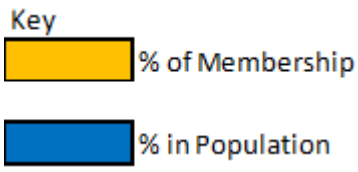
Over representation starts at the age of 40 in Ipswich and 50 for Colchester and the rest of Suffolk, while it is over the age of 60 in the rest of Essex. However, efforts have been made below these age groups to close the under-represented age gaps.

Public membership demography

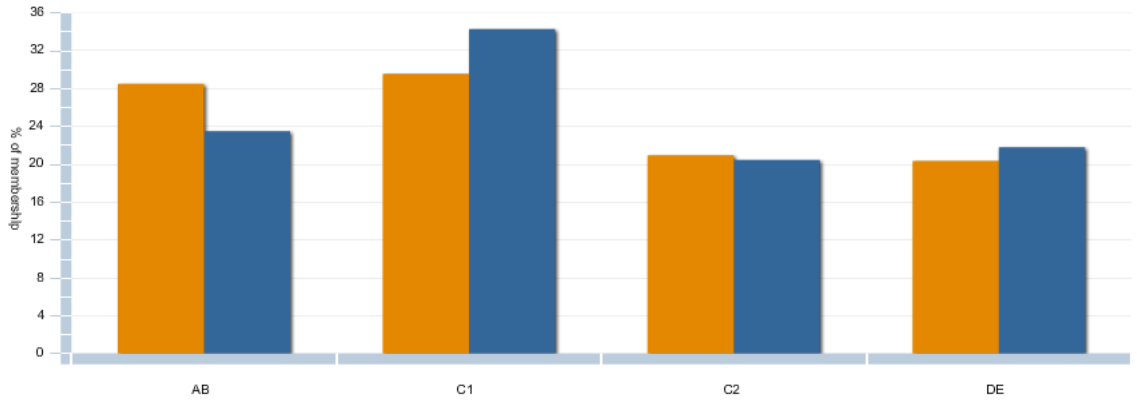
According to population data, we have far more public members than is representative in the middle class categories. In the semi and skilled labourers group, we are almost proportionately represented across all areas, while there are slight variations in the other categories across all four regions. Ideally, each pair of columns in the chart would be the same height to be truly representative of our population.

The National Readership Survey social grades are a system of demographic classification:

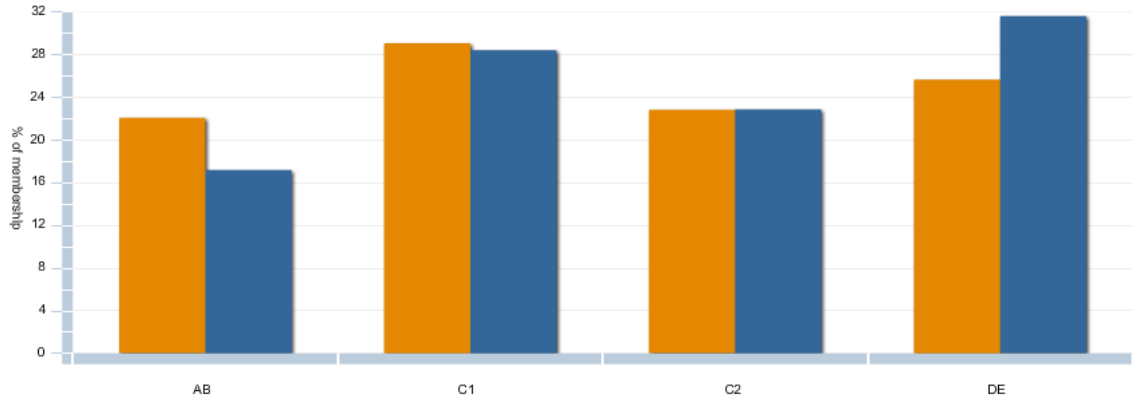
A = Higher managerial, administrative or professional
B = Intermediate managerial, administrative or professional
C1 = Supervisory or clerical and junior managerial, administrative or professional
C2 = Skilled manual workers
D = Semi-skilled and unskilled manual workers
E = Casual or lowest grade workers or those who depend on the welfare state



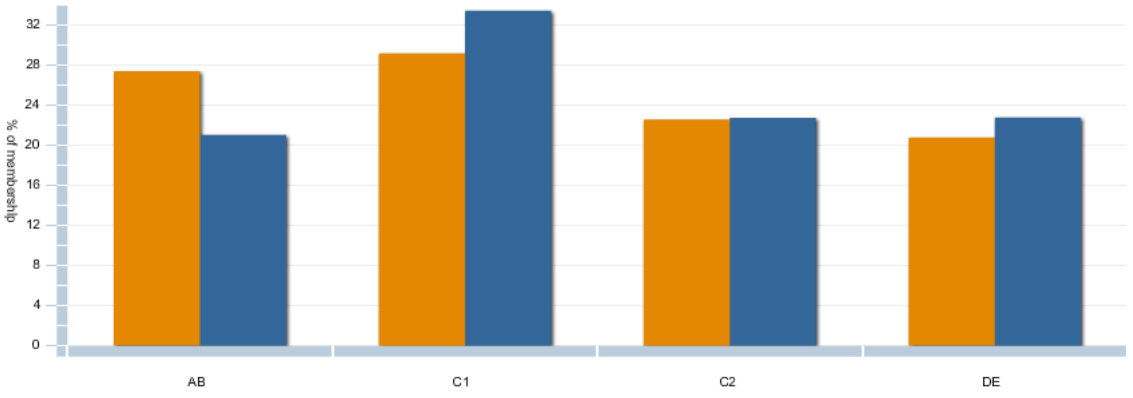
Colchester



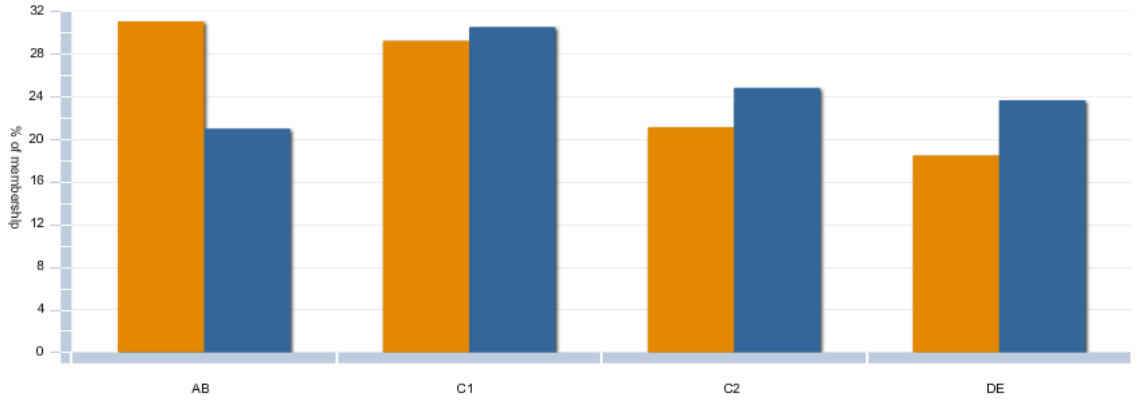
Ipswich



Rest of Essex



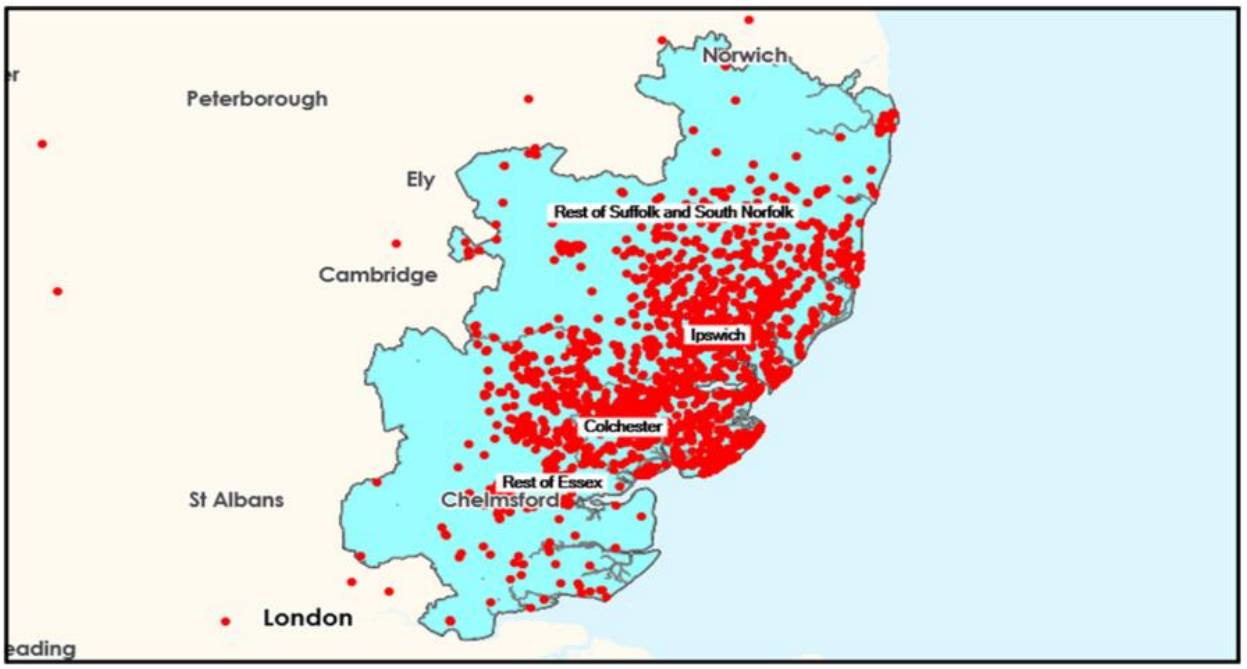
Rest of Suffolk



Location of public members

As the map below shows, there are densely populated centres of membership at our main hospitals and community bases, including Colchester, Clacton, Harwich, Halstead, Ipswich, Felixstowe and Aldeburgh.

Although some of members live outside of the blue area, which is where our external membership database team consider our boundaries to be, they are not be able to vote or stand for election to the Council of Governors.



Contacting our membership office

Members and the public can contact Governors through the membership office by calling 01206 742347 or emailing ft.membership@esneft.nhs.uk

Council of Governors

The Council of Governors represents the interests of the public and employees through its elected Governors and appointed stakeholder Governors.

Directors and Governors working together

The Council of Governors continues to provide an effective local accountability role for the Trust, ensuring that patients, service users, staff and stakeholders are linked in to the Trust's strategic direction. It has proved to be an effective and highly-valued critical friend of the organisation, working with the Board of Directors to develop plans for the Trust.

The Council of Governors acts as a consultative and advisory forum to the Board. It provides a steer on how the Trust can carry out its business and helps it develop long-term strategic plans consistent with the needs of the community it serves. The council also acts as guardian to ensure that the Trust operates in a way that fits with its statement of purpose and is expected to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors.

The other statutory duties of the Council of Governors are:

- the appointment and, if appropriate, removal of the Chair and other Non-Executive Directors
- the remuneration and allowances and other terms and conditions of office of the Chair and the other Non-Executive Directors
- the approval of the appointment of the Chief Executive
- the appointment and, if appropriate, removal of the auditor
- the receiving of the Trust's Annual Accounts, any report of the auditors on them and the Annual Report at a general meeting of the Council of Governors
- the approval of a significant transaction as defined in the Trust's constitution, or an application by the Trust to enter into a merger, acquisition, separation or dissolution
- a decision on whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the Health Service in England, or performing its other functions
- approval of amendments to the Trust's constitution

Membership engagement

Governors are encouraged to engage with members by taking part in local health forums, patient groups, parish council meetings, Pride, further education progression fairs and county shows. Within the Trust, they participate in a programme of activities which includes department walkabouts, task and finish groups and links to staff engagement initiatives.

The main focus for 2019 has been working with the engagement team on the proposed elective care centre to be built on one site. Governors were encouraged to take part in the pre-consultation stakeholder events and consultation engagement events with the public to discuss the proposals and consider their views. Governors also engaged with local patient participation groups and have continued to undertake walkabouts of the hospital, talking to patients, carers and families.

There has also been an induction and orientation for the five new Governors who joined the council (three public and two stakeholder Governors).

Governors have been actively involved in the development of ESNEFT's strategy. They will continue to support staff, public and membership engagement activities following its approval by the Trust Board and the implementation of its delivery plans.

Seats on the Council of Governors will be up for election, scheduled for summer 2020, for the constituted membership areas of the Trust. The previous Council of Governors had been in place since July 2018.

