Norfolk and Suffolk
NHS Foundation Trust

Annual Report and Accounts

April 2019 to March 2020

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

Contents

Chair's report

Over the last year our key focus has been on safety and quality improvement and I am so proud of our staff and our partnership with service users and their loved ones which is resulting in positive change. I am also grateful to our Governors who help to keep us grounded and our partners who are willingly and purposefully supporting our improvement journey. We are pleased that this hard work was acknowledged with an improved rating following the Care Quality Commission's (CQC) latest inspection but we recognise that there is still more to do to consistently deliver the high standards for which we are aiming.

Once more, the CQC praised our staff for the care and compassion they show every day, as well as the positive and respectful relationships they have with service users and carers. Inspectors found improvements in 22 of the 48 areas they assessed, while our older people's services were also singled out for praise. Our focus now will be on bringing the rest of our services up to the same and higher standards to help us achieve our ambition of being in the top quarter of mental health trusts nationally for safety and quality by 2023.

A great amount of work has already taken place during the past 12 months to create a firm foundation on which we can continue to build. We have strengthened relationships with our service users and carers and are working with them to shape our services to make sure we truly meet their needs. We have embedded our new clinical leadership model, which places doctors, nurses and experts by experience at the heart of our structure. We have also focused on ensuring quality improvement is part of the day job by empowering staff to make positive changes and share best practice.

In addition, we have been working closely with our system partners to further integrate services for the benefit of our service users. This includes placing a greater focus on their physical health, which is vitally important as so many people with severe mental illness have shorter life expectancies due to health inequalities. By carrying out physical health checks, ensuring better physical health is part of our improved care plans and developing integrated pathways, we are truly adopting a whole person approach which will help service users enjoy a better quality of life.

The next 12 months will bring more challenges, especially as we will continue to address and then recover from the effects of coronavirus (COVID-19). The Board's and Council of Governors' heartfelt thanks go to our staff for all their hard work and the steps they have taken so far to keep our service users and each other safe. Into 2020/21, we will continue to play our part in limiting the spread of the virus and to address the impact it is having on people's mental wellbeing. In addition, we will ensure our day-to-day delivery so that our service users continue to receive the help and support they need and deserve.

It's important to remember that the coming year will also bring opportunities. We will maintain our drive to further reduce Out of Area placements and waiting times, while looking for ways to improve both the quality of our services and the environment from where they are delivered. We will also focus on making sure our hard working and dedicated staff are fulfilled at work, feel valued and included and given every opportunity to develop their careers, while also finding innovative ways to attract new talent to our Trust.

I would like to take this opportunity to thank everyone who has supported our Trust over the past 12 months and provided feedback on our services and ideas for improvement, which includes service users, carers, staff, clinicians, Governors, partners and other stakeholders. We will continue to listen, learn and work in partnership during 2020/21 as we retain our focus on Getting Better Together.

Marie Gabriel CBE
NSFT Chair

Performance report

Overview

The last 12 months have seen our Trust begin to take real steps forward on behalf of our service users and carers. This was reflected in our latest Care Quality Commission (CQC) rating of 'requires improvement' – a step up from the 'inadequate' rating we received the year before.

In its report, the CQC noted that our Trust had made "early improvements in almost all areas" and singled out older people's services for particular praise. Although we recognise that there is still more to do, and we remain in special measures, this is an encouraging start for us and a result of the hard work and dedication which our staff have shown to enhancing the care and services we provide. It is now important that we keep up this momentum so that we can continue to make progress towards our ambition of being in the top quarter of mental health trusts nationally for the safety and quality of our services by 2023.

During the past 12 months, we have continued to build on the firm foundations put in place during 2018/19. We have retained our focus on quality improvement, with 58 separate projects currently ongoing across the Trust, while our new structure – which places clinicians and experts by experience at the heart of our leadership teams – has been embedded. Feedback from our staff so far has been very positive, with many feeling more empowered and supported to make local changes to benefit the people we care for.

We have also produced an ambitious new Trust Strategy, which shows how we will support people to live their hopes, dreams and aspirations. It outlines the steps we will take to achieve our strategic outcomes of engaging and inspiring our staff, focusing on co-production, partnership and recovery and developing our improvement skills. The strategy also details the areas we will concentrate on in future months and years to help us continue our ongoing journey of improvement.

Achievements during 2019/20

Our Trust has achieved some key successes over the past 12 months. The CQC rated our staff as 'good' in the caring domain in seven out of eight areas, with inspectors praising the positive and respectful relationships they have with our service users and carers. This is a testament to the hard work and dedication of our staff, and something of which they should all be proud.

Some notable service improvements also took place during 2019/20, including a small reduction in the number of service users waiting for more than 18 weeks for treatment. Despite increases in demand, 96.0% of service users had their first appointment within 18 weeks by January 2020, which is a real step forward.

At the start of the financial year (April 2019) the Trust reached a high of 1,974 Out of Area bed days. Following a dedicated programme of improvement works which included opening 16 new beds on Yare ward, the Trust achieved a low point of 231 Out of Area bed days in January 2020.

Out of Area bed days did increase in February (576) and March (869), although still well below the high of April 2019. No one factor has stood out to explain the increase seen since January 2020; however, contributing factors to the length of inpatient stays were increased delayed transfers of care and higher acuity in the community.

At the end of March 2020 an Integrated Discharge Team (IDT) was introduced and will focus on prioritising discharge planning for service users who are safe to be discharged from NSFT inpatient wards.

During the year, we also:

- Officially opened a £4m refurbishment at Chatterton House in King's Lynn. The unit includes a purpose-built Section 136 suite, where people in a mental health crisis who have come into contact with the police can receive specialist assessment, and the new Samphire Ward, which is made up of 16 single en-suite rooms. The project has also seen the range of services available to support service users in the community expand to include a day treatment option.
- Appointed a specialist Family Liaison Officer to provide extra support to families affected by suicide. We have also worked with multiple partners on a project led by MensCraft, which has seen a Prevention and Positive Activities Coordinator recruited to support men who are suicidal before they can be seen by a mental health professional.
- Were awarded £38m in government funding to build a state-of-the-art unit to which four of our existing wards (Glaven, Thurne, Waveney and Yare) will relocate. An outline business case will be submitted to NHS England and NHS Improvement in October 2020, with a full business case following in late summer 2022. If this business case is agreed, construction work will begin in late summer 2022 with the unit opening in late summer 2024. A fifth brand new ward will also be created, providing 15 additional beds to help increase capacity.
- Dramatically reduced the use of physical restraint, seclusion and rapid tranquilisation. This has been achieved by making staff more available to service users and encouraging service users to write their own care plans.
- Reopened Yare Ward at Hellesdon Hospital, which has provided 16 additional beds to help reduce out of area placements and keep more service users closer to home.
- Enhanced our crisis response staffing, with 11 more posts focused on provision at night.
- Improved our results in the CQC's Community Mental Health Survey 2019, which showed that service users feel involved in their medication and agreeing their care, their personal circumstances are taken into account and that they see professionals enough.
- Received additional funding from our commissioners, which will allow our mental health liaison teams at Ipswich Hospital and West Suffolk Hospital to extend their hours and start to operate 24/7.

At the same time, we have been working closely with our staff to develop a kind, just and fair culture across the Trust, where concerns are dealt with effectively and people are given more autonomy in their roles. The NHS Staff Survey 2019 showed us that some of these changes were starting to take effect, but that we still need to do much more – especially with regards to staff health and wellbeing and the support provided by immediate managers. We will place an emphasis on these areas over the coming 12 months so that we can be sure we are truly supporting our staff while building a culture of inclusion and compassionate leadership.

Looking ahead

As I write this, we are currently managing the effects of the coronavirus (COVID-19) and extensive preparations are underway to help keep our staff and service users safe during the pandemic.

A range of initiatives have been put in place to help the Trust continue to meet demand, including teams working differently to respond to changing needs and to support service users whose mental health is being affected by the crisis. This includes a 24-hour, seven days-a-week crisis line.

I would like to thank all our staff and everyone who has played a role in helping us to adapt to new ways of working so that we can continue to offer the best service we can during a difficult time.

Over the next year, recruitment will remain a priority for our Trust as we continue to focus on bringing in the right staff, with the right skills, to provide the best possible care to our service users. This work is already well underway and has seen us increase our clinical staff by 159 in the last 12 months. We will build on this solid foundation during the coming year by making innovative changes to attract the brightest and best to Norfolk and Suffolk while also investing in developing the talent we already have

so that all our staff can achieve their full potential. In addition, we will welcome our very first Nursing Associates to the Trust in a role which will help bridge the gap between health care assistants and registered nurses, while also offering the chance to progress into a nursing position.

We know that when people need help with their mental health, they do not want to wait longer than is necessary. That is why improving access to our services and reducing waiting times will be one of our highest priorities for 2020/21. We will also continue to work hard to improve the quality of our care plans while ensuring that service users and their carers are fully involved and engaged throughout. Although we have recorded some significant reductions in Out of Area Placements during the past 12 months, we will maintain our focus on decreasing these figures even further so that we can make sure service users are receiving care as close to home as possible.

Our Trust is on a long improvement journey and I firmly believe we're moving in the right direction. With the support of our dedicated staff, we are confident that we will continue to progress so that we can ensure we are providing safe, effective care for everyone in Norfolk and Suffolk.

Jonathan Warren
Chief Executive

NSFT Care Groups

1 Attleborough
Bickley Day Hospital NR17 2QE

2 Bury St Edmunds
Child Development Centre IP33 3ND
Child Health Centre IP3 3ND
Wedgwood Unit IP33 2QZ
58 Barons Road IP33 2LW
Hospital Road Site IP33 3NR (Bury South IDT)

3 Carlton Colville
Carlton Court NR33 8AG

4 Dereham
Springwell NR19 1DL
Signpost House NR20 3TL
Dereham Health Centre NR19 2EX

5 Eye
Hartismere Hospital IP23 7BH

6 Felixstowe
Grove Medical Centre IP11 9JL

7 Gorleston
Stepping Out, 1b St Catherine's Way NR31 7QB

8 Great Yarmouth
Northgate Hospital NR30 1BU
Compass Centre, Belton Bungalow NR31 9LD

9 Haverhill
Haverhill Health Centre CB9 8HF

10 Ipswich
The Hollies IP3 8LS
Mariner House IP1 2GA (Ipswich IDT)
Woodlands IP4 5PD
Walker Close IP3 8LY (Coastal IDT)
Eccles Road IP2 2RF
Foxhall House IP3 8LY
Endeavour House IP1 2BX
Landmark House IP1 5PB
15 Ribbans Park Road, Ipswich, IP3 8XL

11 Kesgrave
Grange Lodge IP5 1JF

12 King's Lynn
Chatterton House PE30 5PD
Chapel Street PE30 1EG
Fermoy Unit PE30 4ET
Providence Street Community Centre PE30 5ET

13 Lothingland
Airey Close NR32 3JQ
Allington Smith Close NR32 3JW

14 Lowestoft
Victoria House NR32 1PL
Meridian House NR32 1PL
Barley Way NR33 7NH
Kirkley Cliff NR33 0DF
Riverside Business Centre, Units 30-37, 4 and 23 NR33 0TQ

15 Newmarket
Newmarket Hospital, Sage Centre CB8 7JG (Bury North IDT)
Newmarket Hospital, Gibson Centre CB8 7JG

16 North Walsham
The Atrium NR28 9HZ

17 Norwich
Hellesdon Hospital NR6 5BE
The Julian Hospital NR2 3TD
Mary Chapman House NR2 4HN
Northside House NR7 0HT
80 St Stephens Road NR1 3RE
The Bure Centre NR2 2PA
Holland Court NR1 4DY
Brooke House NR5 0AF
The Octagon Business Park NR13 5FH

18 Stowmarket
Haymills IP14 1RF

19 Sudbury
Sudbury Community Health Centre,
Churchfield Road CO10 2DZ

20 Thetford
Thetford Healthy Living Centre IP24 1JD

21 Wickham Market
Riverview IP13 0TA

22 Wymondham
Gateway House NR18 0WF

Issue date 02/06/2020

Purpose and activities

The Trust's principal activities are to support and enable people with mental health problems to live fulfilling lives. We believe in recovery and understand the importance of good physical health, maintaining relationships and incorporating treatment into an active life.

Service users and carers are at the centre of all our work. We listen to their opinions and use their views and experiences to shape our services and enhance all aspects of our care. We want to be recognised in the local community for providing excellent advice and treatment, and for our friendly, flexible approach.

We are committed to research and innovation and our ambition is to become a national leader in the provision of high quality and cost-effective mental health services.

We provide a range of health and social care services specialising in mental health across Norfolk and Suffolk, including:

- Adult acute and community services
- Services for children, families and young people
- Dementia and complexity in later life
- Learning disability and neurodevelopmental services
- Low and medium secure services
- Wellbeing

The Trust is comprised of five geographical Care Groups – three in Norfolk, two in Suffolk – and three specialist Care Groups: Children, Families and Young People (CFYP) Norfolk, CFYP Suffolk and Secure Services.

We have inpatient facilities across Norfolk and Suffolk, with smaller bases in rural locations. Many of our services are offered in the community, enabling service users to receive the support they need in a familiar environment.

Brief history of the Trust and its statutory background

Norfolk and Suffolk NHS Foundation Trust was formed on 1 January 2012 by the merger of Norfolk and Waveney Mental Health NHS Foundation Trust and Suffolk Mental Health Partnership NHS Trust. We have been a foundation trust since 2008 and have almost 17,000 public, service user and carer Members.

The Trust now employs around 4,000 staff who work from sites across the two counties. We continue to develop strong working partnerships with social care, primary care, the police, the voluntary sector and, of course, all parts of the NHS.

We have a long history of working closely with health, social care and voluntary sector partner organisations in both counties and have a S.75 (NHS Act 2006) agreement with Suffolk County Council. Over the course of 2019/20, we have continued to be a key partner of the Integrated Care System in Suffolk and North East Essex, and the Sustainability and Transformation Partnership in Norfolk and Waveney, helping to shape the future of mental health services through the development of adult and children, families and young people's mental health strategies.

Key issues, opportunities and risks

During 2019/20 the risks facing the Trust included a range of business, quality and financial issues, all of which were considered by the Board and its subcommittees throughout the year. The key risks are identified as follows:

1. In response to the CQC inspection in 2018, which resulted in an 'inadequate' rating, the Trust has implemented a clinically-led improvement plan to address the concerns identified, utilising quality improvement methodology. A culture change programme is underway, and a governance review of Board and committees has been undertaken and changes implemented with the aim of improving the flow of information and assurance on quality and performance from ward to Board. While the Trust remains in special measures, the CQC report published in January 2020 gave the Trust a 'requires improvement' rating. Work continues with the improvement plan to address all recommendations.

2. Waiting lists continue to be a challenge, particularly in services for Children, Families and Young People. Rapid Improvement Boards are addressing the waits and ensuring the safety and visibility of service users. The Access Improvement Director and clinical leads have instigated a Clinical Harm Review process. Quality and Safety Reviews and Clinical Harm Audits continually monitor the safety of service users and all young people have been contacted by the Care Group. The Trust has implemented a revised Access Policy. The Board receives a report on access and waiting lists at each meeting.

3. At the start of the year, the number of Out of Area Placements was high which impacted significantly on service users and their families and also impacted on the ability of the commissioners to fund further investments. Although there have been some fluctuations in the number of Out of Area Placement bed days, since August 2019 these have remained consistently lower than any time in the previous six months. Working with system partners, the Trust has been able to successfully bring our service users back to the area and in March 2020 introduced an Integrated Discharge Team which will focus on discharge planning and support the Trust's work to achieve the target of zero Out of Area Placements.

4. Improving staff recruitment and retention and staff morale continues to be a challenge. The Trust has been successful in recruiting new staff and attracting more students in year. The emphasis is now on our culture change programme and staff engagement and development, including preceptorship programmes, medical staff education programmes, nursing and allied health professional development. The clinically-led Care Groups are implementing priority actions from the NHS Staff Survey alongside the culture work.

5. The Trust managed once again to deliver its financial plans and recorded a year-end surplus of £1.5m (underlying deficit £3.3m) in 2019/20. The Board of Directors is aware of the continuing need to operate financial control while continuing to address the service improvements identified by the CQC. The financial plan is monitored at the bi-monthly Finance and Business Investment Committee and meetings of the Board.

Performance analysis

Performance measures and accountability

The Finance and Business Investment Committee has replaced the Performance and Finance Committee as the main meeting for review of the Trust's operational performance. Other committees exist to review the workforce indicators and the quality indicators, which also contribute to the final Board papers to monitor the Trust's overall performance. The Finance and Business Investment Committee is a subcommittee of the Board of Directors. This meeting has a role in holding to account as well as guiding the Trust to manage external pressures.

During 2019/20 the Digital Improvement Group (DIG) continued its work and has been pivotal in ensuring the quality of the data that is reported to the Board and external agencies. The dashboards developed in 2017/18 continued to be used to inform decision making. A review in year was undertaken and no amendments to the dashboards were required. Work on waiting times, access to services and visibility of service users who are waiting for services continued and waits improved although further work is planned. The focus remains on ensuring all performance is consistently managed and measured despite differences in the way services are commissioned.

The Quality and Performance Meetings (QPMs) were implemented in 2019/20 and have allowed the newly established Care Groups and service leads to review performance and share challenges with Executives. The operational QPMs are bi-monthly and the Corporate QPMs are every three months, although this is subject to review. In Q3 an Accountability and Performance Framework was ratified that established clear lines of accountability, including individual leads for key metrics within Care Groups.

The Trust reports on the metrics shown in table PA1 each month. Some metrics report for the month, others give a year-to-date or quarterly figure for analysis. PA1 lists the Trust performance as reported for March 2020 and also the corresponding target. At each bi-monthly Finance and Business Investment Committee, the Chief Operating Officer, with the support of corporate teams, presents an analysis of the month's achievements and outlines actions to improve performance where targets are not being met. Areas of specific interest in 2019/20 were Out of Area Placements, waiting times and access to services, and improvements to the quality of Care Plans for CPA and nCPA. It is noted that quality measures are scheduled for review. Performance measures for 2020/21 will need to factor for changes as a consequence of the COVID-19 pandemic.

Oversight Framework

The Oversight Framework is used by the Trust to monitor performance as prescribed by NHS England and Improvement. Table PA1 shows the Oversight Framework metrics and additional national measures. This Framework is in addition to the contractual KPIs.

(PA1)

Target description	Actual	Target
Referrals with suspected first episode psychosis start NICE recommended care within two weeks (a)	71.75%	56.0%
Data Quality Majority Index (DQMI) – Mental Health Services Data Set dataset score	97.03%	95.0%
IAPT patients who complete treatment and 'move to recovery'	51.70%	50.0%
People referred to the IAPT programme will be treated within 6 weeks of referral	93.23%	75.0%
People referred to the IAPT programme will be treated within 18 weeks of referral	100.0%	95.0%
Total number of bed days patients have spent in inappropriate Out of Area Placements	11,495	5,539

(a) No NSFT early intervention services currently commissioned to triage, assess and treat people with an at-risk mental state

The main block contracts are commissioned to deliver differing services, and metrics are developed accordingly. This means, for example, that waiting time standards are different for different Care Groups and service lines across the Trust. A focus in 2019/20 was to standardise reporting and metrics for areas such as waiting times to reduce these anomalies. Work is ongoing in 2020/21.

Primary and secondary care services

In 2019/20 the Trust continued to operate within 'block' contract arrangements with Norwich Clinical Commissioning Group (CCG), North Norfolk CCG, South Norfolk CCG, West Norfolk CCG, Great Yarmouth and Waveney CCG, Ipswich and East Suffolk CCG and West Suffolk CCG.

The Trust also provides Primary Care Mental Health services to the CCGs listed. The contracts include a range of agreed performance indicators.

Medium and low secure, CAMHS Tier 4 and perinatal services

The Trust's contract with NHS England – Midlands and East (East of England), Regional Specialised Commissioning is for the provision of medium and low secure mental health services, a young people's inpatient unit (CAMHS Tier 4) and a Mother and Baby Unit (perinatal). The key measures relate to bed occupancy.

Section 75 Suffolk

A Section 75 Agreement remains in place with Suffolk County Council. This agreement means that the council delegates its legal duties in relation to the provision of social work services for adults experiencing mental health difficulties, to the Trust. This agreement is monitored by the S75 Partnership Review Group that meets quarterly. A joint mental health dashboard is produced for the review group to monitor performance, but no formal targets are in place.

Financial report

The Trust reported a surplus of £1.5m in the year to 31 March 2020. This was an improvement on the planned surplus of £0.2m as a result of additional non-recurrent funding received late in the year from NHS England and NHS Improvement (NHSE/I). The total Provider Sustainability Funding (PSF) / Financial Recovery Funding (FRF) received in year was £3.5m which, when removed, gives an underlying deficit of £3.3m.

A full set of 2019/20 accounts are provided as part of the Annual Report at the end of this document.

Going concern

The Foundation Trust's accounts have been prepared on a 'going concern' basis. This means that the Trust expects to operate into the future and that the balance sheet (assets and liabilities) reflects the on-going nature of the Trust's activities.

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

Summary of financial performance

As at 31 March 2020, the Trust had delivered the following performance:

- A year-end surplus of £1.5m
- A finance and use of resources rating of 3
- Capital expenditure of £8.6m
- A cash balance of £17.9m

Income

The Trust's total income (turnover) for the year was £265.4m, of which £251.0m was for the provision of patient care activities.

The NHS financial settlement for 2019/20 resulted in a significant increase to funding received by the Trust from Clinical Commissioning Groups (CCGs). The mental health investment standard (MHIS), which all CCGs were committed to meeting, resulted in a 6.1% increase in investment in mental health services; while not all this investment had to be in mental health trusts, the Trust did receive a funding increase in excess of the MHIS.

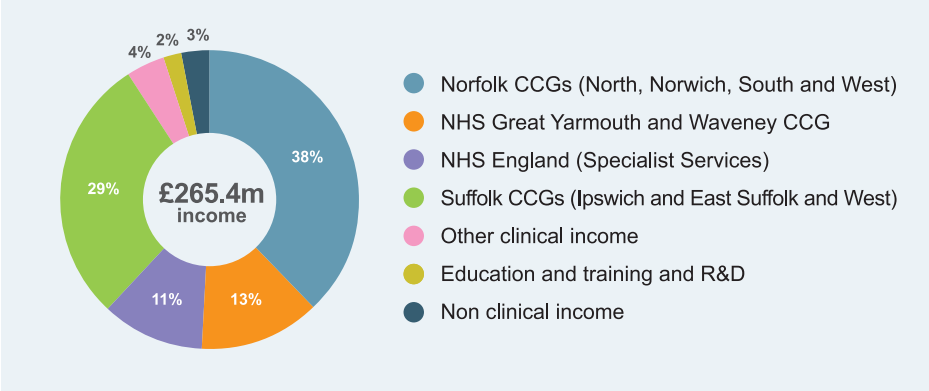
Due to the current COVID-19 situation some investments in new services have been put on hold. It is anticipated that these investments will be brought back on track later in the year in a wide range of new and expanding services, and that the mental health investment standard will still be achieved.

Research and development funding of £1.1m was secured in addition to education and training income of £5.7m. This included £0.6m income from the National Apprenticeship Fund, which was used specifically for approved apprenticeship posts (both clinical and non-clinical) throughout the Trust. Funding for education and training is received via Health Education England and is given to NHS Trusts to support training placements for student and junior medical staff, nursing staff and other healthcare professionals.

The Trust's principal sources of income, as illustrated in the chart below, are from contracts for the provision of mental healthcare services for CCGs in Norfolk and Suffolk, and for Secure Services, CAMHS Tier 4 and the regional Mother and Baby Unit commissioned by NHS England Specialised Services. The Trust also received £4.8m of non-recurrent funding from NHSE/I. Of this, £1.8m was core PSF for delivery of the Trust's 2019/20 control total, with an additional £1.7m of FRF, and the

remaining £1.3m being received as part of a national fund to bolster the financial position of mental health trusts.

(FR1) Sources of income



Expenditure

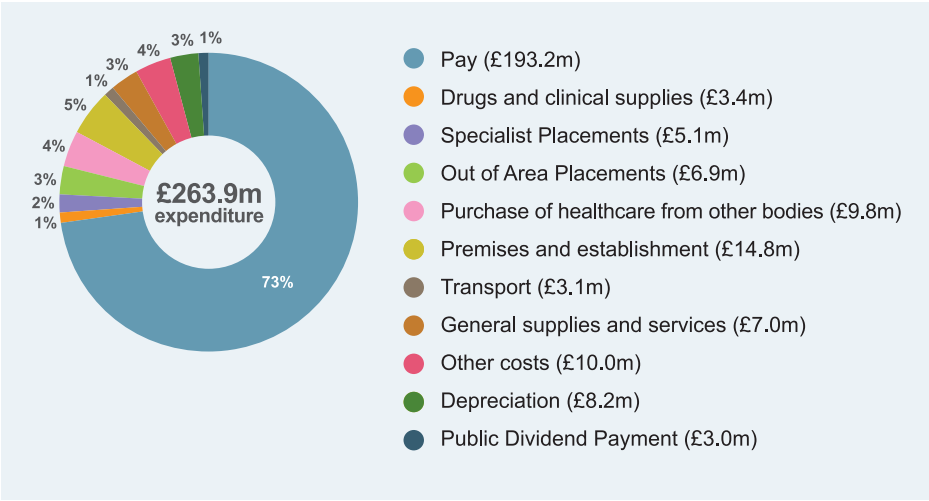
Total expenditure during 2019/20 amounted to £263.9m which is summarised by type of spend in the chart below.

