Norfolk and Suffolk
NHS Foundation Trust

Annual Report and Accounts

April 2020 to March 2021

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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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Performance report

Chair and Chief Executive's Report

The last year has been one where we have focused both on meeting the challenge of the COVID-19 pandemic and on continuing our improvement journey. We all know that the COVID-19 challenge has been unlike any other the NHS has experienced, with a deeply personal impact for us all. We are so incredibly proud of the way our staff, service users, carers and Governors have responded by adapting to new technology, developing and informing innovative ways to maintain and provide access to vital services and by showing true care and compassion to one another. We are also proud of how we have worked alongside health and care partners to provide accessible care, an example of this is our support of acute wards.

We are particularly in awe of all our staff, front line and corporate services, directly employed, agency and sub-contracted and we sincerely thank them for their hard work and dedication. We also thank them for actively embracing the COVID-19 vaccination programme, with 93% receiving their first jab at the time of writing to keep themselves, their service users and carers safe.

Meeting the challenges of COVID-19

The pandemic has resulted in an inevitable increase in demand for mental health support. Twice the usual number of people we would expect are now seeking help from some services, while others increasingly need urgent and emergency care. This demand will continue as the psychological and economic impact of the pandemic unfolds and with a further surge predicted as lockdown eases. As a result, we set up our First Response helpline last summer, which is open to anyone who needs urgent mental health support, and commissioned an online counselling service called Kooth for children and young people. We have stepped up our wellbeing webinars and ensured the Recovery College is available online, while our People Participation Leads have created weekly information to support service users. We will continue to work closely with our service users, carers, staff, Governors and health and care partners to find further ways to support local people, while also helping communities and each other to maintain good mental health.

Additional support has also been put in place for our staff to cope with the challenges of the pandemic. This includes a specialist support line, which launched in January to help all health and care colleagues working across Norfolk and Suffolk cope with the immense pressures of working during COVID-19. Run in partnership with Mind, it gives staff rapid access to mental health support from local mental health specialists. We are delighted that funding for this important project will continue for the next 12 months, enabling it to expand and offer vital help to even more of our health and care colleagues as the pandemic continues.

Continuing our improvement journey

Over the past 12 months we have maintained, reviewed and expanded our Quality Improvement Plan as we move out of turnaround to a focus on continued improvement. It is evident that our embedding of clinically led, service user shaped and executive enabled decision making is producing sustained results.

Our Culture Change programme continues, with tailored opportunities for development, specific support for teams and a real commitment to equality and inclusion. We were pleased to see external validation of impact with the publication of the annual NHS Staff Survey results for 2020. These showed that NSFT is making progress, with four of the 10 key areas showing significant improvement Overall, our survey provider (Picker Institute) reports that the Trust is the 6th most improved Mental Health Trust that undertook its survey through them this year. However, we are not complacent, and this work will remain an area of focus as we strive to meet our ambition to be in the top quartile of mental health trusts for quality and safety by 2023.

We have steadily reduced the number of inappropriate Out of Area Placements despite facing an increase in the demand for beds and the acuity of patients requiring them. These have reduced from 33 in October 2020 to 9 at the end of March 2021. Delayed transfers of care are currently below the 7.5% threshold at 3.4%, which is a result of whole system initiatives introduced to help people leave hospital and receive appropriate care in their own homes. Our drive to reduce vacancies has also continued, and we now employ 383 more (wte) staff than we did in March 2019.