Committees and panels

There are two sub-committees of the Council of Governors: the Appointments and Performance Committee and the Standards Committee. Governors are invited to regular informal meetings with the Chair to discuss a wide range of issues, from planning and operations, through to governance and accountability arrangements relating to the Board of Directors.

Governors and Directors are actively encouraged to attend each other's public meetings to gain insight into each other's activities and responsibilities. In addition, a joint confidential meeting also took place to discuss the Chair and Non-Executive Directors appraisals.

Governor Representatives also attended the following Board committees as observers:

- Quality and Patient Safety Assurance Committee
- Audit and Risk Assurance Committee
- Finance and Performance Assurance Committee
- People and Organisational Development Assurance Committee
- Charitable Funds and Sponsorship Committee.

Governors also met regularly at the following working groups:

- Staff Involvement Forum
- Strategy and Membership Group

Standards Committee

The Standards Committee is responsible for reviewing the Governors' Code of Conduct and enforcing it through:

- receiving and reviewing complaints and grievances against individual or groups of Governors
- considering any allegations of failure by a Governor to comply with the Trust's constitution or guidance issued by any regulatory authority
- assessing allegations that Governors have breached the Governors' Code of Conduct.

There were no referrals made to the Standards Committee during 2019/20 and therefore the committee did not meet.

Appointments and Performance Committee

The Appointments and Performance Committee is responsible for advising the Council of Governors on the appointment, termination, performance and remuneration of the Non-Executive Directors (including the Chair).

The committee met on five occasions during 2019/20 for the purpose of Non-Executive Director and Chair appraisals and convened an appointment panel for the appointment of the Chair to the Board.

Members and meetings attended in brackets: David White (0/0), Helen Taylor (1/1), Michael Horley (4/5), Janet Brazier (3/5), Donna Booton (1/4), Michael Loveridge (0/0), Gordon Scopes (3/5), Jennifer Rivett (4/5), Gordon Jones (2/5), Anthony Rollo (3/5), Isaac Ferneyhough (4/5), Sharmila Gupta (0/5) and David Welbourn (1/1).

About the Governors

Elected public Governors

Colchester	Ipswich
Chris Hall	Susan Hayes (resigned September 2019)
Joanna Kirchner	Ian Marsh
Michael Horley (Lead Governor April 2019 – January 2020)	Jenny Rivett
Paul Ellis	Ronald Llewellyn
Rest of Essex	**Rest of Suffolk**
Elizabeth Smith	Gillian Orves
Jane Young	David Welbourn (Lead Governor February 2020 onwards)
Janet Brazier	John Alborough
Michael Loveridge (resigned April 2019)	Gordon Scopes
John Price	David Miller (resigned February 2020)
David Gronland	

Elected staff Governors

Colchester and Essex	Ipswich and Suffolk
Isaac Ferneyhough	Tonia Evans
Donna Booton (retired December 2019)	Louise Palmer
Sharmila Gupta	Joanne Garnham

Appointed stakeholder governors

Under the ESNEFT constitution, appointed governors have a fixed term of three years and a maximum of nine consecutive years.

- Colchester Borough Council and Tendring District Council: Cllr Helen Chuah was appointed in July 2018 for a second term of office to represent both councils
- Essex County Council: Cllr Carlo Guglielmi was appointed in July 2018 for a second term of office
- Colchester Garrison: Major Royston Dove was appointed in June 2018
- University of Essex: Vikki-Jo Scott was appointed in July 2018
- Essex Healthwatch: David Sollis was appointed in October 2018, then stood down in June 2019 to be replaced by Deborah Potticary.
- Ipswich Borough Council and Suffolk Coastal District Council: Cllr Neil Macdonald was appointed in February 2019 to represent both councils
- Suffolk County Council: Cllr Gordon Jones was appointed in July 2018
- University of Suffolk: Paul Driscoll Evans was appointed June 2019
- Suffolk Healthwatch: Anthony Rollo was appointed in July 2018

Register of interests

All Governors are asked to declare any interests on the register of governors' interests at the time of their appointment or election. This register is reviewed and maintained by the foundation trust office, and is available for inspection by members of the public. Anyone who wishes to see the register or get in touch with a Governor should contact the foundation trust office by calling 01206 747474.

Council of Governor Meetings

There were five meetings of the Council of Governors: 4 April 2019, 6 June 2019, 29 August 2019 (annual members' meeting), 5 December 2019 and 5 March 2020. The meetings were chaired by David White (2/2) and Helen Taylor (3/3).

Governor attendance at Council of Governors meetings

Name	Attended	Name	Attended
Chris Hall	3 / 5	Isaac Ferneyhough	5 / 5
Joanna Kirchner	2 / 5	Donna Booton	4 / 4
Michael Horley	4 / 5	Sharmila Gupta	4 / 5
Paul Ellis	2 / 5	Tonia Evans	0 / 5
Susan Hayes	0 / 3	Louise Palmer	3 / 5
Ian Marsh	4 / 5	Joanne Garnham	0 / 5
Jenny Rivett	4 / 5	Helen Chuah	2 / 5
Ronald Llewellyn	3 / 4	Neil MacDonald	3 / 5
Elizabeth Smith	5 / 5	Carlo Guglielmi	1 / 5
Jane Young	4 / 5	Gordon Jones	1 / 5
Janet Brazier	5 / 5	Vikki Jo Scott	3 / 5
Michael Loveridge	0 / 1	Paul Driscoll Evans	0 / 4
John Price	1 / 5	Roston Dove	0 / 5
David Gronland	4 / 4	Deborah Potticary	1 / 3
Gillian Orves	3 / 5	David Sollis	0 / 2
David Welbourn	4 / 5	Anthony Rollo	1 / 5
John Alborough	4 / 5		
Gordon Scopes	4 / 5		
David Miller	0 / 3		

The Council of Governors did not exercise its power under the Health and Social Care Act to require one or more of the Directors to attend a Governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the Directors' performance of their duties.

Regulatory ratings

NHSI Single Oversight Framework for NHS providers

NHS England and NHS Improvement's NHS Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability

Based on the information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its license.

NHS England and NHS Improvement confirm that East Suffolk and North Essex NHS Foundation Trust is in segment 2 for quality of care and operational performance.

This segmentation information is the trust's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published in the NHS Improvement website. https://www.england.nhs.uk/publication/east-suffolk-and-north-essex-nhs-foundation-trust/

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and the use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the trust disclosed above might not be the same as the overall finance score.

Area	Metric	2019/20 scores				2018/19 scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	3	4	4	4	4	4	4	4
	Liquidity	4	4	4	4	4	4	4	2
Financial efficiency	I&E margin	2	4	4	4	4	4	4	4
Financial controls	Distance from financial plan	1	4	4	4	1	4	4	1
	Agency spend	1	1	1	1	2	2	2	1
Overall score		3	3	3	3	3	4	4	3

NB: Q1 2018/19 is Colchester Hospital University NHS Foundation Trust only as pre acquisition of The Ipswich Hospital NHS Trust.

Prior to the merger both predecessor trusts had deficit revenue positions accumulated over several years, with consequent effects on capital service capacity and the requirement for loans to compensate the deficits. This has affected liquidity across the period.

The financial plan has been met by ESNEFT in both 2018/19 and 2019/20, and agency spend has continued to reduce and meet targets.

With central support monies in 19/20, and on an adjusted financial performance basis, the Trust's I&E margin at the end of 19/20 improved to a two.

Care Quality Commission (CQC) registration

East Suffolk and North Essex NHS Foundation Trust is registers with the CQC.

The Care Quality Commission carried out a planned inspection of ESNEFT services in June/July 2019 with a comprehensive review of all core services at the Ipswich Hospital site; a risk based review at Colchester General Hospital site and a review of our community hospital inpatient services at Bluebird Lodge, Felixstowe Community Hospital and Aldeburgh Community Hospital.

In addition to this a well-led review of the senior leadership team (covering the Board of Directors and the senior leadership team down to associate director level); and a use of resources assessment (undertaken by NHS Improvement).

The ESNEFT overall rating from the inspection was 'requires improvement'.

Overall rating for this trust	Requires improvement
Are services safe?	Requires improvement
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Requires improvement
Are services well-led?	Good

The Care Quality Commission issued the trust with requirement notices in respect of:

- Regulation 11 – Need for consent;
- Regulation 12 – Safe care and treatment;
- Regulation 14 – Meeting nutritional and hydration needs; and
- Regulation 17 – Good governance

These are described as '***actions we must do***' to comply with our legal obligations under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

The full inspection report can be found at the CQC website: www.cqc.org.uk/provider/RDE

Mandatory service risk

The Trust's Board of Directors is satisfied that:

- all assets needed for the provision of mandatory goods and services are protected from disposal,
- plans are in place to maintain and improve existing performance,

- the Trust has adopted organisational objectives and is now measuring performance in line with these objectives, and
- the Trust is investing in change and capital estate programmes which will improve clinical processes, efficiency and, where required, release additional capacity to ensure it meets the needs of patients.

Statement of the Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of ESNEFT

The NHS Act 2006 states that the Chief Executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require East Suffolk and North Essex NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of East Suffolk and North Essex NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care's Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements.
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance.
- Confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy.
- Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Nick Hulme
Chief Executive
24 June 2020

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide only 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 East Suffolk and North Essex 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 at ESNEFT for the year ended 31 March 2020 and up to the date of approval of the Annual Report and Annual Accounts.

Capacity to handle risk

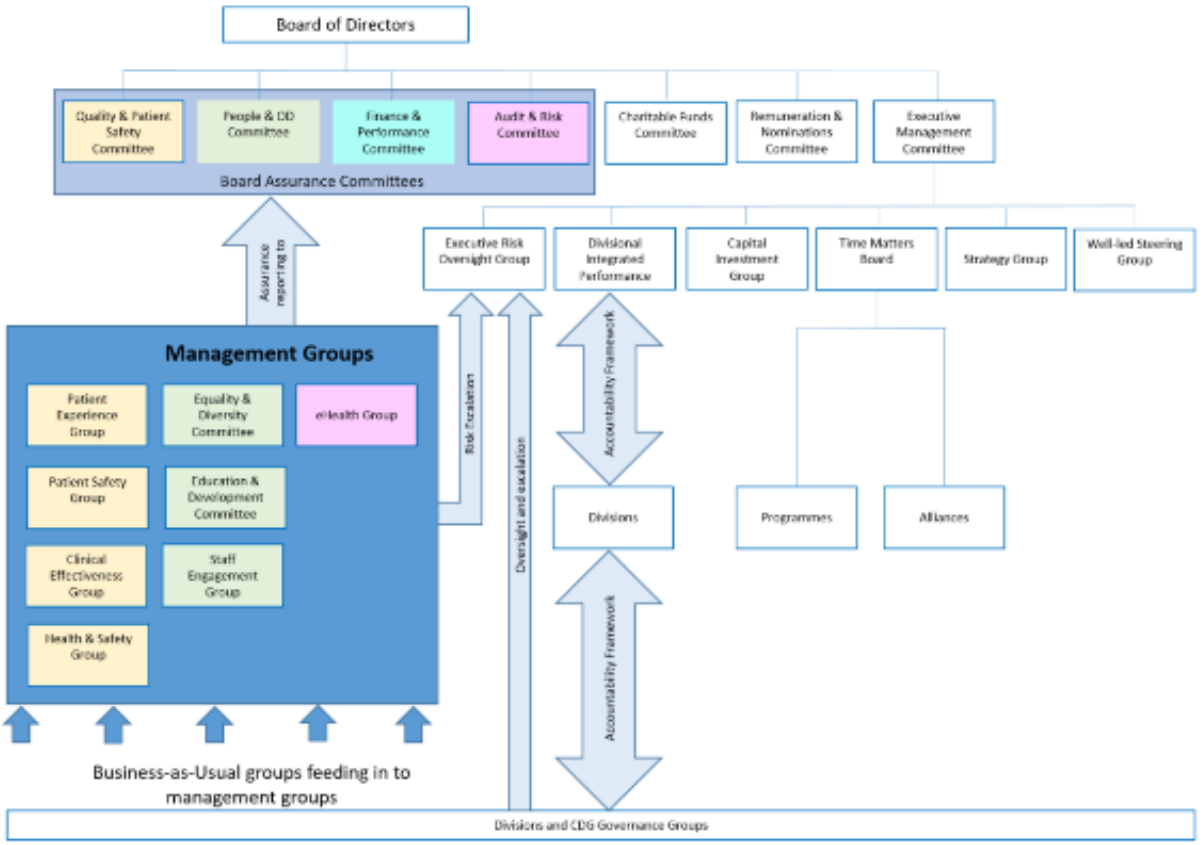
The overall responsibility for risk management within the Trust rests with me and the Executive Management Team, along with requirements to meet all statutory requirements and adhere to the guidance issued by NHS England and NHS Improvement and the Department of Health in respect of governance.