The majority of spend by the Trust is on staff (73.0%) which includes expenditure on bank and agency staff predominantly provided by NHS Professionals. The Trust was given an indicative agency cap for the year of £10.3m and spent in total £10.8m.

The purchase of healthcare from other bodies (excluding our Specialist Placements and Out of Area beds) is received from contracts with Local Authorities and a number of voluntary sector partners with whom we subcontract, notably within our Wellbeing service and services for Children, Families and Young People.

Premises and establishment costs include building lease and rent costs, business rates, utilities and security costs.

(FR2) Analysis of expenditure



The Trust delivered its target of £10.9m cost improvement plans during the year, with all schemes identified at the start of the financial year undergoing a Quality Impact Assessment by the Trust's Medical and Nursing Directors. This was to ensure that any plans do not adversely affect patient safety or service quality.

Finances and use of resources segmentation

The Trust achieved a year-end rating of 3 in relation to its finances and use of resources segmentation. Providers are allocated a rating of 1 to 4, where 1 reflects the strongest performance. The Trust is assessed on three main areas which focus on financial sustainability, financial efficiency and financial controls. A detailed summary of this performance can be found within the Single Oversight Framework on page 62.

Capital expenditure and investments

The Trust's capital expenditure largely supports the buildings, facilities and other infrastructure we utilise to deliver our services. The Treasury has historically provided capital finance in the form of Public Dividend Capital (PDC). As a result, the Trust is required to pay the Treasury dividends relating to that capital twice a year. These dividends amounted to £3.0m in 2019/20.

The Trust has limited access to new PDC as it is expected to finance capital expenditure from internally generated sources (i.e. from operational surpluses and depreciation charges) or to agree an interest-bearing loan with either the Foundation Trust Financing Facility (FTFF) or a commercial lender. In 2019/20 the Trust successfully secured additional PDC funding of £0.7m; this related to the remainder of the Mother and Baby Unit funding and new monies for Digital Aspirant funding.

The outstanding balance on loans from the FTFF was £12.8m as at 31 March 2020.

The capital expenditure plans were reviewed and revised on a regular basis throughout the year to ensure that emerging schemes for patient safety and service improvements could be prioritised against other originally planned expenditure.

There were no capital disposals during the year.

Private Finance Initiative (PFI)

The Trust provides services from one location developed under a PFI – the Wedgwood Unit on the West Suffolk Hospital site in Bury St Edmunds. This unit was opened in May 2002 and predominantly provides mental health inpatient services.

Liquidity and cash management

The Trust manages cash through the Government Banking Services arrangements.

Post balance sheet events

On 11 March 2020, the World Health Organisation declared the COVID-19 global pandemic. The impact of this was felt by the Trust at the very end of the 2019/20 financial year with significant impact continuing into 2020/21. The NHS financial regime has been adapted in light of this outbreak and the Trust is confident that there will be no material financial impact on its activities as we enter a new financial year.

On 2 April, 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, DHSC interim revenue and capital loans as at 31 March 2020 will be replaced with the issue of Public Dividend Capital (PDC). Given this relates to liabilities existing as at 31 March 2020, the DHSC advised that this is considered an adjusting event after the reporting period. Outstanding interim loans, totalling £4.5m as at 31 March 2020 in these financial statements, have now been classified as current as they will be repayable within 12 months.

Charitable funds

The Trust administers the Norfolk and Suffolk NHS Foundation Trust Charitable Fund (Charity Number 1050441). These funds are used for the benefit of both service users and staff in accordance with the purpose for which the funds were either raised or donated.

Political and charitable donations

The Trust did not make any political or charitable donations from its revenue exchequer funds in 2019/20.

Financial outlook for 2020/21

The next year will be another challenging year for the Trust. NSFT will continue to work closely with partners to improve quality, waiting times and service user outcomes. The Trust will work towards its objective to be in the top quarter of all mental health trusts for quality and safety by 2023 and this will require further investment in specific services and Trust-wide locations.

In 2019/20 there was a Provider Sustainability Fund and a Financial Recovery Fund available to NHS Trusts. For 2020/21, it was intended that the FRF would be the sole source of financial support for NHS providers that are otherwise unable to operate within their financial envelopes. Organisations' entitlement to FRF will depend on full-year financial performance. Half of the FRF allocation will be paid based on the performance of the Trust; to encourage system working, the other 50% will be linked to the achievement of the system trajectory (the sum of the financial improvement trajectories of the organisations within the system). However, for the first four months of the year this regime has been replaced to ensure sustainability for all NHS Trusts during the COVID-19 pandemic.

In line with the mental health investment standard, both Norfolk and Suffolk CCGs have made investments in services. Significant investments have been planned in primary care mental health services to improve access rates, Crisis and Home Treatment services, Early Intervention in Psychosis, Psychiatric Liaison teams, and Primary Care Networks amongst many others. All investments made will be in line with the long-term plan for mental health.

The Trust will continue to work with partner organisations within the footprints of the Integrated Care System in Suffolk and North East Essex and the Sustainability and Transformation Partnership in Norfolk and Waveney in an attempt to deliver financial balance across the region.

Environmental and social matters

Environmental matters and sustainability

Our Sustainability Policy and the Sustainability Development Management Plan (SDMP) are documents enabling the Trust to address all aspects of our environmental impact. The Board is actively involved in progressing the sustainability programme, with the Chief Executive taking overall responsibility supported by the Deputy Director of Commercial Resources. They lead on the vision for the Trust to over-achieve on the national carbon reduction targets and overall sustainability programme.

Actions to address our environmental impact include:

Staff engagement and sharing best practice

- A revamped page on the intranet about sustainability, enabling all staff to have access to key information and links to issues of interest and events.
- An active programme of staff engagement through Champions meetings and one-to-one staff engagement.
- Frequent contributions to the weekly Trust Update sharing good practice and information on initiatives.
- Promoting NHS Sustainability Day with an event on a different site each year.
- Regular staff updates about health and wellbeing which aids sustainability by reducing sickness and associated agency fees.

Reducing travel / promoting low-carbon travel

- Information provided about cycling and bus discounts to promote fitness and low-carbon travel.
- Links to tax free cycle purchase schemes and lift share sites for all areas are available across our Trust via the intranet.
- Greater use of home working and local hub access to enable reduction in travel.

Energy and resource management

- Working closely with the Crown Commercial Service (CCS) procurement framework in procuring energy and water at a competitive price from companies producing energy from renewable sources.
- A successful national funding bid of £650k for LED lighting, enabling a future carbon saving of 523 tonnes per annum.
- Reduction of the energy carbon footprint by 3,000 tonnes in three years.

Recycling and sustainable purchasing

- Pledged our Trust to reduce single use plastics by 2021 with the backing of the Board.
- Working with procurement on the purchase of more sustainable options and reducing purchase of single use plastics (plastic aprons, drinking cups and bin liners).
- Reduce, reuse and recycle and Blue Planet Strategy on waste and equipment.

There are sustainable energy options in using sun pipes, ground source underfloor heating and photovoltaic (PV) panels on six properties (all owned by the Trust) at Grange Lodge, Kingfisher Mother and Baby Unit, Justin Gardiner House, Northgate Hospital, Hammerton Court and Carlton

Court. Surplus energy has been sold back to the national grid from the Mother and Baby Unit and Grange Lodge. This provides an income of £4k per year.

The Trust has introduced new taps which reduce water wastage and possible misuse across the estate and energy consumption has been reduced by 20% on last year's figures.

The Trust has continued to maximise recycling of stock and equipment. Items deemed not fit for purpose by the NHS have been forwarded to charities both nationally and abroad. This reduces waste costs and achieves an environmentally friendly option for disposal, while also providing valuable support for a variety of organisations. Electronic waste (not ICT Equipment) is collected by a company that recycles electrical waste, which is then repurposed and sold to local residents at a competitive cost. This avoids high disposal costs. We also work with local charities providing furniture for refugee families and our own service users. Implementation of the furniture recycling scheme across the whole Trust resulted in savings of £119k in 2019/20.

Waste is closely managed with an increase in direct recycling to approximately 56% through schemes across the Trust. The waste contractor also contributes to raise the level through further systems of filtering the general waste for other recyclates: the remaining residue is converted into refuse derived fuel. Overall, this means our recycling rate can confidently be reported to be over 98.0%. The clinical waste is sent to an 'Energy from Waste' site which provides heat via steam for Ipswich Hospital and our own Woodlands site.

Throughout the procurement lifecycle, the sustainability and carbon footprint is reviewed to actively support suppliers who demonstrate credentials such as ISO14001 and who address the requirements of the Modern Slavery Act within their policies.

The Trust submitted their Sustainable Development Assessment Tool in 2019, which shows an improvement in sustainability from 59% to 62% – an increase of 3%.

We have played a major part in the development of the East of England Sustainability Managers forum alongside the Health Estates and Facilities Management Association (HEFMA) where we have been proactive in sharing good practice with other Trusts and CCGs. This forum meets four times per year.

Social, community and human rights issues

With around 4,000 employees and a turnover of over £265m, the Trust is a significant employer in Norfolk and Suffolk. We aim to go beyond the requirements of our contracts and contribute to the wider wellbeing of the communities we serve.

In 2019/20 we supported a wide variety of community events. These included support for black and minority ethnic community festivals and events, LGBT History Month, Pride, Transgender Memorial Day, Black History Month conference, mental health and spirituality, and a wide range of wellbeing initiatives.

Our public, service user and carer Trust Members, who number almost 17,000, have joined because of their interest in, and commitment to, mental health. The Trust held four successful membership events in January and February 2019 to hear the views of our Members, of local people and wider stakeholders on what the Trust is doing well and how can it improve. The Council of Governors are using the feedback to identify their priorities for the year and to hold the Trust Board to account.

We evaluate the effectiveness of our events by asking for delegate feedback. The events received very high satisfaction ratings and feedback enables us to plan future initiatives

Human rights

The Trust has an important role to play in protecting human rights through its administration of the Mental Health Act (1983) (MHA) and oversight of the Mental Capacity Act (2005) (MCA) and Deprivation of Liberty Safeguards (DoLS). The Trust issues and maintains a comprehensive set of policies which describe how we protect patients' human rights.

The Trust has a specialist team who promote good practice in the use of the MHA across its services.

The use of the MHA is monitored by the Mental Health Act Committee (MHAC), which is an executive sub-committee of the Board. Use of the MHA and DoLS is monitored and analysed for any significant themes. If issues are identified, then local services are asked to address these, and progress is reported through the MHAC or Quality Committee. The MHAC reviews and approves all policies related to mental health legislation.

During 2019/20 our Participation Lead co-produced a programme of work which put the voice of the service user at the heart of improvements to reducing restrictive intervention. We have ensured that human rights are embedded into all our training, making it a focus of our leadership module for aspiring Band 6 nurses.

Where people who lack capacity to consent to their care and treatment have their liberty curtailed for the purpose of ensuring their safety and wellbeing, the Trust can authorise an urgent DoLS authorisation. At the same time, the Trust submits an application to the relevant Local Authority for an assessment for a standard DoLS authorisation. Case law has changed the scope of DoLS resulting in a backlog of cases, which means that Local Authorities are not always able to process the Trust's DoLS applications in a timely way. We work closely with the DoLS teams in our two local authorities to support DoLS assessments, and we have also introduced our own safeguard for a person who has been waiting more than six months for a standard DoLS authorisation. The safeguard provides a review of the restrictions to which the patient is subject to ensure they remain appropriate and the least restrictive option. The review panel is made up of three specially trained Associate Hospital Managers (as defined under the MHA).

The Board receives an annual report on the use of the MHA and DoLS along with an Associate Hospital Manager Report detailing the work of the Associate Hospital Managers throughout the year.

Anti-bribery

The Trust refreshed its Business Conduct Policy in 2017/18 to incorporate new guidance from NHS England on declarations of interest. The Policy includes a section on the Trust's commitment to the Anti-bribery Act 2010, which explains the definition of bribery and gives examples of how the risk might manifest in our Trust. It is clearly explained that any staff who believe or suspect any fraudulent activities or a breach of this policy must notify the Local Counter Fraud Specialist immediately. This is monitored by the Audit and Risk Committee.

Accountability Report

Directors' report

Disclosures

Details of company directorships and other significant interests held by Directors can be found in the Directors' declarations of interest on pages 37-39.

We publish all Directors' interests annually on the Trust's website as part of our Board papers. A copy of the register of interests is available from the Trust Secretary on request at any time.

Disclosures under the NHS Foundation Trust Code of Governance can be found on pages 59-61.

How the Trust has had regard to NHSI's well-led framework

In March 2018 NHS Improvement (NHSI) commissioned PricewaterhouseCoopers (PwC) to undertake a review of governance to provide the Trust with an external insight into its current governance framework and to identify areas for improvement to address concerns raised by the CQC in 2017. The resulting action plan, complementing the Quality Improvement Plan, was a key focus for the Trust and following considerable work in relation to Board development, clinical leadership, strategy, culture and risk management during 2019/20. Internal Audit were commissioned to provide an independent assessment of the Trust's implementation of the governance action plan and a Significant Assurance opinion with some improvement required, mostly in relation to evaluation, was given.

During 2019/20, substantive appointments were made to the Executive team, with the Director of Strategic Partnership and Deputy CEO commencing in November and the Chief Medical Officer commencing in December. Two new Non-executive Directors were appointed in October.

Since the 2017 inspection, East London NHS Foundation Trust (ELFT) has provided support and the Trust has worked hard to strengthen its governance, with a complete review of the functioning of the Board and Council of Governors, including its meeting architecture, decision-making framework and improved performance management. A new Board Assurance Framework is in place and regularly reviewed by the Board and an improved risk management framework has been developed, linked to the Trust Strategy. Importantly, new clinically-led Care Groups have been established to improve clinical accountability and the quality and safety culture, with a focus on quality improvement methodology. Multi-stakeholder overview and assurance group (OAG) meetings, led by NHSI, take place monthly to monitor the Trust's performance.

The CQC inspection in October 2019, reported in January 2020, gave a rating of 'requires improvement' for the metric 'well-led'.

Further information about the 2020 CQC report and the subsequent regulatory action can be found in the Annual Governance Statement (on pages A10-A21).

Summary of action plans to improve the governance of quality

Over the course of 2019/20, the Trust reviewed its approach to the governance of quality and assurance to the Board on quality and safety. Urgent action was taken to address safety in response to CQC findings. An initial high-level 100-day plan ran until 31 May 2019 and a detailed Quality Improvement Plan is now in place. The Improvement plan is owned by Care Groups and monitored by the Executive and the Board, with oversight by NHSI and stakeholders via the OAG meetings. Quality improvement is embedded at every level and supported by regular quality and safety reviews. The Trust has implemented a new performance accountability framework with regular Quality Performance Meetings where Care Groups and corporate services are held to account for quality, operational, workforce and financial performance.

Our staff, service users' and carers' voices and needs are central to all we do. They have been consulted at each stage of our quality improvement agenda and have key roles in the governance of quality. People Participation Leads were appointed in September 2019 to each Care Group, providing leadership in engagement with service users and carers and stakeholders. A People Participation Board Committee has been established.

Patient care

One key mechanism for using the Trust's foundation trust status to improve patient care is through the work of the Council of Governors. Governors represent the wider community in challenging the Trust's approach to quality and safety, in triangulating the quality performance with service user and carer experience and by holding the Non-Executive Directors to account for the performance of the Board. This challenge has been particularly in relation to CQC reports, Out of Area Placements, workforce plans and partnership working with system partners in the Sustainability and Transformation partnership in Norfolk & Waveney and Integrated Care Systems in Suffolk. Governors have a statutory role in developing and monitoring the Quality Account, the Annual Plan and Trust Strategy.

The Trust has implemented a robust quality improvement approach, with cohorts of staff trained and 58 quality improvement projects in place, including national projects for reducing restrictive interventions and sexual safety and a medicines management collaborative.

Quality and safety reviews are carried out across services with service user and carer input.

Consultation and involvement

The Trust aims to ensure proportionate, meaningful consultation in line with S.242 of the NHS Act (2006) ('the duty to consult'). In all cases the impact on people who share protected characteristics as defined by the Equality Act (2010) will be considered.

This means that for proposed changes that impact on local areas or services (for example, changes to inpatient activity programmes), consultation takes place via community / ward meetings so that those people affected are involved in decisions.

For proposals that involve changes to the configuration of services (for example, closing one service and opening a new one with a different focus as part of modernising services) wider consultation is required, which takes into account the impact, not just on people using services at the time, but future service users and carers. Depending on the nature of the change, consultation may be led by the commissioners.

There are formal partnership arrangements with Staff Side to consult over changes that might impact on staff, largely via the Trust Partnership Meeting (TPM) and Local Negotiating Committee (LNC).

The relevant Trust documents / policies are:

- Our values…our behaviours…our future. Working together for better mental health (launched October 2015).
- Improving Services Together: Involvement and Engagement Strategy (launched October 2015).
- Membership Strategy (which is approved annually by the Council of Governors and the Board of Directors).

The Trust launched a 'People Before Process' initiative with Staff Side in 2019, focusing on how we can change the way we work with staff to ensure everyone is treated fairly, reasonably and compassionately.

The Trust has a Culture Steering Group, chaired by a Non-executive Director and reporting to the Board, which comprises staff and service users and which is spearheading our approach to working with staff.

Involvement of service users and carers

Our Improving Services Together Strategy, which was launched in 2015, is still an aspiration for the Trust.

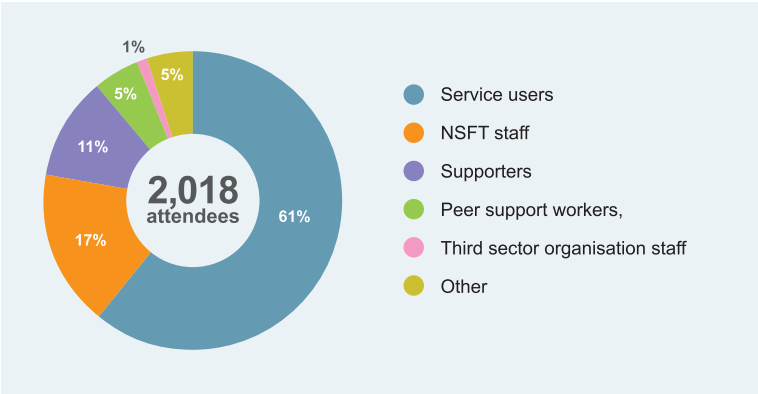
In line with the CQC response and partnership working with East London NHS Foundation Trust (ELFT), and in order to improve quality of care and recovery, the Trust's Care Groups are now in place, and a People Participation Board Committee has been established.

In this context, various actions are being undertaken to review and improve participation and involvement:

- A Co-production Strategy 2019 – 2024 was launched to ensure that co-production is at the heart of everything we do as a Trust.
- Specially developed training which highlights the importance of co-production has started to be rolled out across the Trust. The training is being introduced as part of the Trust's commitment to co-production and ensuring that the people who rely on the care we provide are fully involved in planning, delivering and improving our services.
- NSFT webpage regarding service user and carer involvement has been updated and redesigned by a partnership of service users, carers and staff, and will be co-edited going forwards. This highlights ongoing opportunities for involvement, groups, volunteering and updates on projects already being co-produced.

Recovery College: The Trust's Recovery College offers courses to people who are in secondary mental health services (or who have been discharged within a year), carers, staff and other relevant parties. Recovery College run a hub-and-spoke model and have a presence and courses running in East Suffolk, West Suffolk, Norwich, King's Lynn and Great Yarmouth and Waveney.

(DR1) Recovery College attendance academic year Sept 2018 to Aug 2019



Family and Friends Test (FFT): A quality improvement project was launched in June 2019 with the aim of increasing the quantity of responses. Despite several initiatives the number of responses received has so far remained below target. Alongside the national changes to FFT which were due to launch in April 2020 (before the programme was suspended due to COVID-19), the response cards and online form were redesigned, along with a new system which will enable a link to the form to be texted to service users. Tablets enabling people on our wards to complete the form are also being piloted. It is hoped that these will be effective in increasing the response rate.

Partnerships: The Trust has recruited a People Participation Lead (PPL) into each of the five geographical Care Groups, along with dedicated PPLs for Secure Services and Children, Families and Young People (CFYP). The responsibilities of PPLs include running Working Together Groups, service user and carer forums, and promoting involvement of service users and carers in everything they do, both locally and across the Trust. Information and feedback from the Working Together Groups and service user and carer forums is gathered by the PPLs and shared with the People

Participation Committee, who hold the Trust Board to account. A Participation Strategy is in the process of being developed and will be co-produced. Progress on this has been affected by COVID-19; however, we are continuing to gather feedback online, which will then form the basis of live participation events once these can be held.

Involvement of Members and the wider community

Membership of the Trust is open to all residents of Suffolk, Norfolk, Essex, Cambridgeshire and Peterborough, Hertfordshire and Lincolnshire and the Borough of Newham, aged 11 and over, as stipulated in the Trust's constitution. Most Members opt to be kept informed about the work of the Trust and this takes place through Insight magazine and a regular Trust Matters email newsletter. Members who wish to be more involved can attend engagement events and stand for election as a Governor (if aged 16 or over).

Member involvement (and involvement with the wider public) by Governors is managed by the Membership Officer and is overseen by the Council of Governors.

In addition to representing the Trust at a wide range of community events and networks, the Council of Governors hosts a number of membership engagement events throughout the year. Four successful events were held in January and February 2020 to ask Member views of what is working well in the Trust and what can be improved. Further events will be held later in the year to ensure Members help the Trust shape its COVID-19 recovery plans.

Interface with other consultative forums

Governors attend other consultative forums including Health Overview and Scrutiny Committees (HOSC), Healthwatch Norfolk, Healthwatch Suffolk and Health and Wellbeing Boards. The roles of each of these groups are different and while insights will inform Governor deliberations this exchange of information is a positive aspect.

The Trust's constitution prohibits a member of the HOSC from also being a Governor to avoid a conflict of interest. Staff Governors have a specific role description to ensure that the role of Staff Governor and that of staff / union representative are differentiated.

Other disclosures

Better Payment Practice Code

The Better Payment Practice Code requires the Trust to aim to pay 95.0% of all invoices by the due date or within 30 days from receipt of goods or a valid invoice, whichever is later.

This is summarised in the table below:

(DR2)

Performance by number	**Non-NHS suppliers**	**NHS suppliers**	**Total**
Paid within 30 days	20,104	611	20,715
Paid over 30 days	4,717	239	4,956
% paid within target	81.0%	71.9%	80.7%
Performance by value (£000)	**Non-NHS suppliers**	**NHS suppliers**	**Total**
Paid within 30 days	£80,793	£12,149	£92,942
Paid over 30 days	£32,392	£2,796	£35,188
% paid within target	71.4%	81.3%	72.5%

The Trust did not make any interest payments under the Late Payment of Commercial Debts (Interest) Act 1998.

Statement of Disclosure to auditors (s418)

For each individual who is a Director at the time that the report is approved:

So far as the Director is aware, there is no relevant audit information of which the Trust's auditor is unaware. The Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.

Income disclosures required by Section 43(2A) of the NHS Act 2006

The Trust has met the requirements of the NHS Act that the income from the provision of goods and services for the purposes of the health service in England was greater than any income from the provision of goods and services for any other purpose.

Jonathan Warren
Chief Executive
Date: 8 June 2020

Remuneration report

Annual statement from Chair of Appointments and Remuneration Committee

The Appointments and Remuneration Committee is responsible for making Executive Director appointments and for determining their remuneration. The Committee ensures that pay levels are competitive and enable the Trust to recruit, motivate and retain high quality Executive Directors.

Appointments

During the financial year 2019/20 there were several changes to the Executive Director team and the table below sets out the Executive Director appointments that took place in the year.

(RR1)

CEO	Jonathan Warren from 1 April 2019
Chief Medical Officer	Dr Daniel Dalton from 1 December 2019
Director of Strategic Partnerships and Deputy CEO	Mason Fitzgerald from 1 November 2019

The Executive team and Board have also had professional advice and support from Dr Jan Falkowski in relation to medical education, Mark Gammage, Dearden HR in relation to human resources and Isabel Cockayne in relation to communications.

Remuneration

No changes were made to Executive remuneration during the reporting period.

Marie Gabriel CBE
Chair
Date: 8 June 2020

Senior management remuneration policy

There were no changes to the Trust's policy on senior management remuneration, which follows Agenda for Change rates of pay.

Future policy table

The Trust does not operate a bonus or performance related payment scheme for senior managers and has no plans to do so at present.

Payments above £150,000 pa

The Chief Executive is the only senior manager who is paid more than £150,000. The salary is determined by the Appointments and Remuneration Committee. The Committee took into account benchmarking information regarding CEO payment levels in trusts of comparable size. The salary is in line with the level of payment for trusts with a similar turnover and there has been no increase in salary since appointment. There are no additional performance related pay or bonus arrangements.

Service contracts obligations

Senior managers engaged on a contract for services basis sign a Contract for Services. This contract has been developed by the Trust's legal advisors. It includes terms setting out the Trust's obligations, in line with legal and NHS requirements, in respect of the following:

- Tax and National Insurance liabilities
- Compliance with NHS standard employment checks
- Liabilities and indemnities
- Confidentiality
- Data protection

Policy on payment for loss of office

Executive Director contracts require Directors to provide six months' notice of resignation. In the event the Director receives notice from the Trust, this is also six months. The contract allows for all or part of this to be paid in lieu.