During the year, we also:

- Completed a £1.3m refurbishment of two bungalows at Walker Close in Ipswich to transform them into comfortable and welcoming environments where people with learning difficulties can receive safe and effective inpatient care.
- Prepared to open the new Blickling Ward, which has 21 beds, at the Julian Hospital in Norwich.
- Increased our income by to expand the services we are able to provide to our communities.
- Introduced mental health liaison teams at all our acute hospitals, which operate 24/7 to provide support to people arriving at emergency departments with serious mental health issues.
- Met our recovery target of 50% within our Improving Access to Psychological Therapy Service, which is performing well compared with other trusts.
- Set up a dedicated Early Intervention Service in Suffolk to support people aged from 14 to 65 who are experiencing a first episode of psychosis.
- Saw a 60% increase in clinical activity in the Children, Families and Young People's Service from December 2020 to March 2021.
- Developed a new leadership programme for our staff and continued to invest in staff wellbeing by putting plans in place for our new Trauma Therapy Service. We have also introduced additional support for our Black, Asian and minority ethnic colleagues.

During 2020, the Care Quality Commission (CQC) returned to the Trust to carry out two focused visits to acute adult services and crisis services in November. We are delighted that they recognised that our hardworking staff have made improvements in several areas, especially given the pressures of the pandemic, with ratings of "requires improvement" with evidence of improvement and embedding of good practice. These include the positive steps being taken by our Crisis Teams to support hospital emergency departments, and how we are working with partners to ensure people receive the right help when they experience a mental health crisis. The areas identified for improvement are ones we are already focused on and we were pleased that the inspectors recognised that staff feel valued, and that our links with emergency, health and social care partners have been strengthened. Actions from all our CQC reports are addressed and monitored through our Quality Improvement Plan and we expect the CQC to carry out a fuller inspection later in 2021, when we hope our rating should be reviewed.

Looking ahead

While we know that together we are making progress, we also recognise that there is still much more to do and have comprehensive plans. These plans include systematically up scaling our Trust-wide quality improvement approach, securing additional beds for the future through the Hellesdon estate development and focusing on our cultural change with a focus on staff not only being satisfied but enjoying working with us.

Our priorities for the coming 12 months, which have been informed by our Members, include reducing Out of Area Placements; improving access to Children, Families and Young People's Services; reducing the time to wait for treatment and ensuring purposeful admission to hospital, if required.

Our ambitions also reflect the current system-wide transformation plans which are in place in Norfolk and Suffolk. In both counties, this work specifically focuses on supporting people who have a personality disorder and eating disorders, while Norfolk and Waveney will also concentrate on rehabilitation pathways. The plans in both systems will provide more support within the community for those with long term conditions and serious mental health issues over the next year.

We will see mental health practitioners from our Trust working in GP practices to further integrate mental and physical healthcare. Working closely with commissioners, our aim is to develop a programme which will see NSFT staff working alongside GPs across both counties to provide prompt, easy-to-access care and treatment at the point of need for people with mild to moderate issues.

We will continue to develop our Crisis Teams to ensure they are flexible and available as and when they are needed while our First Response service will link to NHS 111 to offer mental health triage for those who need urgent help.

Finally, we would like to reiterate our thanks to all, with a specific mention for our outgoing Chief Executive Jonathan Warren, who has led us in securing the achievements outlined here, with unrivalled dedication, ambition and good humour. We also thank, in advance, our staff, service users, Governors and partners, who will encourage, challenge and support NSFT on the next stage of its improvement journey.

Dr Adam Morris
Interim Chief Executive Officer

Marie Gabriel
Chair

Care Groups (geographical)

1 Attleborough
Bickley Day Hospital NR17 2QE

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

3 Carlton Colville
Carlton Court NR33 8AG

4 Dereham
Signpost House NR20 3TL
Springwell NR19 1DL

5 Eye
Hartismere Hospital IP23 7BH

6 Felixstowe
Grove Medical Centre IP11 9JL

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

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

9 Haverhill
Haverhill Health Centre CB9 8HF

10 Ipswich
Easton House IP3 8XL
Eccles Road IP2 2RF
Endeavour House IP1 2BX
Cedar House IP3 8XL
Chilton Homes IP3 8LY
Foxhall House IP3 8LY
Landmark House IP1 5PB
Mariner House IP1 2GA (Ipswich IDT)
New Horizons Portakabin IP3 8XL
The Hollies IP3 8XL
Walker Close IP3 8LY (Coastal IDT)
Woodlands IP4 5PD