The Executive Risk Oversight Committee has been in operation for over a year with a remit to ensure the adequacy of structures, processes and responsibilities for identifying and managing key risks facing the organisation prior to discussion at the Board. This includes oversight of the Trust-wide risk register and divisional risk registers. This committee is chaired by the Deputy Chief Executive and supported by the Director of Governance.

The Trust's principal and strategic risks are captured in the corporate risk register, which is used to inform the risk priorities of the Board and the four main assurance committees (the Audit and Risk Assurance Committee, the Finance and Performance Assurance Committee, the People and Organisational Development Assurance Committee and the Quality and Patient Safety Assurance Committee). The Audit and Risk Assurance Committee has a further duty to review the Trust's internal financial controls and the Trust's internal control and risk management systems.

Day-to-day management of risks is undertaken by operational management, who are charged with ensuring that risk assessments are undertaken proactively throughout their area of responsibility, and remedial action carried out where problems are identified and incidents reported indicating a potential weakness in internal control. These are captured in divisional risk registers, which are discussed in divisional governance meetings and the Executive Risk Oversight Committee, ensuring that the issues facing the divisions are being recognised and captured corporately. Trust-wide issues are captured in the Trust-wide risk register which, when discussed concurrently with the divisional risk registers in Executive Risk Oversight Committee meetings, ensure that there is appropriate escalation for senior oversight, ensuring that it remains an up-to-date tool to inform the Board of Directors and its assurance committees

for risks where there are difficulties in implementing mitigations. (The diagram below demonstrates escalation routes).



Staff members are trained in risk management at a level relevant to their role and responsibilities. Staff also have access to additional support and education to ensure they have the necessary skills and knowledge and are competent to identify, control and manage risk within their work environment. All newly-appointed staff receive training at induction, which includes their personal responsibilities as well as the necessary information and training to enable them to work safely and to recognise risk.

All policies relating to risk management are available on the intranet in the policy section, with support available from the Risk and Compliance Team.

The Risk and Control Framework

The risk management policy sets out the Trust's approach to managing risk, describes the structures for the management and ownership of risk and explains its risk management processes. Leadership for risk is driven by the Board of Directors through the corporate risk register, which keeps the Board informed of the key strategic risks affecting the Trust.

The policy provides a clear, structured and systematic approach to the management of risks to ensure that risk assessments are an integral part of clinical, managerial and financial processes at all levels across the organisation.

In 2019/20 the Trust approved its five year strategy and has worked to develop supporting enabling strategies and the identification of principal risks that may prevent the achievement of the strategic objectives. In preparation for 2020/21 the trust, with the support of internal audit, undertook a review of the board assurance framework. A new Board Assurance Framework to cover the principal risks, key controls, gaps in control, gaps in assurance, movements in the risk profile and actions to reduce risks to an acceptable level will be established for 2020/21. There will be clear ownership over who is the senior

Board-level risk owner and over which assurance committee oversees the assurance process for each risk.

The Board has considered and agreed the principles regarding the risk that the Trust is prepared to seek, accept or tolerate in the pursuit of its objectives and has captured these in its Risk Appetite Statement.

In order to be assured, the Board has engaged the internal auditors to carry out checks and outcomes, which are fed back to the Board of Directors via a Chair's key issue (CKI) via the Audit and Risk Assurance Committee.

The trust had planned to carry out a self-assessment in late 2019/20 to assess East Suffolk and North Essex Foundation Trust's leadership against the NHSI Well-Led Framework. This was deferred to 2020/21 and will include a review of risk management and Board to ward effectiveness. The Trust was rated 'good' by the Care Quality Commission for Well-Led in 2019/20.

The Board completed their annual self-declaration against the fit and proper persons test in March 2020. There are robust arrangements in place for any new starter to the Board. The Board is satisfied that all Directors are appropriately qualified to discharge their functions effectively. The Chair and Non-Executive Directors have a broad base of skills and experience and each Non-Executive Director brings individual skills and personal experience including financial, healthcare and commercial.

The Risk Appetite Statement is incorporated in the Trust's Risk Management Policy.

Financial

The Trust has a flexible view of financial risk when making medium to long-term business decisions with transformative potential, and is prepared to make bold, but not reckless, decisions, minimising the potential for financial loss by managing risks to a tolerable level.

For other financial decisions, the Trust takes a cautious position, with value for money as the primary concern. However, the Trust is willing to consider other benefits or constraints and will consider value and benefits, not just the cheapest price. Resources are allocated in order to capitalise on opportunities.

Compliance/Regulatory

The Board has a minimal to cautious risk appetite when it comes to compliance and regulatory issues. Where the laws, regulations and standards are about the delivery of safe, high quality care, or the health and safety of the staff and public, it will make every effort to meet regulator expectations and comply with them and will only challenge them if there is strong evidence or argument to do so and the gain will outweigh the adverse consequences.

Innovation

The Board has a flexible view of innovation that supports quality, patient safety and operational effectiveness. Its strategic objective to embrace new ideas to deliver new, technology enabled, financial viable ways of working leads it to pursue innovation and challenge current working practices. It is willing to devolve responsibility for non-critical decisions on the basis of earned autonomy.

Quality

The Board has a cautious view of risk when it comes to patient safety, patient experience or clinical outcomes and places the principle of "no harm" at the heart of every decision it takes. It is prepared to

accept some risk if, on balance, the benefits are justifiable and the potential for mitigation is strong. When taking decisions involving choices between a wide range of outcomes, it will prioritise the option resulting in the greatest benefit for the most patients.

Infrastructure

The Board will take a measured approach when investing in building and equipment maintenance and replacement, based on informed analysis and assessment of risk, but may take informed risks if there are identifiable mitigations that can provide reasonable alternative protection.

Workforce

The Board is prepared to take decisions that would have an effect on staff morale if there are compelling arguments supporting change, including some decisions with a high inherent risk if there is a potential higher reward.

Reputation

The Board's view over the management of the Trust's reputation is that it is willing to take high to significant risks and is willing to take decisions that are likely to bring scrutiny to the organisation where the potential benefits outweigh the risks and sees new ideas as potentially enhancing the reputation of the organisation.

Commercial

The Board has a flexible view of commercial risk. It is willing to pursue business opportunities with the potential for high returns alongside commercial activities of a more established nature, taking a balanced view of risk and reward and on the basis of earned autonomy.

During 2019/20, the Trust saw its principal risks as follows:

- Ineffective organisational management may not be able to fully mitigate the variance and volatility in performance against the plan.
- Identifying, measuring and delivering cost improvement opportunities and leveraging transformational change, impact on delivery of control total, cash flow and long-term sustainability as a going concern.
- Ineffective engagement of our staff following staff survey, which may limit the opportunity of making improvements and listening to our staff.
- Poor processes for recording activity, which may lead to information gaps.
- Delay in transformation of pathology services, leading to suboptimal service impacting on patient care and relationship with our partners.
- Insufficient nursing staff may lead to delayed or rushed care for patients and a poor patient experience.
- Failure to transform through our strategy and its delivery so that we are unable to achieve long term sustainability.

- If activity growth exceeds capacity assumptions contract and legacy issues are not addressed, then we may not have sufficient capacity to assess and treat people in a timely manner.

- If investment to support IT strategy delivery is not available then there could be delay to the delivery of enabling programmes of work to support the delivery of the Trust Strategy.

- If site wide redevelopment of the Ipswich hospital estate does not occur then some parts of the estate may become unfit for purpose, which may impact on the delivery of our clinical strategy.

- If we do not have in place appropriate EPRR to business disruption then there may be unplanned disruption to clinical and corporate services for up to 12 – 24 hours which may lead to patient care being suboptimal.

- (Emergent) If we do not effectively plan to recover from the business disruption associated with COVID-19 then we may not have the workforce resource or clinical capacity to respond to service demand.

These risk issues, the key controls in place to manage them and the actions in hand to further reduce their likelihood and impact were discussed at the Trust's Executive Risk Oversight Group meetings, meetings of the Board's assurance committees and reported to the Board via Chairs Key Issues reports.

Risks are identified through many sources such as risk assessments, clinical benchmarking, audit data, clinical and non-clinical incident reporting, complaints, claims, patient and public feedback, stakeholder and partnership feedback and internal/external assessment, including CQC inspection reports.

At East Suffolk and North Essex NHS Foundation Trust, we believe that every incident offers an opportunity to learn. The reporting of incidents is a fundamental building block in achieving an open, transparent and fear-free way of fulfilling this aim. Our structures and frameworks promote learning, escalation, treatment and mitigation of, or from, risk.

East Suffolk and North Essex NHS Foundation Trust is fully compliant with the registration requirements of the CQC.

The Trust has in place effective systems and processes which assure the Board that staffing is safe, sustainable and effective, ensures provision of a quality service and that care and treatment needs are met. The Trust reviews it staffing establishments in line with NQB guidance, assessing that the right number and skill mix of staff are available to meet the needs of people using the service. This review includes use of evidence-based tools where available, such as SNCT, national guidance, reviews of quality measure and outcomes and professional judgement.

We have an electronic roster system in place for nursing staff which details the type and number of staff that are required to ensure there are suitably qualified, competent, skilled and experienced staff to meet patients' care and treatment needs effectively. We work in partnership with bank and agency providers to fill gaps in our rotas.

Professional teams carry out daily staffing reviews (risk assessments) in line with standard operating procedure. These take into account staff numbers, skill mix and competencies, patient acuity and dependency and activity. Where indicated, staff are used flexibly to provide cover and any risks are formally escalated for action to the staffing co-ordinator, while the senior manager on call is also informed. Where such mitigations are insufficient to address the gap, business continuity plans are enacted with escalation to the Director on call. In response to operational demands from COVID 19 an additional strategic workforce group (chaired by the Interim Director of Human Resources and Organisational Development) was established to co-ordinate all workforce responsive actions including volunteers.

The Trust has an agreed set of workforce performance metrics which are RAG rated against expected performance. These are reported to the Board of Directors within the monthly integrated performance report. Where a metric is below target, remedial actions are included in the report and, where necessary, overseen by a Board assurance committee and reported to the Board through an integrated performance report.

The ESNEFT nursing and midwifery establishment and skill mix review was presented to the Board of Directors, which included recommendations from the Chief Nurse to ensure safe and effective staffing. We have also reviewed medical staffing levels to improve sustainability of medical cover. Rotas for trainee doctors across the Trust are monitored for compliance, with oversight from the Guardian of Safe Working whose work is overseen by the People and Organisational Development Committee. All changes to skill mix and introduction of new roles undergo a quality impact assessment which is signed off by the Chief Nurse and Chief Medical Director.

ESNEFT has an annual workforce plan which is submitted to the Board of Directors and NHSI on an annual basis, in line with guidance. The Trust is currently developing it medium and long term workforce strategy.

The Trust has published an up-to-date register of interests for decision making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The Trust continues to champion the process and embed within the organisation. The Register can be access on the Trust website at www.esneft.nhs.uk/about-us/annual-report-and-accounts/esneft-register-of-interests/

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

Control measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with. This includes carrying out equality impact assessments to provide assurance that consultations relating to changes to any of our functions and services are not discriminatory. Where any remedial action is identified by the assessment, we develop and implement an action plan to address this.

The Trust has carried out risk assessments and put carbon reduction delivery plans in place in accordance with emergency preparedness and civil contingency requirements, as based on UK Climate Projections 2018 (UKCIP18). The Trust ensures that its obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

Corporate Governance Statement

The Trust's risk and governance frameworks as described in this statement ensure that the organisation can confirm the validity of its Corporate Governance Statement as required under NHS foundation trust condition 4(8)(b). The Trust Executive Team carries out regular risk assessments of its compliance with these conditions and flags for the Board's attention those areas where action is required. The Corporate Governance Statement itself, with a summary of the evidence supporting it, is reviewed by the Board of Directors.

Never events

Never events are "serious, largely preventable patient safety incidents which should not occur if the available preventative measures have been implemented by the healthcare provider".

The Trust reported eight serious incident never events in 2019/20. They were:

- wrong site surgery (three)
- wrong implant / prosthesis (two)
- wrong site local anaesthetic block
- wrong route administration of medication
- retained foreign object post-procedure

We continue to proactively report our never events and compliance against the WHO Safer Surgery Checklist.