Senior manager contracts require senior managers to give three months' notice of resignation. In the event the senior manager receives notice from the Trust, the duration of notice increases with service, up to a maximum of 12 weeks.

In regard to both Executive Director and senior manager contracts, notice will not be paid where there has been gross misconduct. For Executive Directors, this is also the case where they become an 'unfit person' in regard to the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

Statement of consideration of employment conditions elsewhere in the Trust

Other than Executive Directors and doctors, all staff are employed on NHS Agenda for Change terms and conditions of employment. Doctors are employed on NHS terms and conditions for doctors and dentists.

The Appointments and Remuneration Committee takes account of the pay levels for senior managers (Band 8c and above) when considering the remuneration for Executive Directors to ensure an appropriate differential given the different accountability levels.

There have been no changes to senior manager pay structures over the last year.

Annual report on remuneration

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is a Non-executive Director (NED) committee that oversees the appointment, remuneration and appraisal of the Trust's Executive Directors. It also reviews senior management pay. Senior managers' pay below Director level is set in line with the nationally negotiated Agenda for Change salary scales and therefore is not part of a separate negotiation or consultation process.

No staff member is present at a Committee meeting where their appraisal or remuneration is discussed.

The Committee has been chaired by Patricia Fuller (NED) since December 2019 and by the Trust Chair prior to this. The Committee is made up of Non-executive Directors, members for 2019/20 are shown in the attendance list. The CEO is a member for the purpose of appointing Executive Directors and considering performance appraisal information (but is not party to discussions about CEO pay or performance).

The Appointments and Remuneration Committee receives reports from the CEO on Executive Director performance, and from the Chair on CEO performance.

The Appointments and Remuneration Committee considers equality, diversity and inclusion in its decision-making, taking care to ensure compliance with statutory requirements, the Equality and Diversity policy and the Trust's Equality, Diversity and Inclusion Strategy.

Appointments

Appointments made in 2019/20 are listed on page 25.

(RR2) Appointments and Remuneration Committee attendance 2019/20

	4 June 2019	25 Sept 2019	19 Dec 2019	20 Feb 2020
Marie Gabriel (Chair from Jan 2019)	✓	✓	✓	✓
Patricia Fuller (NED from Oct 2019; Committee Chair from Dec 2019)			✓	✓
Tim Newcomb (NED; Vice Chair Suffolk)	✓	✓	✓	✓
Tim Stevens (NED to Dec 2019)	A	✓	A	
Adrian Matthews (NED; Committee member to Dec 2019)	✓	✓		
Pip Coker (NED from Oct 2018; Committee member to Dec 2019)	✓	✓		
Ken Applegate (NED from Oct 2019, SID from June 2019)	✓	✓	✓	✓
Katy Steward (NED from Oct 2019; Committee member from Dec 2019)			✓	✓
Jonathan Warren * (CEO from April 2019)	✓	✓	✓	✓

* The Chief Executive is a member of the Committee but is not present when the CEO appointment, appraisal or remuneration are discussed.

A – Apologies received

Nominations and Conduct Committee

The Nominations and Conduct Committee is a Governor majority committee that oversees the appointment, remuneration and appraisal of the Trust's Chair and Non-executive Directors (NEDs).

NEDs are appointed for an initial three-year term and may, on satisfactory achievement of objectives, be offered a second three-year term. However, a third term would normally only be offered through an open competitive process or subject to a business requirement. In all cases the NED must remain independent.

The constitution also sets out how NEDs may be removed through a Governor vote at a Council of Governors' meeting.

The Committee is chaired by the Trust Chair with the Senior Independent Director (SID) as deputy in the Chair's absence.

There is an arrangement for Governors to elect representatives from their constituencies to become voting members of the Nominations and Conduct Committee.

From January 2018 it was agreed that if there is no Partner Governor nomination then an additional seat is made available to the Public constituency not covered by the Lead Governor. For example, where the Lead Governor is from Norfolk, and there is no Partner Governor Committee member, then an additional seat will be made available to Suffolk Public constituency.

(RR3) Nominations and Conduct Committee make up and voting Governors

Constituency	Seats	Nominated names
Norfolk Public	max 3	Sheila Preston Ron French Vacant
Suffolk Public	max 3	Paddy Fielder Andrew Good Ian Hartley
Staff	1	Howard Tidman
Service User	1	Vacant
Carer	1	Christine Hawkes
Lead Governor (automatic seat)	1	Howard Tidman
Partner Governor	1	Vikki Versey

Appointment and re-appointment processes

The Committee ensures that a robust and transparent process is followed in relation to all appointments and re-appointments.

During the review period the Committee made two appointments: Patricia Fuller and Katy Steward as Non-executive Directors. The Committee oversaw an open competitive process with a strong field and recommended that both Katy Steward and Patricia Fuller be appointed for three years from 1 October 2019.

The Committee also commenced the process for appointment of a NED to chair the Finance and Business Investment Committee.

Remuneration

The Nominations and Conduct Committee reviews the Chair and NED remuneration and expenses policies annually. No changes were made in the reporting period.

The remuneration for the Chair and NEDs is shown in the table on page 30.

Appraisals

The Committee received reports on the appraisals of the NEDs and Chair and provided assurance to the Council of Governors that the process followed had been robust. The Nominations and Conduct Committee also comments on proposed objectives for the Chair and NEDs.

Other developmental work

The Committee carried out an annual review of the Code of Conduct and its Terms of Reference. The Committee also reviewed the induction, training and development plans for Governors.

(RR4) Nominations and Conduct Committee voting member attendance

	8 May 2019	9 July 2019	12 Aug 2019	22 Nov 2019	13 Jan 2020
Tim Newcomb – Senior Independent Director	✓ Comm. Chair				
Marie Gabriel (Trust Chair)	✓ not as Comm. Chair	✓	✓	A	✓
Ken Applegate – Senior Independent Director		Non-voting attendee	Non-voting attendee	✓ Deputising for Trust Chair	Non-voting attendee
Nigel Boldero – Norfolk Public Governor (Co-Lead Governor)	✓				
Paddy Fielder – Suffolk Public Governor	✓	✓	A	✓	✓
Ronald French – Norfolk Public Governor	A	✓	✓	✓	✓
Andrew Good – Suffolk Public Governor	A	A	A	✓	A
Ian Hartley – Suffolk Public Governor	✓	✓	✓	✓	✓
Christine Hawkes – Norfolk Carer Governor	✓	✓	✓	✓	✓
Sheila Preston – Norfolk Public Governor	✓	✓	✓	A	✓
Howard Tidman – Staff Governor (Lead Governor)	✓	✓	✓	✓	✓
Rebecca Toye – Norfolk Public Governor				✓	✓
Vikki Versey – Partner Governor	✓	A	A	A	A

A – Apologies received

(RR5) Directors' remuneration (subject to audit)

Name and job title	Salary and Fees (in bands of £5,000) 2019/20	All taxable benefits (total to the nearest £100) 2019/20	All pension related benefits (in bands of £2,500) 2019/20	Total (in bands of £5,000) 2019/20	Salary and Fees (in bands of £5,000) 2018/19	All taxable benefits (total to the nearest £100) 2018/19	All pension related benefits (in bands of £2,500) 2018/19	Total (in bands of £5,000) 2018/19
Jonathan Warren (a) Chief Executive *From 1 April 2019*	170 to 175	-	-	170 to 175	-	-	-	-
Mason Fitzgerald (b) Deputy CEO and Director of Strategic Partnerships *From 1 Nov 2019*	60 to 65	-	-	60 to 65	-	-	-	-
Dr Bohdan Solomka (c) Medical Director *To 30 Nov 2019*	95 to 100	-	50 to 52.5	145 to 150	140 to 145	-	22.5 to 25	165 to 170
Dr Daniel Dalton (d) Chief Medical Officer *From 1 Dec 2019*	50 to 55	-	75 to 77.5	125 to 130	-	-	-	-
Daryl Chapman Interim Director of Finance	120 to 125	-	27.5 to 30	150 to 155	120 to 125	-	30 to 32.5	155 to 160
Stuart Richardson Chief Operating Officer	115 to 120	-	45 to 47.5	160 to 165	80 to 85	-	112.5 to 115	190 to 195
Duncan Forbes Director of HR and Organisational Development *To 6 June 2019*	20 to 25	-	-	20 to 25	70 to 75	-	10 to 12.5	80 to 85
Diane Hull Chief Nurse	125 to 130	-	32.5 to 35	155 to 160	45 to 50	-	82.5 to 85	125 to 130
Marie Gabriel CBE Chair	45 to 50	-	-	45 to 50	5 to 10	-	-	5 to 10
Tim Newcomb Non-executive Director and Vice Chair (Suffolk)	15 to 20	-	-	15 to 20	20 to 25	-	-	20 to 25
Tim Stevens Non-executive Director *To 31 Dec 2019*	5 to 10	-	-	5 to 10	10 to 15	-	-	10 to 15
Adrian Matthews Non-executive Director	10 to 15	-	-	10 to 15	10 to 15	-	-	10 to 15
Ken Applegate Non-executive Director	15 to 20	-	-	15 to 20	5 to 10	-	-	5 to 10

Name and job title	Salary and Fees (in bands of £5,000) 2019/20	All taxable benefits (total to the nearest £100) 2019/20	All pension related benefits (in bands of £2,500) 2019/20	Total (in bands of £5,000) 2019/20	Salary and Fees (in bands of £5,000) 2018/19	All taxable benefits (total to the nearest £100) 2018/19	All pension related benefits (in bands of £2,500) 2018/19	Total (in bands of £5,000) 2018/19
Pip Coker Non-executive Director and Vice Chair (Norfolk)	15 to 20	-	-	15 to 20	5 to 10	-	-	5 to 10
Katy Steward Non-executive Director *From 1 Oct 2019*	5 to 10	-	-	5 to 10	-	-	-	-
Patricia Fuller Non-executive Director *From 1 Oct 2019*	5 to 10	-	-	5 to 10	-	-	-	-

(a) Jonathan Warren was seconded to the Trust from East London NHS Foundation Trust and NSFT made a contribution to his pension scheme in the year whilst on secondment.

(b) Mason Fitzgerald was seconded to the Trust from East London NHS Foundation Trust.

(c) Total remuneration for the Medical Director includes £16.7k in respect of his clinical role.

(d) Total remuneration for the Chief Medical Officer includes £10.0k in respect of his clinical role.

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 on page 32 provides further information on the pension benefits accruing to the individual.

Governor expenses

NSFT had the full complement of 29 Governors during the year of whom 22 received expenses in the year. The aggregate expenses received by Governors for the financial year was £13.5k (2018/19: £18.9k).

Pensions (subject to audit)

Pension benefits shown below relate to membership of the NHS Pension Scheme, which is available to all employees within the Trust. No additional pension payments are made by the Trust in relation to senior employees. As Non-executive Directors do not receive pensionable remuneration, there will be no entries in respect of pension for Non-executive members.

(RR6)

Name and job title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019 (rounded to nearest £000)	Real increase in Cash Equivalent Transfer Value at 1 April 2019 (rounded to nearest £000)	Cash Equivalent Transfer Value at 31 March 2020 (rounded to nearest £000)
Dr Bohdan Solomka Medical Director *To 30 Nov 2019*	0 to 2.5	0 to 2.5	45 to 50	120 to 125	916	35	1,013
Dr Daniel Dalton Chief Medical Officer *From 1 Dec 2019*	0 to 2.5	0 to 2.5	40 to 45	40 to 45	426	4	499
Daryl Chapman Interim Director of Finance	2 to 2.5	-	5 to 10	-	61	11	92
Stuart Richardson Chief Operating Officer	2.5 to 5	0 to 2.5	25 to 30	55 to 60	408	35	470
Duncan Forbes Director of HR and Organisational Development *To 6 June 2019*	-	-	-	-	-	-	-
Diane Hull Chief Nurse	2.5 to 5	-	20 to 25	5 to 10	348	31	406

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 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 has 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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Review of tax arrangements of public sector appointees (not subject to audit)

As required by HM Treasury as per PES (2012)17, the Trust must disclose information regarding "off-payroll engagements".

The Trust did not make any such engagements during the year.

Fair Pay Disclosure (subject to audit)

The Trust is required to disclose the relationship between the remuneration of the highest-paid Director in the organisation and the median remuneration of the organisation's workforce.

Remuneration includes the staff on the Trust payroll together with agency staff, including NHS Professionals. On certain agency invoices used in the calculation it is not possible to identify agency commission. In such cases a 25.0% deduction has been made from the agency bill as the assumed agency commission and is excluded from the calculation.

The banded remuneration of the highest paid Director in the Trust in the financial year 2019/20 was £170k-£175k (2018/19: £175k-£180k). This was 5.6 times (2018/19: 5.9 times) the median remuneration of the workforce, which was £30,755 (2018/19: £29,898). The median has increased due to the national Agenda for Change pay deal impacting substantive, bank and agency staff rates of pay in addition to incremental increases within the financial year. The ratio has decreased due to no increase in the highest paid Director in year.

In 2019/20 three (2018/19: two) employees received remuneration in excess of the highest-paid Director. Remuneration ranged from £17,652 to £234,066 (2018/19: £17,652 to £240,840).

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.

(RR7)

	2019/20	**2018/19**
	£	**£**
Band of highest paid Director (full-year effect)	170,000-175,000	175,000-180,000
Median total remuneration	30,755	29,898
Ratio	5.6 times	5.9 times

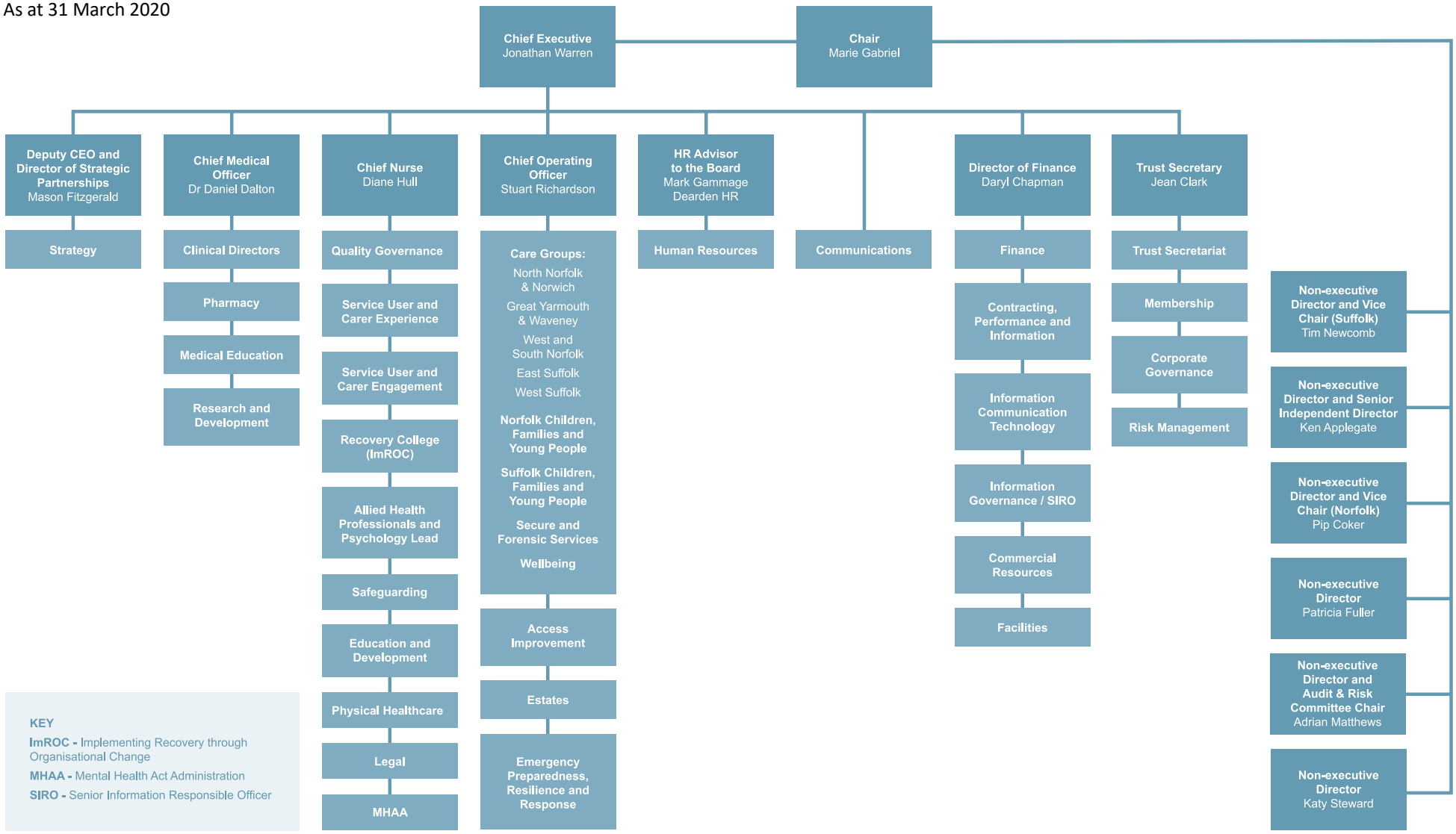
Jonathan Warren.

Jonathan Warren
Accounting Officer
Date: 8 June 2020

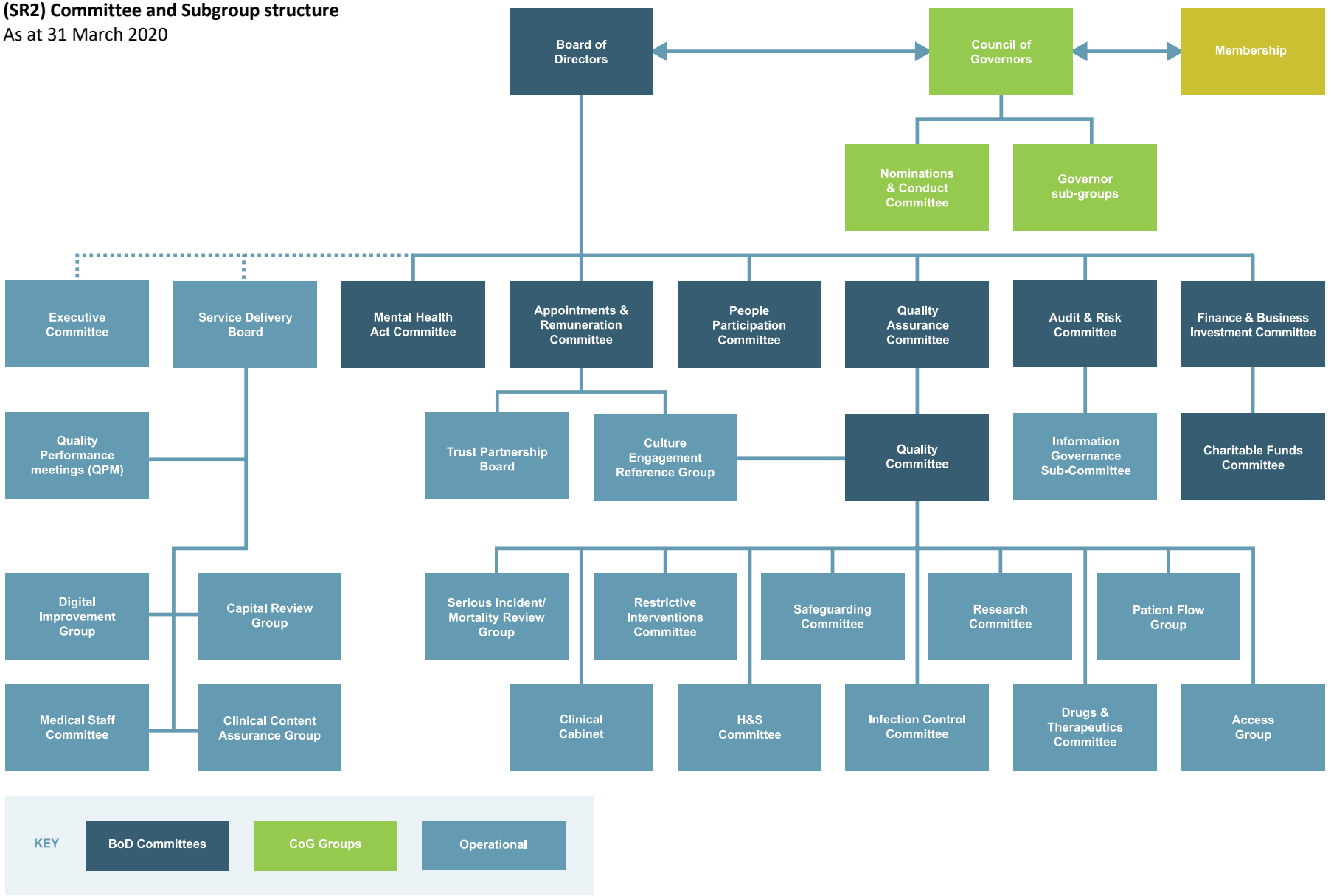
Staff report

(SR1) Management structure

As at 31 March 2020



(SR2) Committee and Subgroup structure
As at 31 March 2020



Chair, Non-executive Director and Executive Director expertise and qualifications 2019/20

(SR3) Chair and Non-executive Directors (NEDs)

	Experience and skills	Qualifications
Marie Gabriel (Chair from 29 Jan 18)	• Chair of East London Health and Care Partnership (North East London STP) from April 2020. • Chair of East London NHS Foundation Trust (ELFT) from October 2012 to March 2020. ELFT is rated as 'outstanding' by the CQC and was the Health Service Journal's (HSJ) 'Trust of the Year' in 2016. • Recognised on the HSJ's inaugural 'Inspirational Women' list and made a CBE for services to the NHS in the Queen's birthday honours in 2017. • Chair of a variety of health organisations, including NHS East London and the City, North East London and the City, NHS Newham and Newham Community Health Council. • Prior to these positions, held various senior roles in local government and the charity sector.	• BA (Hons) • DMS
Tim Newcomb (NED and Vice Chair Suffolk) (Senior Independent Director to 31 May 2019)	30 years in policing including: • 4yrs as Director of Intelligence – managing covert operations. • 2yrs as Divisional Commander for Eastern Division – delivering mainstream community policing services. • 2yrs as Assistant Chief Constable in Essex Police. • Managed 2010 CSR Change Programme. • Assistant Chief Constable in Suffolk Constabulary 2012 to 2014. • Hostage and Crisis Negotiator, including Kidnap / Extortion training. • Strategic Public Order and Firearms (Gold) Commander Coach / Mentor.	• Postgraduate Certificate in Business Excellence – Leeds University • Diploma in applied Criminology and Policing – Cambridge University Mst Programme • Level 5 Coaching Certificate
Tim Stevens (NED to 31 Dec 2019)	• Trustee of the Woolf Institute (2017). • Prelate of the Order of St John (2016). • Chair of Trustees of Common Purpose UK (2015). • Diocesan Bishop of Leicester (1999-2015). • Previously Member of House of Lords with Welfare Reform portfolio. • Chair of Children's Society (2004 and 2010). • Governor of De Montfort University (2007-10). • Former Chair of Leicester Faith Leaders' Forum.	• Cambridge MA • Oxford Dip Theol • Dip Mgt • Hon PhD Leicester University • Hon PhD De Montfort University
Adrian Matthews (NED; Chair of Audit and Risk Committee from 1 June 2019)	• 23 years working in the NHS as a senior manager and Executive Director (1991-2014). • Owner XE Associates Consulting (2015 to date). • Specialist Advisor to CQC (2016 to date). • Director of Diversa Trading Company Limited (2018 to date).	• Associate Chartered Management Accountant • Associate Chartered Global Management Accountant • Post Graduate Diploma in Board Direction (Institute of Directors)
Ken Applegate (NED from 15 Oct 2018; Senior Independent Director from 1 June 2019) (Chair of Audit and Risk Committee to 31 May 2019)	• Extensive NHS experience, having served as Chair of Norfolk Community Health and Care NHS Trust and as a NED with Norfolk and Waveney Mental Health Foundation Trust. • Previously worked at a Board level with Norwich Union Insurance, and was also Managing Director of Hill House Hammond.	

