North East London NHS
NHS Foundation Trust

Annual report and Accounts
2019-20

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

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CHAIR'S STATEMENT

Welcome to our Annual Report for 2019/20. I want to start by saying what an eventful year it has been, culminating in our continued response to the global coronavirus pandemic and all the challenges that poses for us. I do not underestimate the sheer hard work, courage and commitment shown by colleagues across NELFT. I am extremely proud of you all and thankful to each and every person who is part of Team NELFT and I will say a little more about your magnificent response later.

Equally, it would be remiss of me not to mention the disappointment we all feel within the organisation at the outcome of our Care Quality Commission (CQC) inspection. This moved us back to a 'Requires Improvement' rating. The report led the Board to the conclusion that we must try to align more closely with external improvement expectations, but without losing the desire to innovate and deliver the most effective services for our communities. In the spirit of continuous learning and improvement, we have risen to the challenge and focused on implementing the key tasks from our CQC action plan. I am confident that if re-inspected now, even in the light of the new COVID-19 pressures, the CQC would be impressed with the progress we have made to ensure we always deliver the best possible care.

Over the past 12-18 months we have strengthened our staff engagement, working closely with our staff networks and Council of Governors to really create an environment in which our staff and those we care for can thrive. This is not only about our physical environments but also about our culture here at NELFT, which needs to be one of collective, just and compassionate leadership. We are embedding a team spirit that recognises and respects the value of every individual and every role. We have also promoted and reinforced the role of our Freedom to Speak Up Guardian service, making it accessible to all. We want to ensure our staff throughout NELFT feel safe and confident in raising their concerns. We will continue to build our networks and representation for our BAME, disabled and LGBT+ staff groups and will maintain an increased focus continuing our journey to be the very best in our approach to equality, diversity and inclusion.

The Board at NELFT has seen some considerable change over the past year. We saw the departure of our former chief executive, John Brouder, after a decade of service and leadership in the Trust. Barry Jenkins, our former executive director of finance, Bob Champion, former executive director of workforce and organisational development and Amanda Lewis, former non-executive director, have also moved on to pastures new and the Board is grateful for their contributions. We have also welcomed a new Non-Executive Director (NED), Sue Lees, who is a NED in common with Barking, Havering and Redbridge University Hospitals NHS Trust.

John created strong foundations and we continue to build on those by strengthening our senior leadership team, demonstrating visible leadership and role-modelling our values to the organisation and beyond. I am delighted that Oliver Shanley, our chief executive, has made a significant impact since joining in July 2019 and has supported me in developing a more cohesive and responsive Board. We have also focused on strengthening relationships with our Council of Governors and wider stakeholders in all the communities we serve. I thank all our stakeholders for their support, engagement and feedback in developing more integrated working and improved care pathways.

Despite the challenges posed by increasing demand for services and now with COVID-19, we have continued to perform very well in meeting our governance and financial targets. I am very proud that we achieve these consistently, year on year. Finances remain challenging both nationally and within our local systems and we know that funding will remain a priority for us in terms of the services we deliver going forward. We are grateful for the incremental funding received to support us through COVID-19 and anticipate more will be provided to assist with the separation works and increased surge capacity that the new national guidance for infection prevention and control requires.

Returning to these more immediate challenges of COVID-19 and the pressures this is putting on the whole NHS and care sector, I have been so impressed by the responsiveness and compassion of all our staff across NELFT in responding to this. Since the end of February we have had to operate in very different ways in terms of healthcare delivery. We have witnessed fantastic cross-directorate working and teamwork across our whole senior leadership team, and I am amazed and impressed by the bravery and dedication of our staff in responding so well for the most vulnerable in our communities.

We know that moving forward there will be a new normal. We will work together with partners in even more integrated and innovative ways, and we will continue to be the best in everything digital using technology and virtual working to open up new possibilities. We will respond to the clear expectations at a national and regional level to ensure we capture all of the learning and innovation we have put in place over the last few months. This will complement the work we had already been doing for the wider systems we operate in to be able to respond so well as a Trust.

Finally, I wish to say a heartfelt thank you to each and every one of my colleagues in NELFT, to our Board, Executive and our Council of Governors along with our partners across London, Essex and Kent for supporting us to deliver the best care by the best people.

Signed:

Joseph Fielder
Trust Chair
23 June 2020

CHIEF EXECUTIVE'S STATEMENT

I am delighted to be writing my first Chief Executive's Statement for the NELFT Annual Report 2019-20, having been in post since July 2019. As I am sure all other NHS trusts will recognise through their annual reports, 2019-20 has seen an increased shift towards collaborative working and integration in the health service. This is as a result of the publication of the NHS Long Term Plan that sets out expectations for the delivery of place based care focused on improved access, prevention and of course treatment. With this in mind, much of 2019-20 has been spent strengthening our partnerships across the three main health and care systems we work in.

We have been very active within the East London Health and Care Partnership (ELHCP), working with our acute and mental health partners in particular, as well as developing our relationship with our commissioners and local authority colleagues. We have been part of a new approach to commissioning and delivering child and adolescent mental health services (CAMHS) across ELHCP and further afield with the launch of the North East London CAMHS Collaborative. We continue to seek opportunities to collaborate with all partners including the newly developing Primary Care Networks. The importance of delivering high quality locality based services is paramount.

We have been actively engaging with partners across the Mid and South Essex Health and Care Partnership to ensure we are supporting the delivery of our joint priorities. We have been leading the admission avoidance work across the Partnership to ensure that people can be treated in the best place for them and to support any unnecessary pressures on our acute partner. The Better Care Together Thurrock Programme has been garnering national interest for the work we are doing with health and social care partners to improve the offer for local residents. We have also been working with our primary care colleagues in Thurrock to support the delivery of multi-disciplinary teams within GP practices, again to ensure that patients are able to see the right professional, in the right place and at the right time.

Although we provide a smaller range of services across the Kent and Medway Sustainability and Transformation Partnership, we are working in collaboration with our commissioners and other providers to ensure we are providing the best possible CAMHS and eating disorder services. We have inherited issues with regards to the waiting times for our Neurodevelopmental and Learning Disability Service and we have been working hard with our partners to address this and reduce the waits. We know there are families who are still on the waiting list and this is not a position we are comfortable with, which is why we are prioritising work in this area.

We were disappointed with the outcome of the Care Quality Commission (CQC) inspection last year which moved the Trust from an overall rating of 'Good' to 'Requires Improvement'. As I have said to our staff, no improvement journey is linear and this has been an opportunity to learn and improve as a Trust. We have been working hard to ensure the areas of concern are addressed. We are focused on embedding our culture of compassionate leadership across the Trust and now have a regular leadership engagement forum and briefing in place. Our adult acute mental health care pathway was an area of concern for the CQC and we have taken a number of actions to make improvements. These improvements have been well received by the CQC. We undertook a phased

opening of a new mental health inpatient ward to help manage demand and we are working with our partners in north east London to review the pathway to ensure patients are being supported in the right place at the right time.

As always, our focus on quality improvement continues and we are constantly looking for opportunities to improve the quality and standard of care we deliver. The majority of our staff across NELFT are aware of our Quality Improvement (QI) programme, with lots of staff trained at various levels to run formal QI projects as well as mentoring and supporting others to make improvements in their teams and services. We are also making improvements to the environments we deliver services from to ensure they are fit for purpose. We opened the new Jane Atkinson Health and Wellbeing Centre in Waltham Forest, which was designed with input from patients and staff. We also worked with Provide, our partner in Essex, to open Stapleford House in Chelmsford to provide a one stop shop for children with both mental health and physical health needs.

Staff engagement and the health and wellbeing of our staff remain priorities as evidence shows that staff who feel engaged deliver better outcomes for our patients. We continue to deliver a comprehensive programme of wellbeing activities across the Trust and review this regularly based on feedback from our staff. The NHS Staff Survey saw a response rate of 59% for NELFT and we have local action plans in place to deliver improvements identified by staff. The Board of Directors have also reviewed the responses and will focus on key priorities that will make a difference to the working lives of our staff. Our staff networks are also an important aspect of our staff engagement programme and they have all been very active in supporting staff and our approach to equality and diversity. This is something that is particularly important given our wonderfully diverse workforce. We need to continue to work hard to improve the experience for all our staff, and this includes ensuring that the leadership of the Trust reflects the diversity of our workforce. Recent events across the globe have emphasised that we must challenge discrimination, inequalities and racism. For the coming year I will ensure that we are relentless in ensuring that wherever these may be found to exist in NELFT, we address them and build an organisational culture that is based upon compassion, kindness and inclusion.

We continue our focus on recruiting the best people and have been developing a recruitment strategy in order to collate all the initiatives we have in place across the Trust, as well as the opportunities to work with local partners to support recruitment to our health and care systems.

Despite the challenges within the NHS and demands on services, we are operating with a strong financial position and good governance. This is thanks to our leadership teams and staff across the Trust in both clinical and non-clinical services.

Amidst all of the fantastic work that has taken place in 2019-20, I cannot close out this statement without making mention of the massive impact made by COVID-19 towards the end of the year. This looks set to continue well into 2020-21 but I remain extremely positive that we are in a strong position to cope with the challenges COVID-19 brings us as we all look to find our new normal. I have been amazed and humbled by the fantastic efforts made and the compassion shown by our staff in response to these unprecedented circumstances. Many of our services have made significant changes, sometimes over the course of a matter of days, to ensure they continue to deliver safe and effective care for the

communities we serve, and the adaptability and resolve shown by our staff has been nothing short of magnificent.

I would like to take this opportunity to thank all of my 6000 plus colleagues for their continued efforts to deliver the best care by the best people. I am constantly impressed by the work they do to improve the lives of the people we serve.

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

PERFORMANCE REPORT

North East London NHS Foundation Trust (NELFT) was formed in 2008 under the Health and Social Care (Community Health and Standards) Act 2003.

NELFT provides an extensive range of integrated community and mental health services for people living in the London Boroughs of Barking & Dagenham, Barnet, Havering, Redbridge and Waltham Forest and community health services for people living in the south west Essex areas of Basildon, Brentwood and Thurrock. We provide an emotional wellbeing mental health service for children and young people across the whole of Essex. We are the provider of all age eating disorder services and child and adolescent mental health services across Kent and Medway.

With an annual income of £418 million, we provide care and treatment for a population of circa 4.3 million. We employ approximately 6,000 staff who work across 210 bases in London, Essex, Kent and Medway.

The performance report includes an overview of the organisation, its purpose, key risks and performance during the year 2019-20, including an analysis of performance delivery. Full details in relation to performance can be found in the Quality Report which will be published later this year.

PERFORMANCE REPORT OVERVIEW

In last year's performance report we stated that we had acquired Kent and Medway emotional health and wellbeing services for young people and all age eating disorder services across the same localities. We continue to work with our partners to reduce waiting times and deliver a new and improved model of care for young people who require mental health support, as well as people who need to use our eating disorder services. Last year we also acquired paediatric therapy services in Barnet. As a large trust, both geographically and in terms of the array of services we provide, NELFT never underestimates the challenges our workforce faces in delivering the best possible care to the communities we serve.

NELFT has a large number of Key Performance Indicators (KPIs), Quality Indicators, CQUINs (Commissioning for Quality and Innovation framework indicators) and Targeted Information Requirements that we are contracted to report on a monthly and quarterly basis to commissioners and NHS England. A number of those KPIs have financial penalties set against them if we fail to meet the target. All indicators are monitored internally through the governance cycle and signed off in this process before being reported externally. We have flex and freeze in place to allow for data to be refreshed before re-submission; for any targets that are missed, we report by exception and put action plans in place. For Quarter 4 2019/20, we reported over 75% compliance for all of those KPIs across all contracts. 15% of indicators that missed KPI targets in year were just outside the tolerance, and the remaining 10% did not result in financial penalties. However, remedial action plans were put in place with a review on data processes and data quality. We also have many non-contractual indicators that we monitor, setting ourselves high standards to ensure people come first in the services we provide.

The financial and performance challenges each year continue to prove that our contracted agreements require every bit of our experience and resource to deliver. As well as delivering on our contractual targets, our focus through the year was on continuing to drive up the quality of what we do. We were able to deliver all of our contractual obligations with all of our commissioners within the financial envelope that we had planned for the year.

NELFT was inspected by the CQC in the past year, with the report being published in September 2019. The Trust received an overall rating of 'Requires Improvement', which represented a fall from the rating of 'Good' received after the previous inspection. The report noted that the CQC had found NELFT to be an organisation of great contrast. Whilst areas for improvement were identified, the CQC inspected some services they found to be outstanding and that were going the extra mile to meet the needs of every patient. On the other hand, services for adults who needed acute inpatient mental health treatment were under extreme pressure and this was impacting on the safety and quality of patient care. In addition, whilst the Trust had achieved positive Staff Survey results, there were some pockets of unhappy staff who did not feel adequately engaged. In response to the report, NELFT has developed an extensive action plan to address all of the areas identified for improvement and progress against this is being monitored by the Quality & Safety Committee. Further details on the 2019 inspection can be found in the Directors' Report.

NELFT services consistently perform to the very best benchmarks. We publish chosen indicators on the NELFT website quarterly, which are measured against both local trusts and nationally. Our patient feedback via Friends and Family tests have returned in our latest responses that only 0.013% would not recommend our services. Our staff's response rate to the Staff Survey remained high, at 59%. This ranks amongst the highest returns nationally and places NELFT in the top 10% of response rates for the second successive year. The vast majority of responses to the questions showed either a positive shift from the previous year, or that they remained the same. The results and recommendations have been disseminated across the organisation and locality leadership teams are already working on action plans to both celebrate the success and prioritise areas for further development. Whilst we should always acknowledge that we have more work to do, this is consistent objective evidence that NELFT is an organisation on a positive trajectory. Most critically, NELFT is delivering this performance within a market in which the average performance indicators for comparable organisations are declining.

Our investment of time and commitment to our Quality Improvement (QI) programme continues to motivate a major cohort of our workforce and generates interest across the Trust. The Quality Improvement team have launched a new website, https://www.nelft.nhs.uk/quality-improvement-home, where you can find out more about NELFT's QI journey, training and resources. It is an embedded characteristic of the organisation and its culture, with a large number of QI projects being delivered by our staff.

The success of NELFT continues whilst supporting the NHS Ten Year Plan. We are involved in the North East London Sustainability and Transformation Plan (STP) and one of the leading organisations within the Barking, Havering & Redbridge Provider Alliance, jointly with our acute partner BHRUT (Barking, Havering & Redbridge University Hospitals NHS Trust) and the GP Federations. The focus of the Provider Alliance has been on developing the frailty pathway to improve outcomes for patients, supporting Care City, our innovative partner, in the roll out of the new Atrial Fibrillation Pathway as well looking at ways for both health and social care providers across Clinical Commissioning Groups to provide more

integrated care in the community. Across Essex, we are linked in with the Mid and South Essex STP, supporting the work to relieve pressure on the acute care providers and looking at how we can support the provision of more care in the community.

Areas of particular interest include our Thurrock First pathway, which aims to provide a joint approach towards social care, health and mental health pathways by joining three providers with a single point of access to direct the calls to the appropriate area of response. We continue with mandatory training and our unique professional training programmes, our approach to agile working, our support to care homes and our use of technology to support young people in monitoring their improvement whilst in our care.

It is equally important that we find new ways to deliver care closer to home on the basis of patients' preferences, care complexities and the ability for staff to agile work. We anticipate this approach will continue to evolve as a successful model of care and we will seek to develop this further into the future consistent with the approach described in the Five Year Forward View.

Our financial challenge was always expected to be high and, despite this proving to be the case, we have operated in accordance with our plans. The Trust met its control total for 2019/20 and total income for the year was £418m. All aspects of our financial performance remained within expected margins.

Quality performance metrics within the CQC framework and other governance considerations that contribute to our Single Operating Framework (SOF) were also delivered on plan. The SOF serves as the official rating framework for our regulator NHS Improvement, and segmented NELFT as a '1'. This segmentation denotes an organisation without need of official support from the centre and therefore one of the higher performers.

Once again NELFT has been included in a number of publications citing our services as areas of best practice. We continue to focus on innovation and new ways of working to deliver national policy, such as the NHS Ten Year Plan. Our workforce initiatives to reduce our dependence on buildings and offices and optimise the money we spend on clinical services have made great progress. We have a growing number of around 6000 staff who are working in line with our successful agile agenda, with devices rolled out to support this innovation across the organisation.

Recruitment and retention of staff continues to be one of the biggest challenges faced by the organisation. This is reflected in the wider public service market nationally over the last year. Our performance indicators have deteriorated and our agency spend continues to be above the cap set by our regulators.

Work on health and wellbeing is also paying dividends and we have seen a consistent decline in sickness rates across the organisation. We have invested significantly in the health and wellbeing of our workforce and we are actively encouraging a healthy work/life balance through our agile and flexible agenda. This has been recognised in the engagement of our staff with the NHS Staff Survey and the uptake of activities across the Trust such as Staff Health and Wellbeing Week, local wellbeing activities and more opportunities for staff to connect with local leadership teams. We know that having an engaged, healthy workforce who feel valued is key to the delivery of high quality patient care and improves outcomes for patients.

The Trust Board approved the development of a Sustainability and Environmental Management Policy. Along with the Sustainability Development Management Plan (SDMP), this enables the Trust to focus and embed the sustainability agenda across its activities and assist the NHS in meeting its carbon reduction target in line with the NHS Carbon Reduction Strategy. The Policy has been reviewed and is being updated to reflect the Trust's progress and future sustainability plans.

The full account of our financial performance and all other accountability measurements are reported in detail within the body of this document, with a guide to location in the contents table.

COVID-19

In recent months NELFT has, along with the whole of the NHS, faced an unprecedented challenge in responding to the emergence of the COVID-19 pandemic. The Trust continues to actively contribute to this response in London, Essex and Kent, with many of our services having made significant changes to ensure they are delivered safely for patients and for our staff. The adaptability and resolve shown by our staff in the most challenging of circumstances has been nothing short of magnificent.

In response to the crisis, we have four wards open in Brentwood Community Hospital, offering in excess of 100 beds. These are managed by NELFT and supported in part by staff from a number of other organisations in the STP, working in accordance with NELFT's policies and procedures. We also have over 90 beds open in Goodmayes, supported by a discharge lounge, with some staff redeployed from other services that have been partially closed or reduced to support the crisis.

The absence rates arising from COVID-19 have now reduced. During its peak at the end of March, we reported that 749 staff were absent due to COVID-19, and the data at mid-May suggests that staff absences had halved. We have witnessed a similar reduction in the numbers of those staff who are reporting as positive for the disease, and continue to encourage staff to be tested. We have also introduced a risk assessment for all front line staff who may be at increased risk of infection. This initiative was undertaken in consultation with our Ethnic Minority Network, to increase the protection for Black and Minority Ethnic (BAME) staff, who may be disproportionately affected by the impact of COVID-19.

The Trust has established a dedicated well-being team to support staff during this uncertain period. The team provides a number of offers to staff including undertaking well-being checks with those staff off sick due to COVID-19 symptoms/diagnosis, acting as an advisory service for staff and line managers, and providing a well-being/pastoral resource on the ground to colleagues where required.

After some initial challenges at a national level associated with supply, NELFT now has a robust system for the receipt and distribution of Personal Protective Equipment (PPE). The Trust is now in receipt of daily deliveries of PPE and has a dedicated team of drivers who make daily deliveries to the areas where PPE is needed. We continue to have enough stocks and supplies of essential PPE to fulfil all orders.

Staff have access to swabbing centres locally, both for those with symptoms and those who are asymptomatic but are considered at risk. Our staff have been delivering these services

via a drive-through located at Phoenix House, Basildon, for all key workers and for NHS staff via a domiciliary service in North East London. The drive-through service has also been operating at weekends and bank holidays to maximise capacity, and enhance the turnaround of results.

NELFT has established a recovery group, which will focus on the Trust's response to phase two of the COVID-19 outbreak, working with external partners to establish the new normal for delivery of community and mental health services within the local health economies. The group will comprise of a number of subgroups which will aim to capture the learning from the incident and build on the good practice that has developed. The group will also consider the health and well-being needs of staff going forwards, to ensure that longer term support is offered to those that have been affected by COVID-19.

NHS Improvement's Single Oversight Framework

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

- Quality of care;
- Finance and use of resources;
- Operational performance;
- Strategic change; and
- 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. There were no breaches or suspected breaches of the Trust's licence in 2019/20.

Segmentation

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 provide an overall score. Given that finance and use of resources is only one of the five themes feeding into the SOF, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

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

Equality & Diversity Reporting

The Equality, Diversity and Inclusion (EDI) team sits under the Executive Director of Workforce and Organisational Development. The team consists of three WTE (whole time equivalent) staff, who operate across the organisation to ensure compliance with and implementation of key frameworks. The team takes pride in challenging themselves to ensure that equality, diversity and inclusion is central to everything that the team does, ensuring engagement and accountability.

Colleagues across the organisation are able to contact the EDI team directly if they have any concerns. The team support colleagues who are going through employee relation cases, seeking general advice on what their rights are as an employee, returning to work after an episode of sickness, or having any other equality-related issues. The EDI team also works closely with the Freedom to Speak Up Guardian service.

The team gives assurance to the Board based on the following frameworks:

- The Equality Act 2010;
- Human Rights Act;
- Workforce Race Equality Standard;
- Gender Pay Gap;
- Accessible Information Standards;
- Equality Delivery System2 (EDS2);
- Sexual Orientation Monitoring Standards;

- Disability Confident Standards; and
- Workforce Disability Equality Standard.

External Recognition

The Head of EDI was shortlisted as the EDI Manager of the year, by the Employer's Network for Equality and Inclusion.

The NHS Workforce Race Equality Standard (WRES) National Team published the NELFT Ethnic Minority Staff Network Journey, which was launched at the Trust's Ethnic Minority Network Conference in November 2019.

The Team has achieved the Disability Confident Employer Level 2, and is working towards achieving Level 3.

Legislative Reporting

The Trust is compliant with patient, community and staff profiles. Profiles are monitored via a governance structure and a robust process is in place for carrying out equality impact assessments for service delivery, service changes, policies (both new and those being reviewed), newly commissioned services and services being decommissioned. The equality impact assessments measure the impact of these on staff and service delivery.

The Team has reported on the Trust's position relating to the Gender Pay Gap, Workforce Race Equality Standard and the Workforce Disability Equality Standard.

Events

Events put on and participated in by the EDI team this year have included the Ethnic Minority Network Conference, International Women's Day, Disability Awareness (Neurodiversity) and London Pride.

EDI Awareness Sessions

The EDI team have arranged a number of awareness sessions in 2019/20 relating to: menopause, pregnancy and maternity, dementia, prostate cancer, food as medicine/nutritional support, neurodiversity at work, mental health awareness, health of LGBT groups, period stigma and poverty. The EDI team produce guidance on all of the above to support staff at work.

Patient Engagement

The EDI team have attended a number of Patient Participation meetings. The team have been working with the Patient Experience Team to ensure that the questionnaires used now capture diversity data for the patients.

A Task and Finish Group was set up to improve access to interpreting and translation services using different formats, for example, telephone and video-interpreting, in particular to address the needs of services in Kent and Essex.

Employee Engagement

The following staff networks are in place: Disability, Ethnic Minority, LGBT+, WoMen's, Dyslexia and the Hearing Impairment Group. Highlights of their work include:

- The launch of the LGBT+ Allies Scheme: there are currently over 100 members of staff signed up as LGBT+ Allies, who will play a key role in developing the LGBT+ strategy and supporting the Trust to get into the top 100 Stonewall index;

- Members of the EMN Network recently completed the first cohort of Reverse Mentoring with the Board and Executive Management Team and an evaluation report will be presented to the Board;

- In addition to this, the Network has now rolled out the inclusion of an EMN representative at all interviews for positions at Band 7 and above. The Disability Network is now overseeing the fourth cohort of staff completing the Calibre Training;

- Disability Awareness training has been delivered for Champions;

- A Texthelp 'Train the Trainer' programme has been undertaken by Champions so that they can support staff in using Texthelp to support them at work;

- A draft Disability Staff Network Strategy has been approved and will be launched in 2020; and

- The Ethnic Minority Network and the Disability Staff Network are exploring succession planning for developing a pool of internal talent as potential successors to key current staff.

Training and Development

The EDI team have been successful in securing funding for a specialist training programme to deliver the following sessions:

- Transgender Awareness Training (Supporting Transgender Reassignment At Work Policy);

- LGBT & End of Life care for LGBT+ communities (LGBT Draft Strategy);

- Working with Roma communities;

- Working with African communities;

- Working with South Asian communities;

- Human Rights Awareness (Based on the Human Rights Policy);

- Best practice for working with Interpreters (Working With Interpreters Policy and Procedures);

- Mentoring and shadowing opportunities to support black and ethnic minority colleagues and those with a disability to progress to senior positions;

- Calibre training (a leadership, empowerment and career development training package for staff with a disability, currently in its fifth year); and

- Funding approved for Leadership and Management training for BAME staff at bands 4, 5 and 6.

Partnership and Sharing Good Practices

The EDI team has been able to share good practice on the development of the Staff Networks at NELFT at a national level and have been key speakers at two national conferences. The EDI team, in partnership with the EDI Lead at Barking, Havering and Redbridge University Hospitals NHS Trust, were successful in being awarded monies to deliver improvements on one of the WRES metrics across the two organisations.

The EDI team has been working in partnership with Jobcentre Plus and Waltham Forest Council to train and provide work placement opportunities for people with disabilities. The ultimate aim of the scheme is to give people the necessary skills and confidence to secure jobs in NELFT,

Challenges for the team

The challenges facing the EDI team still stand as from last year:

- Lack of compliance with diversity monitoring for patients in respect of religion, disability, sexual orientation and transgender reassignment;

- Increased demand on the EDI team to support staff across a diverse spectrum and via Staff Networks;

- Lack of manpower resources to cover various aspects of equality for staff and patient engagement;

- The complexities of engaging with patients and the public presented by the geographical areas covered by NELFT; and

- Lack of funding to support the Staff Networks.