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

The Trust has a range of processes in place to ensure that resources are used economically, efficiently and effectively. This includes clear and effective management and supervision arrangements for staff, regular reporting to the Board on quality, operational performance and finance, with further review and scrutiny on a monthly basis at meetings of the Quality and Patient Safety Assurance Committee, the Finance and Performance Assurance Committee and the People and Organisational Development Assurance Committee.

The Trust has an agreed risk-based annual audit programme with its internal auditors. These audit reports are aimed at evaluating the Trust's effectiveness in operating in an efficient and effective manner and are focused on reviewing its operational arrangements for securing best value and optimum use of resources in respect of the services the organisation provides.

For 2019/20, the Trust incurred a deficit of £1.3 million. This includes a significant impairment of assets of £4.8 million. NHSE/I measure the Trust's financial performance after adjusting for certain items, e.g. prior year provider sustainability funding, impairments and donated income. On this measure the Trust delivered a small surplus of £49k. The Trust has developed a plan for 2020/21 which has a forecast break-even position after receipt of planned Financial Recovery Funding of £34 million. This may change as a consequence of the temporary financial arrangements that are being implemented to deal with the outbreak of COVID-19.

To deliver this financial improvement trajectory, a cost improvement programme of £19m needs to be delivered which may be in the form of planned cost reductions, as set out at the start of the financial year, or through cost avoidance, which may be necessary to mitigate any underachievement of the plan during the year. Recognising the size of the cost reductions, the Trust is gearing up robust measures for monitoring and in particular escalation and recovery arrangements to mitigate slippage of deliver, particularly during the transition phase.

Following the formation of ESNEFT, the Trust has continued to seek economy, efficiency and effectiveness in the use of resources, particularly with regard to its decision-making processes and sustainable resource deployment. The merger and the immediate post-merger implementation programme, along with the implementation of tighter management and control over quality, operational efficiency and finance has strengthened the Board's confidence in the Trust's strategy and operational delivery.

The Trust commissioned the construction of a biofuel based electricity generator at the Ipswich site in 2012. This was built in 2017, and the Energy Services Agreement (ESA) was terminated in September 2018, as the plant was deemed no longer financially beneficial to the Trust. The asset is not currently in use and has been impaired in the Trust's financial statements.

The Trust commissioned and received a separate internal audit report on the management of the bio fuels business case and contract management arrangements. This report identified a number of areas for improvement particularly in respect of the governance of approval of the business case, assessment of risk and management of contracts. The report identified recommendations that will be taken forward by management and will be reviewed by internal audit as part of its follow up work.

Information governance

The Trust has a designated SIRO (the Director of ICT) who has responsibility for data security as the champion for information risk. The SIRO aims to mirror the model prescribed by central Government's Cabinet Office. Following this best practice approach allows for uniformity across the public sector as it strives to meet the competing demands of further transparency and public/private engagement in contrast to increased cybersecurity threats and the need to prevent data leakage. By treating information as a business priority and not as an ICT or technical issue, the Trust can ensure that risks are addressed, managed and capitalised upon.

The Trust currently reports key IT controls relating to data and cyber security to the Audit and Risk Committee and is planning for Cyber Essentials Plus accreditation in 2021. We also act on any advice from the NHS Digital CareCert Information Sharing Portal on Cyber Security, and have increased our cyber security precautions by appointing a dedicated IT security manager who is a certified information systems security professional. We have reported no significant cyber security incidents in the past year.

The Data Protection Officer has investigated 251 potential personal data breaches, 3 of which were reportable to the Information Commissioner's Office. 1 case was withdrawn as did not meet reporting criteria. No further action was taken in any of the cases.

Data Protection Act subject access requests are managed in accordance with GDPR.

Staff training is aligned with General Data Protection Act and Information Governance Freedom of Information Act.

The Trust completed the Data Protection and Security Toolkit (DSPT) in March 2020 for 2019/20. Due to suspension of Information Governance mandatory training to refocus on priorities associated with the local response to COVID-19 the trust was unable to meet two of the mandated standards, and its self-assessment with Standards Not Fully Met (Plan Agreed).

The Trust met its mandatory requirements to comply with the National Data Opt Out in March 2020.

Data Quality and Governance

ESNEFT places high priority on the quality of its clinical outcomes, patient safety and patient experience and strives to deliver the principles outlined in NHSI's well-led framework.

To support the executive team, all aspects of quality governance report through the Patient Safety Group, Patient Experience Group and the Clinical Effectiveness Group, with escalation through to the Executive Risk Oversight Committee and the Executive Management Committee.

These indicators have been incorporated into the key performance indicators reported regularly to the Board as part of the performance monitoring arrangements. Scrutiny of the information contained within these indicators and its implication as regards to clinical outcomes, patient safety and patient experience takes place at the Quality and Patient Safety Committee.

The inter-relationship between the indicators for Quality Report and other measures of the Trust's performance (financial and operational) is reviewed monthly by the Board of Directors. Reviews of data quality and the accuracy, validity and completeness of Trust information fall within the remit of the Audit and Risk Committee, which is informed by the reviews of internal and external audit and internal management assurances.

The Trust assures the quality and accuracy of its elective waiting time data through a regular validation process internally, with additional checks by the business informatics team to ensure the data reported is accurate. This includes ensuring all 52 week breaches have been confirmed by the service, with large

movements checked and triangulated with other recording systems. Further independent assurances are made through internal audits of data quality, national validation programmes and third party support from specialist organisations with validation expertise.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Assurance Committee and other assurance committees of the Board, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by:

- assessment of financial reports submitted to NHSI;
- reports made by internal auditors, including specific audit reports on governance and risk management;
- the Head of Internal Audit opinion;
- clinical audit reports, used to change and improve clinical practice;
- accreditations held for designated services;
- the Infection Prevention and Control reporting;
- other annual reports relating to statutory reporting requirements, which include radiation safety, safeguarding and health and safety;
- investigation reports and action plans following serious and significant incidents;
- departmental and clinical risk assessments and action plans;
- results of national patient surveys;
- results of the national NHS Staff Survey;
- results of peer reviews and external quality assurance visits (including CQC activities);
- the Data Security and Protection Toolkit; and
- Patient-Led Assessment of the Care Environment (PLACE) inspections.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control has been reviewed by:

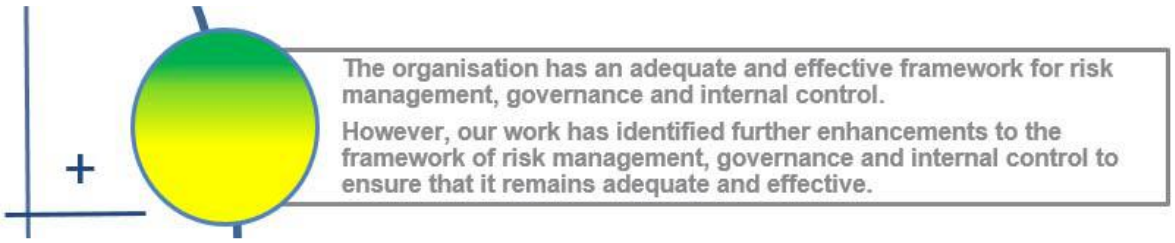
- the Board; through consideration of key objectives and the management of principal risks to those objectives within the strategy, and by reviewing all policies relating to governance and risk management and monitoring the implementation of arrangements within the Trust;
- the Audit and Risk Assurance Committee; by reviewing and monitoring the opinions and reports provided by both internal and external audit;
- the Quality and Patient Safety Assurance Committee; by implementing and reviewing clinical governance arrangements and receiving reports from all operational clinical governance related committees; and
- external assessments and peer review of services.

Head of internal audit opinion

In accordance with the Public Sector Internal Audit Standards (PSIAS), internal audit provides the Trust with an independent and objective opinion to the Accounting Officer, the Board of Directors and the Audit

and Risk Committee on the degree to which risk management, control and governance support the achievement of the Trust's agreed objectives.

Internal Audit issued 12 reports during 2019/20, of which 2 were advisory. For the 12 months ended 31 March 2020, the head of internal audit opinion for East Suffolk and North Essex NHS Foundation Trust is as follows:



It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

Conclusion

In considering any significant control issues, the following has been recognised:

- **COVID-19 –** The emergence of COVID-19 in 2019/20 has not in itself been a significant internal control issue for ESNEFT. We consider that the trust's governance structure enabled a prompt response to the changes in circumstances through the enacting of our major incident plan. Command and control for decision making was achieved through the Strategic Incident Management Team, and the maintenance of an actions and decision log. The trust adapted its standing financial instructions and scheme of delegation to enable the Tactical and Strategic teams to take timely allocation of resources. We are confident that our internal control systems continued to operate well and the head of internal audit opinion has not been affected. ESNEFT is committed to continuous improvement and therefore has asked internal audit to undertake a review of our incident management governance for COVID-19 and inform any amendments for the future.

  Access targets – We have yet to consistently deliver the national access targets. For 2020/21 as a consequence of suspending our non-urgent care activities we need to focus on achieving our performance against national indicators including RTT, cancer and the A&E waiting time. For this purpose we are already setting up our governance for recovery from COVID-19.

I am confident that our internal control systems are operating well and that the work we have done to maintain and develop our risk management system will help us to consolidate this position in the future. The Trust is committed to the continuous improvement of processes of internal control and assurance.

The Directors consider that this Annual Report and Annual Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for our patients, regulators and stakeholders to assess East Suffolk and North Essex NHS Foundation Trust's performance, business model and strategy.

Nick Hulme
Chief Executive
Date: 24 June 2020

Independent auditor's report to the Council of Governors

Independent auditor's report to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust on behalf of East Suffolk and North Essex NHS Foundation Trust

Opinion on financial statements

We have audited the financial statements of East Suffolk and North Essex NHS Foundation Trust (the Trust) for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as interpreted and adapted by the 2019-20 Government Financial Reporting Manual as contained in the Department of Health and Social Care's Group Accounting Manual 2019-20, and the NHS Foundation Trust Annual Reporting Manual 2019-20 issued by the Regulator of NHS Foundation Trusts ('NHS Improvement').

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2019-20; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion on financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter - material valuation uncertainty related to property assets

As explained in Note 19 to the financial statements, the Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice alert, whereby the valuers are required to consider material uncertainties related to the valuation of property assets where the level of valuation certainty is substantially reduced as a result of the impact of Covid-19.

Based on the information received from the Trust's external valuer, Management has concluded that there are material valuation uncertainties in relation to the property assets, which should be property considered when assessing the values reported in the Statement of Financial Position.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Matter	How we addressed the matter in the audit
Valuation of land and buildings: Land and buildings is a significant balance on the Statement of Financial Position and there is a high degree of estimation involved in the value of these assets. There is a risk over the valuation of land and buildings where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at year-end. See Accounting Policy Note 1.7 and Notes 17 and 19 of the financial statements.	Carrying values of land and buildings reported in the Statement of Financial Position were subject to a revaluation exercise between January and March 2020, to determine a value as at 31 March 2020, by the District Valuer. This resulted in a net downwards revaluation of buildings of £840k. We reviewed the instructions provided to the valuer and considered the valuer's skills and expertise in order to determine the extent to which we could rely on Management's expert. We considered the reasonableness of assumptions made by the valuer in forming the valuation, particularly in the context of the increased estimation uncertainty noted by the valuer. We reviewed valuation movements against indices of price movements for similar classes of assets. We assessed Management's review of the alternative site basis to determine whether this remained a valid judgement within the financial statements for 2019/20. ***Key observations*** The valuation obtained by the Trust and which Management concluded was appropriate to use was based on appropriate evidence and assumptions. The value used was found to be within a tolerable range, and lower than the midpoint of that range, primarily because of the impact of Covid-19 on key building costs indicators as at 31 March 2020.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the financial statements as a whole was set at £13.5 million (2019 £9.2 million). This was determined with reference to the benchmark of gross expenditure (of which it represents 1.75%) (2019: 1.5%) which we consider to be one of the principal considerations for the Council of Governors in assessing the financial performance and position of the Trust.

We agreed with the Audit Committee to report to it all material corrected misstatements and all uncorrected misstatements we identified through our audit with a value in excess of £300k (2019- £200k) in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Overview of the scope of our audit

The Trust operates as a single entity with no significant subsidiary bodies. There is one charity which the Trust operates, however this is not considered significant. Accordingly our audit was conducted as a full scope audit of the Trust.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on the Remuneration Report and Staff Report

We have also audited the information in the Remuneration Report and Staff Report that is described in the report as having been audited.

In our opinion the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2019-20.