	Experience and skills	Qualifications
Pip Coker (NED from 15 Oct 2018; Vice Chair Norfolk from 1 June 2019)	• 10 years as Chief Executive of Julian Support; also worked in the Probation Service, latterly in Norfolk as Assistant Chief Probation Officer. • Former Chair of the Mental Health Provider Forum. • Member of the Norfolk Health and Wellbeing Board and a Partner Governor at NSFT.	• Certificate of Qualification in Social Work • Diploma in Management Studies
Katy Steward (NED from 1 Oct 2019)	• Trustee and Member of the Trustee Safeguarding Group at Oxfam GB since October 2013. • 9 years as Senior Fellow in Leadership at The King's Fund, the independent health think tank. • Career in healthcare since 2004. • Head of Governance Policy at Monitor, the first regulator for NHS foundation trusts (2004-06). • Prior to this, various senior roles in culture, leadership, governance and human capital in charity, public and private sector including House of Commons Library, Centre for Ageing Better, Amref UK.	• Cambridge MA (Hons) • PhD in Applied Organisation Behaviour at Imperial College • Level 5 coaching certificate
Patricia Fuller (NED from 1 Oct 2019)	• Experienced HR professional, specialising in change management and CSR strategy; recently retired from the Norse Group. • Recognised for work with communities disadvantaged in employment, particularly young people with learning disabilities. • Appointed to Prince of Wales Ambassador for the East of England 2008. • Awarded an MBE for Services to the Community in the New Year's Honours List 2017. • Awarded an Honorary Degree in Civil Law by the University of Easy Anglia 2018. • Currently Co-opted Governor at West Earlham Junior School.	• MSC in HR • CIPD

(SR4) CEO and Executive Directors

	Experience and skills	Qualifications
Jonathan Warren (CEO from 1 April 2019)	• Senior manager and clinical leader with over 35 years' experience in a variety of healthcare settings, predominantly within mental health. • Deputy Chief Executive and Chief Nurse for Surrey and Borders Partnership NHS Foundation Trust and East London NHS Foundation Trust. • Faculty member Institute for Healthcare Improvement (IHI). • Visiting Professor Surrey University (to March 2019).	• RMN • BA (Hons)
Daryl Chapman (Interim Director of Finance from 9 Oct 2017)	• Held three previous director posts in a variety of industries, including operational responsibilities. • A variety of private and public sector experience, having worked at NSFT previously, and held the post of N&W STP Finance Lead prior to this role.	• BA (Hons) • FCA • BFP
Stuart Richardson (Chief Operating Officer from 1 Aug 2018)	• Managing Director of Mental Health and Specialist Services with Pennine Care NHS Foundation Trust. • Registered learning disability nurse; previously held senior roles in mental health, learning disability and community services.	• RNLD • BA (Hons) Learning Disabilities • MA in Leading, Managing and Partnership Working

	Experience and skills	Qualifications
Duncan Forbes (Director of HR and Organisational Development from 20 Aug 2018 to 6 June 2019)	• Worked as HR Director with Her Majesty's Courts and Tribunals Service. • Held a variety of roles across the UK and Europe, including HR Director at Jaguar Land Rover, Organisational Development and Change Consultant at E-On and HR Director at WorldPay. • Has run own successful consultancy business.	
Dr Bohdan Solomka (Medical Director from 1 Jan 2015 to 30 Nov 2019)	• Qualified as a doctor in 1988 and joined the Trust in October 1994 as Senior Registrar in Forensic Psychiatry. • Previously worked in Suffolk as a Consultant Forensic Psychiatrist from 1997 to 2007, then in Yarmouth and Waveney from 2007 to 2014 and the Women's Medium Secure Service from February 2014. • Lead Clinician in the Secure Service from January 2013 to December 2014.	• B Med. Sci. • BM BS • Member of the Royal College of Psychiatrists • M.Phil. Criminology
Dr Daniel Dalton (Chief Medical Officer from 1 Dec 2019)	• Qualified in Medicine from St Bartholomew's & The Royal London School of Medicine & Dentistry in 1999. • Trained as a psychiatrist in London, specialising in Forensic Psychiatry in the East of England 2006-09. • Consultant psychiatrist for Hertfordshire Partnership Foundation Trust 2009-18. • Joined NSFT in 2018 as consultant in Community Forensic Team in Norfolk. • Medical Lead for Secure Services; Clinical Director for Learning Disability and Forensic Strategic Business Unit in HPFT 2010-18. • Appointed as Associate National Clinical Director/National Specialty Adviser for Specialised Mental Health from 2018 to present.	• MB BS • BSc • MRC psych • PGDip (Mental Health Law)
Diane Hull (Chief Nurse from 21 Nov 2018)	• Chief Nurse with Sussex Partnership NHS Foundation Trust. • Held several senior roles at East London Foundation Trust, including Interim Director of Services, Deputy Director of Nursing and Associate Director for Forensic Nursing. • Qualified as a Registered Mental Health Nurse in 1990 and worked at St Clements in East London before moving to Hackney, fulfilled roles such as Nurse Specialist, Matron and Lead Nurse.	• RMN
Mason Fitzgerald (Director of Strategic Partnerships and Deputy CEO from 1 Nov 2019)	• 18 years in the NHS, 17 in senior management positions. • Extensive experience in corporate and clinical governance, strategy and planning, culture and leadership. • CQC well-led reviewer.	• B.Comm • LLM • ICSA • CIPD

The Nominations and Conduct Committee and the Appointments and Remuneration Committee keep under review the balance and completeness of the skill and experience set for the Board. Person specifications take into account the current and future Trust needs.

(SR5) Board of Directors 2019/20 attendance

	30 May 2019	18 July 2019	19 Sept 2019	21 Nov 2019	23 Jan 2020	19 Mar 2020
Marie Gabriel	✓	✓	✓	✓	✓	✓
Ken Applegate	✓	✓	A	✓	✓	✓
Pip Coker	✓	A	✓	A	✓	✓
Patricia Fuller				A	✓	✓
Tim Newcomb	✓	A	✓	✓	✓	✓
Adrian Matthews	✓	✓	✓	✓	✓	✓
Katy Steward				✓	✓	✓
Tim Stevens	A	✓	A	A		
Jonathan Warren	✓	✓	✓	✓	✓	✓
Daryl Chapman	✓	✓	✓	✓	✓	✓
Dr Daniel Dalton				Obs	✓	✓
Duncan Forbes	✓					
Diane Hull	✓	✓	✓	✓	✓	✓
Mason Fitzgerald				Obs	✓	✓
Stuart Richardson	✓	✓	✓	✓	✓	✓
Frank Sims	✓					
Dr Bohdan Solomka	✓	✓	✓	✓		

A – Apologies received
Obs – Observer

The Board of Directors met six times in public during the year at venues across Norfolk and Suffolk. A small number of items of business are confidential or commercially sensitive and are dealt with in private. Governors receive the agenda and minutes of the private Board papers. Details of meetings and public Board papers are available at: www.nsft.nhs.uk.

The Board of Directors is satisfied that the Non-executive Directors (NEDs) who served on the Board for the period under review were independent. The Chair was Chair of East London Foundation Trust until 31 March 2020. A summary of the background of each of the Directors along with their expertise is shown in the Directors' Report.

Board committees report on their work to the next available Board meeting and include a review of performance against their terms of reference annually.

The Executive Directors are appraised by the CEO who reports to the Appointments and Remuneration Committee. The CEO is appraised by the Chair.

The NEDs are appraised by the Chair, and the Chair by the Senior Independent Director (SID), on behalf of the Council of Governors. This is reported via the Nominations and Conduct Committee to the Council of Governors.

The Board of Directors / Council of Governors hosts an annual Members' meeting at which the Annual Report and Accounts, plus any report from the auditors, are presented.

The Work of the Council of Governors

Governors have an important role in making an NHS foundation trust publicly accountable for the services it provides. They bring valuable perspectives and contributions to its activities.

The Health and Social Care Act (2012) clarified the general duties of the Council of Governors:

- "To hold the Non-executive Directors individually and collectively to account for the performance of the Board of Directors, and
- To represent the interests of the Members of the corporation as a whole and the interests of the public."

In addition, the Council of Governors:

- Appoint or remove the Chair and other Non-executive Directors.
- Approve the appointment of the Chief Executive.
- Decide the remuneration and allowances, and other terms and conditions of office, of the Non-executive Directors (delegated to the Nominations and Conduct Committee).
- Appoint or remove the Trust's external auditor.

Governor elections are held once a year with nominations opening in the autumn and the results being declared in December for Governors to take up their seats from 1 February the following year.

The Trust's Governors represent the interests of Trust Members and the public and canvass their opinions in a number of ways: using informal and formal networks, organising and attending community events and learning from service user and carer experience. They feed these insights back to the Board of Directors through the Council of Governors, by raising questions with Directors and by attending the Board of Directors' meeting. The Council of Governors and Board of Directors work as a constructive partnership to inform the development of the Trust's strategic priorities, objectives and Annual Plan.

The Council of Governors met in public on the following dates in 2019/20. A summary of the business is shown in the table below and a full set of papers for each meeting is available at www.nsft.nhs.uk.

(SR6)

Date of meeting	Summary of business covered at sessions in public
11 April 2019	Board effectiveness and role of the Governors CAMHS spending in East of England compared to rest of the country Quality improvement at NSFT Report from CEO Committee reports
12 July 2019	NSFT Strategy – review of draft Council governance framework – Deputy Lead Governor, terms of references, code of conduct, training & development STP update Governor impact – achievements of the Council Report from CEO Retaining and empowering staff Elections Annual Report and Accounts
28 August 2019	Appointment of external auditors
20 September 2019	Report from CEO NSFT strategy – final version, strategic activity, capital expenditure STP update

Date of meeting	Summary of business covered at sessions in public
	Governance framework – improvement actions, election of Deputy Lead Governor and other roles, code of conduct, elections to the Council Appraisal process for Trust Chair and other NEDs Appointment of two new NEDs Committee and Forum reports
6 December 2019	New Models of Care Set up a Significant Business Committee Communication and engagement with members Committee and Forum reports Standards for Council meetings Results of Council elections Governor roles Council improvement action plan
6 February 2020	Appointment of a substitute Norfolk Public Governor CQC report – quality of services Quality Account priority CEO's report – strategic items Committee and Forum reports Council improvement action plan

In addition to the meetings in public, the Council of Governors supported four successful Member engagement events in January and February 2020 in Norwich, Ipswich, Bury St Edmunds and King's Lynn, hearing the views of Members and the general public on what the Trust is doing well and what could be improved. Governors will be using the feedback to inform their priorities for the year in holding the Trust Board to account.

Summary of changes to the constitution approved by the Council of Governors in 2019/20

There were no changes to the constitution in the reporting period.

Register of interests

All Governors are required to declare any interests on the register at the time of their election or appointment and to keep this up-to-date. The full register is taken as an item at a public meeting once a year and is available for inspection by contacting the Trust Secretary at NSFT, Hellesdon Hospital, Drayton High Road, Norwich, NR6 5BE.

Alternatively, call 01603 421104 or email: governors@nsft.nhs.uk.

(SR7) Council of Governors 2019/20 attendance

		11 April 2019	12 July 2019	20 Sept 2019	6 Dec 2019	6 Feb 2020
Marie Gabriel	Trust Chair	✓	✓	✓	✓	✓
Katharine Axford	Public – Suffolk	✓	✓	✓	✓	✓
Colin Bain	Public – Norfolk					✓
Kathleen Ben Rabha	Public – Suffolk	✓				
Peter Beazley	Partner	A	A	✓	A	✓
Stephen Benns	Public – Norfolk	A	✓	A	✓	A
Lisa Breame	Staff	A	A	A	A	A
Nigel Boldero	Public – Norfolk	✓				
Donald Campbell	Public – Suffolk					A
Maximillian Clark	Service User – Suffolk	✓	✓	✓	✓	✓
Cllr Kim Clipsham	Partner			A	✓	A
Peter Coleman	Carer – Suffolk	✓	✓	✓	✓	✓
Jill Curtis	Staff	✓	✓	✓	✓	✓
Paddy Fielder	Public – Suffolk	A	✓	✓	✓	✓
Ronald French	Public – Suffolk	A	✓	✓	✓	✓
Andrew Good	Public – Suffolk	✓	✓	A	✓	✓
Hilary Hanbury	Public – Norfolk	A	✓	✓	A	A
Ian Hartley	Public – Suffolk	✓	✓	✓	✓	✓
Christine Hawkes	Carer – Norfolk	✓	✓	✓	✓	✓
Jemima Jackson	Staff	✓				
Kevin James	Service User – Norfolk	✓	✓	✓	✓	✓
Safiyya Mair	Public – Norfolk					✓
Sarah Miller	Public – Norfolk					✓
Sara Muzira	Public – Suffolk	✓	✓	✓	✓	✓
Michelle O'Toole	Staff					A
Sheila Preston	Public – Norfolk	✓	✓	✓	A	
Emma Reed	Service User – Norfolk					✓
Cllr James Reeder	Partner	✓	*	✓	✓	✓
Heather Rugg	Partner	✓	✓	*	*	*
Derek Sanders	Service User – Suffolk	✓	A	✓	✓	✓
Clare Smith	Public – Norfolk	✓	✓	✓	✓	
Cllr Thomas Smith	Partner	A				
Meghan Teviotdale	Partner	✓	A	A	A	✓
Howard Tidman	Staff	A	✓	✓	✓	✓
Rebecca Toye	Public – Norfolk	✓	✓	✓	✓	✓
Vikki Versey	Partner	✓	✓	A	*	*

A – Apologies received
* – Not attended, apologies not noted

The Work of the Audit and Risk Committee

The Audit and Risk Committee is a Non-executive committee of the Trust Board with delegated authority to review the establishment and maintenance of an effective system of integrated governance, risk management and financial and non-financial, non-clinical internal controls, which supports the achievement of the Trust's objectives. The Committee works in partnership with the other Board committees to fulfil these aims.

The principal purpose of the Committee is to assist the Board in discharging its responsibilities for monitoring the integrity of the Trust's accounts. In addition, it reviews the adequacy and effectiveness of the Trust's systems of risk management and internal controls, and monitors the effectiveness, performance and objectivity of the Trust's external auditors, internal auditors and local counter fraud specialists.

Composition of the Audit and Risk Committee

The membership of the Committee comprises three independent Non-executive Directors; the Chair of which is a qualified accountant.

During the year the Committee met on six occasions.

Two members must be present for the meeting to be quorate. All meetings achieved this status during 2019/20.

(SR8) Audit and Risk Committee 2019/20 attendance

	20 May 2019 ARA	2 July 2019	5 Sept 2019	5 Nov 2019	7 Jan2020	3 Mar 2020
Adrian Matthews	✓	✓	✓	✓	✓	✓
Ken Applegate	✓	✓	✓			
Tim Newcomb				✓	✓	✓
Patricia Fuller					✓	✓

ARA = Annual Report and Accounts meeting

The members of the Audit and Risk Committee changed mid-year, with the Chair reviewing the responsibilities following successful recruitment of two new NEDs.

The Director of Finance, the Risk Manager, the Trust Secretary and representatives from Internal Audit, External Audit and Local Counter Fraud Specialists, and the Data Protection Officer attended all meetings. The Committee directs and receives reports from these representatives and seeks assurance from Trust officers.

Effectiveness of the Committee

The Committee reviews and self-assesses its effectiveness annually, using criteria from the NHS Audit Committee Handbook and other best practice guidance, and ensures that any matters arising from this review are addressed.

The Committee also reviews the performance of its internal and external auditors' services against best practice criteria identified from the NHS Audit Committee Handbook and the Public Sector Internal Audit Standards (PSIAS).

The Committee is supported by the Trust Secretary. Meetings were scheduled to allow enough time to enable a full and informed debate. Each meeting is minuted and reported to the Trust Board.

Internal Audit

The Trust's internal auditors for 2019/20 were Grant Thornton UK LLP. Internal Audit provides an independent appraisal service to provide the Trust Board with assurance about the Trust's systems of internal control. Internal Audit prepare and deliver a three-year, risk-based audit strategy which is translated into an internal audit plan each year. The plan considers the Trust's risk management framework, our strategic priorities and objectives and the views of senior management, the Audit and Risk Committee and the Board of Directors.

Their work is undertaken in accordance with the PSIAS and NHS Internal Audit Standards. Each year the Head of Internal Audit prepares a statement on the effectiveness of the systems of internal control in delivering his / her annual internal audit opinion.

The internal audit strategies and plans are approved by the Audit and Risk Committee, which also monitors progress and performance throughout the year. Any matters arising are reported to the Board of Directors by the Chair of the Committee. The Committee has assessed that the Trust received an appropriate level of service during 2019/20.

External Audit

The Trust's external auditors for the year were KPMG LLP; re-appointed on 1 October 2019. The main responsibility of External Audit is to plan and carry out an audit that meets the requirements of NHS Improvement's Audit Code for NHS Foundation Trusts. Under the Code, External Audit is required to view and report on:

- The Trust's accounts.
- Whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The External Auditors also review the content of the Trust's Quality Account. In light of COVID-19 response priorities, Trusts were not required to produce a Quality Account for 2019/20.

The Audit and Risk Committee reviews the External Audit Plan at the start of the financial year and receives regular updates on progress. The Committee also receives an Annual Audit Letter. The Committee annually assesses their performance and reports on this to the Board of Directors and Council of Governors.

KPMG's remuneration for 2019/20 was £77,185 excluding VAT. During the year no non-audit services were provided by KPMG LLP.

Counter fraud and bribery

Local Counter Fraud Specialist (LCFS) services are provided by Grant Thornton UK LLP and their role is to:

- Assist in creating an anti-fraud and anti-bribery culture within the Trust.
- Deter, prevent and detect fraud and bribery.
- Investigate any suspicions that arise; to seek to apply appropriate sanctions.
- Seek redress in respect of monies obtained through fraud and bribery.

The Audit and Risk Committee receives regular progress reports from the LCFS during the year. The Committee reviews the levels of fraud reported and detected and the arrangements to prevent, minimise and detect fraud and bribery.

Relationship with the Council of Governors

In an NHS foundation trust, the Council of Governors is vested with the responsibility for the appointment of the Trust's External Auditors and will consider recommendations from the Audit and Risk Committee when doing so.

The Council of Governors has a key role in developing the Quality Account:

- Representing the views of patients and public.
- Identifying one quality area as a local indicator.
- Commenting on the Quality Account (QA) and its content.
- Appointing external auditors who are required to audit the QA and gain assurance on two of the quality indicators.
- Receiving the Annual Report and Accounts each year, with attendance of a representative of external audit.

The contract for the Trust's External Audit services expired at the end of September 2019 and a formal competitive tender process was undertaken in year to source a new contract. The panel involved in the evaluation of submitted tenders comprised five Governors, including the Lead Governor, and was chaired by the Chair of the Audit and Risk Committee. Following a full evaluation and interview process, the full Council of Governors re-appointed KPMG LLP, on recommendation of the panel, as the External Audit on a three-year contract.

External Auditor's reporting responsibilities

KPMG reports to the Trust's Council of Governors through the Audit and Risk Committee. Their report on the Trust's financial statements is based on its examination conducted in accordance with International Financial Reporting Standards (IFRS) and NHS Improvement's Financial Reporting Manual. Their work includes a review of the Trust's internal control structure for the purpose of designing their audit procedures.

How the Audit and Risk Committee discharges its responsibilities

The purpose of the Committee is to provide one of the key means by which the Trust Board ensures that effective internal financial control arrangements are in place. In addition, the Committee is tasked with providing a form of independent check upon the executive arm of the Trust Board. The Committee operates in accordance with its Terms of Reference set by the Trust Board which are consistent with the NHS Audit Committee Handbook and the Foundation Trust Code of Governance. All issues and minutes of these meetings are reported to the Trust Board.

In discharging its responsibilities in respect of the Annual Report and Accounts, including the Annual Governance Statement, the Committee considered reports from management and from the Internal and External Auditors to assist in their consideration of:

- The Trust's accounting policies, with particular reference to any changes and compliance.
- The clarity of disclosures and their compliance with relevant reporting requirements.
- Key judgements made in preparation of the financial statements.
- Compliance with legal and regulatory requirements.
- The accounting of Trust property, plant and equipment, and ensuring that independent, professional advice has been obtained in valuing the Trust's property portfolio.
- Whether the Annual Report is fair, balanced and understandable, and provides the information necessary to assess the Trust's performance and strategy.

Any issues identified by the Committee or by those charged with the responsibility of reporting to it, are monitored and followed up to conclusion or, where necessary, reported to the Board of Directors for their attention and action.

Should the external auditors identify any misstatements in the Trust's accounts these are considered for their significance and understanding of the accounts. These are reported to the Board of Directors and are listed by the external auditors in their report.

In addition to the above areas of work the Audit and Risk Committee receives regular reports on losses and special payments incurred by the Trust.

Membership strategy summary 2019/20

Members must be over 11 years of age and Governors must be 16 or over.

We have consulted on and created the following membership constituencies:

- Staff constituency
- Public constituency
- Norfolk
- Suffolk
- Service User and Carer constituency

Members can only be a Member of one constituency at a time.

Anyone who has used our services within the last three years is eligible to become a Service User Member.

People who identify themselves as carers of people who have been supported by our services are eligible to join as Carer Members. Carer Members must not be providing paid care for the service user they support.

The constituency classes are:

- Service User (Norfolk)
- Service User (Suffolk)
- Carer (Norfolk)
- Carer (Suffolk)

Permanent contracted staff are automatically granted membership (‘opted-in’) although it is easy for any member of staff to ‘opt out’, should they wish, by writing to the Trust Secretary.

Eligible Staff Members are not permitted to join another constituency. If a person leave’s employment with the Trust s/he may be eligible to join a different constituency (e.g. Public). Staff cannot stand as a non-staff elected Governor until two years have passed since the last day of their employment with the Trust.

The total number of Members is shown in the membership report on page 49. We have a new Membership Officer in post who is working closely with the Governors to build our membership and refresh our approach to meaningful engagement. This is our focus for 2020/21.

This year, the Council of Governors supported four successful membership engagement events in Norwich, Ipswich, Bury St Edmunds and King’s Lynn, listening to views of Members and the public on what the Trust is doing well and what can be improved. Further events will be held later in the year to ensure Members help the Trust shape its COVID-19 recovery plans.

Members who wish to contact the Trust’s Governors may do so by emailing: governors@nsft.nhs.uk or by writing to: Membership Office, NSFT, Hellesdon Hospital, Drayton High Road, Norwich NR6 5BE.

Members are strongly encouraged to receive information via email.

(SR9) Membership report 2019/20

Membership	2019/20
Public constituency	
At year start (1 April 2019)	11,101
New Members	35
Members leaving	315
At year end (31 March 2020)	10,821

Staff constituency	
At year start (1 April 2019)	4,239
New Members	743
Members leaving	584
At year end (31 March 2020)	4,398

Patient constituency (a)	
At year start (1 April 2019)	1,599
New Members	16
Members leaving	32
At year end (31 March 2020)	1,583

Public constituency	**Number of Members** (b)	**Eligible membership**
Age (years)		
0 – 16	1	310,387
17 – 21	10	85,838
22+	9,176	1,278,053
Ethnicity		
White	10,000	1,521,213
Mixed	80	22,499
Asian or Asian British	144	26,148
Black or Black British	115	11,463
Other	27	4,728
Socio-economic groupings		
AB	2,812	136,391
C1	3,063	215,808
C2	2,417	179,879
DE	2,449	192,672
Gender		
Male	3,791	825,737
Female	6,902	848,540

Patient constituency (a)	**Number of Members**
Age (years)	
0 – 16	0
17 – 21	10
22+	1,384

(a) 'Patient constituency' includes figures for Service User Members and Carer Members combined.

(b) These are the actual figures recorded. Not all data is available for all Members.

Staff demographic data

Analysis of staff costs (subject to audit)

The table shows the staffing costs by staff classification during 2019/20:

(SR10)

	2019/20			2018/19		
Staff Group	**Permanent**	**Other***	**Total**	**Permanent**	**Other***	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Medical and dental	15,513	11,737	27,250	19,569	5,319	24,888
Administration and estates	33,000	4,287	37,287	35,668	1,880	37,548
Healthcare assistants and other support staff	26,855	7,192	34,047	26,083	6,418	32,501
Nursing, midwifery and health visiting staff	47,585	6,868	54,453	45,682	5,100	50,782
Scientific, therapeutic and technical staff	25,692	3,103	28,795	22,218	-	22,218
Social care staff	3,218	-	3,218	2,401	-	2,401
Total	**151,863**	**33,187**	**185,050**	**151,621**	**18,717**	**170,338**

* 'other' includes short-term contract staff, inward secondments, agency and other temporary staff.

Analysis of average staff numbers (subject to audit)

The table below shows the average number of employees in the 2019/20 financial year, split by permanently employed and other staff:

(SR11)

	2019/20			2018/19		
Average number of employees (WTE basis)	**Permanent**	**Other***	**Total**	**Permanent**	**Other***	**Total**
Medical and dental	131	74	205	152	54	206
Administration and estates	911	108	1,019	934	107	1,041
Healthcare assistants and other support staff	977	239	1,216	889	269	1,158
Nursing, midwifery and health visiting staff	1,058	139	1,197	1,051	121	1,172
Scientific, therapeutic and technical staff	514	62	576	439	19	458
Social care staff	79	-	79	54	1	55
Total average numbers	**3,670**	**622**	**4,292**	**3,519**	**571**	**4,090**

* 'other' includes short-term contract staff, inward secondments, agency and other temporary staff.

Breakdown of male / female at year end

The male / female split for the Trust's workforce for the financial year 2019/20 is 72.5% female and 27.5% male. The proportion of women decreases to 61.8% at senior management level and decreases further at director level (to 20.0%). The number of male / female staff in each group is set out below:

(SR12)

Annual report category	Female	Male	Total
Director	1	4	5
Senior Manager	21	13	34
Other employee	3,154	1,190	4,344
Total	**3,176**	**1,207**	**4,383**

Gender pay gap

In light of COVID-19 response priorities, public sector bodies have not been required to publish gender pay analysis in March 2020. The Trust will, however, be reviewing its gender pay gap later this year and will publish data in March 2021 as required.

Sickness absence data

The Trust's annualised sickness absence rate for the calendar year 2019 was 5.2% (4.9% for the calendar year 2018).

The average days sick per FTE (full time equivalent) employee was 11.6 days (10.9 FTE days in 2018).

The largest known reason for sickness absence is due to 'anxiety / stress / depression / other psychiatric illnesses', accounting for 30.6% of all absences (1.6% of time lost), (2018/19: 32.9%). The top five reasons for absence are:

- Anxiety / stress / depression / other psychiatric illnesses.
- Other musculoskeletal problems.
- Cold, cough, flu – influenza.
- Gastrointestinal problems.
- Unknown causes / not specified.