Key objectives for 2020/21

The key objectives for the EDI team in 2020/21 are:

1. To implement a Trust-wide Equality, Diversity and Inclusion Strategy;

2. To support the NELFT Staff Networks to develop and implement their strategies;

3. The implementation of equality measures relating to the Gender and Ethnicity Pay Gaps;
4. Launching the Disability Staff Network Strategy and the Employee Health Passport;
5. Working towards achieving Level 3 of the Disability Confident Leader programme;
6. Improving diversity monitoring for patients;
7. Providing development and training opportunities for EMN Ambassadors;
8. Reviewing the EMN Strategy in 2020; and
9. The development of a Faith Forum and a Mental Health Forum for staff.

Additional information can be found using the link below:

https://www.nelft.nhs.uk/about-us-equality-and-diversity

Signed (on behalf of the Board of Directors):

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

ACCOUNTABILITY REPORT

Trust Strategy

Our refreshed Strategy highlights the key challenges faced by the Trust and our approach to addressing these challenges over the coming years.

We still want to deliver on our role as thought leader, partner, innovator and integrator, as set out in our Strategy. Our staff and our partners are key players in enabling us to achieve this.

Our Aims

- Over the next five years we will ensure our CQC rating is 'Good' and move towards 'Outstanding' across the five CQC domains.

- We want NELFT to be the NHS employer of choice and will achieve this by engaging with and developing our people.

- We will make best use of our resources and grow our financial turnover, in line with our commercial framework.

Our Strategic Objectives

i. Sustainability and Transformation Partnerships and Integration

We will lead and support integrated working and care delivery across the three main Sustainability and Transformation Partnership footprints we work within (East London Health and Care Partnership; Mid and South Essex Sustainability and Transformation Partnership; and Transforming Health and Social Care in Kent and Medway).

ii. Best Care

We will focus on integrating physical and mental health with a focus on patient centred outcomes. We will look to standardise care and reduce variation across our services so we are delivering the best care consistently to patients no matter which local community they are part of.

iii. Best People

We will focus on developing our leadership competency and capacity across the Trust ensuring we have staff with a range of skills and experience to deliver the Best Care.

iv. Finance

We will maintain a strong governance rating and a sustainable turnover. We will use our commercial framework, business intelligence system and our estates rationalisation programme to enable the delivery of our Strategy.

v. Identity

We will ensure our staff and partners are able to identify with NELFT and tell our story. We will actively seek feedback from staff, patients and partners in order to understand what people think about the Trust and use that feedback to make improvements.

NELFT at a Glance

Our Vision

NELFT will actively shape, develop and deliver integrated, locality based care for the populations we serve.

Our Purpose

To improve the health and wellbeing of the populations we serve.

Our Mission

To deliver the Best Care by the Best People.

Our Values

- **P**eople first
- **P**rioritising quality
- **P**rogressive, innovative and continually improving
- **P**rofessional and honest
- **P**romoting what is possible – independence, opportunity and choice

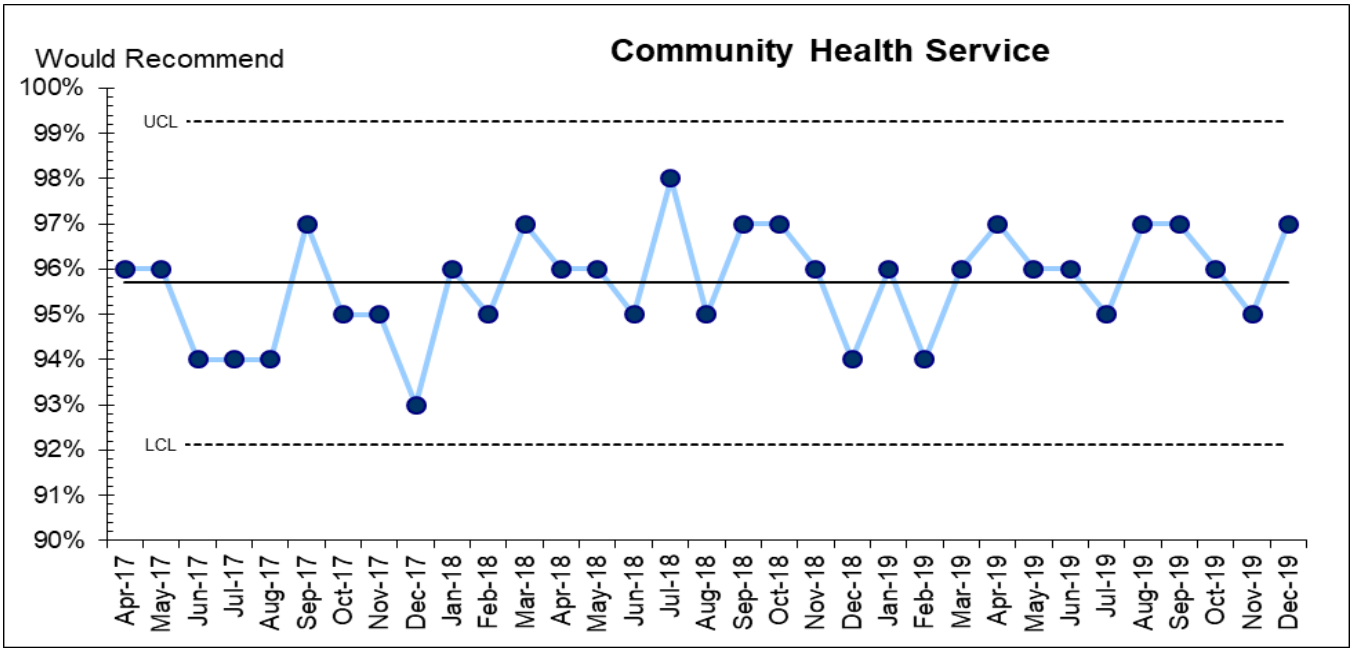
NELFT employs approximately 6000 staff across 210 sites (including bank and agency staff), serving a population of 4.3m.

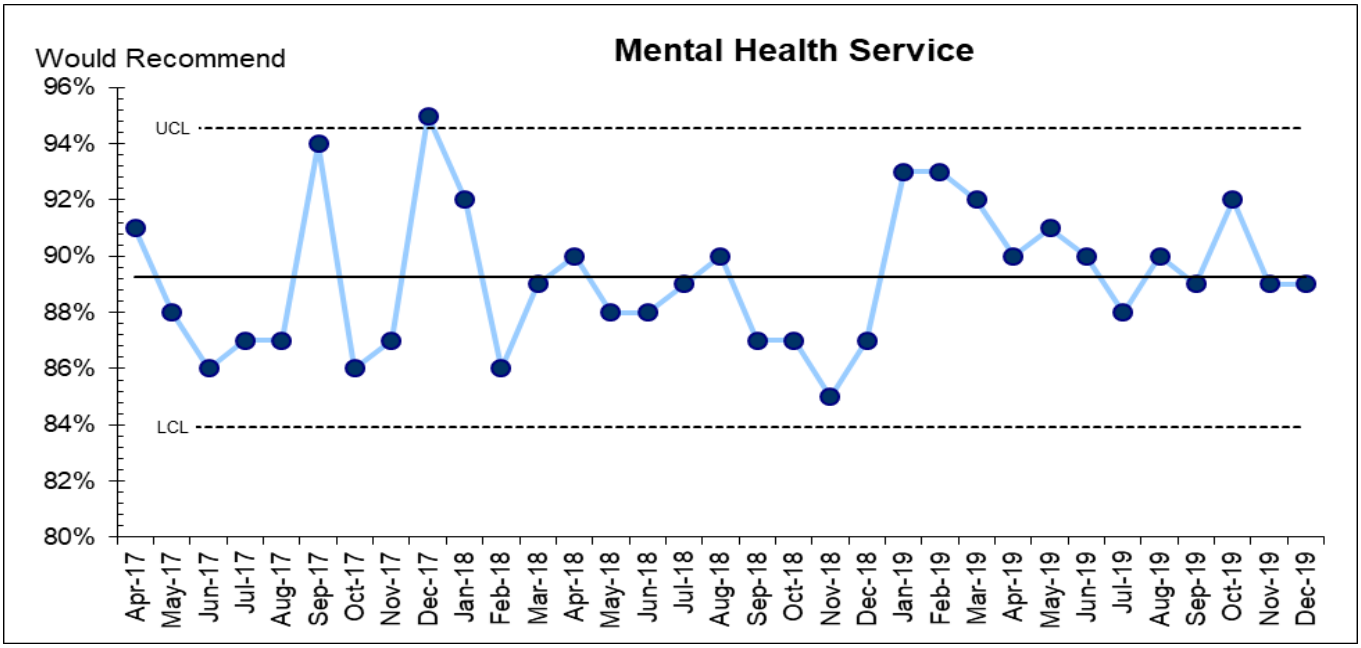
CQC Rating – Requires Improvement
Friends & Family Test – 93% would recommend us to family and friends
Complaints – 393
Compliments – 5617

Financial Metric – 1 (1 being ‘best’ and 4 being ‘worst’)
Turnover – £418m

Patient Experience

Our Friends and Family Test shows that on average 96% of respondents would recommend our community services and 89% would recommend our mental health services to their family and friends.





Awards and Recognition

NELFT staff, teams and services continue to lead the way nationally and we are delighted to acknowledge some of the great successes we have experienced this year, as follows:

UNICEF Stage One

Our Waltham Forest Infant Feeding Team achieved UNICEF Stage One Accreditation.

Nigerian Healthcare Professionals Award

Labake Elizabeth Akintunde, a community Mental Health Nurse in our Redbridge service, won the Outstanding Contribution Award at the Nigerian Healthcare Professionals Awards.

IPC Special Award

Heather Edridge, a CBT Psychotherapist in our Essex Wellbeing and Mental Health Service (EWMHS) achieved the IPC Special Award at the IPC Link Practitioners Conference.

Outstanding Team of the Year Award

NELFT's Older Adults Health and Wellbeing service in Essex won the Outstanding Team of The Year Award at the Zenith Global Healthcare Awards.

Met Black Police Association Award

One of our Non-Executive Directors, Sultan Taylor, attended the 25th Anniversary celebrations of the Met Black Police Association at the House of Commons and received a Met Black Police Association Award.

Forensic National Stancards

Morris Ward, our low-secure forensic ward, ranked first in the Forensic National Standards.

Dora Roylance Prize

Hasna Banu, a Waltham Forest Health Visitor, was awarded the Dora Roylance Prize by The Queen's Nursing Institute (QNI).

Innovation in Chronic Wound Care

Our Pressure Ulcer Prevention Group won the Innovation in Chronic Wound Care Award for their delivery of this service to local people at the Nursing Times Awards.

Outstanding Dementia Care Innovation

The Redbridge Older Adults Mental Health Team won the Outstanding Dementia Care Innovation at the 10th National Dementia Care Awards 2019.

Gold - Apprentice of the Year

Patrick Onyema, a trainee Nursing Associate in NELFT's Dementia Crisis Support Team in Essex, was awarded Gold in the Apprentice of the Year category at the prestigious Our Health Heroes awards.

Silver - Employer Recognition Scheme Award

The Trust was awarded the silver Employer Recognition Scheme award (ERS) in recognition for their support and commitment to the Armed Forces.

Woman of the Year

Sue Lees, one of our Non-Executive Directors, was named Woman of the Year in the Women in IT Excellence Awards.

Memory Service National Accreditation

Both our Barking & Dagenham Memory Service and our Waltham Forest Memory Service were awarded the Memory Service National Accreditation Programme (MSNAP) Accreditation for the third time by the Royal College of Psychiatrists.

British Empire Medal for services to nursing

Liz Alderton, a Community Nurse Team Lead and Specialist Community Practice Teacher in Havering, received the British Empire Medal for services to nursing in the Queen's New Year Honours List.

DIRECTORS' REPORT

The general duty of the Board of Directors, its composition and the director appointment process and disqualification criteria are all outlined within the main body of the Trust's Constitution. Furthermore, Annex 5 contains the Standing Orders for the practice and procedure of the Board of Directors: https://www.nelft.nhs.uk/about-us-publications.

In line with this document, the general duty of the Board of Directors is to act with a view to promoting the success of the Trust so as to maximise the benefits for the members of the Trust as a whole and for the public.

More specifically, the Board of Directors is collectively responsible for:

- Setting the strategic direction of the organisation – ensuring there are clear strategic objectives in place and overseeing their delivery;
- Monitoring performance of the NHS Foundation Trust;
- Promoting and upholding the Trust's mission, vision and values; and
- Ensuring the Trust has sound systems of good governance and is compliant with its Constitution and Standing Orders, Provider Licence and any other statutory and regulatory requirements.

Composition of the Board of Directors

Joseph Fielder, Trust Chair and Non-Executive Director

Joe joined the trust as a Non-Executive Director (NED) in April 2013. He has a number of years' experience at board level within British Telecom (BT) having served on both their south west and south east regional boards for many years. Joe was previously the Sales Director for BT Fleet Ltd, a wholly owned subsidiary of BT Plc, before taking up his role as Chair.

He has a track record of delivering transformational change programmes for cost improvement and in driving business growth in a variety of senior sales, marketing and operational roles. He worked previously in the international market with the Danish Great Nordic Group and was Deputy MD of their UK business. As a NED he has served on our Quality & Safety, Performance and Audit & Risk Committees.

Joe has also been appointed as Chair of Barking, Havering and Redbridge University Hospitals NHS Trust. This is independent of his role as Chair of NELFT.

Sultan Taylor, Vice Chair and Independent Non-Executive Director

Sultan joined the trust as a NED in April 2017. He worked for the Metropolitan Police for 33 years; his latest role was as the Borough Commander of Barking and Dagenham. He was the Operational Commander of the Safer Transport Command and was responsible for the safe transport of the public, athletes and dignitaries during the 2012 London

Olympics. Sultan has a track record of delivering improved performance through partnerships and community engagement while increasing public confidence.

He has a number of years of experience as a board member at several strategic partnership boards such as the Health and Wellbeing, Community Safety, and Local Strategic Partnership. Away from NELFT, Sultan is an active tennis coach and has an MBA and BSC (Hons).

Mark Friend, Senior Independent Director and Independent Non-Executive Director

Mark runs BBC digital services and music output across digital radio, desktop, TV and mobile platforms. Mark has many years of experience at board level across the BBC and previously ran the BBC's strategy function where he led the BBC Charter Review negotiations with Government, developed new digital services and implemented new BBC governance structures.

Liz Delauney, Independent Non-Executive Director

Liz Delauney is a resourceful leader with a track record of delivering complex change within challenging environments across health and social care services.

She has 39 years of experience working in the NHS, with 22 years at a managerial level - including 10 years as a Director with a varied remit including Director of Nursing of Provider Services, Human Resources and Corporate Services. Liz has significant experience in strategic planning, workforce and service redesign, clinical and corporate governance and the management of community and primary care services, as well as clinical, managerial, academic and consultancy experience.

Amanda Lewis, Independent Non-Executive Director*

Amanda is a professional senior executive operating at board level in both the public and private sectors. Amanda has a track record of leading businesses through critical transformational change programmes and brings a wealth of experience of leading teams advising on the implementation of ICT and outsourcing projects.

As well as being a Partner at Dentons LLP since 2009, Amanda has also been a Non-Executive Director for the Ben Uri Museum and Art Gallery based in St John's Wood since 2013. She qualified as a lawyer at London University and joined the Effective NED programme run by the Financial Times.

** Amanda left her position as Non-Executive Director on 31 March 2020*

Dave Bowen, Independent Non-Executive Director

Dave was appointed as a Non-Executive Director in 2018. He has held a number of senior positions at British Telecoms (BT), including spending five

and a half years as Managing Director of BT Fleet Ltd. He is currently the Director of Contract Management at BT Business and Public Sector.

Sue Lees, Independent Non-Executive Director

Sue is a Non-Executive Director in Common for NELFT and Barking Havering & Redbridge University Hospitals NHS Trust (BHRUT).

Sue is a qualified chartered accountant with more than 30 years' experience in both the private and public sectors, including periods working within the NHS and local government. She has led large capital programmes, including the delivery of a number of new healthcare facilities within Barking, Dagenham, Havering and Brentwood.

Sue is currently the Chief Executive of Elevate East London, providing IT, financial and customer services to local government. She has expertise in transformation of services, capital delivery, cost reduction and leading disparate teams. Sue is also a Trustee of Studio 3 Arts, a locally based arts charity.

Professor Oliver Shanley OBE, Chief Executive

Oliver joined NELFT as Interim Chief Executive* in July 2019. He joined the Trust from his role as Regional Chief Nurse for NHS England and NHS Improvement, a role he had held since 2016. As Chief Nurse for London, Oliver was responsible for a number of key areas including quality and safety, safeguarding, workforce and professional leadership. Previously Oliver was Deputy Chief Executive and Chief Nurse at Hertfordshire Partnership University NHS Foundation Trust (HPFT) for seven years.

Oliver has worked in Mental Health Services since 1987, qualifying as a Mental Health Nurse in 1990. He has worked clinically in a variety of mental health settings, predominately in Forensic services. After working at all clinical nursing grades from Staff Nurse to Senior Nurse Specialist, he commenced work in management. He has worked at Executive Nurse level since 2003. He sits on several national committees and chairs the independent investigations committee for mental health homicides.

Oliver attained a Doctorate at Kings College London in 2012 and was appointed a Visiting Professor at the University of Hertfordshire in 2014.

In the 2016 New Year's Honours List, Oliver was awarded an OBE for services to Mental Health and Learning Disabilities Nursing.

** Post year end, Oliver was appointed Chief Executive on a fixed term contract*

Caroline Allum, Executive Medical Director

Caroline is the Executive Medical Director and Trust Caldicott Guardian at NELFT. She is also a Consultant Radiologist.

Caroline joined NELFT in April 2016 from Hertfordshire Community NHS Trust where she was Medical Director from November 2013 to March 2016. She previously held leadership roles at Whittington Health.

Caroline's portfolio includes providing professional leadership for medical staff, Quality Improvement, clinical audit, research and development, acting as Responsible Officer, pharmacy, medical education, medical advisor to the Board and Caldicott Guardian.

Stephanie Dawe, Chief Nurse and Executive Director of Integrated Care (Essex and Kent)

Stephanie is an energetic leader with a real passion for improving the health and wellbeing of local communities. Her belief in and commitment to, working in partnership with users, carers and staff to deliver meaningful change is embodied in her approach.

She is driven by the desire to deliver high quality services and is described by others as "inspiring, honest and determined".

Stephanie has a proven track record in developing and sustaining executive level strategic partnerships across health, social care and the third and commercial sectors. She is a confident and compassionate leader who is enthusiastic and motivated by a set of key values and principles.

Stephanie has worked across a range of community and mental health providers since qualifying as a Registered Mental Health Nurse in 1989. Having also spent 10 years working as a Director in Social Care for the London Borough of Havering, the latter four years being as a joint appointment with Health, Stephanie has real and valuable experience of collaboration and partnerships.

Currently Stephanie is the Trust's Chief Nurse and Executive Director of Operations in Essex and Kent. The STP developments across Mid and South Essex have led to a joint appointment with Provide, a Community Interest Company who cover the Mid Essex area.

Malcolm Young, Executive Director of Finance

Malcolm was invited to take on the role of Interim Executive Director of Finance* in July 2019, having been the Trust's Deputy Director of Finance since 2013. Over his public sector career, Malcolm has accumulated over 30 years of experience working in a range of senior financial roles and capacities, in the Health and Local Authority sectors, including several as a Director of Finance, managing and range of functions including IT, Procurement, Estates and Contracts.

Malcolm is a Member of the Chartered Institute of Public Finance and Accountancy (CIPFA).

** Post year end, Malcolm was appointed Executive Director of Finance on a fixed term contract*

Jacqui Van Rossum, Executive Director of Integrated Care (London)

Jacqui was appointed to the Board in July 2010 and has responsibility for community and mental health services in north east London. Jacqui has over 35 years' experience in operational management across community health, mental health, acute and social care. Jacqui is the Board of Directors Lead for LGBT+ issues.

In her personal life she enjoys spending time with her grandson, granddaughter and two pups.

Bernard Scully, Interim Executive Director of Workforce & Organisational Development*

Bernard joined NELFT as Interim Executive Director of Workforce & Organisational Development in April 2020. He worked for 15 years in local government in North Yorkshire and the North East before joining the NHS with Greater Glasgow Health Board in 1989.

He has over 29 years' experience as an NHS HR Director, having worked in Glasgow, Birmingham, Norwich, Essex and Oxford. Bernard also has 15 years' concurrent operational experience in managing Women and Children's services in both Norwich and Essex.

His responsibility covers both strategic workforce development and the operational delivery of the HR services across the Trust.

** The position of Executive Director of Workforce & Organisational Development was vacant as at 31 March 2020*

Balance and Appropriateness of the Board of Directors

The make-up and balance of the Board of Directors has been reviewed. The Board has also had the opportunity to review the appropriateness of current appointments. Cycles of Business have been further developed and amended in line with best practice and both the Remuneration Committee and Nominations Committee are given the opportunity to review a Board Skills Matrix. The Board Skills Matrix provides an opportunity for considered reflection and productive discussion between the Remuneration Committee, Nominations Committee and Board of Directors, ensuring that:

- Gaps in skills and diversity are identified;
- Strengths around the boardroom table are highlighted to enable directors' skills to be utilised to their fullest potential;
- Succession planning discussions are informed;
- Potential professional development opportunities for board members are identified; and

- The recruitment process for future board members can be targeted.

The use of the Board Skills Matrix has allowed the Board to confirm that it possesses the following skills and experience: external board experience, experience of the sector and the NHS; finance and financial management; information technology and digital; audit; legal; chairing meetings, strategic development and implementation; corporate governance; political awareness and astuteness / public policy; HR skills and workforce; people management and leadership; clinical skills and experience; mergers and acquisitions; branding and marketing; communications; project management and oversight; business development and bid management; operations management; understanding of the regulatory environment; equality and diversity experience; organisational development; system working and collaboration; reviewing appeals and disputes; the charity sector; and risk management.

The integrated Board has a strong culture of challenge and a dynamic approach to business development but maintains the discipline of broader horizon scanning and vigilance in the field of governance. Non-executive members continue to bring a richness of experience and a wealth of knowledge that has been inspirational to the organisation. The Board has been able to make entrepreneurial decisions but within a system of governance and objective risk management. The Board has overseen a period of successful change and development in the organisation with tangible benefits to both patients and staff.

The Board has a track record of delivery but continues to relate high level functions and proposals for change to improve patient experience. The Board has demonstrated a clear balance in its membership through extensive debate and development.

Executive Director contract start dates (for those who served during 2019-20)	
Name	**Contract Start Date**
John Brouder, Chief Executive	4 August 2009 (ended 24 July 2019)
Prof Oliver Shanley OBE, Chief Executive	1 July 2019
Barry Jenkins, Executive Director of Finance and Commercial Development	9 February 2015 (ended 4 August 2019)
Malcolm Young, Executive Director of Finance	5 August 2019
Caroline Allum, Executive Medical Director	1 April 2016
Stephanie Dawe, Chief Nurse & Executive Director of Integrated Care (Essex and Kent)	1 April 2007
Jacqui Van Rossum, Executive Director of Integrated Care (London)	1 July 2010
Bob Champion, Executive Director of Workforce and Organisational Development	1 July 2010 (ended 31 January 2020)

Non-Executive Director Terms of Office (for those who served during 2019-20)	
Name	**Term of Office**
Joseph Fielder, Trust Chair & Non-Executive Director	Appointed Non-Executive Director 1 April 2013 Extended 1 April 2014 Appointed Trust Chair 01 April 2016 – 31 March 2019 Reappointed Trust Chair 01 April 2019 – 31 March 2022

Sultan Taylor, Vice Chair & Non-Executive Director	01 April 2017 – 31 March 2020 Appointed Vice Chair 24 January 2019 (to date)
Mark Friend, Senior Independent Director & Non-Executive Director	01 March 2015 – 28 February 2016 Extended 01 March 2016 – 28 February 2019 Reappointed 01 March 2019 – 28 February 2022 Appointed Senior Independent Director 01 June 2018 (to date)
Liz Delauney, Non-Executive Director	01 May 2017 – 30 April 2020
Amanda Lewis, Non-Executive Director	01 November 2016 – 31 October 2019 Reappointed 01 November 2019 – 31 October 2020 Resigned 31 March 2020
David Bowen, Non-Executive Director	01 June 2018 – 31 May 2021
Susan Lees, Non-Executive Director	01 August 2019 – 31 July 2022

Patient Care

Learning and service improvements as a result of patient experience survey feedback and complaints are reported to the Board on a quarterly basis. Learning from complaints is also accessible on NELFT's website: www.nelft.nhs.uk/patients-carers-visitors-learning-from-complaints

Some specific examples of service improvements this year were:

- Enhanced recording of information on the electronic patient record to improve the quality of handovers within the district nursing service;
- The introduction of dedicated preparation time prior to appointments to allow staff to read patients' records;
- Working in partnership with the local Clinical Commissioning Group to develop a formal written neuro-rehabilitation pathway; and
- The purchase and implementation of an electronic medication system to improve accuracy of repeat medication, coupled with the development of a procedure to ensure that staff are able to process repeat prescriptions in a timely manner.

On a monthly basis data relating to both local and national targets and key indicators is collated and reported on. These are monitored through our tight governance process and where targets are missed there is a process to agree and sign off action plans. To ensure transparency, we put trajectories in place to monitor progress against any targets that are slipping or not being met. As a Trust we look at all indicators that make up the CQC domains to ensure that best patient care is at the forefront of our daily working practice. All

other targets related to quality indicators (both external and internal) are reviewed monthly. We work closely with our local commissioners on service development, data quality and improving the patient journey.

As a Trust, we give our services and teams the tools they need to monitor their own progress whether that is the team's performance or whether that is against indicators, for example, 18 weeks referral to treatment.

Stakeholder Relations

Mid and South Essex

We are a key partner in the Mid and South Essex Health and Care Partnership, working with commissioners, STPs and providers across the area to deliver and improve integrated care. Two key objectives of the Partnership are health and social care and our focus is to provide care for patients closer to their home, promote preventative care and self-care and reduce hospital admissions and stays. This work with our partners is leading to improvements in our services and the care for patients.

The Better Care Together Thurrock programme – in which we're joined with commissioners and providers as well as the local authority and voluntary sector - has implemented new ways of working across health and social care services and is improving outcomes for our local communities, specifically providing more local care to patients. You can find out more about the Better Care Together Thurrock programme at: www.nelft.nhs.uk/better-care-together-thurrock.