11 Kesgrave
Grange Lodge IP5 1JF

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

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

14 Lowestoft
Barley Way NR33 7NH
Kirkley Cliff NR33 0DF
Meridian House NR32 1PL
Riverside Business Centre NR33 0TQ
Victoria House NR32 1PL

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

16 North Walsham
The Atrium NR28 9HZ

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

18 Stowmarket
Haymills IP14 1RF

19 Sudbury
Sudbury Community Health Centre CO10 2DZ

20 Thetford
Thetford Healthy Living Centre IP24 1JD

21 Wickham Market
Riverview IP13 0TA

22 Wymondham
Gateway House NR18 0WF

Purpose and activities

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

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

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

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

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

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

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

Brief history of the Trust and its statutory background

Norfolk and Suffolk NHS Foundation Trust was formed on 1 January 2012 by the merger of Norfolk and Waveney Mental Health NHS Foundation Trust and Suffolk Mental Health Partnership NHS Trust. We have been a foundation trust since 2008 and have over 16,000 staff, public, service user and carer Members.

The Trust now employs around 4,500 (whole time equivalent) staff who work from sites across the two counties. We continue to develop strong working partnerships with social care, primary care, the police, the voluntary sector and, of course, all parts of the NHS. This has been fundamental in our ability to respond to the COVID-19 pandemic in 2020/21 as demonstrated with the successful establishment of the First Response line and in our provision of staff wellbeing services available for all system partners.

We have a long history of working closely with health, social care and voluntary sector partner organisations in both counties and we continue to be a key partner of the Integrated Care System in Suffolk and North East Essex, and Norfolk and Waveney helping to shape the future of mental health services. In year, we have piloted the provision of mental health support in Primary Care Networks and working in partnership with the community transformation work.

Key issues, opportunities and risks

During 2020/21 the risks facing the Trust included a range of business, quality and financial issues, as well as the risk of the COVID-19 pandemic, all of which were considered by the Board and its sub-committees throughout the year. The principal risks and issues are identified as follows:

1. The risk of the impact of COVID-19 manifested in year, putting pressure on service delivery, increasing demand and affecting the wellbeing of staff, service users, carers, wider system and sadly with the loss of six inpatients. The Trust invoked its business continuity plans and established robust tactical and strategic command, daily calls with Care Groups, increased infection, prevention and control support, and significant wellbeing support, including for the wider system. Safety plans were reviewed, and additional support was available for the digitally disadvantaged. Rapid testing of staff and the successful vaccination campaign has meant the risk has reduced, but with heightened surveillance for new variants and managing risk of nosocomial (infections more likely to occur in hospital) transmission.
2. The Trust continues to implement its clinically led Quality Improvement Plan (QIP) to address quality and safety issues across the Trust and concerns raised by CQC such as access, physical environments, medication management and learning from incidents and complaints. Workstreams underpin the plan for all key improvement areas, monitored by Quality Assurance Committee and at Quality Performance Meetings and all are on track. Virtual Quality and Safety reviews have continued, with service user involvement. Care Group well-led reviews are focused on sharing learning. Quality Improvement (QI) projects continue, with increased central support, and the QI Forum has been established to share innovative practice and learning. The national Patient Safety Investigation Framework (PSIF) is being implemented. Serious Incident and Mortality Review Group (SIMRG) facilitates learning from structured judgement reviews and thematic reviews of all serious incidents. Quality and Safety strategies have been refreshed in year with emphasis on psychologically safe, compassionate culture. The Trust's complaint process has been revised in year, with a new team supporting Care Groups. The People Participation Leads' 'Talk to us first' initiative for early resolution has also contributed to a reduction in the number of complaints.
3. Waiting lists continue to be a challenge, particularly in services for Children, Families and Young People and the Rapid Improvement Board continues to drive change in collaboration with service users and carers and partners. Safety is paramount, all young people are regularly contacted, and safety ensured via Quality and Safety Reviews and Clinical Harm Audits. The community transformation programme, with system partners, is the longer-term solution to managing demand. Additional bed capacity for older people was put in place when Blicking Ward opened early 2021 and the First Response crisis helpline is managing high call rates.
4. Work to improve staff engagement, recruitment and retention continues to be a key focus to address any impact on staff morale and poor outcomes. This has been more challenging during COVID-19, with specific impact on staff wellbeing. Staff engagement work is progressing well as shown by the annual Staff Survey results, and the Trust's long-term culture change programme and new leadership programmes have continued at pace. The Trust has been successful in recruiting new staff and attracting more students. Medical engagement has improved. Partnership working with Staff Networks colleagues ensures sustained change, with specific support for BME groups and increased wellbeing support for staff during COVID-19, and groups are now taking forward approaches to post-COVID-19 working.
5. Risks of not engaging with, and listening to, service users and carers and not working in a collaborative way with system partners could impact on transforming services to improve quality and outcomes for the people we serve. The People Participation Strategy continues to drive culture change in relation to increasing engagement and participation and this has continued through COVID-19, with service users driving improvement via Rapid Improvement Boards, Quality and Safety Reviews and supporting staff recruitment. The Your Service Your Say (formerly Friends and Family Test) process has been greatly improved. The Trust continues to build on positive service changes and increased collaboration with system partners during COVID-19 and is an active partner of both Integrated Care Systems (ICS), ensuring mental health underpins ICS development. Successful working with Voluntary Community and Social Enterprise (VCSE) and community and primary care is driving positive community transformation.
6. The Trust delivered its financial plans and recorded an adjusted year-end surplus of £0.9m, £1.5m favourable to the plan submitted to NHSEI. This differs to the reported deficit within our Statement of Comprehensive Income (as reported on page A20 of our Annual Accounts) which includes a £2.2m asset impairment within operating expenses, and £0.3m income received in respect of PPE and equipment donated from NHSEI. The Board of Directors is aware of the continuing need to operate financial control during the COVID-19 pandemic, while continuing to address the service improvements identified by the CQC. The financial plan is monitored at the bi-monthly Finance, Business and Investment Committee and meetings of the Board. Care Group management of budgets is continuously tested through quality performance meetings and Executive review. There has been regular communication with national and regional Finance teams during the COVID-19 financial arrangements.

Performance analysis

Performance measures and accountability

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

During 2020/21 the Digital Improvement Group (DIG) continued to meet remotely and in year reviewed the way that it operated. Sponsors were aligned to the four objectives of the digital strategy which delivers to the Trust overarching strategy. These were staff whose experiences will inform the delivery of data and system solutions to improve information sharing, data quality and patient experience internally and externally. Key sponsors include a People Participation Lead and senior operational and nursing colleagues.

In 2020/21 an additional Service Delivery Board (SDB) with a focus on Performance was established. This meeting covers Quality, Finance, Workforce and Operational performance and is a forum for knowledge and information sharing. The NHS Benchmarking COVID-19 analysis is routinely presented to the group. This has allowed for an increased understanding and monitoring of the impact COVID-19 has had on some services. Other topics for the SDB have included Getting It Right First Time (GIRFT) and mental health inequalities. The presentations have a focus on data quality and data capture to support service development and improvement.

The dashboards developed in 2017/18 continued to be used to inform decision making although plans are in place to revise these using the NHSEI Making Data Count models. This should deliver in 2021/22. The focus remains on ensuring all performance is consistently managed and measured. Where differences in what is commissioned exist, the Trust and commissioners are working to design a more consistent performance framework to measure outcomes and performance. This is in line with the desire to work collaboratively with an increased focus on patient experience and outcomes.

The Quality and Performance Meetings (QPMs) were implemented in 2019/20 and have allowed the Care Groups and service leads to review performance and share challenges with Executives. The operational QPMs are bi-monthly and the corporate QPMs are every three months, although this is planned to be reviewed in 2021/22 along with the Accountability and Performance Framework.