Episodes of long-term absence (defined as being absence episodes of 28 days or more) account for 61.8% of time lost and short-term absences (absences below 28 days in length) account for 38.2%.

The Trust has a five-year Staff Wellbeing Strategy 2016-2021 which focuses on improving health and preventing illness, early intervention and support.

This strategy is reviewed regularly and incorporates Public Health England's Workplace Wellbeing Charter and the recommendations of the 'Thriving at Work' review undertaken by Stevenson and Farmer (October 2017). These have been used to inform our current areas of focus:

- Supporting Attendance at Work Policy.
- Staff access to Occupational Health, counselling (available 24-hours a day, seven days-a-week), Healthy Worker Programme.
- Flu vaccination programme.

- Mental Health at Work Policy.
- Wellness at Work Plans – These are plans to support staff with long-term health issues and are particularly helpful in setting out agreed actions to support an employee stay as healthy as possible at work, what signs / symptoms might indicate a deterioration in health and what action to take if this happens.
- Time to Change Pledge – To reduce stigma in mental health.
- Access to our Wellbeing Service.
- Disability Network – A staff network for disabled staff.
- Hidden Talents Network – A network group for staff with mental health conditions.
- NHS Wellbeing Champions Network – We're involved in regional and national NHS networks to share and ensure alignment with best practice.

Our longer-term plans to deliver a sustainable improvement on sickness absence are focused on creating a great place to work through the implementation of our People Plan. This includes:

- Taking forward the next stage of the leadership development review within the Care Groups.
- Implementing our Equality, Diversity and Inclusion Strategy.
- Taking forward the plan that will emerge from the culture work we are undertaking, which follows the NHSI Cultural Improvement Programme model. Our Culture Steering Group is chaired by a Non-executive Director and involves a cross section of staff, service users and carers.
- On the back of the culture work, to review our leadership development programmes, with compassionate, empowering and inclusive leadership being a thread that runs throughout.
- Embedding a 'just and learning' culture that ensures people are put before processes and a more restorative rather than retributive approach is taken to employee relations issues. A working group, in partnership with Staff Side colleagues, has been focusing on this work.

Staff policies and actions applied during the financial year

Action on working with employees with a disability

Building on our work to achieve 'Disability Confident' Level 2: employer status last year, our Trust has signed the Learning Disability Employment Pledge to increase employment opportunities for candidates with a learning disability and commenced work on the production of a Learning Disability Employment Toolkit for NHS England to be delivered in financial year 2020/21.

This year marked the launch of the Workforce Disability Equality Standard (WDES). The Ability staff network group has coproduced our action plan, which is available at: https://nsft.nhs.uk/About-us/PublishingImages/Pages/Equality/Workforce%20Disability%20Equality%20Scheme%20Action%20Plan%202019-20.pdf

These actions have been incorporated into our published Equality, Diversity and Inclusion Strategy 2019-2021 which aims to support all employees, including disabled employees, to be the best they can be at work.

This year our focus has been on:

- Providing mentoring and reverse mentoring opportunities to staff who identify as disabled.
- 'Expect Respect': A Trust-wide information campaign promoting behaviours aligned to our values and the requirements of the Public Sector Equality Duty across a range of protected characteristics including disabilities.

- Training for the recruitment team on reasonable adjustments, expanding on Disability Confident work.
- Consultation with internal departments on improving the procurement process for equipment needed for reasonable adjustments.
- A review of two pilot sites to ensure that disabled parking provision completely meets the needs of service-users and staff with disabilities, completing in 2020/21.
- Producing resources for managers which support the Social Model of Disability in reasonable adjustment requests.
- Encouraging staff to declare disabilities and other equality monitoring data to their manager and seek support and reasonable adjustments where it would benefit their experience at work.

Policies which support positive experience of employment for staff with disabilities include:

- Recruitment and Selection Policy (including redeployment) (reviewed during 2017/18).
- Equality, Diversity and Inclusion Policy (to be reviewed in 2020/21).
- Disability Leave Policy.
- Employment References Policy.
- Dignity and Respect in the Workplace Policy.

Our Equality and Diversity Level 1 training has been updated, ensuing the highest quality and continued compliance with the requirements of the UK Core Skills Training Framework.

Our Equality and Diversity Level 2 training, supporting staff to recognise and eliminate unconscious bias, reached the completion of its three-year cycle with over 85.0% of staff attending. A new training package will be rolled out in 2020/21.

Action on providing information to staff

Our Executive Team provide regular updates to staff on key issues affecting the Trust, our services and staff.

A range of media and channels are used to ensure that all staff have access to key information. This includes a weekly Trust Update communication via email, email updates and internet streaming broadcasts (recorded and live, enabling all staff to have access). Vlogs and blogs are also commonly used.

Board members regularly visit teams to check on matters most impacting staff. These are used to inform our quality improvement plans and to test effectiveness.

Other sources of information include a Staff Handbook, induction and information held on the intranet.

Action on consulting with staff or representatives

Regular forums are held to consult with staff or staff representatives, ranging from formal meetings to informal listening events.

Formal meetings for consulting with staff representatives include:

- Trust Partnership Meetings (TPM). These are held monthly with Staff Side colleagues for all recognised unions and professional bodies.

- Local Negotiating Committee (LNC) meets every other month which involves doctors and the British Medical Association (BMA). Executive Directors and other senior managers attend both these meetings.

Both these meetings provide an opportunity to discuss, consult and work collaboratively on matters affecting our workforce, including organisational change and performance.

In addition to this, regular listening events are held directly with staff, so we can understand how things feel for them, what makes a great day and what creates challenges, in order to inform meaningful improvements.

Performance

To assess its performance the Trust has applied a set of strategic Key Performance Indicators (KPIs) against key areas for determining success in improving health and lives. We provide an operational, quality and workforce performance dashboard monthly. Financial performance is reported separately each month to localities.

Monthly local Quality Performance Meetings, chaired by the Director of Finance, enable localities to be held accountable for delivery of KPI targets and enable a two-way dialogue to help identify risk and issues that require escalation.

Daily performance is monitored using the Trust's business intelligence systems: Abacus, Electronic Staff Record (ESR) and Patient Journey. These tools enable teams to examine their performance against targets, review waiting lists, staffing issues and keep up-to-date with reviews and contacts.

Providing information relating to health and safety performance and occupational health

All localities have use of the Datix dashboard, giving them up-to-the-minute charts on incident reporting trends.

Regular Health and Safety Committee meetings are held and have Staff Side representation. These meetings provide assurance to report assurance to the Board.

Regular meetings are held with our occupational health provider and involve Staff Side and operational management representatives.

Information on key occupational health trends and issues are also discussed and plans agreed through the Wellbeing Operational Management Group and with our Wellbeing Champions.

Providing information relating to countering fraud and corruption

The Trust has a Local Counter Fraud Specialist appointed, and our Anti-Fraud and Anti-Bribery Policy is in line with the NHS Counter Fraud Authority's (NHS CFA) national standards and guidance. The policy is regularly reviewed to ensure it is consistent with all current legislation and applicable guidance.

The Trust already has numerous procedures in place to reduce the likelihood of fraud and corruption including Standing Orders, Standing Financial Instructions, systems of internal control, and a system of risk assessment.

The Trust seeks to ensure that a risk awareness culture exists in the Trust (which includes fraud, corruption and bribery awareness), and is complying with Service Condition SC24 of the NHS Standard Contract in having appropriate counter fraud arrangements in place. The Trust completes an annual self-assessment covering twenty-three fraud and corruption Standards that are prescribed by the NHS CFA, a Special Health Authority.

NHS Staff Survey

Staff engagement

We are aware that there is a correlation between staff engagement and service user experience and outcomes, and therefore engaging and inspiring staff is one of the Trust's strategic priorities. We have fully appointed to our Executive Board positions over the last year and have increased Director visibility within services. We have also reviewed and implemented a new leadership model for our clinical services. The Care Group leadership teams are aligned to local geographical areas and the model strengthens clinical leadership. Local Care Group leadership teams have facilitated 'Our Story' sessions with staff to listen to and recognise the past journey of their teams, and to engage them in shaping the future journey.

Improving staff engagement and experience is a thread that runs throughout our People Plan Priorities. These include embedding a more people-centred approach, developing a more just and learning culture, and helping our leaders to think more about the 'moments that matter' which impact staff experience. One of our priorities is to develop a more diverse and inclusive culture. The Board of Directors approved a new Equality, Diversity and Inclusion Strategy in November 2019. In support of this, we launched the 'Expect Respect' information campaign to promote behaviours aligned to our values and a more compassionate and inclusive culture.

We monitor the impact of the work we are doing through a range of workforce metrics that are regularly reported to the Board, as well as other indicators including monthly pulse surveys and feedback from our employee engagement networks.

Culture

Our Culture Steering and Culture Working Groups, which involve staff, have been established for just over a year. We are following NHS Improvement's Leadership and Culture Programme. The initial phase has been developing a deep understanding of what our culture looks like, through the use of a range of diagnostics. The themes include disconnection, compassion and kindness, emotional avoidance and anxiety. The next steps include agreeing the key principles (these are likely to include devolution and empowerment, emphasis on service users first and co-production, emphasis on staff wellbeing and promotion of partnering and collaboration), developing an action plan and reviewing the Culture Steering Group to oversee the delivery plan.

NHS Staff Survey

The NHS Staff Survey is conducted annually. The results from questions are grouped to give scores for eleven indicators. The indicator scores are based on a score out of 10 for certain questions, with the indicator score being the average of those.

The response rate to the 2019 survey among Trust staff was 48.0% (2018: 53.0%). The national average was 54.0%. We believe our response rate was lower than it has been in previous years as we had been running pulse surveys in the lead up to the NHS Staff Survey which created a degree of 'survey fatigue'. The level of response rate does, however, provide valid and valuable feedback.

Scores for each indicator together with that of the survey benchmarking group (Mental Health / Learning Disabilities) are presented below:

(SR13) Staff Survey scores

	2019		2018		2017	
	Trust	**MH/LD**	**Trust**	**MH/LD**	**Trust**	**MH/LD**
Equality, diversity and inclusion	8.8	9.0	8.8	8.8	8.7	9.0
Health and wellbeing	5.6	6.0	5.8	6.1	5.7	6.2
Immediate managers	6.8	7.3	6.9	7.2	6.7	7.2
Morale	5.9	6.3	5.9	6.2	n/a	n/a
Quality of appraisals	5.5	5.8	5.3	5.7	5.2	5.5
Quality of care	6.9	7.4	6.7	7.3	6.7	7.3
Safe environment – bullying and harassment	7.6	8.0	7.6	7.9	7.7	8.0
Safe environment – violence	9.3	9.3	9.2	9.3	9.3	9.2
Safety culture	6.2	6.8	6.2	6.7	6.1	6.7
Staff engagement	6.5	7.0	6.5	7.0	6.4	7.0
Team working	6.7	7.0	6.7	6.9	6.6	6.9

There have been statistically significant improvements for the themes of quality of appraisals and quality of care although it should be noted that these are below the benchmark average. There have been statistically significant deteriorations for the health and wellbeing and immediate managers indicators. There is no statistically significant change across the other themes.

Future priorities and targets

In line with our People Plan, over the next twelve months, our priorities are:

- Completing the next phase of the Care Group leadership restructure to reduce the number of layers of management and to strengthen clinical leadership.
- To continue our work on putting people before process, improving staff experience and embedding a just and learning culture.
- Implementing a programme of leadership development.
- Embedding ‘Expect Respect’.
- Developing and implementing the next steps to our culture work.

Our target is to make improvements across all themes over the next two years so that we are in line with the national average for Mental Health / Learning Disability Trusts, if not better. We will monitor progress in the meantime through pulse surveys and the staff Friends and Family Test.

Trade union facility time

The following data is for the reporting period 1 April 2018 to 31 March 2019 (data for 2019/20 is due to be published by July 2020).

(SR14) Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
Unknown (information held by unions, not employer)	3,617

The table below shows the number of employees who were relevant union officials employed during the relevant period and the percentage of their working hours spent on facility time.

(SR15) Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	6
51-99%	1
100%	1

(SR16) Percentage of pay bill spent on facility time

Total cost of facility time:	£51,641
Total pay bill:	£170,388,000
Percentage of the total pay bill spent on facility time, calculated as: *(total cost of facility time ÷ total pay bill) x 100*	0.03%

The table below shows the hours spent on paid trade union activities by employees who were relevant union officials during the relevant period, as a percentage of total paid facility time hours.

(SR17) Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: *(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*	4.5%

Exit packages

A total of 10 redundancies and one Mutually Agreed Resignation (MARS) were approved by the Trust in year and these were as a result of service and departmental restructuring. There were no other departure payments.

The figures below relate to exit packages agreed in the year. The expenses in relation to the departure may have been accrued in a previous period. The data here is therefore presented on a different basis to other staff cost and expenditure notes in the accounts.

(SR18) Reporting of compensation schemes - exit packages (subject to audit)

Exit package cost band (including any special payment element):	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
<£10,000	1	-	2	-	3	-
£10,001 - £25,000	-	-	4	-	4	-
£25,001 - £50,000	2	-	1	-	3	-
£50,001 - £100,000	1	-	1	-	2	-
£100,001 - £150,000	1	-	2	-	3	-
£150,001 - £200,000	2	-	-	-	2	-
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	**7**	**-**	**10**	**-**	**17**	**-**
Total resource cost (£)	**£521,836**	**-**	**£402,333**	**-**	**£924,169**	**-**

(SR19) Analysis of other departures (subject to audit)

Exit package cost band (including any special payment element):	Number of agreements		Total value of agreements £000s	
	2019/20	2018/19	2019/20	2018/19
Voluntary redundancies	3	-	275	-
Mutually agreed resignations (MARS)	1	-	33	-
Contractual payments in lieu of notice	6	-	94	-
Total	**10**	**-**	**402**	**-**

As a single exit package can be made up of several components each of which will be counted separately in this note, the total number above will not necessarily match the total numbers of individuals of which there are 11 in total.

NHS Foundation Trust Code of Governance

The Board of Directors has set in place governance arrangements that provide a review of the effectiveness of the system of internal control. This is described in detail within the Annual Governance Statement on pages A10-A21 of the financial statements.

Norfolk and Suffolk 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. All elements that are required can be found within this report.

The Audit and Risk Committee carries out a full review of the Trust's compliance against the Code each year.

(COG1) NHS Foundation Trust Code of Governance: disclosures

A.1.1	The Board of Directors (BoD) normally meets six times a year in public and eleven times a year in private (an additional meeting being to approve the Annual Report and Accounts) and may vary this in order to carry out its business effectively. Six of the private meetings are Board development sessions. There is a scheme of delegation which sets out which matters are reserved to the Board. The Board work with the Council of Governors (CoG) to promote the success of the organisation and maximise the benefits for the Members of the Trust and for the public. There is a clear statement of how the Board and Council operate and how any disagreements would be resolved. They hold joint sessions throughout the year. There is a scheme of delegation which sets out matters which are reserved to the Council of Governors. The Annual Report includes narrative statements as to how the BoD and CoG operate and the types of decisions taken. These are reviewed annually.
A.1.2	The Trust Chair, Chief Executive, Senior Independent Director, and the Chairs and members of the Nominations and Conduct, Audit and Risk, and Appointments and Remuneration Committees are set out on pages 27, 29, 35 and 44.
A.5.3	Details of the Council of Governors are set out on pages 41-43. Records of the number of meetings of the CoG and the attendance of individual Governors are maintained and published in the Annual Report. The record of attendance is also summarised on the ballot statement of Governors standing for re-election.
B.1.1	All Non-executive Directors (NEDs) are considered independent as stated in the Annual Report. NEDs links with other organisations are set out in the Annual Report. None of the factors that might compromise independence apply to the NEDs, other than the maximum term aspect. The Trust's constitution allows for NEDs to be appointed for up to nine years. The Council of Governors has taken the view that the independence of NEDs is the primary concern and that this is not necessarily correlated with years of service. For recent appointments, a second three-year term would normally be offered based on satisfactory completion of objectives and then for the third three-year term there would be market testing (with the incumbent being able to apply), unless there were over-riding factors why this would not be appropriate.

B.1.4	Each Director's skills and experience are listed within the Annual Report and the Report can be downloaded from the Trust's website: www.nsft.nhs.uk.
B.2.10	Brief summaries of the Terms of Reference (ToR) for the Nominations and Conduct Committee and the Appointments and Remuneration Committee are included in the Annual Report along with the work of the committees. This is available via the Trust website. The full ToRs are available on request.
B.3.1	The process set out in the Code of Governance was followed for the appointment of the Chair in January 2019 and there is a declaration of interests at both the Board and CoG. For the period of 2019/20, the Chair was also the Chair of East London NHS Foundation Trust. This ended on 31 March 2020.
B.5.c	The responsibilities of the Chair are fulfilled through the committee and subgroup structures. All Directors and Governors have an induction process which, in the case of Directors, includes a range of stakeholders. NEDs have specific areas that they are aligned to. Directors have access to training and development opportunities funded by the Trust, where appropriate.
B.5.6	Governors canvass the opinion of the Trust's Members and the public in a variety of meetings and Member activities. This is overseen by the CoG subgroups and these insights inform the Trust's Annual Plan and Quality Account. This is stated further within the Annual Report on pages 41-42.
B.6.1	The performance of the Board, its subcommittees, Directors and the Chair is included within the Annual Report.
B.6.2	PwC carried out an external governance review in Q4 2017/18 – Q1 2018/19. PwC have no other connection with the Trust.
C.1.1	The Trust's Annual Report is prepared in line with national requirements and includes the external auditors' statement. The report is written in Plain English and sets out an honest and balanced picture of the strengths and weaknesses of the Trust, including the challenges it faces looking ahead.
C.2.1	The Board delegates responsibility for overseeing risk management and internal control systems to the Audit and Risk Committee, informed by the work of internal and external audit. A review of the effectiveness of the Trust's system of internal controls is outlined in the Annual Governance Statement on pages A10-A21. The report from the Audit and Risk Committee is scrutinised by the Governors.
C.2.2	The Trust has an Internal Audit function and its function is set out in the Annual Report.
C.3.5	No situation has arisen where the CoG have not accepted the Audit and Risk Committee's recommendation in relation to external auditors.

C.3.9	The work of the Audit and Risk Committee is contained within the Annual Report on pages 44-47. This includes an explanation of how the Audit and Risk Committee has assessed the effectiveness of external audit and the approach to appointment of the auditor.
D.1.3	Where Directors are seconded to another organisation, they have received no additional remuneration above their Trust salary.
E.1.4	The main method of communication between Governors and Members is through Insight magazine, and for Members who have provided email addresses there is a monthly update which includes Governor activities. The Trust coordinates Member engagement events on behalf of the Governors to listen to Member views. As well as a Members' telephone contact number there is an email inbox: governors@nsft.nhs.uk monitored by the Membership Officer and Trust Secretary to ensure that Members can contact Governors easily. This is made clear on the public website and in the Annual Report. Governors have access to a closed Facebook group for informal sharing of news, events and thoughts.
E.1.5	The Annual Report includes many references to how the members of the Board, and in particular the NEDs, develop an understanding of the views of Governors and Members. NEDs attend CoG meetings and the Governor county forums and attend the Governor Performance Subgroup where Governors can hold them to account for the performance of the Board.
E.1.6	The Board of Directors receives an annual report on membership which includes a demographic profile comparing membership to the population of Norfolk and Suffolk. The membership demographics are also reported in the Annual Report on page 48. The Trust's Membership Officer leads on recruitment and works with the Member and Governor Subgroup to promote membership to under-represented groups.

NHS Oversight Framework

NHS Improvement's Single Oversight Framework provides the framework for helping NHS providers attain, and maintain, Care Quality Commission ratings of 'good' or 'outstanding' and 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 (well-led).

Based on 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 licence.

Segmentation

The Trust has an overall segmentation rating of 4. This means that, "the provider is in actual or suspected breach of its licence (or equivalent for NHS trusts) with very serious / complex issues that mean it is in special measures". As a result of being in special measures the Trust receives targeted support.

This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

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 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 here.

The Trust was rated a '3' during the course of the year. The table below gives further details.

(SOF1)

Area	Metric	2019/20 Scores				2018/19 Scores			
		Qtr. 1 Score	Qtr. 2 Score	Qtr. 3 Score	Qtr. 4 Score	Qtr. 1 Score	Qtr. 2 Score	Qtr. 3 Score	Qtr. 4 Score
Financial stability	Capital service capacity	2	2	2	2	3	3	3	2
	Liquidity	4	4	4	4	4	4	4	2
Financial efficiency	I and E margin	3	3	3	2	2	3	3	2
Financial controls	Distance from financial plan	1	1	1	1	1	1	1	1
	Agency spend	2	2	2	2	2	2	2	2
Overall score		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**2**

The table (SOF2) explains the segmentation process in more detail. The table has been extracted from the NHS Improvement document entitled 'NHS Oversight Framework 2019/20 annex 2: Provider oversight: metrics':

(SOF2)

				Score			
Area	**Weighting**	**Metric**	**Definition**	**1**	**2**	**3**	**4**
Financial stability	0.2	Capital service capacity	Degree to which the provider's generated income covers its financial obligations	>2.5x	1.75-2.5x	1.25-1.75x	<1.25x
	0.2	Liquidity (days)	Days of operating costs held in cash or cash-equivalent forms, including wholly committed lines of credit available for drawdown	>0	(7)-0	(14)-(7)	<(14)
Financial efficiency	0.2	I&E margin	I&E surplus or deficit / total revenue	>1%	1-0%	0-(1)%	≤(1)%
Financial controls	0.2	Distance from financial plan	Year-to-date actual I&E surplus / deficit in comparison to Year-to-date plan I&E surplus / deficit	≥0%	(1)-0%	(2)-(1)%	≤(2)%
	0.2	Agency spend	Distance from provider's cap	≤0%	0%-25%	25-50%	>50%

Additional reporting

Equality reporting

Equality Act (2010) requirements:

The general duties are:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it.
- Foster good relations between people who share a protected characteristic and people who do not share it.

The specific duties are to:

- Publish information to show our compliance with the (general) Equality Duty, at least annually.
- Set and publish equality objectives, at least every four years.

The Trust complies with the Equality Act through the NHS Equality Delivery System 2 (EDS). The Board of Directors received two reports on progress in 2019/20: the annual update in May; and in November, the Equality, Diversity and Inclusion Strategy 2019-2021 was presented along with the Workforce Race and Disability Equality Standards (WRES) and (WDES) reports and action plans. The Trust's gender pay analysis was delayed due to COVID-19, but will be published on the Trust's website: www.nsft.uk/genderpay

To accelerate inclusion, we developed a more robust governance structure during this year. Care Groups and services, as well as Employee Network Groups, will report to the Equality and Diversity Group Meeting commencing in April 2020. Employee Network Groups have already worked with us this year to produce relevant, targeted action plans.

In 2019/20 our strategic focus was on:

Promoting a culture of mutual respect to reduce harassment incidents.

We launched the 'Expect Respect' information campaign in our team meetings and in Trust-wide comms, promoting behaviours aligned to our values through a series of inclusion dialogues around equality and diversity themes.

The Trust hosted a successful Black History Month Celebration in October 2019, inviting our staff, service users and members of the public to share the richness of black history in the UK as our shared history.

Addressing inequality at all levels of the organisation by removing inequalities and inadvertent barriers from our internal processes.

We have reviewed our internal disciplinary processes and recruitment methods and have committed to continually review these, adopting best practice to ensure better outcomes for staff with disabilities and from different ethnic backgrounds.

Improve progression and development opportunities and retention of staff from under-represented groups.

We have extended mentoring and leadership training opportunities to staff from BME backgrounds, extending mentoring to staff with disabilities.

Integrating equality and diversity actions into the day-to-day work of our Care Groups and services.

In addition to our new governance arrangements, we devised a training package for all staff on trans issues and started work on LGBT+ cultural competence for all line managers for delivery in 2020/21.

Statement on Modern Slavery

This statement is made on behalf of the Board of Norfolk and Suffolk NHS Foundation Trust with regards to the Modern Slavery Act 2015 which requires large employers to be transparent about their efforts to eradicate slavery and human trafficking in their supply chain.

The principal activities of the Trust are to support and enable people with mental health problems to live fulfilling lives. The Trust provides health and social care services specialising in mental health across Norfolk and Suffolk, including services for working age adults, children, families and young people, dementia and complexity in later life, neurodevelopmental, wellbeing, and secure services.

Our supply chains include procurement of agency staff, medical services, medical and other consumables, facilities maintenance, utilities and waste management.

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We continue to develop policies and procedures to reflect our commitment to acting ethically in all our business relationships and to implement effective systems and controls to ensure slavery and human trafficking is not taking place in our supply chains.

Training is provided to those involved in the supply chain and the rest of the organisation as part of the Trust's safeguarding work.

We will work to identify and mitigate risk and put in place contractual terms which will allow the Trust to gain assurance that slavery and human trafficking have no place in our business. We will work with suppliers to ensure that they treat their obligations towards modern slavery with the same importance that we do.