We are also working across these partnerships to support young people to access mental health services and engaging with them to improve the care and service we deliver. You can find out more about the Mid and South Essex Sustainability and Transformation Partnership at: www.nhsmidandsouthessex.co.uk/.

Kent and Medway

We are working with commissioners and providers across the Kent and Medway Sustainability and Transformation Partnership to improve the care we provide in our children and young people's mental health services and all age eating disorder services. We also continue to collaborate with Kent County Council to support and improve mental health provision and awareness in schools.

Our focus is to reduce waiting times for young people and their families in accessing assessment and treatment. We are working with commissioners to look at ways to improve this, including the introduction of mental health support teams in schools.

We also received support from our STP partners to deliver the service transfer of our first in-patient mental health unit for children and young people in Kent on 1 April 2020.

You can find out more about the Kent and Medway Sustainability and Transformation Partnership at: www.kentandmedway.nhs.uk/stp/.

Waltham Forest

In Waltham Forest we are working closely with partners in the CCG, local councils, primary care and Barts Health NHS Trust to establish an Integrated care system for the borough of Waltham Forest. An Integrated Care Partnership Board has been established to deliver our Integrated Care Strategy (ICS), ensuring that care is provided closer to home. This includes the transformation of community services to promote primary prevention, targeting those with long term conditions, urgent care and complex care needs. The Waltham Forest ICS is also a key component of the delivery of the Whipps Cross Hospital redevelopment plan. Work on complex care needs has included developing partnerships with the newly formed Primary Care Networks to deliver enhanced multi-disciplinary team working to prevent admissions to hospital.

Havering, Barking & Dagenham and Redbridge

We have been leading on a number of system-wide transformation schemes, which have included long term condition pathways, frailty and older people to enable us to deliver care closer to home. In addition, we have worked closely with our local acute trust and Primary Care Network (PCN) to improve the discharge process from the hospital into appropriate care settings, which has provided the opportunity to introduce trusted assessor processes and integrated therapies.

Our services in Havering have been working closely with the PCN to develop a care home multi-disciplinary team. This will support and further build mutual trust for developing at pace the place-based care model for Havering, which continues to be a priority into 2020/21.

We have further supported wider BHR (Barking & Dagenham, Havering and Redbridge) and north east London partnership work with the London Borough of Barking & Dagenham. We have worked alongside local partners and the six PCNs to form a Local Delivery Partnership. This partnership is focused on understanding and providing a combined action response around a number of cross-cutting issues affecting Barking & Dagenham. The partnership has been utilising existing strengths, resources and capabilities to look at new ways of tackling and addressing these issues and ongoing work into 2020/21.

Within Redbridge we have the well-established partnership between NELFT and the London Borough of Redbridge Adult Social Care. The NELFT staff teams are co-located with social care colleagues under a single management structure and the service was set up on a locality basis with four teams mirroring the former Clinical Commissioning Group localities. With the move to PCNs, we are still aligned with the five networks that have been set up, as two of them (Cranbrook and Loxford) in effect operate as one network. Throughout the autumn of 2019 and into 2020, there has been a senior leadership group that has met within the borough, including the NELFT Integrated Care Director, the PCN Clinical Directors, the Chair of the GP Federation and the Clinical Commissioning Group Managing Director (amongst others) to look at how the services can best work together. NELFT has developed a Care Coordination process within the multi-disciplinary teams, which we are looking to roll out into Primary Care Services in due course. This will represent a significant step forward in bringing community health services, social and primary care services together around the person requiring care and treatment.

CQC Well Led Review

NELFT was inspected by the Care Quality Commission (CQC) between 14 May 2019 and 26 June 2019. The CQC published their findings in a report on 6 September 2019.

The Trust received an overall rating of 'Requires Improvement', which represented a reduction from the previous rating received by the Trust of 'Good'. The report noted that the CQC had found NELFT to be an organisation of great contrast. One the one hand, the CQC had inspected some outstanding services that were going the extra mile to meet the needs of every patient. On the other hand, they saw services where they considered the care to be unsafe. The services for adults who needed acute inpatient mental health treatment were under extreme pressure and this was impacting on the safety and quality of patient care. The CQC noted in their report that the Trust recognised the need to open another acute adult inpatient mental health ward, but could not recruit enough nursing staff to enable this to happen.

The inspection found some unsafe practices for patients coming at night to Sunflowers Court, the main mental health inpatient base on the Goodmayes Hospital site. They were waiting for variable lengths of time, either for an assessment or admission by the Acute Crisis Assessment Team (ACAT) without clinical staff available to provide support and in an unsafe environment.

Staff engagement was found to be mixed. Whilst the Trust had achieved positive staff survey results and most staff the CQC spoke to were very enthusiastic about working for NELFT, there were still some pockets of unhappy staff who did not feel adequately engaged.

The Trust continued to have significant workforce challenges and did not have enough medical or other professional staff in some services to provide consistently safe and high-quality care. Whilst the Trust was aware of these shortfalls and was working to address them, the CQC found that this had not at the time of the report resulted in the necessary improvements.

The CQC reported that the governance processes in place at the time of the inspection may not have provided adequate assurance for the Board on workforce and finance. They found that the Trust was addressing many complex workforce issues and the reporting structure in place might not provide adequate opportunity for assurance to be gained. Whilst the Trust had a positive track record of delivering its financial performance, there were some areas of potential risk identified in financial governance.

However, the CQC also identified numerous areas of good practice. They noted that the Trust recognised the importance of having a strong programme of quality assurance and that during their inspection they had seen improvements being made in response to audit findings. They found that the Trust had systems in place to induct and deliver ongoing training to ensure staff had the range of skills needed to provide high quality care and that staff understood their roles and responsibilities under the Mental Health Act 1972 and the Mental Health Act Code of Practice, discharging these well. Importantly, they found that staff supported patients to make decisions on their care for themselves.

The CQC found that NELFT continued to progress its work on equalities, diversity and human rights, including the ongoing development of staff networks and work to improve performance against the Workforce Race Equality Standard (WRES). The CQC found NELFT's use of technology to support mobile working to be impressive, along with the increasing innovative use of digital technology to meet the needs of patients and staff. The CQC were also interested in the efforts shown by the Trust in promoting partnership working to achieve greater integration to meet the needs of populations.

The CQC report noted several areas of outstanding practice within the organisation in forensic inpatient/secure wards, in wards for people with a learning disability or autism, in community-based mental health services for people with a learning disability or autism, and in specialist community mental health services for children and young people.

In response to the report, the Trust produced a detailed action plan to address all of the areas for improvement that were identified. The plan includes "must do" actions, along with a number of "should do" actions that form the recommendations made by the CQC. The Trust has maintained a strong focus on completing these actions, with a number already having been implemented, such as a strengthening of the governance processes in place at the Trust to ensure that workforce and finance are given enough access to the appropriate assurance. In response to the recommendation made by the CQC, two new Board Sub-Committees have been approved: a People & Culture Committee and a Finance & Investment Committee. These two new Sub-Committees began operating on 1 April 2020.

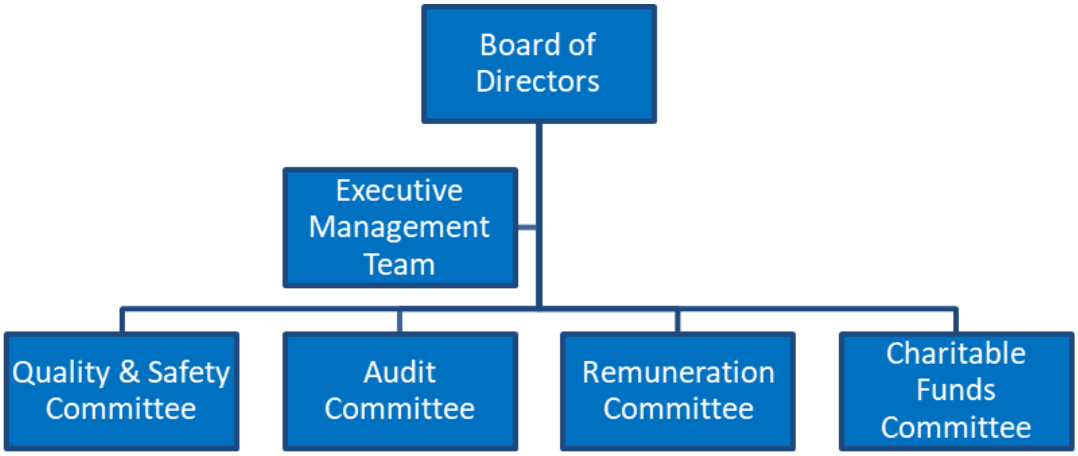
Board of Directors Attendance Record

Board of Directors – Attendance Record 2019-20														
Forename	**Surname**	**Note**	**Apr**	**May**	**Jun**	**Jul**	**Sep**	**Oct**	**Nov**	**Jan**	**Feb**	**Mar**	**Attended**	**Out of**
Joseph	Fielder	a	X	X	X	X	X	X	d	X		X	8	10
Sultan	Taylor	b	X	X	X	X	X	X	X	X	X	X	10	10
Mark	Friend	c	X	X	X	X	X			X	X	X	8	10
Liz	Delauney		X	X	X	X	X	X	X	X	X	X	10	10
Amanda	Lewis		X	X	X	X		X	X	X	X	X	9	10
David	Bowen			X	X		X	X	X	X	X	X	8	9
Susan	Lees						X	X	X	X	X	X	6	6
John	Brouder		X	X	X	X							4	4
Oliver	Shanley					X	X	X	X	X	X	X	7	7
Caroline	Allum		X	X	X	X	X	X	X	X	X	X	10	10
Stephanie	Dawe		X	X	X	X	X	X		X	X	X	9	10
Barry	Jenkins		X	X									2	3
Malcolm	Young					X	X	X	X	X		X	6	7
Jacqui	Van Rossum		X	X	X	X	X	X	X		X	X	9	10
Bob	Champion		X	X	X	X	X	X					6	8

Note:
a Trust Chair
b Vice Chair
c Senior Independent Director
d Trust Chair absent due to a planned developmental opportunity for the Vice Chair

Key:
Not in post
Did not attend

Committee Structure at 31 March 2020



During 2019-20, the Board approved two new sub-committees to commence operation on 1 April 2020: the People & Culture Committee and the Finance & Investment Committee.

Board Sub-Committee Membership

Quality & Safety Committee	Attended
Mark Friend (Committee Chair / Non-Executive Director)	11 / 11
Liz Delauney (Non-Executive Director)	10 / 11
Sultan Taylor (Non-Executive Director)	10 / 11
Stephanie Dawe (Chief Nurse & Executive Director of Integrated Care for Essex & Kent)	9 / 11
Jacqui Van Rossum (Executive Director of Integrated Care for London)	11 / 11
Caroline Allum (Executive Medical Director)	9 / 11
Vincent Perry (Deputy Medical Director)	8 / 11
Diane Searle (Director of Nursing, Quality & Patient Safety)	9 / 11
John Brouder (Chief Executive until July 2019)	3 / 4
Prof Oliver Shanley OBE (Chief Executive from June 2019)	7 / 8

Audit & Risk Committee	
Mark Friend (Committee Chair until Dec 2019 / Non-Executive Director)	4 / 5
Susan Lees (Committee Chair from Jan 2020 / Non-Executive Director)	1 / 1
Liz Delauney (Non-Executive Director)	0 / 5
Amanda Lewis (Non-Executive Director)	5 / 5
David Bowen (Non-Executive Director)	3 / 5

Remuneration Committee	
Joe Fielder (Committee Chair / Trust Chair)	2 / 2
Sultan Taylor (Non-Executive Director)	2 / 2
Mark Friend (Non-Executive Director)	1 / 2
Liz Delauney (Non-Executive Director)	2 / 2
Amanda Lewis (Non-Executive Director)	2 / 2
David Bowen (Non-Executive Director)	2 / 2
Susan Lees (Non-Executive Director from 1 August 2019)	1 / 1

The Remuneration Committee also held extraordinary meetings on: 9 May 2019, 26 November 2019 and 17 March 2020.

Charitable Funds Committee	
David Bowen (Committee Chair / Non-Executive Director)	3 / 3
Joe Fielder (Trust Chair)	3 / 3
Sultan Taylor (Non-Executive Director)	1 / 3
John Brouder (Chief Executive until July 2019)	0 / 1
Prof Oliver Shanley OBE (Chief Executive from June 2019)	0 / 2
Malcolm Young (Executive Director of Finance)	3 / 3
Stephanie Dawe (Chief Nurse and Executive Director of Integrated Care for Essex and Kent)	1 / 3
Jacqui Van Rossum (Executive Director of Integrated Care for London)	1 / 3

Audit & Risk Committee Report

The Audit & Risk Committee is constituted as a standing committee of, and accountable to, the Board of Directors. The Committee is authorised by the Board of Directors to act within its Terms of Reference but shall not have executive powers other than those delegated within the Terms of Reference.

The purpose of the Audit & Risk Committee is to independently and objectively:

- Monitor the integrity of the Trust's financial statements;
- Oversee compliance with corporate governance standards;
- Assist the Board of Directors in its oversight of risk management and the effectiveness of internal control;
- Review financial, corporate governance and risk management assurance processes;
- Oversee external and internal audit functions; and
- Monitor the effectiveness, performance and objectivity of the Trust's External Auditors, Internal Auditors and Local Counter Fraud Specialist.

External Audit

During 2019-20, NELFT contracted KPMG to undertake the Quality Report Audit and also a small grant audit, which was reported in their audit plan. No other non-audit services were provided for the year ending 31 March 2020. Please note that the Quality Account will not be publicly reported this year.

Ensuring External Auditors' Independence

Any engagement of the external auditors in relation to non-audit work is approved by the Executive Director of Finance in conjunction with the Executive Team. This policy complies with all relevant auditing standards and follows industry practice in terms of defining

prohibited work and setting out the approval and notification processes all non-audit work should be subject to. The external audit work plan and any additional non-audit work is agreed annually by the Audit & Risk Committee. The Audit & Risk Committee believes that in this way the external auditors' independence is ensured.

Internal Audit

During the financial year, NELFT contracted BDO LLP to provide its internal audit service. The internal audit service covers both financial and non-financial audits, in line with a strategic and operational plan that is approved by the Audit & Risk Committee. The plan is developed with Executive Directors and is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks are looked at over a three year audit cycle. The plan is then reviewed annually to ensure any newly identified risks and opportunities are captured.

The Audit & Risk Committee has been assured by the Head of Internal Audit's Opinion on the Trust's internal control environment and approach to identifying, assessing and mitigation planning for risks.

Counter Fraud Service

The Trust's counter fraud service is provided by East London NHS Foundation Trust (ELFT). The Trust has a dedicated full time Local Counter Fraud Specialist (LCFS). The role of the LCFS is to assist in creating an anti-fraud and anti-bribery culture within the Trust; to deter, prevent and detect fraud and bribery; to investigate any suspicions that arise; to seek to apply appropriate sanctions; and to seek redress in respect of monies obtained through fraud and bribery.

In 2019/20, the LCFS continued with a programme of fraud and bribery training and publicity work to further raise fraud awareness and encourage reporting across the Trust. The Fraud Risk Assessment was updated in line with the Trust's Risk Management Framework. A programme of pro-active reviews was undertaken.

The Associate Director of Finance was nominated as the Trust's Fraud Champion in February 2020 to support the role of the LCFS. Creating a network of Fraud Champions is the NHS Counter Fraud Authority's (NHS CFA) next step in the fight against fraud.

Under the NHS Standard Contract the Trust is required to adhere to NHS CFA's standards for providers in relation to fraud and bribery. The Self-Review Tool (SRT) for 2019/20 was submitted to NHS CFA and overall the Trust achieved a green rating for compliance with the standards.

The Audit & Risk Committee receives regular progress reports from the LCFS during the course of the year and also receives an annual report. The Committee reviewed the levels of fraud reported and detected, as well as the arrangements in place to prevent, minimise and detect fraud and bribery. No significant fraud was uncovered in the past year.

Internal controls

In addition to routine work on the financial controls operating in the Trust, through the Internal Audit Plan the Committee focused on risks and associated controls relating to legal services, doctors' pay, carers involvement support, NEWS2, learning from deaths, sickness absence management, data security & protection toolkit, payroll, retention and temporary staffing. The Committee received progress reports to ensure full oversight of all recommendations resulting from internal audits, and the associated implemented action plans.

The Audit & Risk Committee continues to receive updates regarding the performance and business of the other Board sub-committees to ensure the link between committees is robust. It also receives assurance from the Data Quality Group and has reviewed clinical and corporate risks rated 15+ since January 2019.

Financial reporting

The Audit & Risk Committee reviewed the Trust's Accounts and Annual Governance Statement. To assist this review it considered reports from management and from the internal and external auditors for assurance of the quality and acceptability of accounting policies, including:

- Their compliance with accounting standards;
- Key judgements made in preparation of the financial statements;
- Compliance with legal and regulatory requirements; and
- The clarity of disclosures and their compliance with relevant reporting requirements.

Significant financial judgements and reporting for 2019/20

The Trust is engaged in the provision of healthcare, with £394.9m of its income related to patient care activities and £23.1m from other sources. Other income included education and training (£9.1m), Provider Sustainability Fund (£3.5m), Research and Development (£3.6m) and rent for shared occupation (£0.6m).

The Trust's financial statements have been prepared on a going concern basis. The Trust's Board has not identified any concerns which would impact on the going concern status of the Trust. There is no indication that the provision of the Trust's services will cease in the 12 month period from signing this annual report. The organisation's going concern status has been specifically discussed with the External Auditors in relation to the ongoing impact of COVID-19 and the financially challenging environment the Trust faces. The Trust has applied judgements in the valuation of land and buildings, IT, intangibles and provisions. These have been fully discussed with the auditors and are fair statements.

Remuneration Committee

The Remuneration Committee is constituted as a standing committee of, and accountable to, the Board of Directors. Its main purpose is to identify and appoint candidates to fill

Executive Director positions, and to determine and oversee the remuneration and other conditions of service for Executive Directors and other Senior Managers. The membership of the Committee comprises of all Non-Executive Directors and is chaired by the Trust Chair or, in his/her absence, the Senior Independent Director.

The Committee meets at least twice annually and its specific responsibilities include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of Directors;
- Giving consideration to succession planning for Executive Board members;
- Identifying and appointing to Executive Director posts when they arise and approving their other significant commitments and interests;
- Ensuring Executive Directors are Fit and Proper Persons;
- Giving consideration to Executive Director continuation in office, including suspension or termination and compensation commitments;
- Determining the terms of service for Executive Directors and Senior Managers who are not subject to Agenda for Change terms and conditions;
- Monitoring Executive Director objectives and performance; and
- Determining and approving the terms of service and contractual arrangements for any off payroll engagement when an individual earns more than:
    - £120 per hour;
    - £750 per day; and/or
    - £142,500 per annum.

All Executive Directors have permanent contracts of employment with the Trust with the exception of the Interim Executive Director of Workforce and Organisational Development. As noted earlier in the report, at 31 March 2020, the Chief Executive and Executive Director of Finance were interim positions but both have subsequently been appointed on fixed term contracts.

Appraisal process for the Chair and Non-Executive Directors

The appraisal process is a key part of the Trust's performance framework and ensures that the skills, knowledge and competency of the Board of Directors are regularly reviewed. The Council of Governors, with support from its Nominations Committee, evaluates the performance of the Trust Chair and Non-Executive Directors through the following process:

- Non-Executive Director appraisals: the Chair holds 1:1 appraisal meetings with each Non-Executive Director, taking into consideration the views of Board members and Governors, where appropriate.

- Chair appraisal: The Senior Independent Director and Lead Governor request feedback from the Board of Directors and Council of Governors. The Senior Independent Director holds a 1:1 appraisal meeting with the Trust Chair to discuss performance and agree objectives for the coming year.

- The Nominations Committee considers the appraisal reports for the Trust Chair and Non-Executive Directors.

- The Nominations Committee provides feedback and recommendations to the full Council of Governors.

- The Council of Governors refers to the appraisals when making decisions regarding the extension of the Terms of Office for the Trust Chair and Non-Executive Directors.

Registers of Interests

The Trust holds registers of interests for Directors, Decision-Making Staff and Governors which detail any potential conflicts of interest that may arise. These are available to the public through the Trust website: https://www.nelft.nhs.uk/about-us-our-board and https://www.nelft.nhs.uk/about-us-governors. The registers can also be accessed by contacting the Corporate Affairs Team on 0300 555 1300 or via email: corporate.affairs@nelft.nhs.uk. Board members and Governors are actively given the opportunity to declare interests on appointment and on an annual basis thereafter, as well as at the beginning of each meeting. Registers of interests are presented annually at the public Board of Directors and Council of Governors meetings.

Statements of Compliance

The Trust has complied with the cost allocation and charging guidance issued by HM Treasury.

In terms of the better payment practice code, NELFT has achieved the following:

- Non-NHS creditors – 87% paid within 30 working days (up from 75%)

- NHS creditors – 81% paid within 30 working days (up from 50%)

The Trust has paid no interest under the Late Payment of Commercial Debts Act 1998.

All directors confirm at the time of approving the report:

- As far as the directors are aware there is no relevant audit information of which the Trust's auditor is unaware; and

- The directors have taken all of the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to ensure that the Trust's auditor is aware of that information.

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

STAFF REPORT

Our Approach to Staff Engagement

We moved into the fourth year of the implementation of our workforce and organisational development 'Best People' strategy. The strategy has undergone two refreshes and is currently subject to further review. We have sustained our journey of living the Trust values and have invested strongly in the engagement with our workforce and enhancing their health and wellbeing. We have continued to develop the leadership of the organisation and improved retention through continuing to embed a range of health and wellbeing activities within our business as usual.

Our journey towards culture change by engagement with our workforce at all levels and reducing prejudicial and discriminatory practices even further has made real progress with the implementation of the new dedicated investigations team along with the changes in processes made for supporting grievance, bullying and harassment and disciplinaries.

The Joint Negotiating and Consultative Committee meet bi-monthly and the agenda for meetings reflects a Trust update and opportunities for discussion of performance against objectives and key performance indicators. The Trust workforce reporting dashboard is shared and staff side members contribute to any actions arising from performance monitoring. The Trust continues to support network ambassadorial roles, which are able to influence policy and decision making in all directorates. Such roles include ambassadors for the Ethnic Minority, LGBT+ and Disability Staff Networks; Health and Wellbeing; Workplace Contacts; and Freedom to Speak Up. These roles, as well as our commitment to partnership working with our trade union colleagues, continue to reflect the demography and geography of the Trust and ensure that the voice and opinions of our workforce are heard and responded to.

The Joint Negotiating and Consultative Committee and Joint Local Negotiating Committee for medical staff, are formally established bodies for negotiations and consultation on any matters that affect the workforce. Every change management process involves consultation with affected parties and recent audit activity shows that the Trust's approach to staff consultations is suitably fair, open and transparent.

Recruitment Strategy

We continue to strive to be the NHS employer of choice within our geography. A new recruitment strategy for the next 3 years was agreed in February 2020. The recruitment and resourcing strategic delivery plan within has been informed by a wide stakeholder group from across NELFT. It recognises the work that is already underway and outlines ten strategic objectives to reduce the vacancy gaps that exist and build a pipeline of resource for future sustainability. A financial plan for resourcing has also been agreed to enable the following to be achieved:

1. Develop and actively promote a strong employer brand (NELFT as an employer of choice);

2. Develop a consistent approach to marketing and promotion including increased use of social media for advertising NELFT as an NHS employer of choice;

3. Work with system partners to plan for joint recruitment and resourcing activity;

4. Drive an overseas recruitment programme for specialist skills and qualifications in short supply in the UK;

5. Invest in advanced practitioner roles and apprenticeships;

6. Detailed workforce planning and establishment reviews at a team level to ensure productive resourcing of services including temporary staffing;

7. Develop an approach to succession planning that increases the rate of internal deployment and career opportunities;

8. Develop annual programmes of targeted recruitment activity, considering rolling programmes where appropriate;

9. Targeted initiatives to strengthen the pipeline considering flexible working and contracts of employment and use of volunteers and peer support workers; and

10. Reviewing and improving the experience for applicants and interested parties.

We continue to operate the well-established “Talent Pool” of job applicants who are held in reserve following successful interviews. The recruitment and on-boarding experience of new starters continues to be positive and the average time to fill for vacancies is 48 days, from the start of the vacancy approval process through to confirmation of start date. We have further developed our alliances with the armed forces through Step Into Health, achieving silver award status, with work progressing to achieve the gold level over the next 12 months.

Retention and Wellbeing

A retention work plan has been agreed and a vast amount of work has gone into retaining our staff and improving their overall experience. Given the large geographical area that NELFT covers, a career transfer scheme has been put in place allowing staff to move within NELFT teams without having to go through full recruitment processes. The initial focus of this scheme has been on clinical staff with a view to widening to all staff.

It is recognised that the journey into the organisation has a real impact on retention. Our trust induction has been a huge success and continues to receive positive feedback. All our new starters now commence on the same day each month and are allocated a dedicated period of time ranging between 1 and 3 weeks depending on job role. This time gives staff the opportunity to meet the executive and senior management team, obtain all of their required equipment, undertake mandatory and essential skills training, learn about NELFT, our values and what we have to offer staff before they join their new teams.

Health and wellbeing remains a major priority, with a programme of activities embedded in business as usual across all directorates. Our ambassadors continue to operate across the Trust alongside our Freedom to Speak Up Guardian. A new way of working has been agreed and implemented to promote fair and supported investigations for those going

through grievance, disciplinary and bullying/harassment processes. This involved the funding of a dedicated investigations team and the revision of the whole process incorporating the support and wellbeing of staff, risk assessment of need, whilst also ensuring that the right support at the end of a process is available. In conjunction with the Ethnic Minorities Network, a process has been put in place to challenge and monitor the equity of formal processes and when they are undertaken.

Flexible Working

We remain at the forefront of agile working. We continue to support working flexibly in accordance with personal circumstances and have a good balance between full time, part time and bank workers.