The Trust reports on the metrics shown in table PA1 each month. Some metrics report for the month, others give a year-to-date or quarterly figure for analysis. PA1 lists the Trust performance as reported for March 2021 and also the corresponding target. At each bi-monthly Finance, Business and Investment Committee, the Chief Operating Officer, with the support of corporate teams, presents an analysis of the month's achievements and outlines actions to improve performance where targets are not being met. The impact of COVID-19 has been seen across all the Trust's services. Referral activity has varied in year dependent on age profiles and the service referral routes. While the metrics show variation, NHS Benchmarking indicates that the Trust has continued to deliver quality services.

Oversight Framework

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

(PA1)

Target description	Actual	Target
Referrals with suspected first episode psychosis start NICE recommended care within two weeks (a)	65.79%	60.0%
Data Quality Majority Index (DQMI) – Mental Health Services Data Set dataset score	97.75%	95.0%
IAPT patients who complete treatment and 'move to recovery'	55.03%	50.0%
People referred to the IAPT programme will be treated within 6 weeks of referral	97.78%	75.0%
People referred to the IAPT programme will be treated within 18 weeks of referral	99.95%	95.0%
Total number of bed days patients have spent in inappropriate Out of Area Placements	4284	871

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

The main block contracts are commissioned to deliver differing services, and metrics are developed accordingly. This means, for example, that waiting time standards are different for different Care Groups and service lines across the Trust. There had been plans to review metrics with Commissioners in 2020/21, however, as contracts were paused for the year this work will continue in 2021/22.

Primary and secondary care services

In 2020/21 the Trust continued to operate within 'block' contract arrangements with Norwich Clinical Commissioning Group (CCG), North Norfolk CCG, South Norfolk CCG, West Norfolk CCG, Great Yarmouth and Waveney CCG, Ipswich and East Suffolk CCG and West Suffolk CCG.

While the Norfolk CCGs merged to become Norfolk and Waveney CCG in April 2020, as per national guidance the contracts were not revised during 2020/21 to reflect this change, but continued on the same basis as 2019/20.

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

Medium and low secure, CAMHS Tier 4 and perinatal services

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

Section 75 Suffolk

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

Equality of service delivery to different groups

Our Equality, Diversity and Inclusion Strategy 2019-2021 outlines how we have regard for the Public Sector Equality Duty. It includes recommendations from the NHS People Plan, Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and Gender Pay Gap. The strategy, linked to the Trust values, aims to create a culture of mutual respect, remove inequalities and barriers from our internal processes, improve opportunities and experiences of staff from under-represented groups and integrate equality and diversity actions into the day-to-day work of our Care Groups and services.

Dedicated staff are in post to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with, working closely with service users to engender more supportive team cultures. We have continued to deliver our Expect Respect approach, as part of our culture change

programme, including a series of live diversity dialogues involving members of the Board and people with lived experience. We have also strengthened our Staff Networks, each having an Executive Champion. Particular attention was given to our BME staff, those staff with a disability and those shielding during the COVID-19 pandemic, providing practical support and helping to reduce anxiety.

We have continued to provide training on equality and diversity, linking the Public Sector Equality Duty with our day-to-day responsibilities. Our Care Groups are also resourced with Equality Leads to support Quality Improvement based service improvements and mitigate risks relevant to equality. The Board and Council of Governors received training on the Public Sector Equality Duty in April 2021.

We are strengthening our change processes so that all our policies, business change processes and cost improvement plans will be subject to equality impact assessments.

We are required to publish data on how we are performing against the indicators in the NHS WRES and WDES and the Board receives regular performance reports against our strategic metrics. The Annual Equality, Diversity and Inclusion Report will be presented to the July 2021 Board meeting.

The ethnicity of individuals submitting complaints to the Trust is monitored. In year, we undertook a Quality Improvement project to increase the response rate to Your Service Your Say (formerly Friends and Family Test) by introducing a text messaging facility. The next step is to use this facility to capture protected characteristics of respondents.