Norfolk and Suffolk
NHS Foundation Trust

Annual accounts

For the year ended 31 March 2020

Statement of the Chief Executive's Responsibilities

as the accounting officer of Norfolk and Suffolk NHS Foundation Trust

The National Health Service Act 2006 states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, as 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 Norfolk and Suffolk 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 Norfolk and Suffolk 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 Group Accounting Manual and in particular to:

- observe the Accounts Direction used 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 services users, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- 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 them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The accounting officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 property discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

Jonathan Warren, Chief Executive

Date: 8 June 2020

Independent auditor's report

to the Council of Governors of Norfolk and Suffolk NHS Foundation Trust

. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Norfolk and Suffolk NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2020 and the Department of Health and Social Care Group Accounting Manual 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: financial statements as a whole	£5m (2018-19:£4.4m) 2% (2018-19: 2%) of operating income

Risks of material misstatement		vs 2018-19
Recurring risks	Valuation of land and buildings	◄►
	Fraudulent expenditure recognition	◄►
	Recognition of NHS and non-NHS income	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings ("our results") from those procedures in order that the Trust's Council as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of Land and Buildings £112.5m; 2018-19: £117.7) *Refer to page A30 (accounting policy) and page A48-49 (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at current value in existing use. As hospital buildings are specialised assets and there is not an active market for them they are valued on the basis of the cost to replace them with a modern equivalent asset. The appropriate valuation of land and buildings relies on: the expertise of the valuer and the accuracy of the records provided to the valuer to prepare the valuation. The Trust commissioned external valuers, to carry out a desktop review of land and buildings as at 31 March 2020. The previous full valuation was carried out as at 31 March 2017. As the movement was not material between the previous year's valuation, the Trust elected not to adjust their figures for the movement in value as determined by the valuer. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amounts. **Disclosure Quality** There is a risk that uncertainties expressed by the Trust's valuers around the impact of Covid-19 pandemic on the values of land and buildings will be inappropriately disclosed.	Our procedures included: — **Assessing valuer's credentials:** We assessed the scope, qualifications and experience of the valuer and the overall methodology of the valuation performed to identify whether the approach was in line with industry practice and the valuer was appropriately experienced and qualified to undertake the valuation; — **Benchmarking assumptions:** We compared the valuer's assumptions in regards to cost indices to externally derived data to determine whether they are indicative of local market conditions; — **Test of detail:** We reviewed the valuation of any additions to land and buildings made during the year to ensure they have been appropriately revalued to fair value and that an appropriate valuation basis has been applied; – **Test of detail:** We reviewed the use of assets across the estate to ensure that the valuation methodology remains appropriate. In particular, with regards to the Hellesdon site, we have reviewed the changes to the Trust's capital plan. As part of this, we assessed whether the revised useful economic life is appropriate; – **Assessing transparency:** We considered the adequacy of the disclosures about the key judgments and degree of estimation involved in concluding whether there has been any material movement in the revised life and valuation of land and buildings since 31 March 2019. – Specifically we considered the adequacy of disclosures made around the uncertainty caused by the Covid-19 pandemic on market data used to underpin the valuer's assumptions, and management's consideration of these factors when arriving ta the year-end valuation figures – **Indicators of impairment:** We reviewed board meeting minutes to identify any changes in use or indicators of impairment of the Trust's land and/or buildings, which could lead to a change in the valuation. **Our results** • We found the valuation of land and buildings to be acceptable. • We found the disclosures in relation to the uncertainties caused by the impact of the Covid-19 pandemic on the Trust's market based valuations to be accepted.

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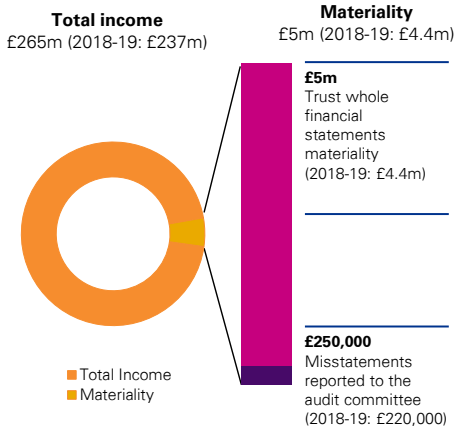
Significant Risk	Description	Work carried out and judgements
Fraudulent expenditure recognition Accruals: £14.4m (2018-19: £11.4m) Provisions: £15.3m (2018-19: £14.5m) *Refer to page A36 (accounting policy) and page A55-57 (financial disclosures)*	**Effect of irregularities:** - There is a risk that the Trust may seek to improve its financial position from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period through understatement of liabilities at year end). - We consider the risk to specifically relate to accruals and provisions, as they represent the key mechanism for management to manipulate year-end outturn.	Our procedures included: — **Control operations:** we have considered the application of appropriate segregation of duties controls in the accounts payable process (i.e. the approval of purchase orders and invoices for payment) between those responsible for delivering services and those preparing the financial statements. — **Test of detail:** we compared provisions recognised at the previous year-end against actual outturn, to evaluate management's ability to accurately estimate year-end liabilities. We performed a year-on-year review of accruals and provisions, and sought explanation for significant movements; — **Test of detail:** we tested payments made and invoices received in April 2020 to identify whether they indicated that an accrual or provision should have been recognised at the balance sheet date. We performed a sample test of accruals and provisions to supporting evidence to ensure these were accurate; — **Test of detail:** we critically appraised the basis on which provisions were made and considered the appropriateness of the provisions. **Our results** • We found the expenditure recognition to be acceptable.
NHS and non- NHS income £265 million; (2018-19: £237million) *Refer to page A28-29 (accounting policy) and page A39-41 (financial disclosures)*	**Recognition of NHS and non-NHS income:** Of the Trust's reported total income, £251 million (2018/19, £222m) came from commissioners (Clinical Commissioning Groups (CCGs) and NHS England). Seven CCGs and NHS England make up 95% of this income stream. There is a risk that the Trust recognises income to which it is not entitled and that cannot be supported by actual activity levels undertaken during the year. Insufficient provision may be made for potential penalties or fines levied by the commissioners, especially where agreement has not been reached on disputed sums during the year. An agreement of balances exercise is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are available setting out discrepancies between the submitted balances. Operating income also includes £14.3 million (2018/19: £14.5 million) earned from other activities. The largest item for the Trust is sustainability funding of £3.5m (2018/19: £3.9m). There is a risk that the Trust recognises income to which it is not entitled.	Our procedures included: — **Control operation:** we inspected documentation for a sample of commissioners to confirm that contracts had been agreed for the delivery of services; — **Test of detail:** obtaining the outcome of the agreement of balances exercise with other NHS bodies. Where there were mismatches above £300k we sought explanations and supporting evidence to verify the Trust's entitlement to the receivable; — **Test of detail:** we obtained copies of the signed contracts in place for the largest CCG commissioners and NHS England. For a sample of contracts, we reconciled the income per the contract to actual income recognised in the year and agreed variances to source documentation; — **Test of detail:** for income not included in the agreement of balance exercise we agreed a sample of items to source documentation and agreed their treatment; — **Test of detail:** we assessed the Trust's assumptions behind the provision against available data on historic payment performance of counterparties and our own knowledge of recent bad debts affecting the NHS sector; — **Test of detail:** We reviewed invoices and credit notes raised around the year end date to ensure the income had been recognised in the correct accounting period. **Our results** • We found the revenue recognition from NHS and non-NHS activities to be acceptable.

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £5 million (2018-19: £4.4 million), determined with reference to a benchmark of total income of which it represents approximately 2% (2018-19: 2%). We consider total income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £250,000 (2018-19: £220,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above..



4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note A2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 19-20.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

— the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 19-20 is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

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6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page A2 the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

— any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.

— any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

Our conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources is adverse

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

Adverse conclusion

As a result of the matters outlined in the basis for adverse conclusion paragraph below, we are unable to satisfy ourselves that, in all significant respects Norfolk and Suffolk NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

The Trust was put into Special Measures following the CQC inspection in November 2018 which rated the Trust as "overall inadequate". Key areas highlighted for improvement were in respect of the safety culture across the Trust, risk assessment processes and access to service including management of waiting lists.

Whilst The Trust's latest CQC inspection in October-November 2019 rated the Trust as "requires improvement", the Trust remains in special measures.

The findings and overall rating of this updated report is evidence of remaining weaknesses in arrangements for planning, organising and developing the Trust's resources effectively to deliver its strategic priorities, both during the year and going forward.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the 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 the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out overleaf together with the findings from the work we carried out on each area.

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Significant Risk	Description	Work carried out and judgements
Regulators – external review	Foundation Trusts are subject to external review including the CQC. The results of these reviews give an indication of whether the Trust is effectively deploying it's resources to provide a good quality of service.	Our work included: • Review of the CQC reports issued; and • Review of the special measures quality improvement plan and understanding of the processes in place to monitor delivery of the plan. **Our findings on this risk area:** • In October 2017 the Trust was placed back into special measures after being rated as inadequate by the CQC; • The Trust's latest CQC inspection in October-November 2019 rated the Trust as "requires improvement". The Trust remains in special measures. • Whist the Trust's rating has improved following the latest CQC inspection, the findings and overall rating of this updated report is evidence of remaining weaknesses in arrangements for planning, organising and developing the Trust's resources effectively to deliver its strategic priorities, both during the year and going forward.
Financial Sustainability	Due to a combination of regulatory scrutiny and significant financial challenge in the sector and locally across the health economy, we undertook a detailed review of the Trust's arrangements for planning its finances effectively to support the sustainable delivery of strategic priorities and the maintenance of its statutory functions.	Our work included: • Review of management's financial performance for the year, taking into account PSF and FRF funding unlocked in assessing performance against budget; • Review of financial forecasts going forward, including the management's assessment of the Trust's ability to continue as a going concern; • Overall assessment of the Trust's financial sustainability via reviewing cash flow requirements and the status of ongoing cost improvement plans. **Our findings on this risk area:** • We are satisfied that the Trust had adequate arrangements for planning its finances effectively to support the sustainable delivery of strategic priorities and maintaining statutory functions.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Norfolk and Suffolk NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

Stephanie Beavis
for and on behalf of KPMG LLP

Chartered Accountants
Dragonfly House
2 Gilders Way,
Norwich,
NR3 1UB
24th June, 2020

Annual Governance Statement 2019/20

1 Scope of responsibility

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Norfolk and Suffolk NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Norfolk and Suffolk NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

The Trust has a Risk Management Strategy and operational policies approved by the Trust Board of Directors; these are being updated in consultation with Care Groups and other key stakeholders. Leadership is given to the risk management process through several measures:

- Strategic risks are designated to Executive Directors with Non-executive Directors (NEDs) leading the Board committees which scrutinise the effectiveness of risk mitigation relevant to their terms of reference.

- The Board of Directors is responsible for the Board Assurance Framework (BAF) with the Trust Secretary having delegated responsibility for ensuring the management of the BAF. This is included in the scheme of reservation and delegation, standing financial instructions and the allocation of responsibility to specified post holders across the organisation. The Board Assurance Framework (BAF) is annually refreshed, and reviewed by the Board at each meeting, and enables the Board of Directors to be fully informed of the risks to delivery of the Trust strategic objectives and assured as to the effectiveness of mitigation actions.

- The Audit and Risk Committee has delegated responsibility for gaining assurance on the effectiveness of the overall risk management system.

- All managers have responsibility to identify and manage risk within their specific areas of control in line with the management and accountability arrangements within the Trust. These risks are regularly reviewed at Board sub-committees, Executive Committee, Service Delivery Board, Quality Committee, Quality Performance Meetings, Care Group governance meetings and team meetings.

- The Risk and Safety team provides support to Care Groups and corporate services on all aspects of effective risk assessment and management. The department maintains the Trust's incident and risk reporting system, Datix. Training is provided by the team in both formal and ad hoc, tailored sessions. The Service Governance team facilitates the Care Groups to share and learn lessons from incidents or near misses and for supporting quality and safety reviews. Learning is discussed within Care Groups and at Quality Committee meetings and informs the risk register.

Towards the end of the year, the Trust reviewed its capacity to handle COVID-19 related risks and took prompt action. Revised governance processes were established, new financial decision making alongside the Scheme of Reservation and Delegation and Standing Financial Instructions was implemented, a new risk

process and registers to support tactical and strategic command developed and the board redefined its risk appetite. All decisions related to COVID-19 response were formally logged at tactical and strategic level.

4 The risk and control framework

Key elements of the Risk Management Strategy

The management of quality, operational and financial risks is addressed at every level of the organisation, in order to deliver effective services and provide safe environments for service users, their families and carers, visitors and staff. Risk mitigation is discussed by the Board, Board sub-committees, executive meetings and by Care Groups at local governance meetings and team meetings. The Board regularly reviews its appetite for risk, most recently as part of the Trust's response to COVID-19. The Board sets the tone for the risk management culture.

The current review of the Risk Management Strategy is a co-production with the clinically-led Care Groups and corporate services, with Patient Participation Leads (PPLs) supporting service user and carer involvement, taking a quality improvement approach.

The Risk Management Strategy describes the risk management process and clear lines of accountability, escalation and reporting to ensure that all risks are appropriately mitigated to an acceptable level, as determined by the Trust's risk appetite and described in the 5 x 5 matrix.

Each team assesses their services and identifies and records risks that threaten their services in local risk registers; risks are managed and controlled at the level at which they are owned and escalated and reported to the relevant Lead, Executive Director and committee utilising Datix software. Care Group risk profiles are evaluated and reviewed on a monthly basis and discussed at the Service Delivery Board and Quality Committee.

The Risk and Safety Team provides support, and oversight of the process is provided by the Audit and Risk Committee.

The Trust has quality governance arrangements in place. The Chief Nurse is the executive lead for quality and works closely with the Chief Medical Officer to lead the quality and safety framework. The Board receives reports on quality issues at each meeting and on progress against the Quality Improvement Plan. The quality of performance information is assessed through the annual Quality Account audits, and assurance on compliance with CQC registration requirements is obtained through the role of the Quality Assurance Committee and the Quality Committee. The Finance, Business and Investment Committee monitors performance metrics and exception reporting to NHS Improvement in accordance with the Single Oversight Framework. Further assurance on quality, operational and financial performance and governance is provided by the NHS Improvement Oversight and Assurance Group (OAG) and Oversight and Support Meetings (OSM).

The Trust undertakes an annual review of its governance arrangements and, as part of this, will commission an external, independent review.

During the COVID-19 response, the Board and committees have continued to meet virtually, to ensure the appropriate oversight of tactical and strategic command arrangements and to ensure quality and safety of services is maintained. The Trust is now moving into recovery phase. Virtual Council of Governors meetings have now commenced

The Trust's major risks are highlighted in the BAF and are regularly monitored by the Board and relevant committees. They are summarised below, along with mitigation plans for reducing these risks to their risk appetite level:

- In response to the CQC inspection in 2018, which resulted in an 'inadequate' rating, the Trust has implemented a clinically-led improvement plan to address the concerns identified, utilising quality improvement methodology. A culture change programme is underway, and a governance review of Board and committees has been undertaken and changes implemented with the aim of improving the flow of information and assurance on quality and performance from ward to Board. While the Trust remains in special measures, the CQC report published in January 2020 gave the Trust a 'requires improvement' rating. Work continues with the improvement plan to address all recommendations.

- Waiting lists continue to be a challenge, particularly in services for Children, Families and Young People. Rapid Improvement Boards are addressing the waits and ensuring the safety and visibility of service users. The Access Improvement Director and clinical leads have instigated a Clinical Harm Review process. Quality and Safety Reviews and Clinical Harm Audits continually monitor the safety of service users and all young people have been contacted by the Care Group. The Trust has implemented a revised Access Policy. The Board receives a report on access and waiting lists at each meeting.

- At the start of the year, the number of Out of Area Placements was high, which impacted significantly on service users and their families and has limited the ability of the commissioners to fund further investments. Although there have been some fluctuations in the number of Out of Area Placement bed days, since August 2019 these have remained consistently lower than any time in the previous six months. Working with system partners, the Trust has been able to successfully bring our patients back to the area and in March 2020 introduced an Integrated Discharge Team which will focus on discharge planning and support the Trust's work to achieve the target of zero Out of Area Placements.

- Improving staff recruitment and retention and staff morale continues to be a challenge. The Trust has been successful in recruiting new staff and attracting more students in year. The emphasis is now on our culture change programme and staff engagement and development, including preceptorship programmes, medical staff education programmes, nursing and allied health professional development. The clinically-led Care Groups are implementing priority actions from the NHS Staff Survey alongside the culture work.

- Risk of impact of the COVID-19 incident causing loss of life with service users, carers and staff and the impact on quality of service delivery, staff wellbeing, mental health and wellbeing of the population during and post pandemic. The Trust established Tactical and Strategic Command, cohort wards with appropriate staffing and PPE, increased wellbeing support to staff, colleagues and wider public, digital solutions utilised, new 24/7 helpline established and positive working with system partners. Revised governance arrangements in place for oversight of COVID-19 response and ensuring quality and safety of services. The Trust is moving into recovery phase.

Foundation Trust Governance

As an NHS Foundation Trust, the Trust is required by its licence to apply relevant principles, systems and standards of good corporate governance. In order to discharge this responsibility, improvements to the Trust's governance were made throughout 2019/20, with the support of East London NHS Foundation Trust (ELFT) as buddy trust, and with the new Board leadership in place. A Board development programme was introduced, the Board committees and governance architecture was reconstituted to improve scrutiny and improve the flow, presentation and use of information. Clinical leadership was enhanced in Care Groups, with People Participation Leads playing a significant role, with devolved decision making to where care is provided and robust scrutiny and challenge in Quality Performance Meetings. A governance improvement plan was co-produced with the Council of Governors to enable them to effectively fulfil their statutory duties. Additional capacity was recruited to Board, with two new NEDs and a Director for Strategic Partnerships. There is increased Board ownership and monitoring of the Board Assurance Framework. Engagement with the Council of Governors, service user forum, system partners and other key stakeholders has improved. Rapid Improvement Boards are established to address areas of concern.

Further to the NHS Improvement commissioned PwC review, published in May 2018, of the Trust's governance arrangements, an action plan was put in place to address areas of weakness. Grant Thornton, the Trust's Internal Auditor, provided an independent assessment of the implementation of this action plan this year and a Significant Assurance opinion with several low priority recommendations identified, mainly on measuring the effectiveness of the new arrangements.

Since the new Care Groups were established in the autumn, work is underway to strengthen their governance and performance and sharing learning and development. More executive scrutiny is provided at performance meetings, with clear lines of reporting and accountability to Board.

The Board receives regular reports that allow it to assess compliance with the Trust licence and to have clear oversight over the Trust's performance. The format and content of reports were improved in year. The effectiveness of Board and sub-committees will be evaluated in the annual assessment and an independent review is planned.

The Trust received an improved rating from the CQC for the well-led domain, although the Trust acknowledges there is more to do and the principal risk to compliance with the NHS Foundation Trust licence condition 4 (FT governance) remains the effectiveness of local governance. A new Improvement Director has been appointed to support this work and the quality improvement approach across the whole Trust. The CQC recognised that since the previous review in November 2018, there had been a shift in approach and foundations had been laid to improve the direction of travel and resulting in early improvements in almost all areas. These changes had not been in place for a sufficient period to conclude they were properly embedded in the organisation and would be sustained. They also concluded that whilst governance processes had improved, they had not yet fully ensured that performance and risk were managed well. As a result, the Trust remains in special measures by NHS Improvement (Monitor).

The Trust is assured of the validity of its Corporate Governance Statement, required under NHS Foundation Trust condition 4(8)(b) through: regular review of its governance framework; through the Internal Audit report on the implementation of the PWC governance action plan, through OAG and OSM meetings with NHS Improvement and through the CQC well-led inspection. The annual review of governance and an independent review of Trust governance commissioned later in the year will provide additional assurance.

The Board and Council of Governors co-produced an improvement plan early in the year to address issues identified by Governors previously and ensure Governors are able to fulfil their statutory duties effectively. The Council meets more frequently, its sub-groups have been reviewed, improved training and development provided, including joint Board and Council sessions. Increased transparency and early engagement of Governors is enabled by creation of a Significant Business Committee. The Governors hosted successful Annual Plan engagement events with the membership, appointed external auditors and recruited two Non-executive Directors in year.

Embedding risk management

Risk management is embedded throughout the Trust's operational structures, with emphasis on ownership of risk within the Care Groups and corporate services, and with the introduction of local risk registers at team level. Risks are reviewed at Care Group local governance committees, at Executive-chaired Quality and Performance Meetings (QPMs) and at Quality Committee and Service Delivery Board.

The implementation of incident and other risk-related policies and procedures ensure the involvement of all staff in risk management activity. The Trust continues to strengthen its management of cyber-security to address any risks. Equality Impact and Quality Impact assessments are integrated into core Trust business. Incident reporting is openly encouraged across the Trust. The Freedom to Speak Up Guardian provides support to staff and themes are reported to Trust Board.

The new Risk Management plan on a page describes the work underway to further embed, with more support and training to staff, working with PPLs, service users and carers to support the risk approach and using quality improvement methodology, developing local governance systems. Risk management is a fundamental part of the Rapid Improvement Boards.

Public stakeholders

The Trust engages with its public partners in a number of ways relating to risk, including:

- With the Norfolk and Waveney Sustainability and Transformation Partnership (STP) and the Suffolk and North East Essex Integrated Care System (ICS) to develop and implement shared proposals to improve health and care in the local economy, including delivery of the Long-Term Plan and alliance working.
- With local commissioners through contract meetings addressing issues of quality and risk.
- Through scrutiny meetings with local authority Health Overview and Scrutiny Committees.
- The Council of Governors represents the interests of Members and wider public and holds the Trust Board to account for the delivery of strategic objectives.
- Increased engagement of stakeholders by conducting an Annual Plan engagement with Members and the public.

- Inviting Healthwatch and other partners such as Suffolk User Forum as members on Rapid Improvement Boards to address risks noted in CQC reports on Wedgewood House.

- Through the engagement work of the new Director of Strategic Partnerships and his team.

Workforce Strategy

The introduction of clinically-led Care Groups has been part of a wider culture change programme. The Culture Change Strategy and leadership plan have been developed, addressing issues identified in the NHS Staff Survey and culture diagnostic and aimed at all professions and levels of staff. There has been a renewed focus on medical engagement and education in year with the recent medical engagement survey showing improved results. The Board receives workforce reports at each meeting. Safer staffing and Guardian of Safe Working reports are reviewed by the Trust Board quarterly and Freedom to Speak Up Guardian reports at every Board; this has been particularly important during the COVID-19 outbreak.

The CQC report, published in January 2020 noted that more staff felt listened to, felt they could influence change, felt supported and had good working relationships with their managers. However the issues identified in the NHS Staff Survey need to be addressed and work continues to implement all aspects of the People Before Process plan and culture change programme.

Care Quality Commission (CQC)

The Foundation Trust is not fully compliant with the registration requirements of the Care Quality Commission. Following a CQC inspection in October 2019, published in January 2020, the Trust was rated as 'requires improvement' overall, with ratings across the five domains as follows:

- Safe – Requires improvement

- Well-led – Requires improvement

- Responsive – Requires improvement

- Effective – Requires improvement

- Caring – Good

The CQC recognised that since the previous review in November 2018, there had been a shift in approach and foundations had been laid to improve the direction of travel, and resulted in early improvements in almost all areas. These changes had not been in place for a sufficient period to conclude they were properly embedded in the organisation and would be sustained. They also concluded that whilst governance processes had improved, they had not yet fully ensured that performance and risk were managed well. As a result, it remains in special measures by NHS Improvement (Monitor).

The Trust has published the full report via a link from its public website home page www.nsft.nhs.uk

Since the CQC inspection in October, work has continued to develop the clinical leadership, and address local governance structures and risk management processes to facilitate effective ward to Board to ward flow of information and ensure robust mechanisms for early warning and escalation of issues. Care Group development and work with the new Improvement Director continues to embed this.

On 28 January 2019, the Trust and NHS Improvement agreed to modify the additional licence condition imposed on the 19 February 2015 following this CQC report to ensure the Trust has in place: an effectively functioning Board and Board committees; sufficient and effective Board; management and clinical leadership capacity and capability; and appropriate governance systems and processes to enable it to successfully meet the undertakings set out at paragraphs 1 to 7 of the Enforcement Undertakings agreed by the Licensee dated 23 January 2018 (as varied).

Managing Conflicts of Interest

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

NHS Pension Scheme

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.

Equality and diversity

The Trust is committed to promoting equal opportunities among all its staff and to provide a fair and accessible service to the local community. Dedicated staff are in post to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust has established several employee networks, supported by Executive Directors, in relation to protected characteristics. The Trust launched an Expect Respect campaign in year and promoted rainbow badges. During the COVID-19 response, particular attention has been paid to our BME staff to offer additional support and help reduce anxiety.

The new Equality, Diversity and Inclusion strategy was approved by the Board of Directors in November 2019 and models the values of the NHS Constitution and Trust values: Positively, Respectfully, Together. Care Groups and services have developed action plans to address findings from the NHS Staff Survey, and feedback from staff Pulse surveys and from service users and carers, and the People Participation Leads.

Carbon reduction

The Foundation Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Further information is given in the Annual Report.

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

As Accounting Officer, I have overall accountability for delivery of the Annual Plan, and I am supported by the Executive Directors with delegated accountability and responsibility for delivery of specific targets and performance objectives.

The Executive Team is responsible for overseeing the day-to-day operations of the Trust and for ensuring the economic, efficient and effective deployment of resources and is supported by the wider senior management team and senior Care Group managers. The team receives regular financial and performance reports that highlight any areas of concern and are responsible for overseeing the development and implementation of strategic cost improvement plans. These are subject to full risk and quality assessment and resources are deployed as appropriate to ensure plans are achieved. The budgetary control system is complemented by Standing Financial Instructions and the Scheme of Reservation and Delegation.