Career Pathways

We continually review the levels at which people can enter employment with NELFT and can demonstrate a strong track record of converting volunteers and service users into employees and supporting personal and professional growth. A competency programme to take Nurses and Allied Healthcare Professionals from Band 5 to Band 6 has been piloted and will be rolled out in 2020/21. A Career Co-ordinator role has been agreed to manage this going forward. The Trust has introduced a transfer scheme which enables healthcare professionals to broaden their experience by taking the opportunity to work in a different service within NELFT. On a broader level, a rotation scheme for Nurses between NELFT, primary care and acute services has received very positive feedback.

Staff are encouraged to take advantage of a career counselling service which offers advice on the best way to achieve career aspirations.

Apprenticeships remain a challenge, with less traction being gained in clinical roles, although the Apprentice Nurse Associate scheme has yielded good results so far.

Quality Improvement methodology has been used to identify the barriers that need to be overcome in order for the Trust to meet its targets.

Leadership and Talent Management

It is important to NELFT that compassionate leadership is at the forefront of everything we do. A leadership programme has been implemented at both executive and senior management levels focusing on the principles and implementation of compassionate leadership across. A programme of sessions for senior leadership engagement will continue across the coming year to ensure that NELFT continues to challenge itself.

Talent mapping has been undertaken at executive level and a formal talent management and succession plan for all organisational levels will be agreed during the summer of 2020 with a view to implementation by the end of the year.

We continue to encourage staff to access the regional and national leadership programmes delivered by the NHS Leadership Academy.

NELFT is a pilot site for the High Potential Scheme which aims to develop the system leaders of the future.

Gender Pay Gap

Gender pay gap information is available on the Trust's website:
https://www.nelft.nhs.uk/about-us-equality-and-diversity

Off-Payroll Disclosures

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months:

Number of existing engagements as of 31 March 2020 of which:	
No. that have existed for less than one year at time of reporting.	0
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

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

Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020 of which:	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

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

Staff Policies

The Trust has policies in place, developed in partnership with our trade union colleagues, that detail how the organisation applies full and fair consideration to a number of different workforce issues including: equality, diversity and inclusion (EDI); consultation and the management of organisational change; Freedom to Speak Up, health and safety and counter fraud and corruption. The key policies can be found at the following link: http://www.nelft.nhs.uk/about-us-policies

Workforce Breakdown

Group	Male	Female
Board & Associate members	4	7
Band 7 and above*	351	1338
Band 6 and below*	680	3745

Sickness Absence

Average FTE 2019/2020	4.54%
Total FTE Days Lost	88,652.52
Average Sick Days Per FTE	16.61
FTE Days Available	1,953,531.14
Total Calendar Days Lost	89,040

2019 NHS Staff Survey NELFT Summary Results

Introduction

The National Survey was undertaken between October and December 2019. A bespoke Bank Staff Survey was also undertaken. A full management and summary report are available. Below is an excerpt from the full management report to provide an overview.

Theme	2018 score	2019 score	Directional change	Sector score 2019
Staff engagement (+)	7.11	7.15	↑	7.09
Equality and diversity (+)	9.01	8.96	↓	9.12
Health and wellbeing (+)	6.13	6.24	↑	6.21
Immediate line manager (+)	7.36	7.46	↑	7.32
Morale (+)	6.18	6.20	↑	6.31
Quality of appraisal (+)	5.86	5.77	↓	5.64
Quality of care (+)	7.43	7.59	↑	7.44
Bullying and harassment (-)	8.38	8.31	↑	8.26
Violence (-)	9.63	9.61	↑	9.47
Safety culture (+)	6.93	6.95	↑	6.84

Observations and Recommendations

Overall, the results of the 2019 Staff Survey show a broadly positive picture at NELFT, although there are opportunities for improvement in some areas. One of ten overall theme scores is significantly better when compared to other similar Trusts surveyed by Quality Health (Safe Environment - Violence) and one is significantly worse (Equality, Diversity & Inclusion).

At a local level, none of the comparable nine theme scores show significant positive movement. 12 question scores show significant positive change, and two have got significantly worse.

i. Staff Engagement

The overall staff engagement score for the Trust is 7.15 out of a possible score of 10. This is slightly up on the equivalent score in 2018, and also slightly higher than the sector score of 7.09.

The sub-section scores of Advocacy, Motivation and Involvement are slightly higher than the sector, although Motivation has shown a fractional decline from 2018. At question level all scores are in the middle 60% of similar organisations. Like the rest of the sector, the scores around looking forward to going to work, being able to make improvements, and recommending the organisation as a place to work are the least positive in the section. However there has been significant improvement for staff agreeing that care of patients/service users is the organisation's top priority.

Recommendation: Ensure that there are clear arrangements in place to listen to staff proposals, both individual and collective, for improving processes, systems, and patterns of care. Ensure that there is tangible commitment to respond to these proposals constructively.

Recommendation: Work directly with staff groups to understand why some would not recommend the organisation as a place to work, and take action accordingly. Interrogate Staff Friends & Family Test (FFT) data/comments to identify whether this view is organisation-wide or limited to a particular area. Use FFT data to monitor progress over time.

ii. Equality, Diversity & Inclusion

The overall score for this theme remains significantly lower than the sector score. 84% of staff agree that the organisation acts fairly with regard to career progression or promotion - this score has slightly fallen since last year and is just below the sector score. In addition, 7% of staff report discrimination from the public and 8% report discrimination from other staff. These scores are still in the bottom 20% of similar Trusts. There has been a significant improvement in the number of staff agreeing that their employer has made adequate adjustments to enable them to carry out work, with well over three-quarters saying that this is the case.

Recommendation: Identify any concentrations of staff who feel they have been discriminated against; take action to train local managers on the organisation's policies where necessary.

Recommendation: Ensure that there is a robust system in place for mentoring and coaching.

iii. Health and Wellbeing

The overall score for this theme is in line with the sector score, with two question scores in the top 20% of the sector. 95% of staff responded positively that the organisation takes positive action on health and wellbeing. This score has significantly improved from 2018 and is one of the best scores in the sector. In addition, around two thirds of staff are satisfied with the opportunities available to them for flexible working patterns and this score is also one of the best achieved.

In contrast, the score for staff who reported experiencing musculoskeletal problems as a result of work activities (29%) remains in the bottom 20% of similar trusts. There has been little change since last year. Like the rest of the sector, well over a third of staff reported feeling unwell due to work-related stress in the last 12 months. Just over half of staff said they had come to work in the last three months despite not feeling well enough to perform their duties - whilst still high; this is similar to the sector score. The score for staff saying they have felt pressure from managers to come to work has significantly improved and is now one of the best scores in the sector (15%). The score for staff saying they put themselves under pressure to come to work (93%) was better than the sector but, like the rest of the sector, remains very high.

Recommendation: Prioritise the issue of reported physical deterioration and stress at work and analyse ways in which the organisation can meet legitimate problems. In particular, consider what can be done to improve communication, reduce conflicting pressures, and eliminate barriers to effective professional work.

Recommendation: Look to reinforce the positive view of commitment from staff and being aware that this should not come at a cost to their own health and wellbeing.

iv. Immediate Managers

There are positive results within the immediate managers section. The majority of scores are significantly better than the sector scores, with nearly all placing into the top 20% then compared to similar trusts. In addition, all scores show some improvement since 2018, with the number of staff agreeing that their immediate manager values their work showing significant improvement. The overall theme score is slightly higher than the sector score.

Scores around support from immediate managers are positive. Over three-quarters of staff are satisfied with the support they get from their immediate manager, and agree that their manager takes a positive interest in their health and wellbeing. 81% of staff say that their immediate manager values their work, and just under three-quarters say that they are given clear feedback. A high percentage of staff say that their manager supports them to receive any identified training, learning or development. Like the rest of the sector, staff were less likely to agree that they are asked their opinion before changes are made that affect their

work. 65% said this was the case.

Recommendation: Share the positive results within this section. Take action to maintain and improve the scores further.

Recommendation: Where appropriate, ensure that immediate managers inform and involve staff in decisions that affect them.

v. Morale

The overall theme score is similar to the sector but there are some mixed results within this section. The highest score obtained related to staff saying their immediate manager encourages them at work (79%), which falls within the top 20% of responses across the sector. In addition, over three-quarters of staff said that they receive the respect they deserve from their colleagues at work; this is in line with the sector.

Just over half of staff feel they are involved in changes that affect their work, team or department. This score has significantly improved and is better than the sector, but is still a relatively low score. In addition, less than two thirds of staff feel they have a choice in deciding how they do their work, and this is significantly below the sector score. Like the rest of the sector, just under a third of staff feel they have unrealistic time pressures.

28% of staff said that they often think about leaving the organisation, 23% said they will probably look for a job in a new organisation in the next 12 months, and 16% said they will leave as soon as they can find another job. This last score is significantly worse than the sector.

Recommendation: Look what the organisation can do to improve how involved staff feel in changes that happen in their area of work. Communication is often key in such situations.

Recommendation: Review work planning and scheduling in order to reduce conflicting work demands on staff.

Recommendation: Look to understand the reasons why staff think about leaving the organisation. This is likely to be closely linked with the staff engagement questions around motivation. Examine the free text comments and consider running focus groups to investigate further.

vi. Quality of Appraisals

Although it does not form part of the theme score, it is worth noting that 90% of staff reported having an appraisal in the last 12 months. This has remained static and is in line with similar organisations.

The theme score for the quality of appraisals has fractionally declined but is still slightly higher than the sector. Staff continue to report positively about feeling their appraisal helped them agree clear objectives (87%), and that the appraisal helped them to improve how they do their job (75%). Both these scores are in the top 20% ranges. While the score for staff discussing the organisation's values as part of the appraisal process remains high (86%), it

has shown significant decline from 2018. The score for staff leaving their appraisal feeling their work is valued by the organisation (75%) falls in the bottom 20% and significantly below the sector average.

Recommendation: Assess the way in which appraisals and reviews are conducted in order to further ensure staff leave the review feeling that their work is valued by their organisation.

vii. Quality of Care

The overall theme score is similar to the sector but the question level scores remain significantly better than the sector averages, and these show a slight improvement since 2018. 84% of staff say they are satisfied with the quality of care they give, and 91% feel their role makes a difference. Like the rest of the sector, the score is lower for staff feeling that they are able to deliver the care they aspire to (72%).

Recommendation: Look to understand the reasons and barriers that are preventing staff from delivering the care they aspire to.

viii. Safe Environment – Bullying & Harassment

The overall theme score for bullying and harassment is in line with the sector score. A quarter of staff say they have experienced harassment, bullying or abuse (HBA) from patients or the public in the last 12 months. The score for staff saying they have experienced HBA from managers is 10%. However, despite remaining in the intermediate range, the score for staff saying they have experienced HBA from other colleagues has significantly declined.

While it does not contribute to the theme score, it is interesting to note that only around half of staff said that the last time they experienced HBA at work, they or a colleague reported it.

Recommendation: Where possible, identify the location of spikes in HBA from patients and the public and other colleagues by drilling down into data. Ensure action is targeted where appropriate in an effort to reduce incidents.

Recommendation: Improve awareness of the need to report incidents of harassment, bullying and abuse and ensure that staff are aware of the process around this.

ix. Safe Environment – Violence

The overall theme score for violence remains significantly better than the sector. Once again, this is likely to be influenced by the score for staff saying they have experienced physical violence from patients or the public, which is significantly better than the sector score. Scores for staff saying they have experienced violence from managers or other colleagues both remain low.

While it does not contribute to the theme score it is interesting to note that 78% of staff said that the last time they experienced violence at work, they or a colleague reported it. This score is one of the lowest in the sector.

Recommendation: Continue the positive work in this area to keep incidences of violence experienced by staff low.

Recommendation: Improve awareness of the need to report incidents of violence and ensure that staff are aware of the process around this.

x. Safety Culture

There are some positive results in this section, with most questions scoring significantly better than the sector and half scoring in the top 20% ranges. Staff confidence in the fairness and procedures for reporting incidents are better than the sector, although some scores are not particularly high. 60% of staff say the organisation treats those involved in incidents fairly, and just over two-thirds say that they are given feedback about any changes made in response. Staff are more positive about the Trust taking action to ensure that incidents do not happen again (74%).

74% of staff said that they would feel secure raising concerns about unsafe clinical practice, although only 65% would say they are confident that their concerns would be addressed. While this is significantly better than the sector score, it is still relatively low. Over three-quarters of staff feel the organisation acts on concerns raised by patients and service users, and this score has significantly improved from 2018.

Recommendation: Further ensure staff are given feedback in response to errors and near misses. Investigate why and where this is not happening.

Recommendation: Further ensure that staff are aware of the organisation's policy and process for raising concerns about unsafe clinical practice and are provided with reassurance about how these would be handled to encourage and reassure staff that their concerns will be treated seriously and with transparency.

xi. Additional – Job Satisfaction

87% of staff report positively that they know what their responsibilities are, and 92% say that they feel trusted to do their job. Scores for effective team working are generally positive, but staff are less satisfied with support from their work colleagues compared to other organisations in the sector.

The questions relating to staff satisfaction with resourcing and support are better than the sector but still relatively low. Only half of staff agree they are able to meet all the conflicting demands on their time at work and only 63% of staff agree they have adequate materials, supplies and equipment to do their work. Just over a third of staff agree that there is enough staff to allow them to do their job properly.

34% of staff report that they are satisfied with their level of pay.

Recommendation: Look at areas of the organisation where certain job types fall short for staffing and why.

Recommendation: Review work planning and scheduling in order to reduce conflicting work demands on staff.

Recommendation: Identify areas where the provision of suitable materials, supplies and equipment needs to be improved, and take steps to change this.

xii. Additional –Senior Managers

91% of staff know who their senior managers are. Over half feel that communication between staff and senior management is effective, and 44% of staff feel that senior management try to involve staff in important decisions. The score for staff saying that senior management act on feedback has significantly improved again since 2018.

Recommendation: Where appropriate, further ensure that senior managers involve staff in important decision making processes.

Recommendation: Ensure that staff are aware that the organisation seeks feedback from staff on a regular and ongoing basis; and that action is taken as a result of this. This could be in a 'you said, we did' model. Ensure that all staff know how to give feedback and publicise the results.

xiii. Additional – Patient Feedback

96% of staff say that patient and service user feedback is collected within their directorate or department. 61% of staff report that this feedback is used to make informed decisions within their department and 64% of staff now say that they receive regular updates on this feedback. This score has significantly improved from last year.

Recommendation: Continue to ensure that patient experience data is regularly shared with staff to highlight areas which are positive (and should be celebrated) as well as areas for improvement. Further ensure that staff at all levels are involved in improvement work where appropriate and have responsibility for maintaining the momentum of positive change. Share positive results.

Next Steps

- To determine three Trust-wide priorities for action.
- Locality breakdowns to be analysed by each locality and action plans devised.
- Medical staff feedback to be separately analysed and an action plan devised.
- To ensure the above recommendations are built into existing Trust action plans.
- Communication plan to be agreed for sharing once embargo is lifted.

Trade Union Facility Time from 1 April 2019 to 31 March 2020

Relevant Union Officials	
Number of employees who were 'relevant union officials' during the 12 month period	33
Full time equivalent employee number	30.64

Percentage of time spent on facility time	
Percentage of time spent by these relevant union officials on 'facility time'	
0%	12
1-50%	21
51-99%	0
100%	0

Percentage of pay bill spent on facility time	
Total cost of facility time	£32,684
Total pay bill	£314,184,704
Percentage of the employer's total pay bill spent on facility time	0.01%

Paid trade union activities	
As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?	25.02%

EMPLOYEE COSTS AND NUMBERS(WTE)

Employee Expenses	2019/20			2018/19
	Total £000	Permanent £000	Other £000	Total £000
Salaries and wages	223,776	223,776	0	210,239
Social security costs	23,155	23,155	0	20,990
Apprenticeship levy	1,193	1,193	0	1,056
Pension cost - employer contributions to NHS pension scheme	37,795	37,795	0	24,962
Pension cost - other*	65	65	0	14
Temporary staff - agency/contract staff	27,996	0	27,996	23,244
	313,980	**285,984**	**27,996**	**280,505**

Average number of employees	2019/20			2018/19
	Total wte	Permanent wte	Other wte	Total wte
Medical and dental	476	357	119	400
Administration and estates	1,508	1,472	36	1,525
Healthcare assistants and other support staff	1,018	1,018	0	680
Nursing, midwifery and health visiting staff	2,275	1,988	287	2,348
Scientific, therapeutic and technical staff	1,087	1,003	120	1,450
Other	5	5	0	43
	6,405	**5,843**	**562**	**6,446**

Total Expenditure for 2019/20 Financial Year on Consultancy Costs

Total expenditure for 2019/20 financial year on consultancy costs was £132k.

Compensation Schemes

Reporting of other compensation schemes - exit packages

Exit package cost band	Number of compulsory redundancies No.	Cost of compulsory redundancies £000	Number of other departures agreed No.	Cost of other departures agreed £000	Total number of exit packages No.	Total cost of exit packages £000
<£10,000	0	0	0	0	0	0
£10,000 - £25,000	0	0	0	0	0	0
£25,001 - £50,000	0	0	0	0	0	0
£50,001 - £100,000	0	0	0	0	0	0
>£100,000	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

REMUNERATION REPORT

The Remuneration Committee is assisted by the Executive Director of Workforce & Organisational Development with advice on procedures and benchmarking of pay and conditions of service. The Remuneration Policy for the Trust's most senior managers (Executive Directors who are members of the Board) is to ensure remuneration is consistent with market rates for equivalent roles in Foundation Trusts of comparable size and complexity, while taking into account the performance of the Trust, comparability with employees holding national pay and conditions of employment, pay awards for senior roles elsewhere in the NHS and pay/price changes in the broader economy, any changes to individual roles and responsibilities and overall affordability. The committee refers to the annual NHS Providers Board Salary Survey and NHS Improvement benchmarking data, together with publicly available information about trends within the NHS and broader economy.

Performance is assessed in relation to both organisational performance against agreed objectives and external measurements including regulatory information, and individual performance against annual personal objectives and contribution to the performance of the organisation. It is the current policy of the committee not to award any performance related bonus or other performance payment to Executive Directors.

Where appropriate, non-pay terms and conditions of employment of senior managers are consistent with the NHS contractual arrangements that apply to the majority of NHS Employees under 'Agenda for Change'. Senior manager's contracts of employment have no set term but are subject to continuing satisfactory performance. Contracts can be terminated by either party with a notice period for the Chief Executive of three months, and three months in the case of other senior managers. Contractual early termination payments are in accordance with NHS national terms and conditions. No significant award or compensation has been paid to any former senior manager in the past year.

I confirm that the voting membership of the Board of Directors constitute the senior managers in accordance with the NHS Foundation Trust Code of Governance.

Accounting policies for pensions and other retirement benefits are set out in the accounts and details of senior employees' remuneration can be found below. Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in North East London NHS Foundation Trust in the financial year 2019/20 was £155k-160k. Due to the Chief Executive Officer's salary banding reflecting a part year cost, the highest annualised banding is £190k-£195k (2018-19 was £190-195k). This represents 6.31 times (2018/19 was 7) the median remuneration of the workforce, which was £30,654 in 2019/20 (£26,152 in 2018/19).

In 2019/20, two employees received remuneration in excess of the highest paid director (in 2018/19, three employees). Remuneration ranged from £236k to £304k (2018/19 was £185k to £212k).

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

In 2019/20 there were 16 employees earning in excess of £150k (2018/19 was 16 employees).

Salary entitlements for Board members are detailed below:

		2019-2020			
Name	**Title**	**Salary and Fees (bands of £5,000)**	**All Taxable Benefits**	**All Pension related benefits (bands of £2,500)**	**TOTAL**
Oliver Shanley (2)(6)	Chief Executive Officer	145-150*	0	0	145-150
John Brouder (2)(4)	Former Chief Executive Officer	65-70	4,600	0	70-75
Malcolm Young (2)(6)	Exec Director of Finance	90-95	0	**	90-95
Barry Jenkins (2)	Former Exec Director of Finance	50-55	0	0	50-55
Jacqueline Van-Rossum (1)(5)	Exec.Dir.Integrated Care (London) &Transformation	125-130	0	52.5-55	180-185
Bob Champion (1)	Executive Director of HR	115-120	0	0	115-120
Stephanie Dawe (1)(3)(8)	Exec.Dir.Integrated Care (Essex) & Chief Nurse	145-150	0	50-52.5	195-200
Caroline Ann Allum (1)	Executive Medical Director	155-160	0	0	155-160
Joseph Fielder (1)	Chair	45-50	0	0	45-50
Sultan Ashmall Taylor (1)	Non Executive Director	25-30	0	0	25-30
Amanda Lewis (1)	Non Executive Director	15-20	0	0	15-20
Susan Lees (2)(6)	Non Executive Director	10-15	0	0	10-15'
Mark Friend (1)	Non Executive Director	15-20	0	0	15-20
David Michael Bowen(1)	Non Executive Director	15-20	0	0	15-20
Maria Elizabeth Delauney (1)	Non Executive Director	15-20	0	0	15-20

* Indicates recharge pro rata salary

** Indicates interim pro rata salary

		2018-2019			
Name	**Title**	**Salary and Fees (bands of £5,000)**	**All Taxable Benefits**	**All Pension related benefits (bands of £2,500)**	**TOTAL (bands of £5,000)**
Oliver Shanley (2)	Chief Executive Officer	n/a	n/a	n/a	n/a
John Brouder (2)(4)	Former Chief Executive Officer	180-185	9,200	0	190-195
Malcolm Young (2)(6)	Exec Director of Finance	n/a	n/a	n/a	n/a
Barry Jenkins (2)	Former Exec Director of Finance	145-150	0	0-2.5	145-150
Jacqueline Van-Rossum (1)(5)	Exec.Dir.Integrated Care (London) &Transformation	125-130	0	0	125-130
Bob Champion (1)	Executive Director of HR	115-120	0	0	115-120
Stephanie Dawe (1)(3)(8)	Exec.Dir.Integrated Care (Essex) & Chief Nurse	130-135	0	2.5-5	135-140
Caroline Ann Allum (1)	Executive Medical Director	150-155	0	12.5-15	165-170

Joseph Fielder (1)	Chair	45-50	0	0	45-50
Sultan Ashmall Taylor (1)	Non Executive Director	15-20	0	0	15-20
Amanda Lewis (1)	Non Executive Director	15-20	0	0	15-20
Susan Lees (2)(6)	Non Executive Director	n/a	n/a	n/a	n/a
Mark Friend (1)	Non Executive Director	20-25	0	0	20-25
David Michael Bowen(1)	Non Executive Director	10-15	0	0	10-15
Maria Elizabeth Delauney (1)	Non Executive Director	15-20	0	0	15-20

Notes :

1. Indicates that the post holder has been in post whole year.
2. Indicates that the post holder has been in post part year only.
3. Since December 2017, Stephanie Dawe has been on secondment as Chief Nurse at Provide CIC on a flat rate of £16,824 a quarter for the secondment agreement, reducing the above gross amount to a net cost of £70k-£75k.
4. Trust paid for the rent of the accommodation for the former Chief Executive Officer in the financial year 2019-20.
5. As per NHSBSA instruction, where the calculation results in a negative figure, zero has been submitted in "All pension related benefit" column.
6. No figures were provided for the year 2018-19 as these directors joined in post in the year 2019-20.
7. There have been no Annual or Long Term performance related bonus payments in either 2018/19 or 2019/20.
8. In May 2019, the Trust paid responsibility allowance arrears for the period December 2017 to November 2018.

Band of Highest paid Directors total remuneration 000's	**190-195**
Median Total Remuneration	**£30,654**
Ratio	**6.31**

Pension Benefits

Name	Real increase in pension at NPA (bands of £2,500)	Real increase in lump sum at NPA (bands of £2,500)	Total accrued pension at NPA at 31 March 2020 (bands of £5,000)	Lump sum at NPA related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real Increase in Cash Equivalent Transfer Value After deduction
Barry Jenkins	0*	0	0	0	0	840	0*
Jacqueline Van-Rossum	2.5-5	2.5-5	60-65	170-175	1,379	1,259	71
Stephanie Dawe	2.5-5	7.5-10	20-25	70-75	551	456	63
Caroline Allum	0*	0*	35-40	75-80	711	891	0*
Malcolm Young	7.5-10	35-37.5	65-70	195-200	0	0	0*

** Where calculation results in a negative figure we have disclosed zero*

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

GOVERNORS AND MEMBERS

Statutory Duties

The statutory duties for an NHS Foundation Trust Council of Governors are as follows, as provided by the National Health Service Act 2006:

- Appoint and, if appropriate, remove the Chair.
- Appoint and, if appropriate, remove the other Non-Executive Directors.
- Decide the remuneration and allowances and other terms and conditions of office of the Chair and the other Non-Executive Directors.
- Approve (or not) any new appointment of a Chief Executive on recommendation from the Chair and Non-Executive Directors.
- Appoint and, if appropriate, remove the NHS Foundation Trust's Auditor.
- Receive the NHS Foundation Trust's Annual Accounts, any report of the auditor on them, and the Annual Report at a general meeting of the Council of Governors.

Statutory duties for NHS Foundation Trust Council of Governors as amended by the Health and Social Care Act 2012:

- To hold the Non-Executives Directors individually and collectively to account for the performance of the Board of Directors.
- To represent the interests of the members of the organisation as a whole and the interests of the public.
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution.
- Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions.
- Approve amendments to the Trust's Constitution, following consultation with the Board of Directors.
    - Where there has been an amendment to the Constitution which relates to the powers, duties or roles of the Council of Governors, at least one governor must attend the next Annual Members' Meeting and present the amendment to members.
- Approve significant transactions in line with the Trust's Constitution.