The National Survey of People using Adult Community Mental Health Services captures the experiences of service users. The data from the survey is reviewed and contributes to assessment of priority areas for the Trust. There is the potential to undertake further work to analyse this data with regard to responses from service users with protected characteristics.

We continue to improve our data to Care Groups with development of reports on protected characteristics linked to admissions, detentions, and incidents. The Mental Health Law (MHL) team report on ethnicity recording compliance within their annual report to Board. The BME statistic for detention, Section 136s and Community Treatment Orders (CTOs) are compared with national data.

The Trust is a key partner in both Integrated Care Systems (ICS) mental health inequalities programmes, chairing the group in Norfolk and Waveney. There is now a recognition that COVID-19 will both exacerbate existing inequalities and create additional inequalities, particularly for those with serious mental illness.

Financial report

Last year was an exceptional year in every aspect. In response to COVID-19, the financial regime was completely revised and resulted in much simpler financial flows. For the first six months, along with all other NHS providers, we were reimbursed for the full costs incurred in dealing with the pandemic. For the second half of the year, we were operating within a fixed 'system envelope' with funding allocated to ensure we continued to respond appropriately. The funding flows over the past year has meant greater collaboration and transparency across NHS organisations in our Integrated Care Systems.

The Trust reported an adjusted financial surplus of £0.9m in the year to 31 March 2021. This was an improvement on the planned deficit of £0.6m. This was a result of planned expenditure anticipated in response to COVID-19 not materialising.

The Trust undertook its five-yearly asset revaluation which resulted in a net increase in the value of our Fixed Assets of £5.8m.

A full set of 2020/21 accounts are provided as part of the Annual Report at the end of this document.

Going concern

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

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

Summary of financial performance

As at 31 March 2021, the Trust had delivered the following performance:

- A year-end deficit of £1.0m, which includes a £2.2m asset impairment within operating expenses, and £0.3m income received in respect of PPE and equipment donated from NHSEI. Reversing these items, the underlying operating position is a surplus of £0.9m.
- Capital expenditure of £9.0m.
- A cash balance of £35.9m.

Income

The Trust's total income (turnover) for the year was £289.6m, of which £270.2m was for the provision of patient care activities.

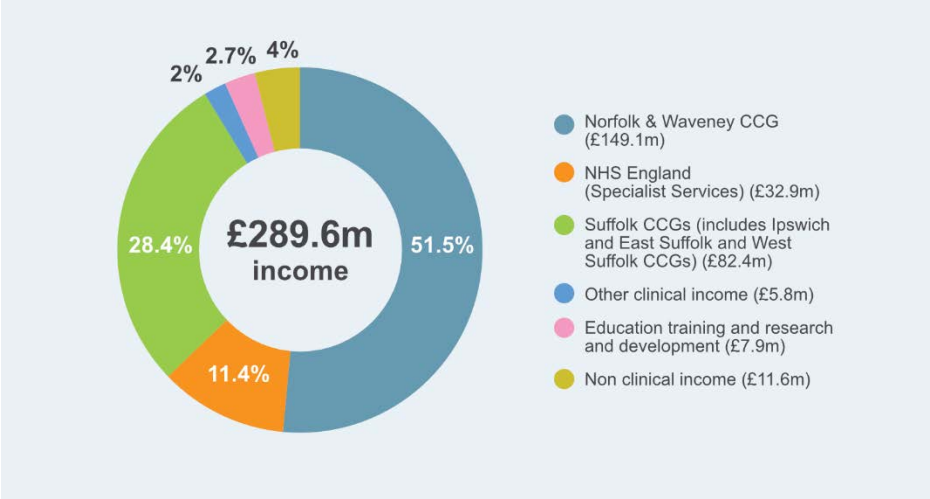
Investment into our services continued during the year with almost £10.0m additional monies from our local CCGs and NHS England.