The Service Delivery Board was established in year and includes the wider senior leadership from Care Groups and corporate services as well as Executive Directors. It reviews quality, operational and financial performance, risks to delivery, strategic updates and system working, workforce performance and culture change improvements as well as providing a forum for sharing good practice.

The Finance, Business and Investment Committee was reconstituted in year to provide scrutiny of financial and operational performance, scrutiny of estate management, key developments and use of resources.

The Board approves the strategic and operational plans, taking into account the views of the Council of Governors. The Trust Board receives regular finance and performance reports which enable it to monitor progress in implementing the operational plan and to ensure value for money is obtained.

Internal Audit undertakes a review of the Trust's internal control systems as part of the Annual Audit Plan (approved by the Audit and Risk Committee).

External Audit's value for money conclusion stated that they are satisfied that the Trust has make proper arrangements for the secure economy, efficiency and effectiveness of its use of resources for the year ending 31 March 2020. As the Trust remains in special measures, the auditors must automatically issue an adverse value for money opinion.

The Trust is an active member of the NHS Benchmarking Network, a member community involving over 330 health and social care organisation throughout the UK which combines benchmarked information with evidence based good practice to identify key areas of service improvement and resource provision.

The Trust is a member of the NHS Improvement Mental Health and Community Procurement Savings Collaborative, along with other cohort trusts which aims to help improve procurement capabilities in trusts and identify and realise savings in non-pay expenditure. The Trust is working with other organisations within both health and care systems to identify efficiency savings.

6 Information Governance (IG)

The Trust manages its information risks with support from the Information Governance (IG) and Freedom of Information (FOI) team, provides mandatory training on IG and cyber security, including to Board members, and undertakes an annual IG audit.

The Data Security and Protection (DSP) Toolkit was published on 17 March 2020, having met all the required assertions and with improvements in IG training compliance. Internal Audit gave a significant assurance opinion on the annual, mandatory audit of IG and the DSP Toolkit submission.

The Trust is managing cyber security risks well, with a strong collaboration between our IG and ICT infrastructure colleagues being highlighted as good practice and with effective security patching and update levels. The Trust follows the NHS Digital's Cyber Security Support Model and utilises the IT Health Check, Unified Cyber Risk Framework and GCHQ-certified board training.

There have been no data breaches which required reporting to the Information Commissioner and low-level breaches remain constant. "Axe the Fax", introducing additional secure email and electronic referrals will assist in mitigating these risks whilst improving business processes.

The Data Protection Officer (DPO) is the Chair of the Suffolk and North East Essex STP Clinical Information Assurance Group and the Norfolk and Waveney STP IG Peer Group to ensure that the Trust is well placed to influence, support and develop the IG agenda across both STP areas.

Data quality and governance

During 2019/20, a new Digital Strategy was developed with senior leaders responsible for specific areas, one of which is data and the use of information. The Digital Improvement Group (DIG) was refocused to help delivery the Digital Strategy and a working group focused on data quality has been pivotal in improving the quality of the data that is reported to the Board and external agencies.

The Accountability and Performance Framework has been ratified that establishes clear lines of accountability, including Care Group individual leads for key metrics. As part of this Framework, individual Quality Performance Meetings (QPMs) chaired by the Chief Executive, supported by Executive colleagues, are held with Care Groups and corporate services, using data to evidence performance, develop quality improvement and enhance good practice.

Several internal and external data quality audits were conducted in year. The CQC report published in January 2020 noted the Trust collected reliable data and analysed it. This was a significant improvement from the last inspection.

A review of the performance dashboards was undertaken in year and Statistical Process Control (SPC) was used to enhance the use of data as a tool to govern clinical practice. Business Intelligence (BI) tools are used such as ABACUS and Patient Journey and developments are planned in 2020 with a new data warehouse and the implementation of PowerBI. Any systems change, which impacts on data capture, is managed through an agreed process and auditable records maintained.

Waiting list management is monitored by the Care Groups, with support from the Access Improvement Director and weekly Trust-wide Service User Tracker meetings to track the progress of community referrals. Clinical Harm Reviews are carried out to ensure the safety of those waiting. The Clinical Harm process was updated in year. A Waiting Times Report is in use operationally to ensure responsive and consistent information to drive remedial action and ongoing referral management. This is cross-referenced with the Operational Performance Dashboard (OPD) and regular checks are carried out on the data quality. The Quality Committee, Quality Assurance Committee and Board receive regular reports on waiting times.

Induction training covers the use of Electronic Patient Record (EPR) and specific training has been rolled out for the use of the BI tools to teams and individuals. ICT and quality services routinely communicate about change in the use of systems and developments. Standard Operating Procedures are used to ensure consistency and reliability and the Data Quality committee and Lorenzo User Group are forums for discussion, learning and ideas development.

The Trust uses an incident reporting system (Datix) to capture events that have an impact on staff and patient safety. The system is electronic enabling instant capture and immediate sharing to support investigation and learning. Information from the system is used at a range of levels for quality assurance, control and improvement. Clinical teams use datix dashboards for local monitoring and learning. At an organisational level, the information feeds into tiered dashboards providing overviews of quality and safety metrics and is used to support improvement programmes such as reducing restrictive interventions.

7 Annual Quality Report

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. NHS Improvement (in exercise of the powers conferred on Monitor) has issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports, which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The information contained in this report uses data from the same systems that underpin the Trust's reporting processes, including activity management, performance management and risk and governance systems. The report is developed by the Governance Team.

The lead Executive Director for the Quality Report is the Chief Nurse. This provides separation of accountability from operational services. The Trust has a dedicated Informatics Team that oversees operational data collection and analysis. The team's function includes reviewing data quality and reporting on key performance indicators (KPIs). Workforce and education and training KPI data analysis is provided by separate staff within those teams.

Throughout the year, the Quality Assurance Committee scrutinises reports which will form part of the Quality Report and the Council of Governors have agreed an indicator for inclusion.

While primary legislation continues to require providers of NHS services to prepare a Quality Account for each financial year, the amended regulations, considering the pressures caused by COVID-19, mean there is no fixed deadline by which providers must publish their 2019/20 Quality Account. The Trust is following the recommendations of NHS England and NHS Improvement for a revised deadline of submission by 15 December 2020 and sharing draft Quality Accounts with stakeholders on 15 October 2020.

The 2019/20 work plan for the Trust's Internal Audit service included several audits that tested assurance on elements supporting the Quality Report. These included risk management arrangements, compliance with legislation (complaints and Freedom to Speak up), clinical incidents, consultant job planning and Out of Area Placements.

8 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 Committee and the Quality Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board is accountable to the independent regulator NHS Improvement for performance and control issues and submits regular monitoring returns and exception reporting to NHS Improvement in accordance with the Single Oversight Framework. The Health and Social Care Act (2012) places a duty on the Board as a whole, and Directors individually, to act with a view to promote the success of the Trust and maximise the benefits for Members and the public. In relation to risk and control, the Board fulfils this duty through the governance structures of the Board and its committees. The Board reviews the BAF and receives reports from its committees in relation to the effectiveness of the systems of internal control. In 2019/20, Board of Director Committees consisted of:

- Audit and Risk Committee
- Quality Assurance Committee
- Finance, Business and Investment Committee
- Charitable Funds Committee
- Mental Health Act Hospital Managers Committee
- Appointments and Remuneration Committee
- People Participation Committee

The Trust's Audit and Risk Committee oversees the effectiveness of the organisation's governance structures including the information used to assess risks to compliance with the Trust's licence. The Audit and Risk Committee scrutinises the effectiveness of the risk management framework and along with the Board of Directors, receive risk management reports that incorporate information and assurance from all the above sources. The committee receives Chair's reports from the other Board sub-committee, each of which review the risks relevant to its terms of reference.

The Quality Assurance Committee is led by Non-executive Directors, and with Chair, CEO and Executive attendance. The committee is responsible for oversight of all aspects of quality and safety performance, the Trust's Quality Improvement Plan, physical health strategy, workforce performance, research and development, clinical risk, learning from incidents, complaints, clinical audit, quality and safety reviews and other feedback. The Committee oversees the systems of control that support assurance on information quality including data collection and reporting.

The newly established People Participation Committee is led by a Non-executive Director and membership includes the People Participation Leads, two nominated Governors, the CEO, Chair and Executive Directors. The Committee is responsible for oversight of the People Participation Strategy, Carers' Strategy and Volunteers' Strategy and provides scrutiny of the Trust's engagement with service users and carers and response to feedback

The Finance, Business and Investment Committee is chaired by a Non-executive Director. It is responsible for ensuring the effective management of all the Trust's financial affairs, including management of the Trust's cost and finance base, significant investment decisions, and overall performance. This Committee has the capacity to scrutinise Trust performance and escalates areas of concern to the Board of Directors. The

Committee monitors the Trust's cost improvement programmes and provides oversight of the organisation's integrated performance management systems. A report is made to the Board of Directors meeting following each Committee meeting.

The purpose of the Charitable Funds Committee is to ensure that charitable funds are properly collected, invested and allocated in line with overarching statutory and policy requirements and in accordance with any specific requirements attached to individual funds or bequests. The Committee acts to ensure the Trust meets its obligations as a corporate trustee as set out by the Charities Act and other related legislation and regulations and acts as a host for other NHS Trust charitable funds. During the year, the Committee was integrated into the Finance, Business and Investment Committee and a report is made to the Trust Board following each Committee meeting.

As a mental health NHS Foundation Trust, the Trust sometimes needs to detain and treat patients against their will under the Mental Health Act (MHA) (1983). Within this statutory framework there is a requirement for hospital managers (who are not employed by the Trust, and who are independent of the Trust's management) to review detentions and decide whether they continue to be required. The MHA Committee has been reconstituted as a sub-committee of the Board, chaired by a Non-executive Director and receives regular reports on Mental Health Act compliance. The Board receives a Chair's report following each meeting as well as the Mental Health Act Law annual report.

The Appointments and Remuneration Committee oversees the appointment and remuneration of Executive Directors, provides assurance on the process for setting objectives and performance appraisal, oversees succession planning and Board skill mix and with the review of its terms of reference, oversees the culture change programme for the Trust. The Nominations and Conduct Committee is primarily a Council of Governors committee that oversees recruitment and appraisal of the Chair and Non-executive Directors.

The CQC report on the Trust's services, published in January 2020, following the inspection in October 2019, gave an overall opinion of 'requires improvement', including for the well-led domain. The CQC noted the shift in approach and early improvements in almost all areas and the Trust had worked hard to ensure that the service users voice was integral to care delivery. Work continues to ensure changes are sustained, deliver on actions outlined in the Quality Improvement Plan and to ensure service users, carers and other key stakeholders feel the benefit.

It is acknowledged that more work and faster pace is needed to address the issues raised in the recent CQC reports into Children, Families and Young People (CFYP) and Adults of Working age at Wedgewood House, particularly to improve local governance processes and to address waiting times.

Regular Oversight and Assurance meetings have been held with NHS Improvement and other key stakeholders during 2019/20 as part of the quality improvement plan to address CQC recommendations.

Internal Audit services are outsourced to Grant Thornton who provide an objective and independent opinion on the degree to which risk management, control and governance support the achievement of the organisation's strategic objectives. Individual audit reports include a management response and action plan. Progress against outstanding actions are monitored by the Audit and Risk Committee. This year's audit programme was developed to reflect areas which were being reviewed under the CQC action plans.

The Trust has a counter fraud service and the Audit and Risk Committee receives regular reports from the Local Counter Fraud Specialist.

The Trust benefits from the views of service users and carers, the work of the Patient Participation Leads, from challenge by the Council of Governors and views from the wider membership on the services it delivers.

Internal control issues

The Foundation Trust is not fully compliant with the registration requirements of the Care Quality Commission, with a 'requires improvement' rating and remains in special measures by NHS Improvement (Monitor).

Further to the main CQC inspection report in January, two recent CQC reports following responsive inspection of Specialist Community Mental Health Services for Children, Families and Young People (CFYP) in Norwich and the Acute Wards for Adults of Working Age at Wedgwood House, Bury St Edmunds in February, highlighted a number of control issues with training and supervision, care records, waiting lists,

environment and local governance systems. The Trust had established Rapid Improvement Boards prior to the inspection, and additional support has now been provided, with a change in clinical leadership and the pace of improvements increased. The majority of issues at Wedgwood House have already been addressed.

The Head of Internal Audit Opinion for the period 1 April 2019 to 31 March 2020 states:

> *"Our overall opinion for the period 1 April 2019 to 31 March 2020 is that based on the scope of reviews undertaken and the sample tests completed during the period, that:*
>
> *Partial assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The level of non-compliance in certain areas puts some system objectives at risk. The weaknesses identified which put system objectives at risk include the continued weaknesses in the design and operation of controls over out of area placements and the adequacy of the Trust's arrangements for Consultant job planning"*

The internal control issues identified by Internal Audit are as follows:

- Compliance with legislation – complaints and Freedom to Speak Up – partial assurance opinion with improvements required. While a few areas of good practice were identified, there were several areas where the Trust's control design and operating effectiveness could be improved.

- Clinical Incidents – partial assurance with improvements required. Work is underway to address control issues.

- Data Quality – partial assurance with improvements required

- Whilst efforts have been made to implement previous Internal Audit recommendations, there are some long standing overdue recommendations which have not been implemented. These include high priority level recommendations and are particularly related to the areas of Consultant Job Planning and Out of Area Placements.

There were no 'No Assurance' opinion reports received this year.

Internal Audit noted an improvement in engagement by staff across the Trust and a focus on improvement and development, which if maintained will put the Trust in a good position to continue its improvement journey in 2020/21.

The BAF as of 31 March 2020 has three red-rated risks:

- Risk that not making progress in reducing waiting times impacts on service users, as well as breaches of contractual and regulatory standards. This is reflected in the CQC report on Children, Families and Young People's services.

- Risk of not implementing learning from complaints, incidents, Coroner's recommendations and other information means that issues continue to occur and may result in harm to patients. This is reflected in the Internal Audit report on compliance with legislation.

- Risk of impact of the COVID-19 incident causing loss of life in service users, carers and staff; impact on quality of service delivery, staff wellbeing, mental health and wellbeing of the population during and post pandemic. The Board has refreshed and strengthened its internal control processes during the COVID-19 emergency response.

These risks and mitigation plans are monitored by the relevant NED-led committee as well as the Board.

10 Conclusion

There have been no significant internal control issues identified other than those referenced above.

The Trust continues to implement its Quality Improvement Plan working closely with NHS Improvement to delivery high quality, safe services for local people and to improve the CQC rating with a view to leaving special measures. The Trust Board and Board committees will continue to monitor these areas closely.

The Trust is keeping its system of internal control under review in response to the COVID-19 emergency response and moving forward into the recovery phase.

Jonathan Warren, Chief Executive Officer

Date: 8 June 2020

Foreword to the accounts

Norfolk and Suffolk NHS Foundation Trust

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

Signed ……..

Name: Jonathan Warren

Job title: Chief Executive Officer

Date: Monday, 8 June 2020

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	251,001	222,229
Other operating income	4	14,325	14,563
Operating expenses	6, 8	(260,021)	(232,241)
Operating surplus from continuing operations		**5,305**	**4,551**
Finance income	11	144	96
Finance expenses	12	(948)	(905)
PDC dividends payable		(2,963)	(2,956)
Net finance costs		**(3,767)**	**(3,765)**
Other gains	13	-	1,449
Surplus for the year		**1,538**	**2,235**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(160)	(3,242)
Revaluations	16	-	3,415
May be reclassified to income and expenditure when certain conditions are met:			
Total comprehensive income for the period		**1,378**	**2,408**
of which			
Provider sustainability fund (PSF)	4	(1,817)	
Financial recovery fund (FRF)	4	(1,700)	
Sustainability and Transformation Fund Income (STF)	4	-	(3,992)
Underlying financial performance excluding STF/ PSF/ FRF		**(2,139)**	**(1,584)**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	14	31	125
Property, plant and equipment	15	133,447	133,311
Receivables	18	579	-
Total non-current assets		**134,057**	**133,436**
Current assets			
Inventories	17	114	83
Receivables	18	11,566	12,141
Cash and cash equivalents	20	17,884	13,627
Total current assets		**29,564**	**25,851**
Current liabilities			
Trade and other payables	21	(27,093)	(23,712)
Borrowings	23	(6,135)	(1,635)
Provisions	24	(11,438)	(9,687)
Other liabilities	22	(273)	(551)
Total current liabilities		**(44,939)**	**(35,585)**
Total assets less current liabilities		**118,682**	**123,702**
Non-current liabilities			
Borrowings	23	(9,889)	(15,986)
Provisions	24	(3,901)	(4,831)
Other liabilities	22	(180)	(245)
Total non-current liabilities		**(13,970)**	**(21,062)**
Total assets employed		**104,712**	**102,640**
Financed by			
Public dividend capital		91,611	90,917
Revaluation reserve		37,636	37,796
Income and expenditure reserve		(24,535)	(26,073)
Total taxpayers' equity		**104,712**	**102,640**

The notes on pages A27 to A63 form part of these accounts.

Jonathan Warren.

Name: Jonathan Warren
Position: Chief Executive Officer
Date: 8 June 2020

Statement of Changes in Equity for the year ended 31 March 2020

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**90,917**	**37,796**	**(26,073)**	**102,640**
Surplus for the year	-	-	1,538	**1,538**
Impairments	-	(160)	-	**(160)**
Public dividend capital received	694	-	-	**694**
Taxpayers' and others' equity at 31 March 2020	**91,611**	**37,636**	**(24,535)**	**104,712**

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**85,043**	**37,623**	**(28,308)**	**94,358**
Surplus for the year	-	-	2,235	**2,235**
Impairments	-	(3,242)	-	**(3,242)**
Revaluations	-	3,415	-	**3,415**
Public dividend capital received	5,874	-	-	**5,874**
Taxpayers' and others' equity at 31 March 2019	**90,917**	**37,796**	**(26,073)**	**102,640**

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 at a rate of 3.5%.

Revaluation reserves

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.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS Foundation Trust.

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus		5,305	4,551
Non-cash income and expense:			
Depreciation and amortisation	6	8,260	7,591
Net impairments	7	144	149
(Increase) / decrease in receivables and other assets		(4)	7,941
(Increase) / decrease in inventories		(32)	8
Increase / (decrease) in payables and other liabilities		2,586	(15,099)
Increase in provisions		821	1,676
Net cash flows from / (used in) operating activities		**17,080**	**6,817**
Cash flows from investing activities			
Interest received		144	96
Purchase of PPE and investment property		(8,208)	(15,588)
Sales of PPE and investment property		-	1,670
Net cash flows used in investing activities		**(8,064)**	**(13,822)**
Cash flows from financing activities			
Public dividend capital received		694	5,874
Movement on loans from DHSC		(1,415)	4,152
Capital element of PFI, LIFT and other service concession payments		(177)	(165)
Interest on loans		(360)	(327)
Interest paid on PFI, LIFT and other service concession obligations		(592)	(581)
PDC dividend (paid) / refunded		(2,911)	(2,964)
Cash flows from (used in) other financing activities		2	3
Net cash flows from / (used in) financing activities		**(4,759)**	**5,992**
Increase / (decrease) in cash and cash equivalents		**4,257**	**(1,013)**
Cash and cash equivalents at 1 April - brought forward		**13,627**	**14,640**
Cash and cash equivalents at 31 March	20	**17,884**	**13,627**

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 1.1.2 Going concern

These accounts have been prepared on a going concern basis.

Whilst there are still some issues for the Trust to tackle, there have been improvements noted in the quality of care provided, the governance system structures and processes at Board, management and operational levels (please refer to the Annual Governance Statement). The Trust Board considers that there is sufficient assurance that there will be a continuation of service provision in the future. This decision has been made with reference to future financial plans.

Note 1.2 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

1.2.1 Judgements made in the application of IFRS 15 to Research and Development contracts to determine the amount and timing of revenue recognised. The accounting treatment varies from contract to contract dependent on the terms of the service provided

1.2.2 Judgements made in the application of IFRS 15 to the Provision of Healthcare contracts to determine the amount and timing of revenue recognised. Healthcare services are deemed to be a continuous service provided over time and as such income from the block contracts are recognised consistently over the financial period

Note 1.3 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:

- Income provision assumptions on contract performance.
- The desktop valuation is a fair value for direct replacement cost of sites where extensive CQC Anti-Ligature Works to Property, Plant and Equipment has taken place. The has resulted in a £304k impairment of land which has been partially offset by the release of £160k in the revaluation reserve.
- The useful economic life of the Fermoy unit is currently under review and is expected to have a knock-on impact on the carrying value and depreciation of this asset. The asset is held under a peppercorn rent which will be valued as a donated asset when IFRS16 is introduced in 2021-22.
- The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (‘Red Book’), Montague Evans has declared a ‘material valuation uncertainty’ in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The Montague Evans valuation as at 31 March 2020 has been prepared on this basis as per VPS3 and VPGA 10 of the RICS Red Book Global. 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.

Of the £120,339k net book value of land and buildings subject to valuation, £78,776k relates to assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced. It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 15.1.

Note 1.4 Revenue from contracts with customers

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 is recognised when (or as) goods or services are transferred to a customer. This is because an entity satisfies its performance obligation by transferring control of the promised good or service underlying that performance obligation to the customer. Consequently, assessing when control of a good or service is transferred is a critical step in applying IFRS 15.

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. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Where the effects of other practical expedients mandated by the GAM are material, these should be disclosed as accounting policies. These include:

(1) As per paragraph 121 of the Standard the Trust does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.

(2) The GAM does not require the Trust to disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.

(3) The GAM has mandated the exercise of the practical expedient offered in C7A of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

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. Some research income alternatively falls within the provisions of IAS 20 for government grants.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.5 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 1.5.1 Other forms of income

Grants and donations

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. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

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 from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 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 two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care 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: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The 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 1.7 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 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the 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.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

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.

Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. 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.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

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.

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 expenditure.

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.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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.

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.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT 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 HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent 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.

PFI assets

The PFI assets are recognised as property, plant and equipment when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value , which is kept up-to-date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

The PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI asset and is subsequently measure as a finance lease liability in accordance with IAS 17.

An annual finance costs is calculated by applying the implicit interest rate in the lease on the operating lease liability for the period, and is charged to "Finance Costs" within the Statemenf of Comprehensive Income. The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance costs and to repay the lease liability over the contract term. An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as a contingent rent and is expensed as incurred. In substance, this amount is a finance costs in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Lifecycle costs are maintenance costs spread over the term of the contract and form part of the operating expense.

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 shown in the table below:

	Min life	**Max life**
	Years	**Years**
Land	-	-
Buildings, excluding dwellings	15	80
Dwellings	30	45
Plant & machinery	5	15
Transport equipment	5	7
Information technology	3	5
Furniture & fittings	5	15

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 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from 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

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses 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 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.

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.

Useful lives 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 shown in the table below:

	Min life	Max life
	Years	Years
Software licences	3	5

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

Note 1.11 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 1.12 Financial assets and financial liabilities

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 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 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, i.e., when receipt or delivery of the goods or services is made.

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 or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at fair value through income and expenditure.

Financial liabilities classified as subsequently measured at fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

The Trust's loans and receivables comprise current investments, cash and cash equivalents, NHS receivables, accrued income and "other receivables".

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, 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).

The methods used to determine the expected credit losses for each class of financial asset is as follows:

- Payroll overpayment debtors - % of payroll overpayments written off in the previous 12 month period ending 31 March 2020.
- Other non NHS debtors - credit loss is calculated upon notification of potential dispute with the customer.

The Trust does not normally recognise expected credit losses in relation to other NHS bodies, but reflects the potential loss through a transaction price adjustment.

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.

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.

The Trust as a 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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the 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.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position 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.

The Trust as a 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 HM Treasury's discount rates effective for 31 March 2020:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

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 24.2 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 25 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 25, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

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.

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 and grant 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 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

The Trust has determined that there is no corporation tax liabilities

Note 1.19 Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

Note 1.20 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.21 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.

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 1.22 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 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

Other standards, amendments and interpretations

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2019-2020. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being deferred to 2021-2022, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRIC 23 Uncertainty over Income Tax Treatments – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 1.25 IFRS 16 Leases

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 (1.27%). The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. 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 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

Financial information reported to the Board is at a Trust-wide level, and not reported segmentally. Individual locality issues are reported on an exceptions basis.

Income from healthcare activities is included at note 3.1 Income from Patient Care Activities.

Income balances with a single external customer that amount to a material proportion of income are disclosed in note 31 to the accounts, Related Party Transactions.