Matters on which we are required to report by exception

Qualified conclusion on use of resources

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, with the exception of the matter reported in the Basis for qualified conclusion on use of resources section of our report, we are satisfied that, in all significant respects, the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for qualified conclusion on use of resources

The Trust met and exceeded its "control total", a planned and agreed underlying deficit of £39.8m, by £0.1m, so receiving planned PSF, FRF and MRET of £31.2m. The Trust then also qualified for additional "deficit reduction" FRF funding of £8.6m, resulting in a net surplus of £49k.

After allowing for various accounting adjustments that are not taken into consideration for control total achievement **(**included a one-off impairment of plant assets of £4.8m, the removal of capital donations and grants received in year of £2.4m and £1.0m of PSF funding in relation to 2018/19), the Trust reported an accounting deficit of £1.3m.

The outturn position achieved was despite the Trust only delivering Cost Improvement Programmes (CIPs) of £16.9m against a target of £31.9m, a shortfall of £15.0m. This shortfall was offset by additional income received in respect of Specialised Commissioning and additional income negotiated with commissioners against increased costs, which may be non-recurring.

The Trust's control total for 2020/21 has been agreed as a deficit of £34m, with achievement of this delivering central funding of £34m to enable breakeven. This reflects a CIP target of 2.5%, or £18.9m, which is a significant reduction on the £31.9 million target in 2019/20 but £2.0m more than was actually achieved, so still an increased requirement.

As at 31 March 2020, the Trust had £213m of Departmental borrowing, of which £194m was required to be repaid in 2020/21. Of this balance, it has been confirmed that the Trust will receive £192m of additional Public Dividend Capital (PDC) which will be used to repay the majority of this borrowing. The residual £19m relates to specific capital projects and not to revenue or working capital support.

For 2020/21 the Trust remains reliant on central provider funding to achieve breakeven, and this based on a CIP target that, whilst significantly reduced compared to the 2019/20 target, is still higher than actually achieved. The Trust cannot rely on securing non-recurring income in 2020/21. These factors indicate evidence of weaknesses in proper arrangements regarding sustainable resource deployment.

Other matters on which we are required to report by exception

Under Schedule 10 of the National Health Service Act 2006 and the National Audit Office's Code of Audit Practice we report to you if we have been unable to satisfy ourselves that:

- proper practices have been observed in the compilation of the financial statements; or
- the Annual Governance Statement meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual and is not misleading or inconsistent with other information that is forthcoming from the audit.

We also report to you if we have exercised special auditor powers in connection with the issue of a public interest report or we have made a referral to the regulator under Schedule 10 of the National Health Service Act 2006.

We have nothing to report in these respects.

Responsibilities of the Accounting Officer

As explained more fully in the Statement of Accounting Officer's Responsibility, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Governors either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Accounting Officer is also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively.

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's other responsibilities

We are also required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of East Suffolk and North Essex NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust, as a body, on behalf of East Suffolk and North Essex NHS Foundation Trust.

Our audit work has been undertaken so that we might state to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other

than the NHS Foundation Trust and the Council of Governors as a body, for our audit work, for this report or for the opinions we have formed.

David Eagles
For and on behalf of BDO LLP, Statutory Auditor
Ipswich, UK

25 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

East Suffolk and North Essex NHS Foundation Trust

Annual accounts for the year ended 31 March 2020

FOREWORD TO THE ACCOUNTS

East Suffolk and North Essex NHS Foundation Trust

These accounts, for the year ended 31 March 2020, have been prepared by East Suffolk and North Essex NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

The Trust's accounts for 2019/20 have recorded a deficit of £1.3 million (excluding the consolidation of charitable funds). This includes a significant impairment of assets of £4.8 million. NHSI/E measure the Trust's financial performance after adjusting for certain items, e.g. prior year provider sustainability funding, impairments and donated income. On this measure the Trust delivered a small surplus of £49k.

In accordance with the Department of Health and Social Care Group Accounting Manual 2019/20, management have assessed the organisation's ability to continue as a going concern for the foreseeable future. Significant work is ongoing with NHS Improvement, local commissioners and stakeholders to provide safe and sustainable services across the East Suffolk and North East Essex area and no decision has been made to transfer services or significantly amend the structure of the organisation. The clinical strategy for the future has started to be developed, with a commitment that there remains a need for A&E, maternity and acute medical services at both Colchester and Ipswich sites in the future.

The Trust has developed a plan for 2020/21 which has a forecast break-even position after receipt of planned Financial Recovery Funding of £34.1 million. This may change as a consequence of the temporary financial arrangements that are being implemented to deal with the outbreak of CoVID-19.

Contracts for 2020/21 have been agreed with commissioners as part of a 3 year settlement signed in 2019/20. The Trust has received formal confirmation of the Financial Recovery Funding to be provided on 2020/21. Whilst the Trust is facing some significant challenges, the Directors, having made appropriate enquiries, still have reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts.

Nick Hulme, Chief Executive

17 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	681,780	539,013
Other operating income	4	94,814	85,307
Operating expenses	7, 9	(771,434)	(627,561)
Operating deficit from continuing operations		**5,160**	**(3,241)**
Finance income	12	258	224
Finance expenses	13	(5,608)	(4,415)
PDC dividends payable		(1,158)	(779)
Net finance costs		**(6,508)**	**(4,970)**
Other losses	14	25	(161)
Gains arising from transfers by absorption		-	41,369
Surplus / (deficit) for the year from continuing operations		**(1,323)**	**32,997**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations		-	-
Surplus /(deficit) for the year		**(1,323)**	**32,997**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	19	(838)	(13,246)
Total comprehensive income / (expense) for the period		**(2,161)**	**19,751**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	16	9,951	9,942
Property, plant and equipment	17	296,533	284,393
Receivables	23	3,731	1,691
Total non-current assets		**310,215**	**296,026**
Current assets			
Inventories	22	11,012	9,889
Receivables	23	78,432	67,746
Non-current assets held for sale	24	4,100	4,100
Cash and cash equivalents	25	17,256	15,855
Total current assets		**110,800**	**97,590**
Current liabilities			
Trade and other payables	26	(74,395)	(71,447)
Borrowings	28	(197,035)	(94,303)
Provisions	30	(1,356)	(705)
Other liabilities	27	(3,379)	(3,743)
Total current liabilities		**(276,165)**	**(170,198)**
Total assets less current liabilities		**144,850**	**223,418**
Non-current liabilities			
Trade and other payables	26	-	-
Borrowings	28	(52,820)	(132,692)
Provisions	30	(2,584)	(1,642)
Other liabilities	27	(1,629)	(1,954)
Total non-current liabilities		**(57,033)**	**(136,288)**
Total assets employed		**87,817**	**87,130**
Financed by			
Public dividend capital		124,708	121,860
Revaluation reserve		37,640	38,554
Other reserves		754	754
Income and expenditure reserve		(75,285)	(74,038)
Total taxpayers' equity		**87,817**	**87,130**

The financial statements on pages 2 to 46 were approved by the Board and signed by:

Nick Hulme, Chief Executive

17 June 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2019 - brought forward	**121,860**	**38,554**	**754**	**(74,038)**	**87,130**
Surplus/(deficit) for the year	-	-	-	(1,323)	**(1,323)**
Revaluations	-	(838)	-	-	**(838)**
Transfer to retained earnings on disposal of assets	-	(76)	-	76	**-**
Public dividend capital received	2,848	-	-	-	**2,848**
Taxpayers' equity at 31 March 2020	**124,708**	**37,640**	**754**	**(75,285)**	**87,817**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018 - brought forward	**77,994**	**26,423**	**754**	**(40,289)**	**64,882**
Prior period adjustment	-	-	-	-	**-**
Taxpayers' equity at 1 April 2018 - restated	**77,994**	**26,423**	**754**	**(40,289)**	**64,882**
At start of period for new FTs	**-**	**-**	**-**	**-**	**-**
Surplus/(deficit) for the year	-	-	-	32,997	**32,997**
Transfers by absorption: transfers between reserves	41,369	25,575	-	(66,944)	**-**
Revaluations	-	(13,246)	-	-	**(13,246)**
Transfer to retained earnings on disposal of assets	-	(198)	-	198	**-**
Public dividend capital received	2,497	-	-	-	**2,497**
Taxpayers' equity at 31 March 2019	**121,860**	**38,554**	**754**	**(74,038)**	**87,130**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		5,160	(3,241)
Non-cash income and expense:			
Depreciation and amortisation	7.1	18,829	16,922
Impairments and reversals	8	4,779	-
Income recognised in respect of capital donations (cash and non-cash)	4	(2,718)	(762)
Amortisation of PFI deferred income / credit		(326)	(326)
(Increase)/decrease in receivables		(13,810)	(8,034)
(Increase)/decrease in inventories		(1,123)	299
Increase/(decrease) in trade and other payables		(4,013)	(2,332)
Increase/(decrease) in other liabilities		(363)	1,901
Increase/(decrease) in provisions		1,590	(2,007)
Other movements in operating cash flows		14	-
Net cash generated from / (used in) operating activities		**8,019**	**2,420**
Cash flows from investing activities			
Interest received		258	224
Purchase of intangible assets		(2,292)	(1,171)
Purchase of property, plant, equipment		(20,264)	(8,206)
Sales of property, plant, equipment		79	54
Receipt of cash donations to purchase capital assets		2,242	498
Net cash generated from / (used in) investing activities		**(19,977)**	**(8,601)**
Cash flows from financing activities			
Public dividend capital received		2,848	2,497
Movement in loans from the Department of Health and Social Care		18,582	18,404
Movement in other loans		225	97
Capital element of finance lease rental payments		(1,569)	(1,351)
Capital element of PFI, LIFT and other service concession payments		(1,084)	(622)
Interest on DHSC loans		(2,911)	(2,454)
Other interest (e.g. overdrafts)		(22)	2
Interest element of finance lease		(876)	(1,058)
Interest element of PFI, LIFT and other service concession obligations		(1,760)	(1,231)
PDC dividend (paid)/refunded		(74)	(2,347)
Net cash generated from / (used in) financing activities		**13,359**	**11,937**
Increase / (decrease) in cash and cash equivalents		**1,401**	**5,756**
Cash and cash equivalents at 1 April - brought forward		**15,855**	**9,233**
Prior period adjustments		-	-
Cash and cash equivalents at 1 April - restated		**15,855**	**9,233**
Cash and cash equivalents at start of period for new FTs		**-**	**-**
Cash and cash equivalents transferred under absorption accounting		-	866
Cash and cash equivalents at 31 March	25.1	**17,256**	**15,855**

Information on reserves

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 organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Other reserves
Other reserves represent the balance of working capital, inventories, and plant and equipment assets transferred to the Trust as part of the disaggregation and dissolution of Essex and Herts Community NHS Trust in 2001. The reserve is held in perpetuity and cannot be released to the Statement of Comprehensive Income.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation
NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

Note 1.1.1 Accounting convention
These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern
These accounts have been prepared on a going concern basis. In accordance with IAS 1, management has made an assessment of the Trust's ability to continue as a going concern.

For the financial year commencing 1 April 2020 the Trust has a forecast break-even plan after Financial Recovery Funding (FRF) of £34.1m. To reach this control total and secure the FRF, it was planned to be necessary to deliver a cost improvement plan (CIP) savings of £18.8m. This is approximately 2.5% of the Trust's expenditure baseline and is in line with national expectations. The Trust is progressing well in identifying schemes to deliver the CIP target (80% plans identified as at the end of April). Due to the planned receipt of FRF in 2020/21, the Trust was not planning to need to be reliant on Department of Health and Social Care (DHSC) funding for cash financing.

In April 2020, operational planning was suspended until further notice. To simplify processes and reduce the number of transactions during the COVID-19 outbreak, some temporary changes for April 2020 through to July 2020 were introduced. These include moving to a nationally-determined monthly 'block contract' payment and, where necessary, 'top-up' payments designed to cover costs. All NHS providers are being guaranteed a minimum level of income reflecting their current cost base, together with the ability to claim for additional costs where these reflect 'genuine and reasonable additional marginal costs due to COVID-19'.

Block contract, national top-up payments and Covid-19 cost reimbursements during the outbreak will be backed by cash from NHSE/I. To ensure liquidity of trusts and the ability of trusts to pay suppliers in a timely fashion, NHSE/I took that additional precaution of pre-paying 2 months of income in April 2020.

Consequently, the Trust expects that this will ensure adequate funds for the Trust to deliver a break-even revenue position during the period. The Board has considered, and has concluded, there to be no material uncertainty in relation to these arrangements.

The interim planning guidance indicates that no CIPs are required to deliver for the period of the interim measures. CIP achievement does not represent a material risk for the remainder of 2020/21. However, given the longer term requirements for efficiencies, the Trust is still pursuing CIP for the whole of 2020/21.