Fulfilling the Council of Governors statutory duties

Statutory Duty	Action during 2019/20
Appoint and, if appropriate, remove the Chair and Non-Executive Directors	The Council of Governors re-appointed Trust Chair, Joe Fielder. The Council of Governors re-appointed Non-Executive Director, Amanda Lewis. The Council of Governors completed the process for the recruitment of a Non-Executive Director in Common with BHRUT and Audit Chair, appointing Susan Lees on 1 August 2019.
Decide the remuneration and allowances and other terms and conditions of office of the Chair and the other Non-Executive Directors	The Council of Governors agreed the Remuneration and allowances of the Trust Chair and Vice Chair at a formal meeting in July 2019.
Approve (or not) any new appointment of a Chief Executive on recommendation from the Chair and Non-Executive Directors	The Council of Governors approved the appointment of Prof Oliver Shanley OBE as Chief Executive.
Appoint and, if appropriate, remove the NHS Foundation Trust's Auditor	Not applicable for 2019/20.
Receive the NHS Foundation Trust's Annual Accounts, any report of the auditor on them, and the Annual Report at a general meeting of the Council of Governors	The Council of Governors received the Annual Report, Annual Accounts and Auditor's Report at a formal Council of Governors meeting in September 2019.
To hold the Non-Executives Directors individually and collectively to account for the performance of the Board of Directors.	The Council of Governors: • Reviewed the appraisals of the Trust Chair and Non-Executive Directors • Received the Board of Directors meeting agendas and minutes • Asked a question at Board of Directors meetings • Chose a quality indicator • Received presentations from Non-Executive Directors at each formal Council of Governors' meeting • Received the Non-Executive Director roles and responsibilities matrix

	• Were invited to comment on the Trust's Strategy and Forward Plan • Received updates from the Trust Chair at every Council of Governors meeting and Governor Development and Information Forum • Were invited to nominate representatives to observe each Board Sub-Committee
To represent the interests of the members of the organisation as a whole and the interests of the public.	The Council of Governors: • Held quarterly Council of Governor meetings in public • Held an Annual General Meeting in September 2019 • Submitted articles for the quarterly stakeholder briefings • Developed a governor email address for members to contact: governors@nelft.nhs.uk • Updated governor biographies and photographs on the website alongside contact details • Held a Governor Workshop to discuss the production of a Membership Strategy
Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution	Not applicable for 2019/20.
Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions	Not applicable for 2019/20.
Approve amendments to the Trust's Constitution, following consultation with the Board of Directors.	Approved significant amendments in 2018/19 and a further minor amendment in 2019/20.
Approve significant transactions in line with the Trust's Constitution	Not applicable for 2019/20.

Composition of the Council of Governors

NELFT has 32 governors in total, which are broken down in the following way:

- 25 elected governors (17 public governors, 8 staff governors); and
- 7 appointed governors from partner and stakeholder organisations.

Elected members serve a three year term, at which point they may be re-elected.

Four formal Council of Governors meetings were held in the period from 1 April 2019 – 31 March 2020 on: 25 April 2019, 25 July 2019, 26 September 2019 and 23 January 2020. The Annual General Meeting was held on 26 September 2019.

These meeting were held in public at the Trust Headquarters and NELFT members were able to attend. Meeting dates are listed on the Trust's website and further details can be requested from the Corporate Affairs Team by calling 0300 555 1300 or via email: corporate.affairs@nelft.nhs.uk.

The attendance record for the four formal meetings appears below:

NAME	CLASS OF GOVERNOR	DATE ELECTED	DATE(S) OF RE-ELECTION/ RE-APPOINTMENT	CURRENT TERM ENDS	MEETINGS ATTENDED
Karen Jordan-Nicholls	Public, Barking and Dagenham	June 2017	-	June 2020	2 of 4
Christine Brand	Public, Barking and Dagenham	June 2013	June 2017	June 2020	4 of 4
Lai Ogunsola	Public, Barking & Dagenham	June 2019	-	June 2022	2 of 3
**Mark Egalton	Public, Havering	May 2014	June 2017	June 2020	2 of 4
Bukola Folayan	Public, Havering	June 2017	-	June 2020	1 of 4
Geoff Farmer	Public, Havering	May 2014	June 2017	June 2020	3 of 4
Indu Barot	Public, Redbridge	June 2017	-	June 2020	0 of 4
Ricky Defoe	Public, Redbridge	June 2019	-	June 2022	2 of 3
*Stephen King	Public, Basildon	June 2011	June 2014 June 2017	June 2020	4 of 4
Frances Annobil	Public, Brentwood	June 2019	-	June 2022	1 of 3
Fatima Khasimi	Public, Waltham	June 2017	-	June 2020	3 of 4

	Forest				
Martin Boyle	Public, Waltham Forest	June 2019	-	June 2022	2 of 3
Julie Jaye Charles	Public, Waltham Forest	June 2019	-	June 2022	3 of 3
Jogga Singh Teidy	Public, Rest of England	May 2015	April 2018	April 2021	3 of 4
Clive Myers	Public, Redbridge	June 2017	-	June 2020	3 of 4
Kevin McNamara	Public, Thurrock	April 2018	-	Resigned Nov 2019	0 of 3
Mandy Orwell	Staff, Barking and Dagenham	June 2017	-	June 2020	3 of 4
Lucky Akpotor	Staff, Havering	June 2019	-	June 2022	3 of 3
Renata Wojciechowska	Staff, Redbridge	June 2017	-	June 2020	3 of 4
Kiki Vratchovaska	Staff, Thurrock	July 2018	-	July 2021	0 of 4
Ubaidul Hoque	Staff, Waltham Forest	June 2019	-	June 2022	2 of 3
Nina Marshall	Staff, Kent	June 2019	-	Resigned Jan 2020	2 of 3
Satha Alaganandasun-daram	Staff, Corporate Services	June 2019	-	June 2022	3 of 3
Chris Rice	Local Authority Appointed, Barking and Dagenham	November 2018	-	November 2021	4 of 4
Barbara Nicholls	Local Authority Appointed, Havering	April 2016	April 2019	April 2022	3 of 4
Joe McDonnell	Local Authority Appointed, Waltham Forest	October 2018	-	October 2021	0 of 4
Christopher Whitbread	Local Authority Appointed, Essex County Council	July 2018	-	July 2021	0 of 4

*Stephen King is currently the Trust's Lead Governor
** Mark Egalton is currently the Trust's Deputy Lead Governor

As 31 March 2020, Governor vacancies included:

Public
1 Redbridge, 1 Thurrock, 1 Kent

Staff
1 Basildon and Brentwood, 1 Kent

Appointed
1 Thurrock Unitary Authority (added in 2019 revision of Constitution), 1 Kent County Council (added in 2019 revision of Constitution), 1 Redbridge Local Authority.

The following individuals ceased serving as elected Governors during 2019-2020: Kevin McNamara and Nina Marshall.

Director attendance at Council of Governors meetings during 2019/20 was as follows:

Name	Position	Meetings Attended
Joe Fielder	Trust Chair	April 19, July 19, Sept 19, Jan 20
Mark Friend	Senior Independent Director	July 19
Sultan Taylor	Vice Chair	April 19, July 19
Liz Delauney	Non-Executive Director	Jan 20
Amanda Lewis	Non-Executive Director	April 19, Sept 19
Sue Lees	Non-Executive Director	Sept 19, Jan 20
John Brouder	Chief Executive	April 19
Oliver Shanley	Chief Executive	July 19, Sept 19, Jan 20
Stephanie Dawe	Chief Nurse and Executive Director Integrated Care, Essex and Kent	July, Sept 19, Jan 20
Barry Jenkins	Executive Director of Finance and Commercial Development	April 19
Malcolm Young	Executive Director of Finance	Jan 20
Caroline Allum	Executive Medical Director	Sept 19, Jan 20

Appointment and Removal of the Chair or Other Non-Executive Directors

In line with the Trust Constitution and statutory duties, the Council of Governors shall appoint or remove the Trust Chair and other Non-Executive Directors at a General Meeting of the Council of Governors.

In line with the Council of Governors Terms of Reference, the Council of Governors may not delegate any of its functions or powers to any committees or sub-committees but it may appoint committees or sub-committees to advise and assist it in carrying out its functions.

In line with the Trust Constitution, the removal of the Chair or another Non-Executive Director shall require the approval of three quarters of the Members of the Council of Governors currently holding office.

Nomination Committee

The Nomination Committee is a standing committee of, and accountable to, the Council of Governors. It assists the Council of Governors in its duty to appoint Non-Executive Directors by:

- Reviewing the Board Skills Matrix, specifically looking at the balance of skills, knowledge, experience and diversity of the Non-Executive Directors.
- Reviewing the results of the Board of Directors evaluation of effectiveness.
- Reviewing the required time commitments of the Non-Executive Directors.
- Considering Non-Executive Director succession planning taking into account the objectives of the Trust and the views of the Board.
- Ensuring leadership needs of the Trust are kept under review at Non-Executive Director level to ensure the Trust's ability to operate effectively in the health economy.
- Agreeing a clear process for recruiting Non-Executive Directors, ensuring an open and transparent approach.
- Approving the role description with reference to the gaps in the Board Skills Matrix.
- Ensuring that potential Non-Executive Directors are "Fit and Proper" Persons in line with Regulation 5 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.
- Ensuring potential Non-Executive Directors disclose other significant commitments and business interests that could result in a conflict of interest before appointment.
- Receiving reports on behalf of the Council of Governors on the process and outcome of appraisals of the Chair and Non-Executive Directors.
- Making recommendations to the Council of Governors on reappointment of any Non-Executive Director at the conclusion of their specified terms of office. Giving due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.
- Providing recommendations to the Council of Governors on remuneration and allowances for the Chair and Non-Executive Directors.

As at 31 March 2020, the Governor membership of the committee was:

- Stephen King (Public, Basildon and Lead Governor)
- Mark Egalton (Public, Havering and Deputy Lead Governor)
- Geoff Farmer (Public, Havering).
- Clive Myers (Public, Redbridge)
- Renata Wojciechowksa (Staff, Redbridge)

PLACE Assessments

As part of their role, governors can take part in PLACE assessments and form part of a team made up of patients, senior clinicians and management to check on the quality of the services NELFT provides. On such visits governors may be tasked with speaking to patients about their experience, the condition, cleanliness and accessibility of the care environment, the quality of food, facilities for visitors and the accessibility of information.

Council of Governor Elections

During the year, one election was held to fill vacancies in Barking and Dagenham (1 public), Redbridge (1 public), Brentwood (1 public), Waltham Forest (2 public), Havering (1 staff), Waltham Forest (1 staff), and Corporate Services (1 staff).

To ensure inclusivity and maximum governor attendance, formal meeting times are alternated between afternoon and evening. Elections continue to occur annually, with a formal induction event taking place soon after governors are formally in post.

As at 31 March 2020, the Council of Governors had 8 vacancies, down from 14 in 2018-19.

Membership

NELFT's membership is comprised of public and staff members. Members of the public are eligible to be part of the following constituencies, depending on where they live: Barking & Dagenham, Havering, Redbridge, Basildon, Brentwood, Thurrock, Waltham Forest, Kent and the Rest of England.

Membership is open to any individual who:

- Is over 16 years of age; and
- Is entitled under the constitution to be a member of one of the public constituencies as detailed above, or one of the staff constituencies.

NELFT members can nominate themselves as potential governors and get to vote for their preferred representative during the Council of Governors elections.

Membership Numbers

At 31 March 2020, the Trust had 10,210 public members and 6,292 staff members, making a total of 16,502 members.

Membership Representation

NELFT's membership currently has a good match for most protected characteristics; however, we are under-represented in terms of young people, certain BAME groups, and people who identify as LGBT+.

Membership Recruitment

Public membership has remained consistent over the past few years and to maintain this we offer the following membership registration opportunities:

- Membership information available at Trust events
- An online membership form
- Social media promotion of membership
- Membership promoted via word of mouth by NELFT staff and public governors
- NELFT volunteers encouraged to sign up via their volunteer application forms
- Link to online form in our quarterly stakeholder briefings

Membership Engagement

We are always looking for new ways to better involve members in the Trust and we recognise that we need to do more in this area. As a result, a Workshop was held with the Council of Governors to discuss the Membership Strategy and an improved membership database system was approved, allowing for further engagement with members without email addresses. Membership has moved from the Communications team to the Corporate Affairs team, allowing a closer connection between members and governors.

We continue to promote our membership through the following channels:

- Securing increased coverage of our work in local news media
- Development of information on the NELFT website, enabling visitors to find out more about membership and governance at NELFT
- Increased use of social media drawing upon our Twitter followers and Facebook friends to promote membership, upcoming events and opportunities to join our Council of Governors
- Trust governors promoting their role including the opportunity to submit articles for the quarterly stakeholder briefings

- Increased external and internal written promotion including governors' photographs, constituencies and contact details on website and intranet.

Get In Contact

We are happy to answer any questions you have about membership or governance at NELFT. Please contact the Corporate Affairs Team on 0300 555 1300 or via email: corporate.affairs@nelft.nhs.uk.

Signed:

Joseph Fielder
Chair
23 June 2020

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

STATEMENTS & ACCOUNTS 2019/20

STATEMENT OF COMPLIANCE WITH THE FOUNDATION TRUST CODE OF GOVERNANCE

North East London NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012. The Trust fully supports these requirements and no areas have been identified as non-compliant with the Code.

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

STATEMENT OF CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF NORTH EAST LONDON NHS FOUNDATION TRUST

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

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

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

- Observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- Make judgements and estimates on a reasonable basis;

- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;

- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and

- Prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Responsibility for the Annual Report and Accounts

The Directors are collectively and individually responsible for the preparation of the Annual Report.

The Annual Report has been prepared on the same group basis as the accounts. Having reviewed all of the information contained within the Annual Report and Accounts, and taking into account all other relevant information of which they are aware, the Directors confirm that they consider that (taken together) the Annual Report and Annual Accounts:

- are fair, balanced and understandable; and
- provide the necessary information for patients, regulators and other stakeholders to assess the performance, business model and strategy of the Foundation Trust.

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

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

NORTH EAST LONDON NHS FOUNDATION TRUST
ANNUAL GOVERNANCE STATEMENT 2019/20

For the period 1 April 2019 – 31 March 2020

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore 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 North East London NHS Foundation Trust, to evaluate the likelihood of those risks occurring 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 North East London NHS Foundation Trust for the year ending 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust's Risk Management Policy makes it clear that, whilst I have overall responsibility for risk, leadership for specific risk management areas have been delegated to individual directors:

- The Chief Nurse and Executive Director of Integrated Care (Essex and Kent) has delegated responsibility for quality and risk management. This includes: regulation and compliance with the CQC's Fundamental Standards, the risk register, risk assurance, claims management, the Central Alerting System, medical devices, and the management of clinical governance, including complaints, serious incidents and compliance with Coroner's regulations;

- The Chief Nurse and Executive Director of Integrated Care (Essex and Kent) has responsibility for the management of risks associated with operations in the Essex and Kent health economies, and also responsibility for infection prevention and control (including 'flu pandemic readiness) and the safeguarding of children and adults;

- The Executive Director of Integrated Care (London) has responsibility for the management of risks associated with operations in the London health economy and emergency planning resilience and response;

- The Executive Director of Finance has responsibility for managing the development and implementation of systems of financial and commercial risk and information governance. This individual is the Trust's Senior Information Risk Owner;

- The Executive Medical Director is the Trust's Caldicott Guardian and is responsible for risk management regarding medical staffing, education, revalidation and mortality;

- The Executive Director of Workforce & Organisational Development has responsibility for risk management regarding employees, staffing, workforce development and equalities;

- Under the leadership of the Chief Executive Officer, the Estates Director has responsibility for the buildings, plant and non-medical devices used by Trust staff, and has particular responsibilities for fire safety, security, waste management, and environmental management;

- Under the leadership of the Chief Executive Officer, the Director of Corporate Affairs has responsibility for risk management regarding corporate governance, freedom to speak up, environmental sustainability, health and safety and local security management (although the Chief Nurse is the Security Management Director);

- Under the leadership of the Chief Executive Officer, the Director of Communications has responsibility for risk management regarding communications, engagement, identity and reputation;

- The Integrated Care Directors have responsibility for local risk management systems and controls; and

- The Associate Medical Directors, Directors of Nursing and Professional Leads have responsibility for the systems of clinical risk management at locality level.

The Board of Directors, managers and staff are committed to the principles of risk management that apply throughout clinical and non-clinical areas of the Trust. The Risk Management Policy is reviewed at least every three years by the Board of Directors and is designed to assist individuals in identifying and determining risk activities so that resources can be targeted to reduce risk. The policy details the Trust's framework for setting objectives, providing assurance and managing risk with the intended purpose of embedding a consistent culture of accountability for the management of risk. Ultimate responsibility rests with the Board of Directors, and staff are trained to be "safety aware" and to identify, assess and record risks in their own areas.

Risk management training is provided via e-learning which is available to all staff via the STEPS system. In addition there is a webinar which can be accessed via the intranet. There are also a variety of guidance notes, from a detailed step by step guide through the local risk management system, to an easy to follow two-page overview. The Head of Risk Assurance also provides training to groups and individuals as required.

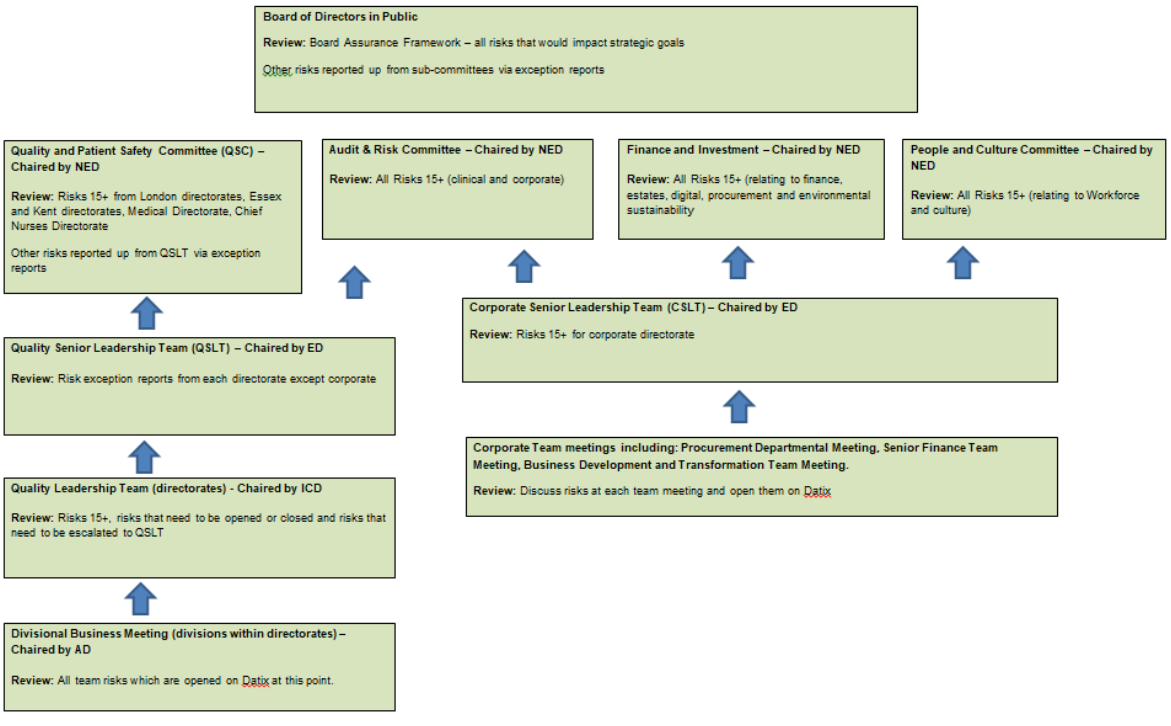
The system of risk management within the Trust is a critical constituent of the internal control framework and this is monitored and developed through the Board of Directors and its sub-committees which are supported by the governance structures (below). The Audit & Risk Committee reviews all 15+ clinical and corporate risks. As well as this, it supports the effective management of risk within the Trust through:

- Assessment of relevant internal and external audit work on systems of control;
- Assuring the effectiveness of external and internal audit and counter fraud services;
- Ensuring that the scope of internal audit provides adequate coverage and review of fundamental systems;
- Commenting on the nature and scope of the external audit plan; and
- Reviewing the annual financial statements before submission to the Board, focusing particularly on changes in, and compliance with, accounting policies and practices, major judgemental areas, and significant adjustments resulting from the audit.

The Quality & Safety Committee also reviews risks at each monthly meeting. It looks at the risks within all operational services and the Chief Nurse and Medical Director's portfolios. This includes risks that impact patient and staff safety, patient experience, quality governance, clinical effectiveness, clinical audit, pharmacy and NICE compliance.

From 1 April 2020 the Finance & Investment Committee and the People & Culture Committee will review high level risks related to the items within their terms of reference.

Each tier of the risk governance framework ensures appropriate action is taken and learning is shared. This is supported by a Head of Risk Assurance within the department of Quality and Patient Safety.



The Trust has an established process of learning and sharing good practice through the three tiers of governance at practice, operational and strategic levels. Products of assurance are managed through a cycle of business at each level and trends and themes are identified and reported through to the Board of Directors and its sub-committees. This is supported by a framework of learning from incidents, clinical audit, quality improvement programmes and a robust research and development infrastructure. At a strategic level, individuals have been given the opportunity to attend the NHS Providers Risk Management Training and best practice has been fed back into the organisation.

The Trust is committed to ensuring a safety culture where staff have a constant and active awareness of risk management and are able to learn. This is supported by a robust organisational development framework to improve staff capability. Staff are supported to report all safety incidents and concerns. The Trust has implemented the Duty of Candour regulatory requirements to ensure the culture remains open and transparent. Equality Impact Assessments are undertaken on all policies and training is provided on incident reporting and management. The Trust considers lessons to be learnt from national enquiries, and ensures any relevant local action is taken forward.

The Trust has a Gifts, Hospitality and Conflicts of Interest Policy which complies with the requirements set out in NHS England's publication "Managing Conflicts of Interest in the NHS". This provides clear guidance to staff who may be offered gifts and hospitality as part of their role and also explains the Trust process with regard to declaring and managing any potential conflicts of interest.

The publishing of an up-to-date register of interests for decision-making staff (as defined by the Trust with reference to the guidance) on the Trust's website has been delayed due to the COVID-19 pandemic. An up-to-date register of interests for Directors has been published. Staff are aware of the requirement to declare any conflicts as they arise.

The organisation has a fully implemented code of conduct for the Board of Directors that includes reference to fraud, bribery and corruption, and the requirements of the Bribery Act 2010.

The Trust has also developed a Slavery and Human Trafficking Statement in line with the Modern Slavery Act 2015. This statement outlines NELFT's actions to understand modern slavery and human trafficking risks and the effective systems and controls that have been implemented to address these. This statement can be found on the Trust's website.

The Trust has a range of mechanisms to facilitate close working with key partners including the performance management of contracts by commissioners, regular attendance at Local Authority Scrutiny Committees, Health and Wellbeing Boards (where applicable), Local Safeguarding Boards, Service User and Carer Groups, Health Watch, and meetings with Chief Officers and Directors of Social Care.

In accordance with NHS Internal Audit Standards, the Head of Internal Audit provides an annual opinion, based on and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. This is achieved through a risk-based plan of work, agreed with management and approved by the Audit & Risk Committee.

Internal audit methodology is based on four assurance levels in respect of their overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are based on internal audit giving either "substantial", "moderate", "limited" or "no" assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Each Audit & Risk Committee reviews the internal audit recommendations and the progress made against each of these recommendations by management. This ensures that any gaps in control are responded to. These recommendations are also scrutinised by the Executive Management Team and, for those relating to clinical services, by the Quality & Safety Committee.

The Head of Internal Audit has given the following opinion for the year ending 31 March 2020:

“The role of internal audit is to provide an opinion to the Board, through the Audit & Risk Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation’s objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation’s risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk based plans that have been reported throughout the year;

- This assessment has taken account of the relative materiality of these areas and management’s progress in respect of addressing control weaknesses; and

- Any reliance that is being placed upon third party assurances.

“Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Trust’s objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The majority of the audits issued to date provided moderate assurance in the design of the controls in place. The reviews were selected on a risk-based approach and we were directed by management to assist us in identifying improvements and areas of concern. We have noted improvements in some areas, such as the Data Protection toolkit and controls over temporary staffing (non-medical temporary staffing) approvals. Overall, however, there has been a slight deterioration in assurance ratings in our internal audit reports compared to previous years.

- The Trust has been slow in implementing prior year audit recommendations in the year. In particular there has been a lack of clarity on roles, responsibility and accountability for delivering on agreed recommendations and submission of appropriate evidence required to demonstrate completion of recommendations. We held discussions with management and introduced a new process whereby the evidence for audits must be submitted to Quality Chief Nurse Group and EMT in the month prior to the Audit Committee. This has seen progress in some areas in closing down recommendations however there remain five recommendations which have not been implemented for 2018/19. We note that the last quarter of 2019/20 has been impacted by COVID-19 however the majority of recommendations due were overdue before the outbreak of the virus and subsequent impact on the Trust's capacity to complete audit actions.

- The Trust's CQC rating has slipped from Good to Requires Improvement and a number of actions are being taken to address the CQC findings. At the end of February the Trust was reporting a surplus of £3.8m, a £675k favourable variance.

- Our indicative* annual report and head of internal audit opinion has been prepared based on the audit work undertaken during the year. There are currently four remaining audits at draft report stage; their outcomes have been taken into consideration for the overall audit opinion. These have not yet been finalised due to the operational impact of COVID-19 on the Trust."

** the indicative annual report and head of internal audit opinion has since been finalised.*

Assurance ratings in internal audit reports

The majority of the ten audits issued to date provided moderate assurance in the design of the controls in place and two that provided substantial assurance. There were, however, two reports that provided limited assurance in respect of either the design of the controls or operational effectiveness.

The audit in relation to NEWS2 (National Early Warning Score) provided moderate assurance in the design of the controls in place but limited assurance in the operational effectiveness due to a control gap relating to the sharing of learning from peer audits, which was not happening within all directorates. This is a new system that management requested to be audited and some initial issues were expected. A number of recommendations are being implemented, including circulating an updated Deteriorating Patient Policy and monitoring compliance with e-learning and face-to-face training.

Limited assurance was provided in the design of controls relating to retention, although moderate assurance was provided in operational effectiveness. The audit identified the lack of a Retention Strategy and no formal systematic process for collating feedback from questionnaires and other feedback channels. It should be noted that the audit report has only been issued in draft form as the internal auditors were unable to obtain some of the information and evidence requested due to the emergence of the COVID-19 pandemic. To address the gaps identified, the Trust will progress the production of a Retention Strategy, ensure there is sufficient analysis and scrutiny of key HR metrics and implement a process for recording and analysing all feedback received.