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
Mental health services		
Block contract income	233,787	206,294
Clinical partnerships providing mandatory services (including S75 agreements)	1,383	1,383
Clinical income for the secondary commissioning of mandatory services	2,309	2,228
Other clinical income from mandatory services	5,555	9,206
All services		
Agenda for Change pay award central funding*	-	2,091
Additional pension contribution central funding**	7,402	-
Other clinical income	565	1,027
Total income from activities	**251,001**	**222,229**

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
Income from patient care activities received from:	**£000**	**£000**
NHS England	32,036	19,233
Clinical commissioning groups	212,463	193,727
Department of Health and Social Care	-	2,091
Other NHS providers	253	50
NHS other	1	-
Local authorities	5,613	4,604
Non NHS: other	635	2,524
Total income from activities	**251,001**	**222,229**
Of which:		
Related to continuing operations	251,001	222,229

Note 4 Other income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,149	-	**1,149**	992	-	**992**
Education and training	5,177	568	**5,745**	4,588	462	**5,050**
Non-patient care services to other bodies	153	-	**153**	557	-	**557**
Provider sustainability fund (PSF)	1,817	-	**1,817**	-	-	**-**
Financial recovery fund (FRF)	1,700	-	**1,700**	-	-	**-**
Sustainability and Transformation Fund Income (STF)	-	-	-	3,992	-	**3,992**
Rental revenue from operating leases	-	476	**476**	-	346	**346**
Other income	3,285	-	**3,285**	3,626	-	**3,626**
Total other operating income	**13,281**	**1,044**	**14,325**	**13,755**	**808**	**14,563**
Of which:						
Related to continuing operations			**14,325**			**14,563**

Note 5 Additional revenue information

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	278	556

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2020 £000	31 March 2019 £000
within one year	235	504
after one year, not later than five years	3	-
after five years	-	-
Total revenue allocated to remaining performance obligations	**238**	**504**

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 licence 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	237,097	209,906
Income from services not designated as commissioner requested services	13,904	12,323
Total	**251,001**	**222,229**

Note 5.4 Profits and losses on disposal of property, plant and equipment

The following assets held for sale were disposed during the year:

	2019/20	2018/19
Blomfield House	£000	£000
Sale Proceeds received	-	1,670
Net Book Value	-	(223)
Profit on disposal	-	1,447
Transit Van sale proceeds		
Sale Proceeds received	-	2
Net Book Value	-	-
Profit on disposal	-	2

There were no disposals or assets held for disposal in 2019-2020.

Note 6 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,542	1,845
Purchase of healthcare from non-NHS and non-DHSC bodies	20,241	17,799
Staff and executive directors costs	192,452	170,202
Remuneration of Non-Executive directors	152	136
Supplies and services - clinical (excluding drugs costs)	763	718
Supplies and services - general	6,985	6,706
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	2,687	2,560
Consultancy costs	343	736
Establishment	1,777	1,748
Premises	8,446	7,974
Transport (including patient travel)	3,150	2,629
Depreciation on property, plant and equipment	8,166	7,497
Amortisation on intangible assets	94	94
Net impairments	144	149
Movement in credit loss allowance: contract receivables / contract assets	(38)	111
Increase in other provisions	3,846	3,192
Audit fees payable to the external auditor	-	-
audit services- statutory audit	77	79
Internal audit costs	73	130
Clinical negligence	803	621
Legal fees	310	363
Insurance	338	234
Education and training	1,822	1,323
Rentals under operating leases	3,158	2,991
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,293	1,240
Car parking & security	79	208
Hospitality	23	26
Losses, ex gratia & special payments	217	152
Other services, eg external payroll	496	458
Other	582	320
Total	**260,021**	**232,241**
Of which:		
Related to continuing operations	260,021	232,241

Note 6.1 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1,000k (2018/19: £1,000k).

Note 7 Impairment of assets

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	144	149
Total net impairments charged to operating surplus / deficit	**144**	**149**
Impairments charged to the revaluation reserve	160	3,242
Total net impairments	**304**	**3,391**

Note 8 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	134,337	123,018
Social security costs	13,301	12,147
Apprenticeship levy	652	596
Employer's contributions to NHS pensions	16,914	15,707
Employer's contributions to NHS pensions funded by NHS England *	7,402	-
Pension cost - other	43	17
Temporary staff (including agency)	19,803	18,717
Total gross staff costs	**192,452**	**170,202**
Recoveries in respect of seconded staff	-	-
Total staff costs	**192,452**	**170,202**
Of which		
Costs capitalised as part of assets	-	-

* The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 8.1 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 £86k (£234k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 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 is 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 2017, 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 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. The employer contribution rate for 2019/20 is 20.6%.

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 judgment 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.

Note 10 Operating leases

Note 10.1 Norfolk and Suffolk NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Norfolk and Suffolk NHS Foundation Trust is the lessor.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	476	346
Total	**476**	**346**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	476	342
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	**476**	**342**

Note 10.2 Norfolk and Suffolk NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Norfolk and Suffolk NHS Foundation Trust is the lessee.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	3,158	2,991
Total	**3,158**	**2,991**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	2,907	2,271
- later than one year and not later than five years;	8,132	4,059
- later than five years.	3,714	3,919
Total	**14,753**	**10,249**

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2019/20	2018/19
	£000	£000
Interest on bank accounts	144	96
Total finance income	**144**	**96**

Note 12 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	356	324
Main finance costs on PFI and LIFT schemes obligations	258	269
Contingent finance costs on PFI and LIFT scheme obligations	334	312
Total interest expense	**948**	**905**
Unwinding of discount on provisions	-	-
Other finance costs	-	-
Total finance costs	**948**	**905**

Note 13 Other gains

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	-	1,449
Total gains on disposal of assets	**-**	**1,449**
Total other gains	**-**	**1,449**

Note 14 Intangible assets – 2019/20

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**1,041**	**1,041**
Valuation / gross cost at 31 March 2020	**1,041**	**1,041**
Amortisation at 1 April 2019 - brought forward	**916**	**916**
Provided during the year	94	**94**
Amortisation at 31 March 2020	**1,010**	**1,010**
Net book value at 31 March 2020	**31**	**31**
Net book value at 1 April 2019	**125**	**125**

Note 14.1 Intangible assets - 2018/19

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**1,041**	**1,041**
Valuation / gross cost at 31 March 2019	**1,041**	**1,041**
Amortisation at 1 April 2018	**822**	**822**
Provided during the year	94	**94**
Amortisation at 31 March 2019	**916**	**916**
Net book value at 31 March 2019	**125**	**125**
Net book value at 1 April 2018	**219**	**219**

Note 15 Property, plant and equipment

Note 15.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**11,444**	**105,575**	**3,985**	**9,806**	**5,312**	**288**	**16,980**	**7,453**	**160,843**
Additions	-	-	-	8,609	-	-	-	-	**8,609**
Impairments	(304)	-	-	-	-	-	-	-	**(304)**
Reclassifications	(160)	6,246	19	(11,486)	1,389	113	2,054	1,825	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	(1)	-	-	-	-	-		-	**(1)**
Valuation/gross cost at 31 March 2020	**10,979**	**111,821**	**4,004**	**6,929**	**6,701**	**401**	**19,034**	**9,278**	**169,147**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**8,995**	**581**	**-**	**3,584**	**288**	**11,086**	**2,998**	**27,532**
Provided during the year	-	4,686	99	-	334	8	2,309	731	**8,167**
Impairments	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	(119)	-	92	11	-	13	3	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	1	-	**1**
Accumulated depreciation at 31 March 2020	**-**	**13,562**	**680**	**92**	**3,929**	**296**	**13,409**	**3,732**	**35,700**
Net book value at 31 March 2020	**10,979**	**98,259**	**3,324**	**6,837**	**2,772**	**105**	**5,625**	**5,546**	**133,447**
Net book value at 1 April 2019	**11,444**	**96,580**	**3,404**	**9,806**	**1,728**	**-**	**5,894**	**4,455**	**133,311**

Note 15.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018	**11,444**	**94,309**	**3,985**	**8,340**	**5,097**	**325**	**14,787**	**6,554**	**144,841**
Additions	-	-	-	16,057	-	-	-	-	**16,057**
Impairments	-	(3,401)	-	-	(13)	-	(6)	(13)	**(3,433)**
Revaluations	-	3,415	-	-	-	-	-	-	**3,415**
Reclassifications	-	11,252	-	(14,591)	228	-	2,199	912	**-**
Transfers to / from assets held for sale	-	-	-	-	-	(37)	-	-	**(37)**
Valuation/gross cost at 31 March 2019	**11,444**	**105,575**	**3,985**	**9,806**	**5,312**	**288**	**16,980**	**7,453**	**160,843**
Accumulated depreciation at 1 April 2018	**-**	**4,538**	**492**	**-**	**3,374**	**325**	**8,917**	**2,469**	**20,115**
Provided during the year	-	4,486	89	-	215	-	2,174	533	**7,497**
Impairments	-	(29)	-	-	(5)	-	(5)	(4)	**(43)**
Transfers to / from assets held for sale	-	-	-	-	-	(37)	-	-	**(37)**
Accumulated depreciation at 31 March 2019	**-**	**8,995**	**581**	**-**	**3,584**	**288**	**11,086**	**2,998**	**27,532**
Net book value at 31 March 2019	**11,444**	**96,580**	**3,404**	**9,806**	**1,728**	**-**	**5,894**	**4,455**	**133,311**
Net book value at 1 April 2018	**11,444**	**89,771**	**3,493**	**8,340**	**1,723**	**-**	**5,870**	**4,085**	**124,726**

Note 15.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	10,979	97,423	3,324	6,837	2,772	105	5,625	5,546	**132,611**
On-SoFP PFI contracts and other service concession arrangements	-	836	-	-	-	-	-	-	**836**
NBV total at 31 March 2020	**10,979**	**98,259**	**3,324**	**6,837**	**2,772**	**105**	**5,625**	**5,546**	**133,447**

Note 15.4 Property, plant and equipment financing – 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	11,444	95,654	3,404	9,806	1,728	-	5,894	4,455	**132,385**
On-SoFP PFI contracts and other service concession arrangements	-	926	-	-	-	-	-	-	**926**
NBV total at 31 March 2019	**11,444**	**96,580**	**3,404**	**9,806**	**1,728**	**-**	**5,894**	**4,455**	**133,311**

Note 16 Revaluations of property, plant and equipment

Land and buildings were valued independently by Montague Evans LLP as at 31 March 2017 in line with the accounting policies. The valuation included positive and negative valuation movements. Revaluation losses were taken to the Revaluation Reserve to the extent there was a revaluation surplus. Any losses over and above the revaluation surplus were charged to the Statement of Comprehensive Income (SOCI).

Where the revaluation resulted in an increase in an asset's value, this increase was credited to the Revaluation Reserve unless it reversed a revaluation loss previously recognised in operating expenses, in which case it was credited initially to retained earnings and thereafter to the Revaluation Reserve. The prior year desktop review carried out by Montagu Evans LLP as at 31 March 2019 resulted in a £3,415k revaluation of Land and Buildings in use.

The desktop review carried out by Montagu Evans LLP as at 31 March 2020 showed a modest increase in valuation of Trust buildings totalling £244k which represents 0.04% of the net book value of Trust buildings. Given the uncertainties in the markets caused by the novel coronavirus COVID-19 global pandemic, the net book value of Trust buildings has not been uplifted, with one exception.

The upper plateau of Hellesdon Hospital had been previously earmarked for potential development and disposal in the 2018-2019 annual report. The Trust has increased the remaining useful economic life of the Hellesdon Hospital site to 4 years with effect from 1st April 2019, taking into account both the current uncertainty following the onset of the COVID-19 pandemic and the change in focus for the NHS in response to the virus. In addition, there is a net impairment charge to income and expenditure of £144k, a reversal of the revaluation reserve of £160k (making a net impairment of £304k - see note 7), a reclassification of current land in use at Hellesdon Hospital of £160k and a derecognition of £1k - resulting in a £465k reduction in Net Book Value of Land.

The Trust is the lessor of assets on operating leases. These leases are immaterial in value and relate to the renting of a small part of an owned asset (e.g. part of a building, space on a roof) and therefore this is not accounted for separately to the overall asset in terms of depreciation and impairments.

Note 17 Inventories

	31 March 2020	31 March 2019
	£000	£000
Drugs	114	83
Total inventories	**114**	**83**

Inventories recognised in expenses for the year were £2,687k (2018/19: £2,560k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

Note 18 Receivables

Note 18.1 Receivables

	31 March 2020	31 March 2019
	£000	£000
Current		
Contract receivables	8,709	9,424
Allowance for impaired contract receivables / assets	(125)	(191)
Prepayments (non-PFI)	1,517	1,376
VAT receivable	681	734
Other receivables	784	798
Total current receivables	**11,566**	**12,141**
Non-current		
Other receivables	579	-
Total non-current receivables	**579**	**-**
Of which receivable from NHS and DHSC group bodies:		
Current	7,015	8,223
Non-current	579	-

Other receivables as at 31 March 2020 includes the new £602k Clinician Pension Tax funding due from NHS England (£0k 2018/19), of which £579k is due over 1 year in line with when the clinical pension tax charges are due to arise.

Note 18.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**191**	**-**	**-**	**440**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	-	-	440	(440)
New allowances arising	46	-	157	-
Reversals of allowances	(84)	-	(46)	-
Utilisation of allowances (write offs)	(28)	-	(360)	-
Allowances as at 31 Mar 2020	**125**	**-**	**191**	**-**

Amounts written off in the year are still subject to enforcement activity, particularly where there is continued communication with the debtors.

Note 18.3 Exposure to credit risk

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Contracts Receivables	8,709	2,982	9,424	2,908
Allowances for credit losses	125		191	
% of Contract Receivables deemed to be at risk The levels of risk vary dependent on the types of receivables;	1.4%		2.0%	
NHS and Local Authorities receivables	8,500		8,121	
Allowance for credit losses	24		64	
% of Contract Receivables deemed to be at risk	0.3%		0.8%	
Non NHS receivables	209		1303	
Allowance for credit losses	101		127	
% of Contract Receivables deemed to be at risk	48.3%		9.7%	

The higher credit risk in Non NHS receivables is largely due to the difficulties that arise when trying to recover salary overpayments from staff who have left the employment of the Trust

Note 19 Non-current assets held for sale and assets in disposal groups

	2019/20	2018/19
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**0**	**224**
Assets sold in year	-	(224)
NBV of non-current assets for sale and assets in disposal groups at 31 March	**0**	**0**

Note 20 Cash and cash equivalent

Note 20.1 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	**13,627**	**14,640**
Net change in year	4,257	(1,013)
At 31 March	**17,884**	**13,627**
Broken down into:		
Cash at commercial banks and in hand	84	74
Cash with the Government Banking Service	17,800	13,553
Total cash and cash equivalents as in SoFP	**17,884**	**13,627**
Total cash and cash equivalents as in SoCF	**17,884**	**13,627**

Note 20.2 Third party assets held by the Trust

Norfolk and Suffolk NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2020	31 March 2019
	£000	£000
Bank balances	176	192
Total third party assets	**176**	**192**

Note 21 Payables

Note 21.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	3,495	3,807
Capital payables	3,393	2,992
Accruals	14,345	11,364
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
Social security costs	1,984	930
VAT payables	-	-
Other taxes payable	1,402	2,353
PDC dividend payable	52	-
Other payables	2,422	2,266
Total current trade and other payables	**27,093**	**23,712**
Of which payables from NHS and DHSC group bodies:		
Current	1,749	919
Non-current	-	-

Note 22 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	229	504
Lease incentives	44	47
Total other current liabilities	**273**	**551**
Non-current		
Deferred income: contract liabilities	3	6
Lease incentives	177	239
Total other non-current liabilities	**180**	**245**

Note 23 Borrowings

Note 23.1 Borrowings

	31 March 2020	31 March 2019
	£000	£000
Current		
Loans from DHSC	5,941	1,455
Obligations under PFI, LIFT or other service concession contracts	194	180
Total current borrowings	**6,135**	**1,635**
Non-current		
Loans from DHSC	6,886	12,791
Obligations under PFI, LIFT or other service concession contracts	3,003	3,195
Total non-current borrowings	**9,889**	**15,986**

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). The affected loans totalling £4,489k principal 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.

Note 23.2 Reconciliation of liabilities arising from financing activities – 2019/20

	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2019	**14,246**	**3,375**	**17,621**
Cash movements:			
Financing cash flows - payments and receipts of principal	(1,415)	(177)	**(1,592)**
Financing cash flows - payments of interest	(360)	(259)	**(619)**
Non-cash movements:			
Application of effective interest rate	356	258	**614**
Carrying value at 31 March 2020	**12,827**	**3,197**	**16,024**

Note 23.3 Reconciliation of liabilities arising from financing activities- 2018/19

	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2018	**10,055**	**3,539**	**13,594**
Cash movements:			
Financing cash flows - payments and receipts of principal	4,152	(165)	**3,987**
Financing cash flows - payments of interest	(327)	(268)	**(595)**
Non-cash movements:			
Impact of implementing IFRS 9 on 1 April 2018	42	-	**42**
Application of effective interest rate	324	269	**593**
Carrying value at 31 March 2019	**14,246**	**3,375**	**17,621**

Note 24 Provisions for liabilities and charge analysis

	Pensions: early departure costs	Pensions: injury benefits *	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	**1,189**	**1,924**	**592**	**10,813**	**14,518**
Transfers by absorption	**-**	**-**	**-**	**-**	**-**
Change in the discount rate	**-**	**-**	**-**	**-**	**-**
Arising during the year	**179**	**206**	**227**	**7,028**	**7,640**
Utilised during the year	(253)	(132)	(18)	(3,958)	**(4,361)**
Reclassified to liabilities held in disposal groups	**-**	**-**	**-**	**-**	**-**
Reversed unused	**-**	**-**	**-**	**(2,458)**	**(2,458)**
Unwinding of discount	**-**	**-**	**-**	**-**	**-**
At 31 March 2020	**1,115**	**1,998**	**801**	**11,425**	**15,339**
Expected timing of cash flows:					
- not later than one year;	253	133	801	**10,251**	**11,438**
- later than one year and not later than five years;	623	674	-	**57**	**1,354**
- later than five years.	239	1,191	-	**1,117**	**2,547**
Total	**1,115**	**1,998**	**801**	**11,425**	**15,339**

* In 2018/19 the analysis of provisions was revised to separately identify provisions for injury benefit liabilities. In previous periods, these provisions were included within Pensions:early departure costs.

The pension' provision relates to the NHS Pensions Agency in respect of early retirement award, payable to former employees of the Trust and is calculated using actuarial information on named individuals and is reviewed on a quarterly basis.

The value and expected timings of the injury benefit provisions are calculated by reference to information available at the balance sheet date, provided by the Trust's advisors. As new evidence comes to light, the value of the provision can change either up or down. Similarly, new evidence can affect the expected timings of cashflows.

The provision for legal claims relates to unresolved claims arising from tribunal hearings, equal pay claims, clinical negligence claims, and other legal matters.

Other provisions have been made for service redesign and other potential liabilities.

Note 24.1 Clinical negligence liabilities

At 31 March 2020, £5,015k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Norfolk and Suffolk NHS Foundation Trust (31 March 2019: £3,696k).

Note 25 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	13	60
Gross value of contingent liabilities	**13**	**60**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**13**	**60**
Net value of contingent assets	**-**	**-**

Note 26 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	2,708	3,672
Total	**2,708**	**3,672**

Note 27 Other financial commitments

The trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2020 £000	31 March 2019 £000
not later than 1 year	4,270	6,824
after 1 year and not later than 5 years	1,250	4,176
paid thereafter	-	-
Total	**5,520**	**11,000**

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has a 30 year contract that commenced on the 27 May 2002, under the Private Finance Initiative with GH Bury for the provision of a fully serviced Mental Health inpatient facility in Bury St.Edmunds. At the end of the contract the asset reverts to the Trust. Under IFRIC 12 the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and payments comprise two elements - imputed finance lease charges and service charges. The PFI contract has been calculated using the Department of Health approved template incorporating a 2.5% annual inflation uplift for future years. Past years' inflation is calculated to bring the annual unitary charge in line with the amount actually paid.

Note 28.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2020	31 March 2019
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**11,997**	**11,736**
Of which liabilities are due		
- not later than one year;	812	767
- later than one year and not later than five years;	3,588	3,300
- later than five years.	7,597	7,669
Finance charges allocated to future periods	(8,800)	(8,361)
Net PFI, LIFT or other service concession arrangement obligation	**3,197**	**3,375**
- not later than one year;	194	180
- later than one year and not later than five years;	938	870
- later than five years.	2,065	2,325

Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments 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, LIFT or other service concession arrangements	**32,584**	**31,894**
Of which payments are due:		
- not later than one year;	2,166	2,044
- later than one year and not later than five years;	9,573	8,807
- later than five years.	20,845	21,043

Note 28.3 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	**2,062**	**1,986**
Consisting of:		
- Interest charge	258	269
- Repayment of balance sheet obligation	177	165
- Service element and other charges to operating expenditure	1,293	1,240
- Contingent rent	334	312
Total amount paid to service concession operator	**2,062**	**1,986**

Note 29 Financial instruments

Note 29.1 Financial risk management

IAS 32, 39 and IFRS 7, Financial Instruments, 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.

The Trust is not exposed to significant financial risk factors arising from financial instruments. Because of the continuing service provider relationship that the Trust has with local Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities. 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.

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. The Trust's transactions are almost all undertaken in sterling and so it is not exposed to foreign exchange risk. It holds no significant investments other than short-term bank deposits. Other than cash balance, the Trust's financial assets and liabilities carry nil or fixed rates of interest and the Trust's income and operating cash-flows are substantially independent of changes in market interest rates.

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks as well as credit exposures to the Trust's commissioners and other debtors. The Trust's net operating costs are incurred largely under contracts with local CCGs, which are financed from resources voted annually by Parliament. As CCGs are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary. An analysis of the ageing of debtors and provision for impairment can be found at Note 18 "Trade and other receivables".

Liquidity risk is the possibility that the Trust might not have funds available to meet its commitments to make payments. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

Note 29.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2019 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	9,345	**9,345**
Other investments / financial assets	-	**-**
Cash and cash equivalents	17,884	**17,884**
Total at 31 March 2020	**27,229**	**27,229**

Carrying values of financial assets as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	10,031	**10,031**
Other investments / financial assets	-	**-**
Cash and cash equivalents	13,627	**13,627**
Total at 31 March 2019	**23,658**	**23,658**

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	12,827	**12,827**
Obligations under PFI, LIFT and other service concession contracts	3,197	**3,197**
Trade and other payables excluding non-financial liabilities	23,655	**23,655**
Total at 31 March 2020	**39,679**	**39,679**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	14,246	**14,246**
Obligations under PFI, LIFT and other service concession contracts	3,375	**3,375**
Trade and other payables excluding non-financial liabilities	20,429	**20,429**
Total at 31 March 2019	**38,050**	**38,050**

Note 29.4 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	26,887	22,063
In more than one year but not more than two years	3,958	1,610
In more than two years but not more than five years	4,107	4,924
In more than five years	4,727	9,453
Total	**39,679**	**38,050**

Note 30 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	2	0	1	1
Stores losses and damage to property	5	1	2	-
Total losses	**7**	**1**	**3**	**1**
Special payments				
Compensation under court order or legally binding arbitration award	7	36	9	29
Ex-gratia payments	30	10	13	1
Total special payments	**37**	**46**	**22**	**30**
Total losses and special payments	**44**	**47**	**25**	**31**
Compensation payments received		2		5

Note 31 Related parties

Norfolk and Suffolk NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust (2018/19 - £nil).

The Department of Health and Social Care is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

The Trust also had £13,325k of expenditure with NHS Professionals for temporary staff costs (2018/19 - £12,517k). In addition, the Trust had a significant number of material transactions with other Government bodies, namely Norfolk County Council and Suffolk County Council.

The Trust is the corporate trustee of the Norfolk and Suffolk NHS Foundation Trust Charitable Funds. The members of the Trust Board of Directors act on behalf of the Trust in its capacity as corporate trustee. During the year none of the Trustees or members of the key management staff or parties related to them has undertaken any material transactions with the Charitable Trust. On the grounds of materiality the Charitable Fund has not been consolidated.

Board Members (and other senior staff) take decisions both on Charity and Exchequer matters but endeavour to keep the interests of each discrete and do not seek to benefit personally from such decisions. Declarations of personal interest have been made in both capacities and are available to be inspected by the public.

	Receivables		Payables	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Department of Health and Social Care	-	-	-	65
NHS England	2,850	2,500	-	49
NHS Foundation Trusts	164	324	1,078	188
NHS Trusts	32	45	7	99
Clinical Commissioning Groups (CCGs)	3,326	11,232	344	10,494
Health Education England	69	118	6	-
Other NHS bodies	550	82	476	24
Local Government and other WGA bodies	2,166	1,850	6,386	4,812
Total	**9,157**	**16,151**	**8,297**	**15,731**

	Income		Expenditure	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Department of Health and Social Care	380	-	-	6
NHS England	27,993	2,500	-	2,500
NHS Foundation Trusts	1,386	1,159	2,187	2,120
NHS Trusts	320	220	126	664
Clinical Commissioning Groups (CCGs)	213,243	205,453	90	(1,611)
Health Education England	5,247	5,071	-	13
Other NHS bodies	476	395	1,631	1,312
Local Government and other WGA bodies	6,188	13,053	52,407	41,175
Total	**255,233**	**227,851**	**56,441**	**46,179**

Note 32 Events after the reporting date

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). 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 £4,489,000 (principal) as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

The impact of the COVID-19 pandemic was felt by trusts at the end of the 2019/20 financial year, with significant impact continuing into 2020/21. The Trust's response to COVID-19 has been articulated within the Annual Governance Statement (section 3). There have been no material post balance sheet impacts relating to the COVID-19 pandemic that required additional disclosure.

Patient Advice and Liaison Service (PALS)

NSFT PALS provides confidential advice, information and support, helping you to answer any questions you have about our services or about any health matters.

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If you would like this leaflet in large print, audio, Braille, alternative format or a different language, please contact PALS and we will do our best to help.

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