Going forward, the Trust will need to do more than deliver CIPs and efficiency savings to return to a financially sustainable position and improve standards of care.

The Trust has produced a consultation business case setting out the options for ESNEFT to develop sustainable clinical services in the long term and has consulted with the public on this document during 2019/20. This clinical strategy will consider ways to address increased demand and pressure on services caused by a growing population, changes in demographics and increasing prevalence of long-term conditions.

The Suffolk and North East Essex Integrated Care System (ICS) was established during 2018/19. The King's Fund have been supporting the ICS to consider future governance arrangements which will allow it to take forward planning at a neighbourhood, alliance and system level. Financial accountability is expected to be held at an alliance level. ESNEFT straddles the North East Essex Alliance and the Ipswich and East Suffolk Alliance.

The requirements of the NHS Long Term Plan, which was published in January 2019, set out the need for trusts which are in deficit to be back in balance by 2023/24. To help us achieve this, the Trust has developed, and constantly keeps under review, a sustainable financial recovery plan. An updated long term financial plan was submitted to regulators in November 2019 and covers the period from 2020/21 to 2023/24. This plan was submitted in compliance with regulatory requirements and approved by NHSI. With financial recovery support breakeven is achieved for each year of the plan.

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £192,681k are classified as current liabilities within these financial statements. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

In light of these considerations, and having made appropriate enquiries, the Directors have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the Department of Health and Social Care Group Accounting Manual 2019/20, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts.

Note 1.3 Interests in other entities

The Trust has not consolidated the activities of the Colchester and Ipswich Hospitals Charity, whose activities are not considered to be material.

ESNEFT is the host provider of North East Essex and Suffolk Pathology Services (NEESPS) . This is a partnership of Ipswich, Colchester and West Suffolk hospitals to provide on site pathology services. This is not a joint venture.

The Trust holds no investments in associates or joint ventures.

Note 1.4.1 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.4.2 Revenue grants and other contributions to expenditure
Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.4.3 Other income
Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

Employer's 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.

Note 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.

Note 1.7 Property, plant and equipment

Note 1.7.1 Recognition
Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Note 1.7.2 Measurement

Valuation

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

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful 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’ cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

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

Impairments
In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.7.3 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 ie:

- management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
- the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned 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. 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 useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.7.4 Donated and grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1.7.5 Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred. The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Note 1.7.6 Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are:

	Min life Years	Max life Years
Buildings, excluding dwellings	10	65
Plant & machinery	5	15
Information technology	3	10
Furniture & fittings	5	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Intangible assets

Note 1.8.1 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 contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Expenditure on research is not capitalised.

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the 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.

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.

Note 1.8.2 Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic life of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are:

Min life Years	Max life Years
2	15

Note 1.9 Inventories
Inventories are valued at current cost. Current cost is considered to be a reasonable approximation to the lower of cost and net realisable value due to the high turnover of stocks..

Note 1.10 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.11 Carbon Reduction Commitment scheme (CRC)
The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

Note 1.12 Financial assets and financial liabilities

Note 1.12.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The Group Accounting Manual (GAM) expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by the Office of National Statistics (ONS).

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Note 1.12.2 Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

The Trusts financial assets comprise cash and cash equivalents, and contract and other receivables. All financial assets are in a business model whose objective is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Trusts financial liabilities comprise trade and other payables, obligations under lease arrangements and loan payables. All financial liabilities are neither held for trading nor have they been designated at fair value through profit or loss, as such they qualify for measurement at amortised cost. Financial liabilities are initially measured at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Note 1.12.3 Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows 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.

Note 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.13.1 The Trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the 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 asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

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.

Note 1.13.2 The Trust as lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 31.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The 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 NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.15 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 32 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 32, 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.

Note 1.16 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 organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable 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 Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for
(i) donated assets (including lottery funded assets),
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

Most of the activities of the 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.

Note 1.18 Corporation tax

Foundation Trusts have a statutory exemption from corporation tax on all of their core healthcare activities. No significant commercial activity on which corporation tax would be applicable is undertaken.

Note 1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM* .

Note 1.20 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Tust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.21 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.22 Transfers of functions from other NHS bodies

For functions that have been transferred to the Trust from another NHS body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities. An equivalent entry is recorded against Public Dividend Capital to reflect this net gain / loss in the Trust's taxpayers equity.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Note 1.23 Critical judgements in applying accounting policies

In the application of the Trust's accounting policies, IAS 1 requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 1.23.1 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

The Trust considers that the valuation of property, plant and equipment assets poses a significant risk relating to estimates and assumptions about their carrying value. To mitigate the risk of material misstatement, the Trust engages the professional services and advice of the Valuation Office Agency (VOA) to provide estimated values for these assets. The VOA is recognised as a suitable provider of a range of valuation and surveying services to public sector bodies and their estimates can be relied upon in respect of these services, including estimates of the remaining useful economic lives of property assets.

A valuation exercise was undertaken between January 2020 and March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Note 1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation

Note 2 Operating Segments

The Trust has determined that the Chief Operating Decision Maker is the Board of Directors, on the basis that all strategic decisions are made by the Board. Segmental information is not provided to the Board of Directors and therefore it has been determined that there is only one business segment, that of Healthcare.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

Note 3.1 Income from patient care activities (by nature)	**2019/20**	**2018/19**
	£000	**£000**
Acute services		
Elective income	99,359	85,648
Non elective income	190,095	151,579
First outpatient income	46,814	28,627
Follow up outpatient income	46,410	50,284
A & E income	28,390	22,371
High cost drugs income from commissioners (excluding pass-through costs)	53,012	44,506
Other NHS clinical income	153,506	112,269
Community services		
Community services income from CCGs and NHS England	40,231	29,051
All services		
Private patient income	1,389	1,775
Agenda for Change pay award central funding	-	7,194
Additional pension contribution central funding	16,746	-
Other clinical income	5,828	5,709
Total income from activities	**681,780**	**539,013**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2019/20**	**2018/19**
	£000	**£000**
NHS England	127,184	77,013
Clinical commissioning groups	540,232	438,597
NHS Foundation Trusts	6,969	6,477
NHS Trusts	107	2,177
Local authorities	-	24
Department of Health and Social Care	-	7,194
NHS other (including Public Health England)	72	92
Non-NHS: private patients	1,389	1,611
Non-NHS: overseas patients (chargeable to patient)	337	164
Injury cost recovery scheme	1,527	1,349
Non NHS: other	3,963	4,315
Total income from activities	**681,780**	**539,013**
Of which:		
Related to continuing operations	681,780	539,013

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2019/20	2018/19
	£000	£000
Income recognised this year	337	164
Cash payments received in-year	308	91
Amounts added to provision for impairment of receivables	107	199
Amounts written off in-year	70	18

Note 4 Other operating income

	2019/20	2018/19
	£000	£000
Other operating income from contracts with customers:		
Research and development (contract)	728	775
Education and training (excluding notional apprenticeship levy income)	19,848	16,305
Non-patient care services to other bodies	4,533	15,834
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	40,730	31,297
Income in respect of employee benefits accounted on a gross basis	2,727	2,434
Car Parking income	3,372	2,559
Pharmacy sales	3,607	2,791
Staff contribution to employee benefit schemes	477	421
Crèche services	699	466
Other contract income	13,369	10,027
Other non-contract operating income		
Education and training - notional income from apprenticeship fund	703	468
Receipt of capital grants and donations	2,718	762
Charitable and other contributions to expenditure	375	367
Rental revenue from operating leases	602	475
Amortisation of PFI deferred income / credits	326	326
Total other operating income	**94,814**	**85,307**
Of which:		
Related to continuing operations	94,814	85,307
Related to discontinued operations	-	-

Note 5.1 Additional information on revenue from contracts with customers recognised in the period

Revenue recognised in the reporting period that was included within contract liabilities at the previous period end is nil

Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods is nil.

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is nil.

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20	2018/19
	£000	£000
Income from services designated as commissioner requested services	657,817	524,335
Income from services not designated as commissioner requested services	23,963	14,678
Total	**681,780**	**539,013**

Note 5.4 Profits and losses on disposal of property, plant and equipment

There were no material disposals of property, plant and equipment in the year.

Note 6 Fees and charges

HM Treasury requires disclosure of fees and income from charges to service users where income from that service exceeds £1 million. For 2018/19 and for 2017/18 this is nil.

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	935	2,935
Purchase of healthcare from non-NHS and non-DHSC bodies	33,495	25,850
Purchase of social care	-	-
Staff and executive directors costs	460,344	372,055
Remuneration of non-executive directors	162	162
Supplies and services - clinical (excluding drugs costs)	74,363	63,836
Supplies and services - general	19,881	15,770
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	70,722	56,219
Inventories written down	67	103
Consultancy costs	966	1,621
Establishment	6,257	6,908
Premises - business rates collected by local authorities	2,705	2,108
Premises - other	24,259	17,584
Transport (business travel only)	1,483	1,170
Transport - other (including patient travel)	429	465
Depreciation on property, plant and equipment	16,387	14,799
Amortisation on intangible assets	2,442	2,123
Net impairments	4,779	-
Movement in credit loss allowance: contract receivables / contract assets	1,085	834
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	733	-
Change in provisions discount rate(s)	80	(21)
Audit fees payable to the external auditor		
Audit fees in respect of the statutory audit *	95	86
Audit fees in respect of the quality report *	10	7
Internal audit costs	74	95
Clinical negligence	22,486	18,631
Legal fees	333	250
Insurance	541	440
Research and development	-	-
Education and training	2,050	1,592
Rentals under operating leases	9,443	6,926
Early retirements	-	-
Redundancy	41	79
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	846	704
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	-	-
Car parking & security	439	93
Hospitality	51	38
Losses, ex gratia & special payments	137	65
Grossing up consortium arrangements	-	-
Other services, eg external payroll	(7)	426
Other	13,321	13,608
Total	**771,434**	**627,561**
Of which:		
Related to continuing operations	771,434	627,561
Related to discontinued operations	-	-

* Audit fees are disclosed inclusive of VAT.

Note 7.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1m (2018/19: £1m).

Note 8 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	4,775	-
Changes in market price	4	-
Total net impairments charged to operating surplus / deficit	**4,779**	**-**
Impairments charged to the revaluation reserve	-	-
Total net impairments	**4,779**	**-**

The Trust owns a purpose built biofuel based electricity generator at its Ipswich site. This asset is classified as plant and machinery. Following an assessment in 2018/19 it was deemed that running the generator was economically unviable due to changes in market conditions, especially increasing biofuel costs. The Trust therefore decided to take the plant out of use and impair it. This was effected as of 1 April 2019. The asset was impaired to its estimated market value for sale of £0.2m at an impairment cost of £4.775m.

Note 9 Employee benefits

	2019/20	2018/19
	£000	£000
Salaries and wages	317,099	262,221
Social security costs	31,340	26,888
Apprenticeship levy	1,598	1,302
Employer's contributions to NHS pensions	55,290	32,154
Pension cost - other	89	21
Temporary staff (including agency)	54,928	49,469
Total gross staff costs	**460,344**	**372,055**
Recoveries in respect of seconded staff	-	-
Total staff costs	**460,344**	**372,055**
Of which		
Costs capitalised as part of assets	415	-

The recent revaluation of public sector pensions schemes resulted in a 6.3% increase (14.38% to 20.68%) in the employer contribution rate for the NHS Pensions Scheme. For 2019/20 a transitional approach was agreed whereby an employer rate of 20.68% was applied from 1 April 2019, but the NHS Business Service Authority ('BSA') only collected 14.38% from employers (including ESNEFT). Central payments were then made by NHS England and the Department of Health and Social Care ('DHSC') for their respective proportions of the outstanding 6.3% on local employers' behalf. For ESNEFT the value of the 6.3% was £16.8m.

The National Audit Office ('NAO') has however confirmed a requirement to account for the central payments in local entity accounts. ESNEFT has therefore recorded expenditure in its accounts relating to the full 20.68%, therefore including the 6.3% paid by NHS England. As advised by DHSC, the Trust has also recorded notional income from NHS England in its accounts to match the increased expenditure so that the 6.3% increase will have no impact on the Trust's

Note 9.1 Retirements due to ill-health

During 2019/20 there were 2 early retirements from the Trust agreed on the grounds of ill-health (6 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £30k (£410k in 2018/19).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgement from the Court of Appeal in December 2018, Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

National Employment Savings Scheme (NEST)

NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008.

Note 11 Operating leases

Note 11.1 East Suffolk and North Essex NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where East Suffolk and North Essex NHS Foundation Trust is the lessor.