In addition to the above, an advisory review was carried out on doctors pay following the receipt of complaints relating to inaccuracy of pay and historical issues relating to how contract information was added to the Electronic Staff Record (ESR) system. From the sample taken, errors were identified in medical staffing payments which will have financial implications for the Trust. Whilst this was not an assurance review, it was noted that there had been historical deficiencies in the controls for inputting the correct information onto ESR. There was also a lack of guidance for trainees and consultants in reading and understanding their own payslips, which would allow for earlier identification of some of the problems arising. A wider investigation into payroll records has been commissioned, the outcome of which will be reported to the Audit & Risk Committee.

Implementing prior year recommendations in the year

As noted above, the Head of Internal Audit commented that the Trust had been slow in implementing prior year recommendations in the year. Further to the new process outlined above, action owners for overdue recommendations will now be required to attend the Audit & Risk Committee to account in person for any lack of progress. This added scrutiny will help to ensure timely implementation of recommendations in the future.

The risk and control framework

Identification and evaluation of risk

Systems are in place to ensure the identification, analysis, quantification and recording of individual risks, and the consequences of their potential impact. These areas form the basis of the Trust's risk registers which are maintained at each level in the organisation. Assurance that risks are being managed effectively in both corporate and clinical services is gained through the governance structures in place.

All staff are responsible for managing risks within the scope of their role and responsibilities as employees of the Trust and as professionals working to professional codes of conduct. The Board of Directors, through the Risk Management Policy and Incident Reporting Policy, promotes open and honest reporting of incidents, risks and hazards. This is supported by a range of policies with which staff are required to comply. There are formal mechanisms for engaging with partner organisations, service users and the wider public and these mechanisms contribute to internal Business Planning and Performance Management processes.

Risk Appetite and Board Assurance Framework

In November 2019, the Board of Directors reviewed and defined its risk appetite, tolerance levels and target scores. This forms part of the Board of Directors cycle of business and is scheduled to take place on an annual basis.

The Board Assurance Framework (BAF) also continued to evolve and was reviewed to bring it into closer alignment to the Trust's strategic objectives and risk appetite. In 2019/20, the BAF was reviewed and updated by the Executive Management Team on a monthly basis, before being presented at the Board of Directors meeting in public.

The key risks within the BAF and their mitigations are shown in the table below (correct as at 31 March 2020). Risks on the BAF are given a risk rating based on their likelihood and

their impact should they be realised. Risks can be rated as being ‘Low’, ‘Moderate’, ‘Significant’ or ‘High’. All risks with a risk rating of ‘High’ have been considered to be key risks and are included in the table below:

Risk	Mitigations
Treatment time If people are waiting too long for treatment then their health condition may deteriorate	**Preventative Controls:** Monthly reports to Quality & Safety Committee (QSC) and Board of Directors Completion of risk assessments are key to maintaining patient safety Reviewed monthly at the Performance SLT (Senior Leadership Team) On-going discussions with commissioners as funding not sufficient to meet demand **Recovery Controls:** Clinical Risk policy High Risk Reporting protocol Operational recovery plan including clear trajectories based on risk management, clinical harm reviews, additional temporary staffing and a review of systems and processes to ensure effective use of capacity and demand to ensure safe patient care Risk registers closely reviewed and updated
CQC Non Compliance If NELFT is non-compliant with CQC regulations and fundamental standards then the Trust will not provide the best care	**Preventative Controls:** Mock Inspection Programme Perfect Ward Audits Monthly reports to QSC and Board of Directors **Recovery controls:** CQC internal action plans worked up locally and monitored via the internal governance process Risk register regularly monitored and updated Themes taken forward to ensure improvements via established quality groups Mental Health Acute Care Pathway work to be undertaken. Co-production workshop held and next steps agreed Picasso Ward fully operational, providing increased capacity and reduced ECRs (extra-contractual bed referrals) Action plan submitted to Care Quality Commission (CQC)

Staff safety If staff do not feel safe at work the vacancy rates will increase and impact on patient safety and quality	**Preventative Controls:** Implementation of positive and proactive work Police liaison forums and police presence; taking action Implementation of safe wards across all areas Update of Managing Violence at Work Policy Installation of CCTV on Mental health inpatient units Development of an Employee Assistance Programme **Recovery Controls:** Staff advised to inform Police of incidents Merseycare visited the Acute and Rehabilitation Directorate to advise on additional work/initiatives that could be undertaken to reduce violence and aggression Capital Planning Group using Datix as a measure for investment Structured group to monitor programme in place Managing Violence at Work standard operating procedures developed Report from Merseycare reviewed and presented to QSC A new Nurse Consultant for Acute Mental Health began in post in January 2020, focused on workstreams in relation to violence and aggression Violence and aggression data is now being monitored monthly in the Positive and Proactive meeting
Acute Adult Mental Health Care Pathway Capacity If we are unable to operate within our bed capacity, including the demand across the acute adult mental health care pathway, then service users will potentially continue to be admitted to ECR	**Preventative Controls:** Bed management protocol in place Twice daily patient flow meetings Daily multi-disciplinary review on each ward Weekly bed management meeting Weekly DToC (delayed transfers of care) data sent to localities and discussed at SLT meetings Bed management escalation protocol **Recovery Controls:** Picasso Ward opened for 17-20 female beds

beds. A lack of sufficient capacity to meet the increasing demand across the acute adult care pathway could/will compromise patient care	Source ECR beds as required. Ensure appropriate use of s136 suites Increased reporting and review of all patients placed in ECR beds and exception reports to NHS England and EMT (Executive Management Team) Demand and capacity review of the adult acute care pathway across all service lines in partnership with the Barking, Havering & Redbridge and Waltham Forest Clinical Commissioning Groups Implementation of a Mental Health Transformation Board to review demand and capacity recommendations Community crisis funding implemented
Trust-wide Recruitment and Retention If there is a failure to recruit and retain staff then vacancy rates may exceed safer staffing levels, staff morale will deteriorate and agency costs will increase	**Preventative controls:** Monitoring of staff Friends & Family test Monitoring numbers of new starters Analysing staff survey results and implementing action plans Monitoring workforce demographic profile monthly to predict resourcing and trends and plan for the future Retention project initiated Workforce exception report to EMT and Board Review exit interview data **Recovery controls:** Monthly data accuracy checking
COVID-19 If the Trust does not comply with WHO guidance to mitigate cross-contamination, there is the potential for staff and patients to contract Coronavirus. If the Trust fails to control the spread of infection then there could be multiple fatalities.	**Preventative controls:** Pandemic 'Flu Plan in place Business Continuity Plans in place Major Incident Plan in place Engagement with national and regional teams Communications Plan in place Fit testing programme implemented

Leaving the European Union and EU Exit workforce implications

In January 2020 following the successful vote on the second reading of the Withdrawal Agreement Bill, the government agreed that EU Exit preparations should be halted with immediate effect. The UK formally left the EU on 31 January 2020 and entered an implementation/transition period until 31 December 2020. Although the UK ceased to be an EU member, the trading relationship will remain the same and it will continue to follow the EU's rules, such as accepting rulings from the European Court of Justice. We do not anticipate any changes in the way the NHS operates during the transition period.

We continue to encourage our valued EU national staff to apply for settlement status. The deadline for applications is 30 June 2021.

Face-to-face negotiations between the UK and EU remain on hold due to COVID-19. MPs from UK opposition parties wrote to the EU's chief negotiator, Michel Barnier, to express their support for an extension to the transition period (due to end on 31 December 2020) in light of the COVID-19 pandemic. The UK government has said it will not extend the transition period and if no trade agreement is reached, the UK and EU will trade with each other under World Trade Organisation rules.

In line with national guidance, the Trust's EU Exit Steering Group was suspended in February 2020 and is ready to be resumed once further guidance is received to prepare for leaving the EU on 31 December 2020.

Quality governance arrangements and performance information

The Trust has reviewed the requirements of the Quality Governance framework and has an effective assurance system in place. The monitoring of specific elements of the framework is conducted via the Quality & Safety Committee. The Audit & Risk Committee further receives a report from the Data Quality Group providing assurance and scrutiny of the quality and safety indicators.

CQC registration

Assurance on compliance with CQC registration requirements is reported and monitored regularly via the three tiers of governance (Quality and Patient Safety Groups reporting to the Quality & Safety Committee, which in turn reports to the Board of Directors).

Regular quality and performance reports, the quality account and exception reports go to the Board to ensure that members are informed of key quality issues relating to patient experience, patient safety and clinical effectiveness.

After CQC inspections, a report is also taken to the Board of Directors, which reviews recommendations and progress against their associated action plans.

Data security risks

The Trust submitted its Annual Data Security Toolkit submission in April 2020, after an extension was granted to the deadline by NHS Digital due to the emerging national picture relating to COVID-19. The Trust has met all 116 of the mandatory requirements and submitted as satisfactory for 2019/20.

Principal risks to compliance with the NHS Foundation Trust Condition 4 (FT governance)

Compliance with the NHS Foundation Trust Condition 4 requires trusts to 'apply those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate as a supplier of healthcare services.'

The principal risk to non-compliance with this condition is for the Trust to fail to establish effective board and committee structures with a clear purpose and terms of reference for each committee and well defined lines of accountability throughout the organisation. The Trust mitigates this risk by having a three-tiered system of governance in place that ensures quality and performance reporting requirements are mirrored from board sub-committee level down to a local level with information flowing in both directions.

The Trust has a Scheme of Delegation which outlines matters that must be reserved for the Board of Directors and those that may be delegated to a sub-committee or Executive Director. The board sub-committee structure is well established and two new board sub-committees have been approved and will begin operating as of 1 April 2020. The two new sub-committees are the People & Culture Committee and the Finance & Investment Committee. Each sub-committee has a Non-Executive Chair and at least two other Non-Executive members who provide scrutiny and rigorous challenge to Executive committee members regarding performance. An Integrated Performance Report is presented to the Board of Directors and Executive Management Team on a quarterly basis. This report contains indicators relating to statutory and regulatory requirements.

Sub-committees all have their own terms of reference which outline the responsibilities, accountabilities and reporting lines of the sub-committee, and a cycle of business to ensure its duties are fulfilled. Both of these documents are reviewed annually. Risk, trends, themes and exceptions are analysed at each meeting of the sub-committee.

Regular progress reports and recommendations from internal and external auditors on both clinical and non-clinical areas ensure that the Trust's governance systems are fit for purpose and effective, as well as providing assurance of the validity of the Trust's corporate governance statement.

The Foundation Trust is fully compliant with the registration requirements of the Care Quality Commission.

The publishing of an up-to-date register of interests for decision-making staff (as defined by the Trust with reference to the guidance) on the Trust's website has been delayed due to the COVID-19 pandemic. An up-to-date register of interests for Board members has been published. The Trust has a Gifts, Hospitality and Conflicts of Interest policy that applies to all members of staff, and staff are aware of the requirement to declare any conflicts as they arise.

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

Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

Relationship with stakeholders

The interests of service users, carers and stakeholders are embedded in our values, and demonstrated in our ways of working. We have strengthened our learning processes, utilising the systems of governance, to improve the quality of our service.

The Trust has a continuing positive relationship with stakeholders and staff through the delivery of key objectives and delivering performance against contracts. This is supported through regular meetings at a strategic and operational level. There is an on-going strategic partnership working strategy and plan that is monitored by the Executive Management Team and Board. The stakeholder engagement strategy and media plan have also been reviewed.

The Trust has recently refreshed its five year workforce and organisational development strategy that sets out short, medium and long-term plans to support the best people in delivering the best care. The strategy was approved by the Trust Board and the priorities and objectives are subject to ongoing Board scrutiny via workshop sessions and through regular reporting to the Quality & Safety Committee. Going forward, they will be monitored through the People & Culture Committee. These measures, as well as compliance with Health Education England approved workforce planning methodologies, assure the Board that staffing processes are safe, sustainable and effective. We deploy our resources effectively in all operational areas, using rostering technology and in accordance with National Quality Board guidance and recommendations. We continually review our skill mix and staffing levels to ensure that the right people are in the right place at the right time. Our recruitment processes ensure that our staff are fit for purpose and our Retention Strategy will be focused on positively engaging with our workforce and promoting their health and wellbeing. Our management of temporary staffing solutions focuses on best value and high quality staff and we use evidence from staffing activities to continually improve our practices. As well as monthly Board reporting and regular reports to the People & Culture Committee, we will produce an annual governance statement that describes how we comply with the 'Developing Workforce Safeguards' recommendations.

NHS Improvement's Well-led Framework

In line with NHS Improvement's Well-led Framework, the Trust commissioned an external well-led review in 2016, and is due to commission another in 2020.

The Trust most recently received a well-led inspection from the CQC in June 2019 and received a rating of “Requires Improvement”.

The report published following the inspection noted that staff engagement was mixed. Whilst the Trust had achieved positive staff survey results and most staff spoken to by the CQC were very enthusiastic about working for the Trust, there were still some pockets of unhappy staff who did not feel adequately engaged. There was also more work to do by the senior executive leadership team to improve working relationships and operate in a more cohesive manner. In response to the areas for improvement identified, the Trust developed an extensive action plan and progress against this is monitored by the Quality & Safety Committee.

The CQC found that the governance processes in place at the time of the inspection might not provide adequate assurance for the board on workforce and finance. The Trust was addressing many complex workforce issues and, whilst the Trust had a positive track record of delivering its financial performance, the CQC felt that there were some areas of potential risk identified in financial governance. In response to these concerns, the Trust has introduced two new sub-committees, as detailed above.

While there were areas noted for improvement, the CQC found that the Trust had made progress with most of the areas identified at the last inspection. This included extensive consultation and the launch of the Trust Strategy, which was now embedded into the ongoing work of the organisation. The CQC noted the good progress made in relation to: visits to services by Non-Executive Directors including arrangements for sharing feedback; increasing the inclusion of governors to provide them with more opportunities to undertake their role; improving how the Trust considers risk and strengthening the Board Assurance Framework; and strengthening the arrangements for patient and carer engagement. The CQC also positively noted the extended reach of the Trust’s programme of quality improvement and the impact this was having on staff engagement in improving services.

The CQC found areas of outstanding practice in four of the services they inspected:

- Forensic inpatient/secure wards (low secure);
- Wards for people with a learning disability or autism;
- Community-based mental health services for people with a learning disability or autism; and
- Specialist community mental health services for children and young people.

To provide further assurance regarding the Well-led Framework, the Board of Directors annual self-assessment of effectiveness has been aligned to the CQC’s well-led key lines of enquiry.

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

The Trust has robust processes in place for managing resources, including regular reviews between operational/clinical leads and finance managers and regular scrutiny by executive leads. The programme of internal and external audit approved each year includes a number

of financial and clinical audits, the outcomes of which provide the Trust with valuable insight into the effectiveness of systems.

The Board receives a finance report at every meeting, which provides an update on the Trust use of resources, in line with the NHS Oversight Framework.

Information governance

There were no level 2 information governance incidents reported for 2019/20.

There were no serious incidents relating to information governance.

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. Due to the COVID-19 pandemic, guidance has been issued stating that these are now due for submission in December 2020.

An external audit review was carried out in year which identified continuing concerns regarding the accuracy and completeness of the data concerning the early intervention in psychosis (people experiencing a first episode of psychosis treated with a National Institute for Health and Care Excellence approved care package within two weeks of referral indicator); and the Inappropriate Out of Area placements indicator.

The Trust has put in place an Information Assurance Framework which is monitored through the Data Quality Action Group, reporting through to the Audit & Risk Committee. The development of the Quality Report involves consultation with a wide group of internal and external stakeholders including governors, service users, Health Watch, Overview and Scrutiny Committees and commissioners.

Implications of COVID-19

The emergence of the COVID-19 pandemic towards the latter part of 2019/20 had a significant impact on the activities of the Trust. The system of internal control and risk management did, however, allow a prompt response to the change in circumstances. The Trust adopted the national Gold, Silver and Bronze Control Structure for day-to-day operational decision-making and committees were adapted to be held virtually. Committee agendas were reviewed so that non-essential items could be deferred and so allow greater capacity to meet operational pressures and demands. To maintain oversight of existing risks and identification of emerging risks, the Board Assurance Framework has continued to be considered at every formal meeting of the Board of Directors. Board Sub-Committees have also continued to review high level risks. Information has continued to

flow between each tier of the risk governance framework, albeit in a reduced and more focused manner.

Board service visits have been suspended since the emergence of COVID-19. The viability and efficacy of holding virtual service visits will be explored to ensure that Non-Executive Directors continue to have oversight of and assurance regarding risks and performance across the organisation while the pandemic continues.

Following their last inspection in June 2019, the CQC made a number of recommendations that were drawn up into an action plan. The Trust has liaised closely with the CQC throughout the pandemic and, in agreement with them, has deferred completion dates to allow for a greater focus on responding to the pressures created by COVID-19. Many actions had been completed ahead of the pandemic and focus on the remaining actions will resume at the earliest opportunity.

The impact and implications of COVID-19 look set to continue for some time and so the Board of Directors will look to review its risk appetite against each of its strategic objectives in light of the on-going pandemic at a Board Strategy session in June 2020.

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 the performance information available to me and 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 & Risk Committee and Quality & Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by the final report of the external and internal auditors, internal management reports and other key reports.

Conclusion

I can confirm that the following significant control issues have been identified in the 2019/20 financial year:

- Limited assurance in the operational effectiveness of NEWS2 (National Early Warning Score); and

- Limited assurance in the design of controls relating to retention.

No other significant control issues were identified.

Signed:

Prof Oliver Shanley OBE
Chief Executive
23 June 2020

OPERATING & FINANCIAL REVIEW SUMMARY

Financial Performance 2019/20

Summary

For 2019/20 the Trust approved a plan to achieve both a use of financial resources score of 2 (where 1 is the highest and 4 the lowest) and a continuing operations surplus £3.4m, the latter having been set to deliver the control total agreed with our regulators. Given that both these objectives were exceeded, with a use of financial resources score of 1 and a final continuing operations surplus of £7.8m, 2019/20 can be seen as another successful financial year for the Trust.

After allowing for the impact of the revaluation of our land and buildings, the Trust is reporting an Income and Expenditure surplus of £3m, which is summarised below:

	2019/20 £000	**2018/19 £000**
Operating income from patient care activities	394,861	367,843
Other operating income	23,099	20,874
Operating Expenses	(413,878)	(386,157)
Operating surplus / (deficit) from continuing operations	**4,082**	**2,560**
Finance income	385	331
Finance expenses	(1,028)	(1,175)
PDC	(2,421)	(2,069)
Net finance costs	**(3,064)**	**(2,913)**
Gain on Asset Sale	1,970	4,151
Surplus / (deficit) for the year	**2,988**	**3,798**

Add back impairment included within operating expenses	4,828	4,397
Adjusted financial performance surplus / (deficit) including PSF	**7,816**	**8,195**

Income

When taken together income from patient and other activities increased by £29.3m (7.5%) in 2019/20 to stand at £418m. This included £11.4m additional income to cover the cost of the April 2019 increase in employer's pension contribution. A significant proportion of the Trusts remaining income (87.8%) comes through block contracts held with NHS and local authority commissioners.

For 2019/20 NHS Contracts continue to be held with the four North East London Clinical Commissioning Groups; the two Clinical Commissioning Groups covering South West Essex; Barnet CCG; NHS England; West Essex CCG (as lead commissioner for Children's and Adolescent Mental Health Services for Essex); and the Clinical Commissioning Groups across Kent for the Children's and Adolescent Mental Health Services and all age Eating Disorder services provided. Services were also commissioned by four North East London Borough Councils, Essex County Council and Thurrock Council.

Expenditure

As part of the planning process cost reduction schemes and initiatives totalling £8m were required to deliver the 2019/20 financial plan. Additionally, £6.1m of cost reductions were not achieved in 2018/19, making a total requirement for 2019/20 of £14.1m. In the year total cost reductions of £14.1m (100%) were achieved, of which £7.1m was non recurrent. This has an impact into 2020/21 and has increased the efficiency target that the Trust needs to release.

Headline operating expenses increased in the year by £27.7m (7.2%) to £413.9m. When the impact of impairments to fixed assets are excluded underlying operating expenses increased by £22.9m (5.9%). This reflects increased pay expenditure and employer's pension contribution and costs arising from additional patient activity.

Including the use of medical and nursing temporary staff employed either through the in-house bank or agencies, 75.9% of expenditure is pay related. Expenditure on agency and locum staffing is monitored externally and the Trust has been set an annual expenditure target of £21.9m. Total expenditure on agency staffing at £28m is higher than both the expenditure cap and last year (£23.2m). This has generated a metric of 3 within the Financial Use of Resources. For 2020/21, there is currently no Financial Use of Resources measure although the Trust will be seeking to be in line with its operating plan to reduce the use of temporary staffing in line with the set target.

Operating expenses also includes drugs, the cost of premises and the cost of clinical placements sub contracted to NELFT by its mental health commissioners.

Financing Costs

The Trust's accounting policy requires a full revaluation every five years with an interim one every three years for all its land and buildings. In 2017/18 the Trust undertook a full revaluation exercise of all its land and buildings whereby each site was visited, measured and assessed by our independent valuer.

In the past 12 months the Trust has assets which have been subjected to change such as refurbishment or extension (but which may or may not affect the carrying value of the asset), change of use or vacated assets that can be disposed of. As a result a number of specific assets have been subjected to an external revaluation review as at 31 March 2020 in order to provide an updated value assessment. As a consequence of this targeted review the value of those assets has reduced by £4.4m.

In making these judgements, the Trust is aware that the Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice which gives guidance to valuers where a valuer declares a material uncertainty attached to a valuation in light of the impact of COVID-19 on markets. The Trust obtained targeted valuations in 2019/20. It should however be noted that there may now be greater uncertainty in markets on which the valuation obtained in 2017/18 and reflected in these financial statements is based. Given the judgements explained above in preparing these 2019/20 financial statements, the Trust has not deviated from its existing accounting policy by obtaining an additional valuation to which a material uncertainty may be attached.

The above reduction in the Trusts asset values has contributed to a lower PDC charge this year of £2.4m.

Depreciation and amortisation of the Trust assets was £6.5m for the year 2019/20.

Capital Expenditure

The total capital expenditure in the year was £21.5m of which £8.9m related to the purchase of land and buildings on the Woodland site in Kent and a further £6.1m being spent on the completion of the Jane Atkinson Centre development in Waltham Forest.

Cash and Borrowing

Foundation trusts retain cash surpluses to invest in future developments and manage risk. At March 2020 the Trust had a cash balance of £41.9m. The Trust has an outstanding PFI liability of £7.5m and a finance lease of £2.1m as at 31 March 2020.

Accounting Policies and Going Concern

The accounts were prepared in accordance with the Trust Accounting Policies which are in line with Foundation Trust accounting guidance as appropriate. They were prepared in line with IFRS as relevant to the NHS and as directed by HM Treasury and NHS Improvement.

The Board is mindful of its duty to ensure the Trust is financially stable, not just for one year but over the medium term, to ensure the Trust remains a going concern.

NELFT adopts a stringent financial planning process that seeks to identify and make provision for all known financial cost pressures. As part of the 2020/21 financial planning process an assessment was made of the possible risks that might impact upon the achievement of our financial targets with the key risks being:

- Mental Health Crisis Pathway and the additional use of Extra Contractual Beds;
- Failure to achieve CQUIN and Key Performance Indicators where under the existing contract format 1.25% of the contract value relates to the achievement of CQUINs and where financial penalties can be applied for failing to achieve against Key Performance Indicators;
- Delivery of the cost improvement programme;
- Local Authority payments as a consequence of the additional 3 years inflation increase which as up to March 2020 had been covered nationally; and
- The risk of high use of medical agency especially in Kent services.

In order to mitigate the materialisation of these and other financial risks, financial performance is integral to the Trust's approach to performance management. A monthly Project Management Office meets to ensure that all key projects are on line, including the delivery of cost improvements and efficiency savings. Furthermore, on a monthly basis

each risk will be re-assessed for both likelihood and impact and a probability score calculated.

In addition to the proactive management of projects and cost improvement programmes through the Project Management Office, although not financially factored into this plan and difficult to quantify, the Trust would be expecting to see financial upsides arising through:

- The continued impact of agency and temporary staffing controls; and
- The improved recruitment and retention of staff reducing the reliance on temporary staff.

To assist with the mitigation of any adverse internal financial variances that cannot otherwise be managed through the proactive management of other budgets, a contingent reserve is provided for within the financial plan.

The financial plan approved for 2020/21 by the Board seeks to deliver a Continuing Operating breakeven (0%) which is consistent with the agreed Control Total.

Just before the start of the 2020/21 financial year and as a response to the COVID-19 pandemic the NHS introduced revised and streamlined contracting arrangements to allow organisations to concentrate their efforts on tackling the national crisis. The principles of the approach taken by NHS England and NHS Improvement (NHSE/I) were to:

- Provide certainty for all organisations providing NHS funded services under the NHS Standard Contract that they will continue to be paid for the period April to July 2020; and
- Minimise the burden of formal contract documentation and contract management processes, so that staff can focus fully on the COVID-19 response.

The key features, initially for the period up to 31st July 2020, were:

- The suspension of NHS operational planning process for 2020/21;
- NHSE/I derived calculated block contracts with NHS Providers to cover the period 1st April to 31st July to provide monthly guaranteed income therefore driving cash into the system to allow organisation to pay their staff and suppliers; and
- All other non-NHS income and Provider to Provider activity is still to be invoiced.

Contracts for next year with Local Authorities and for any new services that have been awarded have been signed. For 2020/21 the intention had been to sign longer term contracts with the four North East London Clinical Commissioning Groups. Notwithstanding that this was not achieved due to the late revision in contracting arrangements in excess of 27% (by value) of the Trusts existing contracts do not terminate until after 31 March 2021.

The Trust will be starting the year with a strong positive cash position which, based on the expected movements summarised below, it is expecting to improve with a forecast cash balance at the end of the year £50.1m:

	2019/20 £000
Opening cash balance	41,923
EBITDA	11,279
Interest receivable	215
Interest payable	(1,696)
CAPEX	(12,200)
Sale of assets	10,250
Capital repayment - PFI and Finance leases	(450)
PDC dividend payment	(2,904)
Movement in debtors	2,542
Movement in Creditors	1,186
Closing cash balance	**50,145**

Taking the above issues into account the Directors have been able to confirm the Trust is a going concern for the 12 month period from the date of approving the 2019/20 accounts.