Research and development funding of £1.0m was secured in addition to education and training income of £6.3m. This included £0.5m income from the National Apprenticeship Fund, which was used specifically for approved apprenticeship posts (both clinical and non-clinical) throughout the Trust. Funding for education and training is received via Health Education England and is given to NHS Trusts to support training placements for student and junior medical staff, nursing staff and other healthcare professionals.

The Trust's principal sources of income, as illustrated in the chart below, are from contracts for the provision of mental healthcare services for CCGs in Norfolk and Suffolk, and for Secure Services, CAMHS Tier 4 and the regional Mother and Baby Unit commissioned by NHS England Specialised Services. The Trust also received £15.7m 'top up' funding during the year. This was in two parts. One part was in relation to a national top-up payment to reflect the difference between our expected baseline costs and our income with a national true-up payment to reflect the additional costs and/or loss of revenue where our block and top-up payments were not sufficient to cover our additional marginal costs due to COVID-19. A total of £8.2m was received in the first half of the year from NHS England with £7.5m received as part of our system envelope in the last six

months of the year. In addition, we received £1.9m funding from NHS England to support the Trust's deferred annual leave commitments as a significant number of staff were unable to take their allotted annual leave due to their tireless response to the pandemic.

(FR1) Sources of income



Expenditure

Total expenditure during 2020/21 amounted to £290.6m which is summarised by type of spend in the chart below. Of this total, £13.0m of costs arose due to the Trust's response to the COVID-19 pandemic and all of these were funded by NHS England.

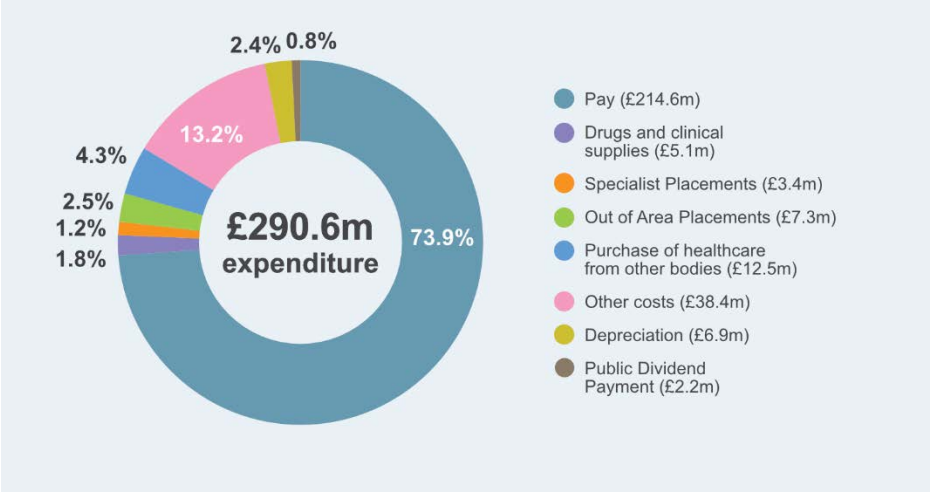
The majority of spend by the Trust is on staff (73.9%) which includes expenditure on bank and agency staff predominantly provided by NHS Professionals. The Trust spent £11.5m on agency staff during the year.

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

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

In addition to the £13.0m costs in response to COVID-19, the Trust also spent a notional £1.7m on the procurement of personal protective equipment (PPE) for our staff and service users during the year, all of which was procured and funded by NHS England.

(FR2) Analysis of expenditure



The Trust delivered £5.4m cost improvements during the year, with all schemes identified during the financial year undergoing a Quality Impact Assessment by the Trust's Chief Medical Officer and Chief Nurse. This was to ensure that plans do not adversely affect patient safety or service quality. Any schemes which may have impacted on front-line services were put on hold.