The Trust's operating lease income is from the annual rents charged by the Trust for the use of its premises. Lease income from operating leases is recognised in income on a straight-line basis over the lease term, irrespective of when the payments are due.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	602	475
Total	**602**	**475**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due on land leases:		
- not later than one year;	188	209
- later than one year and not later than five years;	477	548
- later than five years.	3,876	4,431
Total	**4,541**	**5,188**
Future minimum lease receipts due on building leases:		
- not later than one year;	826	233
- later than one year and not later than five years;	2,354	632
- later than five years.	10,192	6,274
Total	**13,372**	**7,139**
Total future minimum lease receipts due:		
- not later than one year;	1,014	442
- later than one year and not later than five years;	2,831	1,180
- later than five years.	14,068	10,705
Total	**17,913**	**12,327**

Note 11.2 East Suffolk and North Essex NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where East Suffolk and North Essex NHS Foundation Trust is the lessee.

The Trust's operating leases include rentals for the use of NHS premises, lease car contracts and the hire of medical and laboratory equipment. The leases have been reviewed and classified as operating leases in accordance with IAS 17.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	9,443	6,926
Total	**9,443**	**6,926**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due on building leases:		
- not later than one year;	4,071	4,574
- later than one year and not later than five years;	1,385	5,632
- later than five years.	320	606
Total	**5,776**	**10,812**
Future minimum lease payments due on other leases:		
- not later than one year;	677	812
- later than one year and not later than five years;	608	860
- later than five years.	-	-
Total	**1,285**	**1,672**
Total future minimum lease payments due:		
- not later than one year;	4,748	5,386
- later than one year and not later than five years;	1,993	6,492
- later than five years.	320	606
Total	**7,061**	**12,484**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

Finance income represents interest received on assets and investments in the period.

	2019/20	2018/19
	£000	£000
Interest on bank accounts	258	224
Total finance income	**258**	**224**

Note 13.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	2,946	2,497
Finance leases	875	664
Interest on late payment of commercial debt	22	20
Main finance costs on PFI scheme obligations	739	577
Contingent finance costs on PFI scheme obligations	1,023	654
Total interest expense	**5,605**	**4,412**
Unwinding of discount on provisions	3	3
Total finance costs	**5,608**	**4,415**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Amounts included within interest payable arising from claims under this legislation	22	20

Note 14 Other gains / (losses)

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	72	35
Losses on disposal of assets	(47)	(196)
Total other gains / (losses)	**25**	**(161)**

Note 15 Better Payment Practice Code - Measure of Compliance

	2019/20		2018/19	
	Number	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	143,813	470,469	123,928	355,756
Total non-NHS trade invoices paid within target	99,034	363,234	62,885	237,361
Percentage of non-NHS trade invoices paid within target	69%	77%	51%	67%
Total NHS trade invoices paid in the year	3,995	79,094	2,849	63,616
Total NHS trade invoices paid within target	2,013	53,209	1,309	38,140
Percentage of NHS trade invoices paid within target	50%	67%	46%	60%

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Note 16.1 Intangible assets - 2019/20

	Software licences £000
Valuation / gross cost at 1 April 2019 - brought forward	**22,908**
Additions	2,451
Valuation / gross cost at 31 March 2020	**25,359**
Amortisation at 1 April 2019 - brought forward	**12,966**
Provided during the year	2,442
Amortisation at 31 March 2020	**15,408**
Net book value at 31 March 2020	**9,951**
Net book value at 1 April 2019	**9,942**

Note 16.2 Intangible assets - 2018/19

	Software licences £000
Valuation / gross cost at 1 April 2018 - as previously stated	**11,750**
Transfers by absorption	10,003
Additions	1,707
Reclassifications	117
Disposals / derecognition	(669)
Valuation / gross cost at 31 March 2019	**22,908**
Amortisation at 1 April 2018 - as previously stated	**6,001**
Transfers by absorption	5,394
Provided during the year	2,123
Reclassifications	117
Disposals / derecognition	(669)
Amortisation at 31 March 2019	**12,966**
Net book value at 31 March 2019	**9,942**
Net book value at 1 April 2018	**5,749**

Note 17.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**18,550**	**219,387**	**3,625**	**88,111**	**10,686**	**2,655**	**343,014**
Additions	-	7,106	16,778	9,795	520	-	**34,199**
Impairments	-	(6)	-	(4,775)	-	-	**(4,781)**
Revaluations	-	(8,588)	-	-	-	-	**(8,588)**
Reclassifications	-	8,434	(9,460)	681	345	-	**-**
Disposals / derecognition	-	-	(27)	(2,383)	-	(895)	**(3,305)**
Transfer to FT upon authorisation	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2020	**18,550**	**226,333**	**10,916**	**91,429**	**11,551**	**1,760**	**360,539**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**49,478**	**7,050**	**2,093**	**58,621**
Provided during the year	-	7,752	-	7,045	1,405	185	**16,387**
Impairments	-	(2)	-	-	-	-	**(2)**
Revaluations	-	(7,750)	-	-	-	-	**(7,750)**
Disposals / derecognition	-	-	-	(2,356)	-	(894)	**(3,250)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**54,167**	**8,455**	**1,384**	**64,006**
Net book value at 31 March 2020	**18,550**	**226,333**	**10,916**	**37,262**	**3,096**	**376**	**296,533**
Net book value at 1 April 2019	**18,550**	**219,387**	**3,625**	**38,633**	**3,636**	**562**	**284,393**

Note 17.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018	**12,375**	**124,851**	**3,228**	**38,678**	**6,112**	**175**	**185,419**
Transfers by absorption	6,380	108,292	1,225	41,858	4,986	2,480	**165,221**
Additions	-	661	7,015	11,222	282	-	**19,180**
Revaluations	(205)	(21,150)	-	-	-	-	**(21,355)**
Reclassifications	-	6,733	(7,823)	115	858	-	**(117)**
Disposals / derecognition	-	-	(20)	(3,762)	(1,552)	-	**(5,334)**
Valuation/gross cost at 31 March 2019	**18,550**	**219,387**	**3,625**	**88,111**	**10,686**	**2,655**	**343,014**
Accumulated depreciation at 1 April 2018	**-**	**-**	**-**	**23,482**	**4,542**	**123**	**28,147**
Transfers by absorption	-	1,081	-	23,601	2,524	1,814	**29,020**
Provided during the year	-	7,028	-	6,173	1,442	156	**14,799**
Revaluations	-	(8,109)	-	-	-	-	**(8,109)**
Reclassifications	-	-	-	(211)	94	-	**(117)**
Disposals / derecognition	-	-	-	(3,567)	(1,552)	-	**(5,119)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**49,478**	**7,050**	**2,093**	**58,621**
Net book value at 31 March 2019	**18,550**	**219,387**	**3,625**	**38,633**	**3,636**	**562**	**284,393**
Net book value at 1 April 2018	**12,375**	**124,851**	**3,228**	**15,196**	**1,570**	**52**	**157,272**

Note 17.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020							
Owned - purchased	18,550	184,937	10,916	30,757	3,071	337	**248,568**
Finance leased	-	7,459	-	5,564	-	-	**13,023**
On-SoFP PFI contracts and other service concession arrangements	-	31,305	-	-	-	-	**31,305**
Owned - donated	-	2,632	-	941	25	39	**3,637**
NBV total at 31 March 2020	**18,550**	**226,333**	**10,916**	**37,262**	**3,096**	**376**	**296,533**

Note 17.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019							
Owned - purchased	18,550	184,832	3,127	26,129	3,589	512	**236,739**
Finance leased	-	2,671	-	11,387	-	-	**14,058**
On-SoFP PFI contracts and other service concession arrangements	-	31,494	-	-	-	-	**31,494**
Owned - donated	-	390	498	1,117	47	50	**2,102**
NBV total at 31 March 2019	**18,550**	**219,387**	**3,625**	**38,633**	**3,636**	**562**	**284,393**

Note 18 Donations of property, plant and equipment

The Trust received donations of assets in the year valued at £476k. These were for the Colchester Cancer Centre and other medical equipment.

Note 19 Revaluations of property, plant and equipment

In accordance with IAS 16, all property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

IFRS 13 Fair Value is adopted in full; however, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context which limits the circumstances in which a valuation is prepared under IFRS 13. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13 if it does not meet the requirements of IAS 40 of IFRS 5.

All assets are measured subsequently at current value. All land and buildings are restated to current value using professional valuations at least every five years, with an interim valuation at 3 years. All plant and equipment is valued using a depreciated historical costs basis as a proxy for current value.

For land and building assets, professional valuations are carried out by the District Valuer Service of the Valuation Office Agency. The valuations accord with the requirements of the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards 2017 and the RICS Valuation - Professional Standards UK (January 2014, revised April 2015), commonly known together as the Red Book, including the International Valuation Standards, in so far as these are consistent with IFRS, HM Treasury the National Health Service and the above mentioned guidance; RICS UKVS 1.14 refers.

The valuation basis for the Trust's land and building assets is that of an alternative site basis. In selecting the alternative site on which the modern equivalent asset would be situated, the Valuer considers whether the actual site remains appropriate for use by the Trust, in accordance with section 7 of UKGN 2. For public sector bodies, HM Treasury guidance is that the choice of whether to value an alternative site will normally hinge on whether the proposed alternative site will meet the locational requirements of the service that is being provided (Treasury Guidance Note paragraphs 1.14 to 1.16).

A valuation of land and buildings was prepared by the District Valuer Service as at 31 March 2020 based on a desktop update with site inspection only for the three new assets at Colchester Hospital ; Collingwood Cancer Centre, the Wellness Centre and the redesigned front entrance extension at Colchester. This resulted in a downward revaluation of building by £0.8m.

The valuation exercise was undertaken between January 2020 and March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

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. In accordance with Treasury guidance, all revaluations undertaken since 1 May 2008 (Colchester) and 1 July 2018 (Ipswich) have been based on "modern equivalent assets".

Following a review it was concluded that the generation of electricity using the Trust's biofuel generators was no longer financially viable and therefore the bio-fuel plant and equipment was taken out-of-use during quarter one of 2019/20. The Trust impaired its asset value accordingly (£4.8m).

Note 20 Investment Property

The Trust holds no investment property.

Note 21 Disclosure of interests in other entities

The Trust has not consolidated the activities of the Charity, whose activities are not considered to be material.

The Trust holds no other unconsolidated interests in subsidiaries, joint ventures or associates.

Note 22 Inventories

	31 March 2020	31 March 2019
	£000	£000
Drugs	4,908	3,791
Consumables	6,037	6,012
Energy	67	86
Total inventories	**11,012**	**9,889**

Inventories recognised in expenses for the year were £87,172k (2018/19: £52,037k). Write-down of inventories recognised as expenses for the year were £67k (2018/19: £103K).

Note 23.1 Trade receivables and other receivables

	31 March 2020	31 March 2019
	£000	£000
Current		
Contract receivables	74,631	62,350
Allowance for impaired contract receivables / assets	(4,490)	(3,505)
Prepayments (non-PFI)	3,506	2,934
PFI lifecycle prepayments	2,016	2,051
PDC dividend receivable	241	1,325
VAT receivable	2,321	2,511
Corporation and other taxes receivable	28	28
Other receivables	179	52
Total current trade and other receivables	**78,432**	**67,746**
Non-current		
Contract receivables	3,111	2,062
Allowance for impaired contract receivables / assets	(377)	(371)
Total non-current trade and other receivables	**2,734**	**1,691**
Of which receivables from NHS and DHSC group bodies:		
Current	64,398	49,942
Non-current	997	-

Note 23.2 Allowances for credit losses - 2019/20

	All receivables
	£000
Allowances as at 1 Apr 2019 - brought forward	**3,876**
New allowances arising	2,214
Reversals of allowances	(1,129)
Utilisation of allowances (write offs)	(94)
Allowances as at 31 Mar 2020	**4,867**

New allowances arising have been primarily made in relation to potential bad debts, for example, debts with suppliers who are entering into liquidation proceedings.

Note 23.3 Allowances for credit losses - 2018/19

	All receivables
	£000
Allowances as at 1 Apr 2018	**1,463**
Transfers by absorption	1,803
New allowances arising	1,877
New allowances arising	(1,043)
Amounts utilised	(224)
Allowances as at 31 Mar 2019	**3,876**

Note 23.4 Exposure to credit risk

Due to the fact that the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2020 is in receivables from customers, as disclosed in the receivables note.