Signed:

Malcolm Young
Executive Director of Finance
23 June 2020

Provider accounts template - single entity accounts

Inputs

MARSID	NELONDON
Name of provider	North East London NHS Foundation Trust
Provider status	FT
Date of year end (dd/mm/yyyy)	31/03/2020
Start of current year (dd/mm/yyyy)	01/04/2019
Comparative year end (dd/mm/yyyy)	31/03/2019
Start of comparative year (dd/mm/yyyy)	01/04/2018
Year for financial reporting (20XX/YY)	2019/20
Year for comparative year (20XX/YY)	2018/19
Year for year end (20XX)	2020
Year for comparative year (20XX)	2019
Opening Year (20XX)	2018
Next financial year (20XX/YY)	2020/21
Date of approval of financial statements (dd/mm/yyyy)	23/06/2020

North East London NHS Foundation Trust

Annual accounts for the year ended 31 March 2020

North East London NHS Foundation Trust - Annual accounts for the year ended 31 March 2020

Foreword to the accounts

North East London NHS Foundation Trust

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

Signed …….

Name **Professor Oliver Shanley**

Job title **Chief Executive**

Date **23 June 2020**

Statement of Comprehensive Income

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	394,861	367,843
Other operating income	3.3	23,099	20,874
Operating expenses	4, 6	(413,878)	(386,157)
Operating surplus/(deficit) from continuing operations		**4,082**	**2,560**
Finance income	8	385	331
Finance expenses	9	(1,028)	(1,175)
PDC dividends payable		(2,421)	(2,069)
Net finance costs		**(3,064)**	**(2,913)**
Other gains / (losses)	10	1,970	4,151
Surplus / (deficit) for the year		**2,988**	**3,798**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments: (Charged) / Reversal	5	391	(9,057)
Revaluations	13	5,224	3,133
Total comprehensive income / (expense) for the period		**8,603**	**(2,126)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		2,988	3,798
Remove net impairments not scoring to the Departmental expenditure limit		4,828	4,397
Remove 2018/19 post audit PSF reallocation (2019/20 only)		(215)	-
Adjusted financial performance surplus / (deficit)		**7,601**	**8,195**

Statement of Financial Position

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	12	1,449	1,703
Property, plant and equipment	13	117,610	111,818
Receivables	14	245	83
Total non-current assets		**119,304**	**113,604**
Current assets			
Receivables	14	29,926	31,443
Non-current assets for sale and assets in disposal groups	15	10,550	300
Cash and cash equivalents	16	41,923	48,639
Total current assets		**82,399**	**80,382**
Current liabilities			
Trade and other payables	17	(47,862)	(45,459)
Borrowings	19	(630)	(565)
Provisions	21	(4,284)	(5,274)
Other liabilities	18	(1,689)	(3,917)
Total current liabilities		**(54,465)**	**(55,215)**
Total assets less current liabilities		**147,238**	**138,771**
Non-current liabilities			
Borrowings	19	(8,990)	(9,620)
Provisions	21	(3,648)	(4,265)
Total non-current liabilities		**(12,638)**	**(13,885)**
Total assets employed		**134,600**	**124,886**
Financed by			
Public dividend capital		61,486	60,375
Revaluation reserve		31,347	27,987
Income and expenditure reserve		41,767	36,524
Total taxpayers' equity		**134,600**	**124,886**

The notes on pages 8 to 50 form part of these accounts.

Signature: ……

Name Professor Oliver Shanley

Position Chief Executive

Date 23 June 2020

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**60,375**	**27,987**	**36,524**	**124,886**
Surplus/(deficit) for the year	-	-	2,988	**2,988**
Other transfers between reserves	-	(2,255)	2,255	**-**
Impairments	-	391	-	**391**
Revaluations	-	5,224	-	**5,224**
Public dividend capital received	1,111	-	-	**1,111**
Taxpayers' and others' equity at 31 March 2020	**61,486**	**31,347**	**41,767**	**134,600**

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2018 - restated	**60,363**	**38,368**	**28,269**	**127,000**
Surplus/(deficit) for the year	-	-	3,798	**3,798**
Other transfers between reserves	-	(2,485)	2,485	**-**
Impairments	-	(9,057)	-	**(9,057)**
Revaluations	-	3,133	-	**3,133**
Transfer to retained earnings on disposal of assets	-	(1,972)	1,972	**-**
Public dividend capital received	12	-	-	**12**
Taxpayers' and others' equity at 31 March 2019	**60,375**	**27,987**	**36,524**	**124,886**

Statement of Cash Flows

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		4,082	2,560
Non-cash income and expense:			
Depreciation and amortisation	4	6,532	6,238
Net impairments	5	4,828	4,397
(Increase) / decrease in receivables and other assets		(2,750)	1,594
Increase / (decrease) in payables and other liabilities		(73)	(3,301)
Increase / (decrease) in provisions		(1,678)	1,286
Net cash flows from / (used in) operating activities		**10,940**	**12,774**
Cash flows from investing activities			
Interest received		385	331
Purchase of intangible assets		-	(1,511)
Purchase of PPE and investment property		(21,285)	(13,325)
Sales of PPE and investment property		6,012	3,858
Net cash flows from / (used in) investing activities		**(14,888)**	**(10,647)**
Cash flows from financing activities			
Public dividend capital received		1,111	12
Capital element of finance lease rental payments		(230)	(200)
Capital element of PFI, LIFT and other service concession payments		(335)	(307)
Interest paid on finance lease liabilities		(257)	(327)
Interest paid on PFI, LIFT and other service concession obligations		(699)	(727)
PDC dividend (paid) / refunded		(2,358)	(1,886)
Net cash flows from / (used in) financing activities		**(2,768)**	**(3,435)**
Increase / (decrease) in cash and cash equivalents		(6,716)	(1,308)
Cash and cash equivalents at 1 April		**48,639**	**49,946**
Cash and cash equivalents at 31 March	16	**41,923**	**48,639**

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 2018/19 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

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.

Going concern

The Trust has prepared its financial statements on a going concern basis as the directors have a reasonable expectation that:

- It will provide the same level of services for the foreseeable future at the year end 2019/20;
- It has achieved a Surplus of £7.6m before impairment in the year;
- It starts the new financial year with a healthy cash balance of £42m;
- Its Current assets exceeds its current liabilities both at 31st March 2020 and in its operating plan;
- It has achieved a Use of Resources (UoR) rating of 1 at 31 March 2020;
- Its Financial Plan approved for 2020/21 by the Board will deliver a Continuing Operating total of breakeven position consistent with the agreed Control Total.

1.2 Income Recognition

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

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). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

• NELFT does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,

• NELFT does also not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.

The FReM has mandated the exercise of the practical expedient offered in the Standard that required NELFT to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year. Where a patient care spell is incomplete, revenue 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.

Revenue from Local Authority Contracts

As with revenue from NHS contracts the Trust is contracted to provide health care services to Local authorities. A performance obligation relating to an agreed set of activity that satisfied both parties is agreed with a fixed amount received monthly. A small element of the overall contract is link to Key Performance Indicators which are monitored on a monthly basis. Where under achievement is likely the contract price is reduced to reflect this and the income would be reduced accordingly.

Revenue from CQUIN

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. The Trust therefore accounts for the whole of this income in the relevant accounting year, unless there clear indication that the targets won't be met.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. Once notification of monthly income due to NELFT, the same amount is accrued for and the full amount is normally settled the following month. There is therefore no requirement to provide for unsuccessful compensation claims and doubtful debts in line with IFRS 9.

Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

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.

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.

1.3 Expenditure on employee benefits

Short-term employee benefits

IAS 19 sets out the requirements for accounting for short term employee benefits, post-employment benefits and termination 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

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 for Health and Social Care 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.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time NELFT commits itself to the retirement, regardless of the method of payment.

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 at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a 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.

National Employment Savings Trust

In 2013/14, the Trust implemented auto-enrolment for eligible employees in the National Employment Savings Trust (NEST), which is a scheme set up under the Pensions Act 2008. NEST is regulated by The Pensions Regulator the UK regulator of workplace pension schemes.

NEST is a defined contribution, off Statement of Financial Position scheme. The number of employees auto enrolling into NEST in 2019/20 is 95 (2018/19 is 55). The value of employer's contributions in 2019/20 is £3.8K (2018/19 is £2k)

1.4 Expenditure on other goods and services

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

1.5 Property, plant and equipment

Property, plant and equipment are recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset to the entity can be measured reliably.

1.5.1 Capitalisation

Assets are capitalised:

• Where they are capable of being used for a period which exceeds one year.
• Individually have a cost of at least £5,000;
• They form a group of assets which individually have a cost of more than £250, collectively have a cost of £5,000
• It is held for use in delivering services or for administrative purposes;
• The cost of the item can be measured reliably.

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 economic lives.

1.5.2 Valuation

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

All assets are measured subsequently at valuation.Assets which are held for their service potential and are in use 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.

Revaluation of property,plant and equipment are performed with sufficient regularly 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.

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 ,borrowing costs.Assets are revalued and depreciation commences when the assets are brought into use.

1.5.3 Revaluation

Revaluation of property, plant and equipment are performed with sufficient regularly to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

• Land and non-specialised buildings-market value for existing use.
• Specialised buildings-depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and where capitalised in accordance with IAS 23, borrowing 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.

A revaluation of two assets was conducted by Gary Howes and Eleanor Cook both MRICS & Registered Valuers, on behalf of Montague Evans as at 31st March 2020 and those values have been included in the accounts. The selected assets represented those that had either undergone material investment or the circumstances directing the modern equivalent valuation had materially changed. The NHS FT undertook a full estate valuation in 2017/18.

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'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is a requirement of RICS where markets are impacted by an unusual event, i.e. COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in the financial statements at that date. 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.

The Trust has considered this uncertainty and is of the view that it does not create a significant difference in the Estates value of its Land and buildings.

1.5.4 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.

1.5.5 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 have 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.

Assets are depreciated on current cost evenly over the estimated life of the asset. The Trust applies the following useful lives to assets on acquisition:

Asset	Economic Life
Vehicles	7 years
Furniture	10 years
Soft Furnishing	7 years
Office and IT equipment	5 years
Mainframe IT equipment	10 years
Short life medical equipment	5 years
Medium Life Medical Equipment	10 years
Long Life Medical Equipment	15 years
Buildings	60 years

1.5.6 Revaluation and impairment

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

1.5.7 De-recognition of non-current assets

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

• The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
• The sale must be highly probable
- Management are committed to a plan to sell the asset
- An active programme has begun to find a buyer and complete the sale
- The asset is being actively marketed at a reasonable price
- The sale is expected to be completed within 12 months of the date of classification as 'held for sale'
- The actions needed to complete the plan indicate it is unlikely that the plan will be abandon or significant changes made to it.
• One asset has been reclassified as held for sale in the year and as part of the reclassification was subject to external valuation by Montagu Evans and material uncertainty was considered as disclosed in note 1.5.3.

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

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

During the year an asset has been reclassified as held for sale and as part of the reclassification was subject to external valuation by Montagu Evans. The valuer has highlighted a 'material valuation uncertainty' in the valuation report, caused by COVID-19.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM , are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate and are measured at current value in existing use. The finance lease liability is subsequently measures in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services and lifecycle replacement of components of the asset. An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to Finance Costs. The element of the annual unitary payment that is allocated as a finance lease rental is applied to the meet the annual finance cost and to repay the lease liability over the contract term. 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.

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet NELFT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at cost.

1.6 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.

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.

1.6.1 The Trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred."

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.6.2 The Trust as lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust 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.

1.7 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.

1.8 Intangible assets

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.

1.8.1 Software

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

1.8.2 Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.8.3 Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits. The Trust depreciates software licenses over 10 years.

1.9 Financial instruments and financial liabilities

1.9.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by the Office of National Statistics (ONS).

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, 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.

Financial assets and financial liabilities are classified as subsequently measured at amortised cost.

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 PFI and/or 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.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected credit losses are the probability weighted losses expected from credit loss events occurring within a defined period. A 12-month expected credit losses are the total losses expected from any event occurring in the next twelve months, whilst lifetime expected credit losses are the total losses expected from any event occurring within the lifetime of the financial asset.

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.

1.9.2 De-recognition

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.

1.10 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 1.80% nominal terms (2018-19: positive 2.90% nominal terms)

1.10.1 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed in the Notes to the Accounts at note 21.1

1.10.2 Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

1.10.3 Joint ventures

Joint ventures are separate entities over which the Trust has joint control with one or more other parties. The Trust does not currently have any Joint Ventures.

1.11 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

1.11.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimations which management have made in the process of applying the Trust's accounting policies and that have the most significant impact on the financial value recognised in the financial statements:

Impairments and estimated asset lives

The Trust is required to review property, plant and equipment for impairment. In between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives.

Valuations of land and buildings

The Trust adopts a policy of undertaking a full revaluation of its estate every five years with an interim desktop valuation every three years. In addition, the Trust would consider revaluation some of its assets where it is newly built and/or first brought into use; huge capital spend on specific assets; change in asset use etc.

Non-specialised buildings are valued under an Existing Use Basis and specialised buildings are valued using a Depreciated Replacement Cost, considering the cost of a Modern Equivalent Asset. Valuations are based on a range of assumptions including optimal floor space and land size of a Modern Equivalent Asset. See Note 1.4 for further details.

Key sources of estimation uncertainty

Management has made the following critical judgements in the process of applying the entity's accounting policies which may have a significant effect on the amounts recognised in the accounts:

- The use of estimated asset lives in calculating depreciation and amortisation (See Note 14 and 17);
- The valuation basis used for specialised and non-specialised assets and the use of Gross Internal Area(GIA);
- The Trust has considered the uncertainty around the valuation of land and building relating to COVID 19 as already disclosed in note 1.5.3

1.11.2 Provisions

Assumptions around the timing of the cash flows relating to provisions are based upon information from the NHS Pensions Agency and expert opinion within the Trust and from external advisers regarding when legal issues may be settled.

1.12 Accounting Standards Issued but not yet adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC but are not yet required to be adopted:

Accounting Standards	Published by IASB	Financial year for which the change first applies	Effect on Trust as at 31st March 2020
IFRS 16 Leases	Jan-16	Applies to annual reporting periods beginning on or after 1 April 2021	No Effect
IFRS 17 Insurance Contracts	May-17	Applies to annual reporting periods beginning on or after 1 April 2021	No Effect

These standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2021-22, and the government implementation date for IFRS 17 is still subject to HM Treasury consideration.

1.13 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 the notes where an inflow of economic benefits is probable.

Contingent liabilities are not recognised but are disclosed in the notes 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.

Contingent assets and liabilities arising in the year are disclosed at note 22

1.14 Public Dividend Capital

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

At any time, the Secretary of State, can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the actual cost of capital utilised by the Trust, is payable over as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the actual average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:
(i) donated assets
(ii) average daily cleared balances in GBS and National Loan Fund deposits, excluding cash balance held in GBS account that relate to a short- term working capital facilities
(iii) any PDC dividend balance receivable or payable.

The dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.15 Taxation

1.15.1 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.

1.15.2 Corporation tax

The Trust is a Health Service body within the meaning of s519A Income and Corporation Taxes Act (ICTA) 1988 and accordingly is exempt from taxation in respect of income and capital gains within the categories covered by this. There is a power for the Treasury to apply the exemption in relation to specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities which are not related to the provision of health care and where the profits there from exceed £50,000 per annum. There is no tax liability arising in the current financial year.

1.16 Third party assets

North East London Foundation Trust held cash and cash equivalents which relate to monies held by the Foundation Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts. The Third Party Assets as at 31st March 2020 is £14K (£46K in the year ended 31 March 2019).

1.17 Losses and special payments

Losses and Special Payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories which govern the way each individual case is handled.

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.

Losses and Special Payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.18 Foreign Exchange

The functional and presentational currency of the Trust is sterling.

2 Operating Segments

As the Trust is based on a Borough Directorate Structure to reflect the commissioning arrangement it reports to the Board (Chief Operating Decision Maker) as a whole entity. Accordingly, no segmental information is provided in these accounts.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)	31 March 2020 £000	31 March 2019 £000
Mental health services		
Cost and volume contract income	15,995	11,652
Block contract income	163,575	155,029
Clinical partnerships providing mandatory services (including S75 agreements)	-	1,417
Clinical income for the secondary commissioning of mandatory services	3,242	3,481
Other clinical income from mandatory services	2,418	2,187
Community services		
Community services income from CCGs and NHS England	144,294	136,432
Income from other sources (e.g. local authorities)	51,677	53,443
All services		
Private patient income	5	5
Agenda for Change pay award central funding	-	3,757
Additional pension contribution central funding	11,460	-
Other clinical income	2,195	440
Total income from activities	**394,861**	**367,843**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20 £000	2018/19 £000
NHS England	30,038	17,168
Clinical commissioning groups	311,829	292,470
Department of Health and Social Care	589	3,855
Other NHS providers	2,168	1,628
NHS other	-	436
Local authorities	49,851	51,818
Non-NHS: private patients	5	5
Non-NHS: overseas patients (chargeable to patient)	42	-
Injury cost recovery scheme	178	152
Non NHS: other	161	311
Total income from activities	**394,861**	**367,843**

Note 3.3 Other operating 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	3,555	-	**3,555**	2,561	-	**2,561**
Education and training	9,189	200	**9,389**	8,281	71	**8,352**
Non-patient care services to other bodies	116	-	**116**	693	-	**693**
Provider sustainability fund (PSF)	3,594	-	**3,594**	6,876	-	**6,876**
Rental revenue from finance leases	-	180	**180**	-	182	**182**
Rental revenue from operating leases	-	413	**413**	-	407	**407**
Other income	5,852	-	**5,852**	1,803	-	**1,803**
Total other operating income	**22,306**	**793**	**23,099**	**20,214**	**660**	**20,874**

Note 3.4 Overseas visitors (relating to patients charged directly by the provider)

The Trust has directly invoiced individual patients £42k, due to overseas visitor. The Trust also invoices our host CCG where overseas visitors use the Trusts services that are not recoverable from individuals. This income which was £2,580k in 2019/20 is included under an income from patient care activities.

Note 3.5 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 in within contract liabilities at the previous period end	**3,917**	**4,248**

Note 3.6 Income from activities arising from commissioner requested services

	2019/20	2018/19
	£000	£000
Income from services designated (or grandfathered) as commissioner requested services	387,006	361,424
Income from services not designated as commissioner requested services	7,855	6,419
Total	**394,861**	**367,843**

Note 4 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,408	2,515
Purchase of healthcare from non-NHS and non-DHSC bodies	7,439	5,139
Staff and executive directors costs	313,980	280,505
Remuneration of non-executive directors	205	210
Supplies and services - clinical (excluding drugs costs)	8,961	8,549
Supplies and services - general	1,834	814
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	4,849	4,727
Consultancy costs	419	117
Establishment	6,049	7,071
Premises	29,418	43,082
Transport (including patient travel)	1,021	862
Depreciation on property, plant and equipment	6,278	6,003
Amortisation on intangible assets	254	235
Net impairments	4,828	4,397
Movement in credit loss allowance: contract receivables / contract assets	1,412	(875)
Movement in credit loss allowance: all other receivables and investments	337	(137)
Increase/(decrease) in other provisions	(1,607)	792
Audit fees payable to the external auditor		
audit services- statutory audit	88	88
other auditor remuneration (external auditor only)	9	10
Internal audit costs	65	72
Clinical negligence	652	572
Legal fees	2,180	3,037
Insurance	55	47
Research and development	-	12
Education and training	2,757	2,216
Rentals under operating leases	14,139	6,139
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,273	1,242
Losses, ex gratia & special payments	10	111
Other services, eg external payroll	4,565	5,920
Other	-	2,685
Total	**413,878**	**386,157**

Additional Notes:

During the course of the financial year work has been completed in preparation for the implementation of IFRS 16. This has resulted in the reclassification of expenditure transactions from Premises to rental under operatin leases.

The audit fees quoted are including VAT

Note 4.1 Other auditor remuneration

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	9	10
Total	**9**	**10**

Note 4.2 Limitation on auditor's liability

Our contract with our external auditors provides for a limitation of the auditor's liability to a maximum aggregate of £500k.

Note 5 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	4,828	4,397
Total net impairments charged to operating surplus / deficit	**4,828**	**4,397**
Impairments charged to the revaluation reserve	(391)	9,057
Total net impairments	**4,437**	**13,454**

Note 6 Employee benefits

	2019/20 Total £000	2018/19 Total £000
Salaries and wages	223,776	210,239
Social security costs	23,155	20,990
Apprenticeship levy	1,193	1,056
Employer's contributions to NHS pensions	37,795	24,962
Pension cost - other	65	14
Temporary staff (including agency)	27,996	23,244
Total staff costs	**313,980**	**280,505**

Note 6.1 Retirements due to ill-health

During 2019/20 there were 3 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £108k (£160k in 2018/19).

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

Note 7 Operating leases

Note 7.1 North East London NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where North East London NHS Foundation Trust is the lessor.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	413	407
Total	**413**	**407**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	413	407
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	**413**	**407**

Note 7.2 North East London NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where North East London NHS Foundation Trust is the lessee.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	14,139	6,139
Total	**14,139**	**6,139**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	13,371	6,961
- later than one year and not later than five years;	47,059	20,714
- later than five years.	32,366	24,407
Total	**92,796**	**52,082**

All of the lease arrangements are in relation to the rental of building for the provision of services except for Pegasus total bed management contract of Community Health Services (CHS) which is for the lease of beds. All operating lease rentals are charged to operating expenses on a straight- line basis over the term of the lease.

Note 8 Finance income

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

	31 March 2020 £000	31 March 2019 £000
Interest on bank accounts	385	331
Total finance income	**385**	**331**

Note 9 Finance expenditure

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

	31 March 2020 £000	31 March 2019 £000
Interest expense:		
Finance leases	258	327
Main finance costs on PFI and LIFT schemes obligations	699	727
Total interest expense	**957**	**1,054**
Unwinding of discount on provisions	71	121
Total finance costs	**1,028**	**1,175**

Note 10 Other gains

	31 March 2020 £000	31 March 2019 £000
Gains on disposal of assets	1,970	4,151
Losses on disposal of assets	-	-
Total other gains	**1,970**	**4,151**

Note 11 Better Payment Practice Code- Measure of Compliance

Better payment practice code	2019/20		2018/19	
	Number	£000	Number	£000
Non NHS				
Total bills paid in the year	23,282	162,983	26,973	175,572
Total bills paid within target	17,639	148,109	20,281	156,483
Percentage of bills paid within target	**76%**	**91%**	**75%**	**89%**
NHS				
Total bills paid in the year	1,050	26,174	1,490	37,402
Total bills paid within target	724	20,555	744	20,176
Percentage of bills paid within target	**69%**	**79%**	**50%**	**54%**
Total				
Total bills paid in the year	24,332	189,157	28,463	212,974
Total bills paid within target	18,363	168,664	21,025	176,659
Percentage of bills paid within target	**75%**	**89%**	**74%**	**83%**

Note 12 Intangible assets - 2019/20

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2019	**1,938**	**-**	**1,938**
Disposals / derecognition	-	-	**-**
Valuation / gross cost at 31 March 2020	**1,938**	**-**	**1,938**
Amortisation at 1 April 2019 - brought forward	**235**	**-**	**235**
Provided during the year	254	-	**254**
Amortisation at 31 March 2020	**489**	**-**	**489**
Net book value at 31 March 2020	**1,449**	**-**	**1,449**
Net book value at 1 April 2019	**1,703**	**-**	**1,703**

Note 12.1 Intangible assets - 2018/19

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2018	**1,754**	**-**	**1,754**
Additions	-	1,511	**1,511**
Reclassifications	184	(1,511)	**(1,327)**
Valuation / gross cost at 31 March 2019	**1,938**	**-**	**1,938**
Amortisation at 1 April 2018	**-**	**-**	**-**
Provided during the year	235	-	**235**
Amortisation at 31 March 2019	**235**	**-**	**235**
Net book value at 31 March 2019	**1,703**	**-**	**1,703**
Net book value at 1 April 2018	**1,754**	**-**	**1,754**

Note 13 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	**17,590**	**83,420**	**9,880**	**428**	**43**	**5,128**	**1,625**	**118,114**
Additions	1,264	7,909	11,928	-	-	-	432	**21,533**
Impairments	-	(9,507)	-	-	-	-	-	**(9,507)**
Reversals of impairments	5,070	-	-	-	-	-	-	**5,070**
Revaluations	5,224	(578)	-	-	-	-	-	**4,646**
Reclassifications	500	18,355	(18,855)	-	-	-	-	**-**
Transfers to / from assets held for sale	(10,250)	-	-	-	-	-	-	**(10,250)**
Disposals / derecognition	-	-	-	(428)	(40)	(167)	(1,096)	**(1,731)**
Valuation/gross cost at 31 March 2020	**19,398**	**99,599**	**2,953**	**-**	**3**	**4,961**	**961**	**127,875**
Accumulated depreciation at 1 April 2019 - brought forward	**-**	**3,479**	**-**	**428**	**40**	**848**	**1,501**	**6,296**
Provided during the year	-	5,194	-	-	1	1,030	53	**6,278**
Revaluations	-	(578)	-	-	-	-	-	**(578)**
Disposals / derecognition	-	-	-	(428)	(40)	(167)	(1,096)	**(1,731)**
Accumulated depreciation at 31 March 2020	**-**	**8,095**	**-**	**-**	**1**	**1,711**	**458**	**10,265**
Net book value at 31 March 2020	**19,398**	**91,504**	**2,953**	**-**	**2**	**3,250**	**503**	**117,610**
Net book value at 1 April 2019	**17,590**	**79,941**	**9,880**	**-**	**3**	**4,280**	**124**	**111,818**

Note 13.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**17,523**	**90,839**	**976**	**428**	**40**	**3,553**	**1,625**	**114,984**
Additions	-	-	13,747	-	-	-	-	**13,747**
Impairments	(36)	(14,097)	(2,432)	-	-	-	-	**(16,565)**
Reversals of impairments	103	3,008	-	-	-	-	-	**3,111**
Revaluations	-	1,475	32	-	3	-	-	**1,510**
Reclassifications	-	2,195	(2,443)	-	-	1,575	-	**1,327**
Valuation/gross cost at 31 March 2019	**17,590**	**83,420**	**9,880**	**428**	**43**	**5,128**	**1,625**	**118,114**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**-**	**-**	**428**	**40**	**-**	**1,448**	**1,916**
Provided during the year	-	5,102	-	-	-	848	53	**6,003**
Revaluations	-	(1,623)	-	-	-	-	-	**(1,623)**
Accumulated depreciation at 31 March 2019	**-**	**3,479**	**-**	**428**	**40**	**848**	**1,501**	**6,296**
Net book value at 31 March 2019	**17,590**	**79,941**	**9,880**	**-**	**3**	**4,280**	**124**	**111,818**
Net book value at 1 April 2018	**17,523**	**90,839**	**976**	**-**	**-**	**3,553**	**177**	**113,068**

Note 13.2 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020							
Owned - purchased	15,366	76,036	2,953	2	3,250	503	**98,110**
Finance leased	732	2,325	-	-	-	-	**3,057**
On-SoFP PFI contracts and other service concession arrangements	3,300	13,143	-	-	-	-	**16,443**
NBV total at 31 March 2020	**19,398**	**91,504**	**2,953**	**2**	**3,250**	**503**	**117,610**

Note 13.3 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019							
Owned - purchased	13,558	64,037	9,375	3	4,280	124	**91,377**
Finance leased	732	2,463	-	-	-	-	**3,195**
On-SoFP PFI contracts and other service concession arrangements	3,300	13,441	505	-	-	-	**17,246**
NBV total at 31 March 2019	**17,590**	**79,941**	**9,880**	**3**	**4,280**	**124**	**111,818**

Note 14 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	25,896	22,638
Accrued Income	4,505	-
Capital receivables	73	4,042
Allowance for impaired contract receivables / assets	(3,356)	(2,429)
Allowance for other impaired receivables	(1,305)	(968)
Prepayments (non-PFI)	2,525	3,879
PDC dividend receivable	379	442
VAT receivable	1,001	1,307
Other receivables	208	2,532
Total current receivables	**29,926**	**31,443**
Non-current		
Other receivables	245	83
Total non-current receivables	**245**	**83**

Note 14.1 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	**2,429**	**968**	**-**	**1,012**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	**-**	-	3,304	93
New allowances arising	3,357	1,304	-	-
Changes in existing allowances	-	-	(875)	(137)
Reversals of allowances	(1,945)	(967)	-	-
Utilisation of allowances (write offs)	(485)	-	-	-
Allowances as at 31 March	**3,356**	**1,305**	**2,429**	**968**

Note 15 Non-current assets held for sale

	31 March 2020	31 March 2019
	£000	£000
NBV of non-current assets for sale at 1 April	**300**	**4,050**
Assets classified as available for sale in the year	10,250	-
Assets sold in year	-	(3,750)
NBV of non-current assets for sale and assets in disposal groups at 31 March	**10,550**	**300**

The above assets have become vacant and have no alternative use and the Board has decided to dispose of them as they are surplus to its estate requirements. As the process of disposal is already underway and is likely to be sold within the next 12 months, the assets have been reclassified as “Asset Held for Sale”, at its fair value.