Note 24 Non-current assets held for sale

	2019/20	2018/19
	£000	£000
NBV of non-current assets for sale at 1 April	4,100	4,100
NBV of non-current assets for sale at 31 March	**4,100**	**4,100**

Note 25.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20	2018/19
	£000	£000
At 1 April	**15,855**	**9,233**
Transfers by absorption	-	866
Net change in year	1,401	5,756
At 31 March	**17,256**	**15,855**
Broken down into:		
Cash at commercial banks and in hand	76	156
Cash with the Government Banking Service	17,180	15,699
Total cash and cash equivalents as in SoFP	**17,256**	**15,855**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**17,256**	**15,855**

Note 25.2 Third party assets held by the Trust

The Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020	31 March 2019
	£000	£000
Monies on deposit	178	90
Total third party assets	**178**	**90**

Note 26.1 Trade and other payables

	31 March 2020	31 March 2019
	£000	£000
Current		
Trade payables	31,891	32,135
Capital payables	11,305	4,344
Accruals	22,327	26,875
Other taxes payable	8,694	8,003
Other payables	178	90
Total current trade and other payables	**74,395**	**71,447**
Non-current		
Other payables	-	-
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	9,363	12,079
Non-current	-	-

Note 26.2 Early retirements in NHS payables above

The payables note above includes no amounts in relation to early retirements.

Note 27 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	2,943	3,371
PFI deferred income / credits	436	372
Total other current liabilities	**3,379**	**3,743**
Non-current		
PFI deferred income / credits	1,629	1,954
Total other non-current liabilities	**1,629**	**1,954**

Note 28 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from the Department of Health and Social Care	194,433	91,744
Other loans	53	-
Obligations under finance leases	1,426	1,475
Obligations under PFI or other service concession contracts (excl. lifecycle)	1,123	1,084
Total current borrowings	**197,035**	**94,303**
Non-current		
Loans from the Department of Health and Social Care	18,278	102,348
Other loans	269	97
Obligations under finance leases	15,872	10,722
Obligations under PFI or other service concession contracts	18,401	19,525
Total non-current borrowings	**52,820**	**132,692**

Further details of the movements in borrowings are shown in Note 28.1

Note 28.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	Other loans £000	Finance leases £000	PFI schemes £000	Total £000
Carrying value at 1 April 2019	**194,092**	**97**	**12,197**	**20,609**	**226,995**
Financing cash flows - payments and receipts of principal	18,582	225	(1,569)	(1,084)	**16,154**
Financing cash flows - payments of interest	(2,911)	-	(876)	(740)	**(4,527)**
Non-cash movements:					
Additions	-	-	6,671	-	**6,671**
Application of effective interest rate	2,948	-	875	739	**4,562**
Carrying value at 31 March 2020	**212,711**	**322**	**17,298**	**19,524**	**249,855**

Note 29 Finance leases

Obligations under finance leases where East Suffolk and North Essex NHS Foundation Trust is the lessee.

	31 March 2020	31 March 2019
	£000	£000
Gross lease liabilities	**26,738**	**16,515**
of which liabilities are due:		
- not later than one year;	2,387	2,199
- later than one year and not later than five years;	9,317	7,804
- later than five years.	15,034	6,512
Finance charges allocated to future periods	(9,440)	(4,318)
Net lease liabilities	**17,298**	**12,197**
of which payable:		
- not later than one year;	1,426	1,475
- later than one year and not later than five years;	6,035	5,540
- later than five years.	9,837	5,182

Note 30.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits*	Legal claims	Redundancy	Clinician pension tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019	**449**	**1,398**	**93**	**190**	**-**	**217**	**2,347**
Change in the discount rate	6	74	-	-	-	-	**80**
Arising during the year	11	39	61	-	997	1,050	**2,158**
Utilised during the year	(105)	(99)	(16)	-	-	-	**(220)**
Reversed unused	(6)	-	(25)	(190)	-	(207)	**(428)**
Unwinding of discount	1	2	-	-	-	-	**3**
At 31 March 2020	**356**	**1,414**	**113**	**-**	**997**	**1,060**	**3,940**
Expected timing of cash flows:							
- not later than one year;	84	99	113	-	-	1,060	**1,356**
- later than one year and not later than five years;	236	400	-	-	-	-	**636**
- later than five years.	36	915	-	-	997	-	**1,948**
Total	**356**	**1,414**	**113**	**-**	**997**	**1,060**	**3,940**

* In 2018/19 the analysis of provisions has been revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within early departure costs.

Note 30.2 Clinical negligence liabilities

At 31 March 2020, £211,095k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Suffolk and North Essex NHS Foundation Trust (31 March 2019: £185,972k).

Note 31 Contingent assets and liabilities

	31 March 2020	31 March 2019
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(45)	(37)
Gross value of contingent liabilities	**(45)**	**(37)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(45)**	**(37)**
Net value of contingent assets	**-**	**-**

Note 32 Contractual capital commitments

	31 March 2020	31 March 2019
	£000	£000
Property, plant and equipment	13,175	3,365
Intangible assets	166	368
Total	**13,341**	**3,733**

Contractual capital commitments for property, plant and equipment have significantly increased compared to the same period last year. This increase is caused by :

- Ongoing large developments at Colchester for Aseptics and Interventional Radiology (£7.3m), both due for completion in 2020/21
- CoVID-19 related expenditure (£3.5m) expected in 2020/21

Note 33 On-SoFP PFI or other service concession arrangements

The Trust has two PFI schemes recognised on-SoFP:
The values below relate to a building transferred as part of the acquisition of IHT during 2018/19.
The Trust's other PFI arrangement for staff accommodation is accounted for as a service concession in accordance with IFRIC 12. The operator receives all of its income from individual users rather than in the form of unitary payments from the Trust. As such there is no service charge but the asset is recognised under non-current assets on the balance sheet with a corresponding deferred income liability.

Note 33.1 Imputed finance lease obligations

East Suffolk and North Essex NHS Foundation Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	31 March 2020	31 March 2019
	£000	£000
Gross PFI or other service concession liabilities	**26,018**	**27,842**
Of which liabilities are due		
- not later than one year;	1,823	1,823
- later than one year and not later than five years;	6,809	7,293
- later than five years.	17,386	18,726
Finance charges allocated to future periods	(6,494)	(7,233)
Net PFI or other service concession arrangement obligation	**19,524**	**20,609**
- not later than one year;	1,123	1,084
- later than one year and not later than five years;	4,427	4,740
- later than five years.	13,974	14,785

Note 33.2 Total on-SoFP PFI and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	31 March 2020	31 March 2019
	£000	£000
Total future payments committed in respect of the PFI or other service concession arrangements	**42,574**	**45,237**
Of which liabilities are due:		
- not later than one year;	2,663	2,663
- later than one year and not later than five years;	10,653	10,653
- later than five years.	29,258	31,921

Note 33.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2019/20	2018/19
	£000	£000
Unitary payment payable to service concession operator	**4,190**	**3,065**
Consisting of:		
- Interest charge	739	577
- Repayment of finance lease liability	1,085	622
- Service element and other charges to operating expenditure	846	618
- Capital lifecycle maintenance	497	-
- Contingent rent	1,023	654
- Addition to lifecycle prepayment	-	594
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	86
Total amount paid to service concession operator	**4,190**	**3,151**

Note 34 Financial instruments

Note 34.1 Financial risk management

Financial reporting standard IFRS 7 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 Trust has with local clinical commissioning groups and the way those clinical commissioning groups are financed, the 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 these standards mainly apply. The 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 Trust in undertaking its activities.

Financial risk management

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is routinely reported and is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. As such, the Trust does not undertake transactions in currencies other than sterling and is therefore not exposed to movements in exchange rates over time. The Trust has no overseas operations.

Credit risk

Due to the fact that the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2019 is in receivables from customers, as disclosed in the receivables note.

Liquidity risk

The NHS Trust's net operating costs are incurred under annual service contracts with local clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust is not, therefore, exposed to significant liquidity risks.

Interest-rate risk

The Trust borrows from Government for capital expenditure subject to affordability. The borrowings are for 1-25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. Alternatively, the Trust can borrow on a commercial basis and would only take such loans on a fixed rate basis. The Trust therefore has low exposure to interest rate fluctuations.

Note 34.2 Carrying values of financial assets

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2020 under IFRS 9		
Trade and other receivables excluding non financial assets	73,054	**73,054**
Cash and cash equivalents at bank and in hand	17,256	**17,256**
Total at 31 March 2020	**90,310**	**90,310**

	Loans and receivables £000	Total book value £000
Carrying values of financial assets as at 31 March 2019 under IFRS 9		
Trade and other receivables excluding non financial assets	60,588	**60,588**
Cash and cash equivalents at bank and in hand	15,855	**15,855**
Total at 31 March 2019	**76,443**	**76,443**

Note 34.3 Carrying value of financial liabilities

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020 under IFRS 9		
Loans from the Department of Health and Social Care	212,711	**212,711**
Obligations under finance leases	17,298	**17,298**
Obligations under PFI and other service concession contracts	19,524	**19,524**
Other borrowings	322	**322**
Trade and other payables excluding non financial liabilities	60,426	**60,426**
Total at 31 March 2020	**310,281**	**310,281**

	Other financial liabilities £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9		
Loans from the Department of Health and Social Care	194,092	**194,092**
Obligations under finance leases	12,197	**12,197**
Obligations under PFI, LIFT and other service concession contracts	20,609	**20,609**
Other borrowings	97	**97**
Trade and other payables excluding non financial liabilities	58,464	**58,464**
Total at 31 March 2019	**285,459**	**285,459**

Note 34.4 Fair values of financial assets and liabilities

As at 31 March 2019 there are no significant differences between fair value and carrying value of any of the Trust's financial instruments.

Note 34.5 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	257,408	152,786
In more than one year but not more than two years	3,843	55,792
In more than two years but not more than five years	12,881	44,633
In more than five years	36,148	32,248
Total	**310,281**	**285,459**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. The affected loans totalling £192,681k are classified as current liabilities within these financial statements.

Note 35 Losses and special payments

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	37	27	41	44
Bad debts and claims abandoned	98	112	114	57
Stores losses and damage to property	3	71	2	107
Total losses	**138**	**210**	**157**	**208**
Special payments				
Ex-gratia payments	55	49	84	142
Extra-statutory and extra-regulatory payments	2	95	-	-
Total special payments	**57**	**144**	**84**	**142**
Total losses and special payments	**195**	**354**	**241**	**350**
Compensation payments received		-		-

Note 36 Related parties

NHS foundation trusts are deemed to be under the control of the Secretary of State, in common with other NHS trusts. The Department of Health and Social Care is considered to be the Trust's parent organisation and other NHS bodies are therefore classed as related parties. During the financial period, the Trust had a number of material transactions with NHS bodies, all of which were at arms length. None of the Trust's balances with related parties are held under security or guarantee.

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies during the year.

Related Party Transactions (over £5m)	**2019/20**	**2019/20**	**2019/20**	**2019/20**	**2018/19**	**2018/19**	**2018/19**	**2018/19**
	Income	**Expenditure**	**Receivables**	**Payables**	**Income**	**Expenditure**	**Receivables**	**Payables**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
West Suffolk NHS Foundation Trust	6,582	9,970	1,090	337	6,464	9,802	1,986	896
NHS Ipswich and East Suffolk CCG	267,214	925	3,124	2,536	194,909	-	2,615	1,688
NHS Mid Essex CCG	24,037	36	180	105	22,409	-	432	98
NHS North East Essex CCG	239,577	522	2,025	1,684	221,561	259	4,819	1,885
NHS West Suffolk CCG	10,595	1,103	540	637	8,582	406	94	319
NHS England	152,073	-	51,899	5	92,736	-	17,021	3,120
Public Health England (PHE)	759	8,138	36	909	572	6,805	293	628
Health Education England	18,053	3	1,388	-	14,282	3	961	-
NHS Resolution	119	22,808	-	-	152	18,991	-	118
Department of Health and Social Care	87	-	6	-	7,218	-	6	-
HM Revenue & Customs inc VAT	-	34,544	2,349	8,694	-	28,190	2,540	8,003
NHS Pension Scheme	-	38,544	44	5,425	-	32,154	59	5,432
NHS Professionals	-	37,448	-	3,468	-	31,659	4	5,034

During the period, none of the members of the Board of Directors, Board of Governors or members of the key management staff, or parties related to them, have undertaken any material transactions with the Trust.

The Trust is the Corporate Trustee of Colchester and Ipswich Hospitals Charity. The Trust receives grants to purchase items to benefit patient and staff welfare which are above and beyond those that would be considered as part of the nornal operating activities of the Trust. The Charity had no material transactions with the Trust.

Note 37 Events after the reporting date (DHSC Loans)

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £192,681k as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.