Note 16 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.

	31 March 2020 £000	31 March 2019 £000
At 1 April	**48,639**	**49,946**
Net change in year	(6,716)	(1,307)
At 31 March	**41,923**	**48,639**
Broken down into:		
Cash at commercial banks and in hand	55	74
Cash with the Government Banking Service	41,850	48,565
Other current investments	18	-
Total cash and cash equivalents as in SoCF	**41,923**	**48,639**

Note 16.1 Third party assets held by the trust

North East London 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 £000	31 March 2019 £000
Bank balances	15	46
Total third party assets	**15**	**46**

Note 17 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	18,023	22,141
Capital payables	1,360	1,112
Accruals	18,816	15,295
Receipts in advance and payments on account	2,509	-
Social security costs	6,582	5,775
Other payables	572	1,136
Total current trade and other payables	**47,862**	**45,459**

Note 18 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	1,689	3,917
Total other current liabilities	**1,689**	**3,917**

Note 19 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Obligations under finance leases	263	229
Obligations under PFI, LIFT or other service concession contracts	367	336
Total current borrowings	**630**	**565**
Non-current		
Obligations under finance leases	1,878	2,142
Obligations under PFI, LIFT or other service concession contracts	7,112	7,478
Total non-current borrowings	**8,990**	**9,620**

Note 20 Finance leases

Note 20.1 North East London NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	31 March 2020 £000	31 March 2019 £000
Gross lease liabilities	**3,032**	**3,559**
of which liabilities are due:		
- not later than one year;	527	527
- later than one year and not later than five years;	2,109	2,109
- later than five years.	395	923
Finance charges allocated to future periods	(891)	(1,188)
Net lease liabilities	**2,141**	**2,371**
of which payable:		
- not later than one year;	263	229
- later than one year and not later than five years;	1,496	1,306
- later than five years.	382	836
	2,141	**2,371**

There have been no significant lease arrangements during the year end 31 March 2020

Note 21 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	**3,824**	**82**	**2,513**	**3,120**	**9,539**
Arising during the year	128	1,947	160	2,125	**4,360**
Utilised during the year	(310)	-	(287)	(561)	**(1,158)**
Reversed unused	-	-	(2,225)	(2,655)	**(4,880)**
Unwinding of discount	71	-	-	-	**71**
At 31 March 2020	**3,713**	**2,029**	**161**	**2,029**	**7,932**
Expected timing of cash flows:					
- not later than one year;	310	2,029	161	1,784	**4,284**
- later than one year and not later than five years;	1,240	-	-	245	**1,485**
- later than five years.	2,163	-	-	-	**2,163**
Total	**3,713**	**2,029**	**161**	**2,029**	**7,932**

Note 21.1 Clinical negligence liabilities

At 31 March 2020, £4,922k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of North East London NHS Foundation Trust (31 March 2019: £4,812k).

Note 22 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(58)	(50)
Net value of contingent liabilities	**(58)**	**(50)**

The Trust is aware of ongoing litigation cases which are being handled by both NHS Resolution and other external legal parties on the Trust's behalf. The possibility of future outflows in relation to these cases is not certain.

Note 23 Contractual capital commitments

There are Capital Commitments of £360k for year ended 31 March 2020. (Nil balance in 2018/19).

Note 24 Events after the reporting period

There are no events after the reporting period that require disclosure.

Note 25 On-SoFP PFI, LIFT or other service concession arrangements

Note 25.1 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 £000	31 March 2019 £000
Gross PFI, LIFT or other service concession liabilities	**12,405**	**13,439**
Of which liabilities are due		
- not later than one year;	1,034	1,034
- later than one year and not later than five years;	4,135	4,135
- later than five years.	7,236	8,270
Finance charges allocated to future periods	(4,926)	(5,625)
Net PFI, LIFT or other service concession arrangement obligation	**7,479**	**7,814**
- not later than one year;	367	336
- later than one year and not later than five years;	1,834	1,679
- later than five years.	5,278	5,799

Note 25.2 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 £000	31 March 2019 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**42,067**	**44,945**
Of which payments are due:		
- not later than one year;	2,949	2,877
- later than one year and not later than five years;	12,834	12,386
- later than five years.	26,284	29,682

Note 25.3 Total future payments committed in respect of PFI or other service concession arrangements (Service Element)

	31 March 2020 £000	31 March 2019 £000
Consisting of:		
- not later than one year;	1,305	1,273
- later than one year and not later than five years;	5,836	5,558
- later than five years.	12,244	13,826
Total amount paid to service concession operator	**19,385**	**20,657**

Note 26 Financial instruments

Note 26.1 Financial risk management

The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in its activities.

The Trust's Treasury management operations are carried out by the Finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Credit Risk

Because of the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the debtors note.

Liquidity Risk

The Trust's net operating costs are incurred under annual service agreements with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. The Trust is not, therefore exposed to significant liquidity risks.

Interest Rate Risk

All of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Trust is not, therefore exposed to significant interest rate risk.

Note 26.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied restrospectively from 1 April 2018 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	26,266	**26,266**
Cash and cash equivalents	41,923	**41,923**
Total at 31 March 2020	**68,189**	**68,189**

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	25,898	**25,898**
Cash and cash equivalents	48,639	**48,639**
Total at 31 March 2019	**74,537**	**74,537**

Note 26.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	2,141	**2,141**
Obligations under PFI, LIFT and other service concession contracts	7,479	**7,479**
Trade and other payables excluding non financial liabilities	38,771	**38,771**
Total at 31 March 2020	**48,391**	**48,391**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	2,371	**2,371**
Obligations under PFI, LIFT and other service concession contracts	7,814	**7,814**
Trade and other payables excluding non financial liabilities	39,684	**39,684**
Total at 31 March 2019	**49,869**	**49,869**

Note 26.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	39,138	42,055
In more than one year but not more than two years	263	336
In more than two years but not more than five years	3,329	1,679
In more than five years	5,661	5,799
Total	**48,391**	**49,869**

Note 27 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 of cash due to:				
a. theft, fraud etc	-	-	9	27
b. overpayment of salaries etc.	6	6	13	84
c. other causes	4	3	-	-
Total losses and special payments	**10**	**9**	**22**	**111**

The amounts stated above are reported on an accruals basis but exclude provision for future losses.

Note 28 Related parties

North East London Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the Year ended 31 March 2020, 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.The Trust has engaged in transaction with Provide CIC but immaterial in value, in addition the Trust has a Chair in common with Barking, Havering and Redbridge University Hospitals NHS Trust.

The value of material transactions with related parties is as shown below:

	Receivables		Payables	
	31-Mar-20	**31-Mar-19**	**31-Mar-20**	**31-Mar-19**
	£000	**£000**	**£000**	**£000**
Related parties as defined by NELFT are as follows:				
Department of Health	-	110	-	-
Barking &Dagenham CCG	3,335	1,103	-	-
Havering CCG	766	845	-	-
Redbridge CCG	1,555	3,953	32	-
Waltham Forest CCG	462	253	-	-
Basildon &Brentwood CCG	439	301	3	-
Thurrock CCG	195	3	23	-
Barking, Havering and Redbridge University Hospitals NHS Trust	196	264	318	476
Care City	126			
Provide CIC	17	67	-	-
Other NHS Bodies	3,457	7,736	2,754	3,837
Total	10,548	14,635	3,130	4,313

	Income		Expenditure	
	31-Mar-20	**31-Mar-19**	**31-Mar-20**	**31-Mar-19**
	£000	**£000**	**£000**	**£000**
Department of Health	588	3,855	-	-
Barking & Dagenham CCG	61,060	56,656	-	-
Havering CCG	58,443	54,851	-	-
Redbridge CCG	50,547	49,027	32	-
Waltham Forest CCG	71,119	65,395	205	2
Basildon & Brentwood CCG	14,665	14,945	2	37
Thurrock CCG	8,713	8,209	67	-
Barking, Havering and Redbridge University Hospitals NHS Trust	1,240	819	1,685	1,214
Care City	1,370	-	1,370	-
Provide CIC	67	67	-	-
Other NHS Bodies	75,437	73,868	13,195	14,895
Total	343,249	327,692	16,556	16,148

Note 28.1 Related parties

	Receivables		Payables	
	31-Mar-20	**31-Mar-19**	**31-Mar-20**	**31-Mar-19**
	£000	**£000**	**£000**	**£000**
Local Authority Bodies is as follows:				
Barking & Dagenham Council	758	395	-	1
Havering Council	198	651	6	2
Redbridge Council	2,027	779	-	4
Waltham Forest Council	2,951	1,816	10	44
Essex County Council	1,809	1,058	-	1,683
Thurrock Council	399	-	55	15
Others	143	78	89	70
Total	8,284	4,777	159	1,819

	Income		Expenditure	
	31-Mar-20	**31-Mar-19**	**31-Mar-20**	**31-Mar-19**
	£000	£000	£000	£000
Local Authority Bodies is as follows:				
Barking & Dagenham Council	6,085	6,314	2	9
Havering Council	3,225	6,230	27	-
Redbridge Council	6,987	5,867	325	147
Waltham Forest Council	5,259	5,544	38	199
Essex County Council	12,738	12,120	10	-
Thurrock Council	15,348	15,259	185	57
Others	208	483	213	711
Total	49,851	51,817	800	1,123

Note 29 Staff costs

	Permanent	Other	2019/20 Total	2018/19 Total
	£000	£000	£000	£000
Salaries and wages	223,776	-	**223,776**	210,239
Social security costs	23,155	-	**23,155**	20,990
Apprenticeship levy	1,193	-	**1,193**	1,056
Employer's contributions to NHS pension scheme	37,795	-	**37,795**	24,962
Pension cost - other	65	-	**65**	14
Temporary staff	-	27,996	**27,996**	23,244
Total gross staff costs	**285,984**	**27,996**	**313,980**	**280,505**

Average number of employees (WTE basis)

	Permanent	Other	2019/20 Total	2018/19 Total
	Number	Number	Number	Number
Medical and dental	357	119	**476**	400
Administration and estates	1,472	36	**1,508**	1,525
Healthcare assistants and other support staff	1,018	-	**1,018**	680
Nursing, midwifery and health visiting staff	1,988	287	**2,275**	2,348
Scientific, therapeutic and technical staff	1,003	120	**1,123**	1,450
Other	5	-	**5**	43
Total average numbers	**5,843**	**562**	**6,405**	**6,446**

Exit Packages

There are no exit packages payments during the year 2019/20

Reporting of compensation schemes - exit packages 2018/19

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	1	-	**1**
£10,000 - £25,000	3	-	**3**
£25,001 - 50,000	5	1	**6**
£50,001 - £100,000	1	2	**3**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**10**	**3**	**13**
Total resource cost (£)	£284,663	£197,990	**£482,653**

Exit packages: other (non-compulsory) departure payments

	2018/19	
	agreed Number	**value of £000**
contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	3	198
contractual costs	-	-
Contractual payments in lieu of notice	-	-
orders	-	-
Non-contractual payments requiring HMT approval	-	-
Total	**3**	**198**

Note 30 Non Consolidation Of Charitable Fund Accounts

NELFT is the corporate trustee to North East London Community Health Care Charity (Charity Registration No: 1048931). The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff.

Prior to 2013/14, the FT ARM permitted the NHS foundation trust not to consolidate the charitable fund. From 2013/14 this dispensation is no longer available and NHS foundation trusts therefore need to consolidate any material NHS charitable funds which they determine to be subsidiaries.

The charitable fund account for the year ended 31 March 2020 has an income of £31K, expenditure of £82K and net assets of £178k at this date. As these values are not material to the Trust's overall results, the Trust has opted not to consolidate the accounts under IAS 27. Further information on the charity and its accounts can be found at the Charity Commission website at: http://www.charity-commission.gov.uk/

Independent auditor's report

to the Council of Governors of North East London NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of North East London 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 2019-20 and the Department of Health and Social Care Group Accounting Manual 2019-20.

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	£7.9m (2019:£7.6m) 1.9% (2019: 2%) of total operating income

Risks of material misstatement		vs 2019
Recurring risks	Valuation of land and buildings	◀▶
	Total operating income	◀▶
	Accrued expenditure and provisions recognition	◀▶

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 three key audit matters (unchanged from 2019), 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 from those procedures in order that the Trust's governors as a body may better understand the process by which we arrived at our audit opinion . These matters were addressed, and our findings 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 (£110.9 million; 2019: £97.5 million) *Refer to page 12 (Audit Committee Report), note 1.5 (accounting policy) and note 13 (financial disclosures)*	**Subjective valuation** Land and buildings are required to be held at fair value. Assets which are held for their service potential and are in use should be measured at their current value in existing use. In accordance with the adaptation of IAS16 this is interpreted as market value for non-specialised assets and as market value in existing use for specialised assets. Market value in existing use is interpreted as the modern equivalent asset value, being the cost of constructing an equivalent asset at today's cost. Trusts may determine that an equivalent asset would be constructed at a different site or make assumptions about the amount of space required. It is also necessary to consider whether there is any indication of impairment. Impairment could occur as a result of loss of market value due to conditions in the market or due to deterioration in the value in use of the asset, either because of its condition or because of obsolescence. Valuations are inherently judgemental, therefore our work is focused on whether the valuers methodology, assumptions and the underlying data used to arrived at those, are appropriate and applied correctly. The Trust adopts a policy of undertaking a full revaluation of its land and buildings every five years with an interim desktop valuation every three years. Each year the Trust also gives consideration as to whether any individual assets require revaluation. This year three such assets were identified for revaluation at the 31 March 2020. All other land and building assets were held at their previous valuation, adjusted for in year depreciation. The revaluation exercise resulted in a £10.2 million increase in the value of land and a £10 million decrease in the value of buildings compared to the prior year. Following RICS published guidance issued to the profession, material uncertainty clauses have been noted within valuation reports due to the impact of Covid-19. Appropriate disclosure will be required to note the uncertainty and the sensitivity of the estimates and judgements applied in the valuation of land and buildings. The financial statements (note 1.11) disclose the sensitivity estimated by the Trust.	Our procedures included: - **Assessing valuer's credentials:** We assessed the independence, objectivity and capabilities of the valuer and the terms under which they were engaged by management. - **Methodology choice:** We assessed the reasonableness of the assumptions adopted during the valuation exercise particularly regarding gross internal areas (GIA) data and use of the building. Through inquiries with the Trust we identified any buildings for which the primary use of the building had changed during the financial year (specialised, nonspecialised, surplus) and ensured these changes have been considered during the valuation exercise. - **Methodology choice:** We considered the revaluation basis and benchmarks used by the valuer. - **Test of detail:** We considered the accuracy of the underlying data provided by the Trust and used by the valuer as the basis of their valuation. We reconciled the data to that used in the prior year and investigated the cause for any changes. - **Test of detail:** We considered the impairment assessment completed by management regarding assets not selected for external revaluation and considered its reasonableness. In doing so we drew on national benchmarks. - **Test of detail:** We considered the appropriateness of the accounting treatment applied by the Trust when recognising revaluation gains or losses on individual assets. **Our findings** We found the resulting valuation of land and buildings to be balanced (2019: balanced)

	The risk	Our response
Total operating income (£418.0 million; 2019: £388.7 million) *Refer to page 13 (Audit Committee Report), note 1.2 (accounting policy) and note 3 (financial disclosures).*	**Effect of irregularities** Of the Trust's reported total income, £311.8 million (2018/19 £292.5 million) came from the Clinical Commission Groups (CCGs) and NHS England. CCGs and NHS England make up 82% of the Trust's income. The majority of this income is contracted on an annual basis, however actual achievement is based on completing the planned level of activity and achieving key performance indicators (KPIs). If the Trust does not meet its contracted KPIs then commissioners are able to impose fines, reducing the level of income achievement. An agreement of balances exercise (AoB) is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. Discrepancies between the submitted balances from each party can result in adjustments being made to year end balances. In 2019/20 the Trust secured £3.6 million of income from the Provider Sustainability Fund (PSF) for achieving agreed financial and performance targets. The Trust reported total other income of £22.3 million (2017/18: £20.8 million) from operating activities. Much of this income is contracted from NHS and non-NHS bodies under contracts that indicate when income will be received; on delivery, milestones, or periodically. Some sources of income require independent confirmations which can impact the amount the Trust will receive. We do not consider NHS and non-NHS income to be at high risk of significant misstatement, or to be subject to a significant judgement. However, due to its materiality in the context of the financial statements as a whole, NHS and non-NHS operating income is considered to be one of the areas that had the greatest effect on our overall audit strategy and the allocation of resources in planning and completing our audit work.	Our procedures included the following tests of details: — **Test of detail:** We sample tested NHS and non-NHS income by agreeing to invoices and subsequent receipt of funds. — **Test of detail:** We inspected supporting documentation for variances over £300,000 arising from the AoB exercise to critically assess the Trust's assessment of its achievement of contract KPIs and accounting for disputed income. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising income from Commissioners. — **Test of detail:** We assessed the Trust's calculation of performance against the financial and operational targets used in determining receipt of PSF to determine the amount the Trust qualified to receive. We agreed the amounts recorded in the accounts to our calculation. — **Test of detail:** We tested income transactions that spanned the financial year end to assess whether the income had been recognised in the correct financial period. **Our findings** We found the recognition of total operating income to be balanced (2019: balanced)

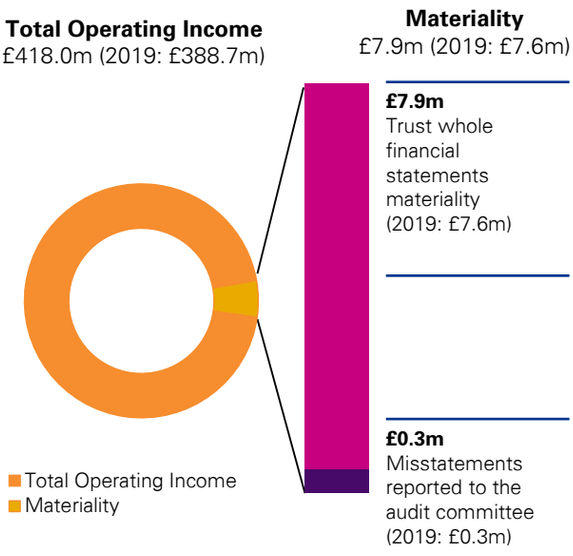
	The risk	Our response
Accrued expenditure and provisions recognition **NHS and Non-NHS accruals** (£22.9 million; 2019: £15.3 million) *Refer to page 14 (Audit Committee Report), note 1.1 (accounting policy) and note 17 (financial disclosures).* **Total provisions** (£7.5 million; 2019: £9.5 million) *Refer to page 14 (Audit Committee Report), note 1.10 (accounting policy) and note 21 (financial disclosures).* **Provision for doubtful debts** (£3.4million; 2019: £3.4 million) *Refer to page 14 (Audit Committee Report), note 1.10 (accounting policy) and note 14.1 (financial disclosures).*	**Effects of irregularities** In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure to meet externally set targets. This risk does not apply to all expenditure in the year to the 31 March 2020. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of creditors and accrued non-pay expenditure at year end, as well as the completeness of the recognition of provisions or the inappropriate release of existing provisions. In 2019/20 the Trust secured £3.6 million of income from the Provider Sustainability Fund (PSF) for achieving agreed financial and performance targets. There may therefore be an incentive to defer expenditure, or recognise commitments at a reduced value in order to achieve the control total agreed with NHS Improvement.	Our procedures included: – **Test of detail:** We tested expenditure transactions that spanned the financial year end to assess whether the expenditure had been recognised in the correct financial period. – **Test of detail:** For a sample of accruals recognised at the financial year end we assessed the appropriateness of the existence of the accrual and the reasonableness of the accrual calculation. – **Test of detail:** We inspected supporting documentation for variances over £300,000 arising from the AoB exercise in relation to accrued expenditure to critically assess the reasonableness of the Trust's year end accruals. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure with other NHS organisations. – **Test of detail:** We confirmed the basis upon which the provision for doubtful debt had been made. We tested the assumptions taking into account both past performance and any circumstances specific to the year ended 31 March 2020. – **Test of detail:** For a sample of year-end provisions we assessed the appropriateness of the recognition of the provision balance and assessed the assumptions used by management in valuing the provision. **Our findings** We found the resulting recognition of accrued expenditure and provisions to be balanced. (2019: balanced (accrued expenditure); cautious (provisions)).

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £7.9 million (2019: £7.6 million), determined with reference to a benchmark of total operating income (of which it represents approximately 1.9%) {2019: 2%). We consider total operating 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 £300,000 (2019: £300,000, 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. Our interim audit was performed at the Trust's headquarters in Rainham, Essex. Our final audit was performed remotely due to the impact of Covid-19.



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 COVID-19, 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 1 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 2019-20.

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 2019-20, 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 73, 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.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

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.

We have nothing to report in this respect.

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 November 2017, 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.

Our risk assessment did not identify any significant risks.

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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 North East London 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.

Fleur Nieboer

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

24 June 2020

KPMG

If you would like this information in Braille, large type, in another format or in another language, please ask a member of staff. (English)

Bu bilgileri büyük yazı tipinde Körler Alfabesinde, başka bir biçimde ya da başka bir dilde okumak isterseniz lütfen bir görevliye danışın. (Turkish)

Nëse këtë informacion do e dëshironit në Braille, font më të madh, në format tjetër apo gjuhë tjetër, ju lutem pyesni një anëtar të personelit. (Albanian)

Se desejar obter esta informação em Braille, num tipo de letra maior, noutro formato ou noutro idioma, por favor peça a um membro do pessoal. (Portuguese)

আপনি যদি এই তথ্যটি ব্রেইলে, বড় হরফে, অন্য ফরম্যাটে বা অন্য ভাষায় পেতে চান, অনুগ্রহ করে, কর্মীদলের একজন সসদস্যকে তা জানান। (Bengali)

در صورت تمایل به دریافت این اطلاعات به صورت بریل، چاپ درشت، یا سایر فرمت‌ها یا زبان‌ها، لطفاً درخواست خود را با یکی از کارکنان ما مطرح کنید. (Farsi)

Jeżeli chcieliby Państwo uzyskać niniejszą informację zapisaną w alfabecie Braille'a, dużą czcionką, w innym formacie lub w innym języku, prosimy zwrócić się w tej sprawie do członka personelu. (Polish)

Si vous souhaitez obtenir ces informations en gros caractères Braille ou dans une autre langue, veuillez le demander à un membre de l'équipe. (French)

நீங்கள் இத்தகவலை ப்ரெய்லியில், பெரிய எழுத்துகளில், வேறு ஃபார்மேட்டில் அல்லது வேறு மொழியில் பெற விரும்பினால், ஊழியரிடம் கேளுங்கள். (Tamil)

إذا أردت الحصول على هذه المعلومات بطريقة برايل، أو بحروف كبيرة، أو بصيغة أو لغة أخرى، يرجى طلب ذلك من أحد أعضاء فريق العمل. (Arabic)

Если вы хотите получить эту инфформацию на языке Брайля, напечатанную крупным шрифтом, в другом формате или на другом языке, пожалуйста, обратитесь к любому сотруднику. (Russian)

NELFT provides community and mental health services for people of all ages in Essex and the London boroughs of Barking & Dagenham, Barnet, Havering, Redbridge and Waltham Forest, as well as Kent and Medway.

NELFT NHS Foundation Trust
CEME Centre – West Wing, Marsh Way,
Rainham, Essex RM13 8GQ.

Tel: 0300 555 1200

www.nelft.nhs.uk

Production date: June 2020 Review date: june 2021 Reference: 2020063