Capital expenditure and investments

The Trust's capital expenditure largely supports the buildings, facilities and other infrastructure we utilise to deliver our services. The Treasury has historically provided capital finance in the form of Public Dividend Capital (PDC). As a result, the Trust is required to pay the Treasury dividends relating to that capital twice a year. These dividends amounted to £2.2m in 2020/21. The amount payable was lower than previous years because it is impacted by cash balances held during the year and these were higher than usual due to cash advances being made to all providers to ensure liquidity during the COVID-19 pandemic.

The Trust has limited access to new PDC as it is expected to finance capital expenditure from internally generated sources (i.e. from cash reserves and depreciation charges). However, in 2020/21 the Trust successfully secured additional PDC funding of £7.3m, of which £4.8m was in respect of a revenue loan conversion, £0.6m to deliver energy efficient LED lighting, £1.0m for Digital Aspirant schemes (including cyber security) and £0.8m for estate improvements in response to COVID-19.

The outstanding balance on loans from the Foundation Trust Financing Facility was £6.9m as at 31 March 2021.

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

There were no capital disposals during the year.

Private Finance Initiative (PFI)

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

Liquidity and cash management

The Trust manages cash through the Government Banking Services arrangements.

Post balance sheet events

During March 2021 NHS England and NHS Improvement set out details of the finance and contracting arrangements for the six months April to September 2021. This confirmed 'system funding envelopes' which included additional allocations for COVID-19 and other known pressures and policy priorities.

In terms of the NHS Long Term Plan, we have commitment from our Commissioners that funding for mental health services will grow faster than the overall NHS budget in the future with plans in place to meet the Mental Health Investment Standard in all circumstances.

Charitable funds

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

The generosity of the public during the last year meant that the Trust received £163.5k from NHS Charities in response to the Captain Sir Tom appeal. The value of that gift will be recognised in our Charitable Funds Annual report and accounts.

Political and charitable donations

The Trust did not make any political or charitable donations from its revenue exchequer funds in 2020/21.

Financial outlook for 2021/22

The next year will be challenging for the Trust but we are committed to working closely with our partners to improve quality, waiting times and service user outcomes. The Trust continues to work towards its objective to be in the top quarter of all mental health trusts for quality and safety by 2023 and this will require even more investment in our services and estate.

In line with the NHS Long Term Plan, both Norfolk and Suffolk CCGs have committed to invest further in our services with specific funding allocated through Service Development Funding and Spending Review monies. Significant investments have been agreed in, amongst others:

- Psychiatric Liaison services
- Perinatal services
- Eating Disorder services
- IAPT services
- Primary Care Mental Health services and the roll out of Primary Care Networks to improve access
- Crisis Pathway and our First Response Service

Collaborative work with our partner organisations within the Integrated Care Systems in Suffolk and North East Essex, and Norfolk and Waveney will continue as we play our part to deliver financial balance across the region.

Environmental and social matters

Environmental matters and sustainability

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

Actions to address our environmental impact include:

Staff engagement and sharing best practice

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

Reducing travel / promoting low-carbon travel

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

Energy and resource management

- Working closely with the Crown Commercial Service (CCS) procurement framework in procuring energy and water at a competitive price from companies producing energy from renewable sources.
- A successful national funding bid of £650k for LED lighting, enabling a future carbon saving of 523 tonnes per annum. This is in the process of being implemented (original timescale delayed due to COVID-19 restrictions).
- Reduction of the energy carbon footprint by 3,000 tonnes in three years.

Recycling and sustainable purchasing

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

There are sustainable energy options in using sun pipes, ground source underfloor heating and photovoltaic (PV) panels on six properties (all owned by the Trust) at Grange Lodge, Kingfisher Mother and Baby Unit, Justin Gardiner House, Northgate Hospital, Hammerton Court and Carlton Court. Surplus energy has been sold back to the national grid from the Mother and Baby Unit and Grange Lodge. This provides an income of £4k per year.

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

The Trust has continued to maximise recycling of stock and equipment. Items deemed not fit for purpose by the NHS have been forwarded to charities both nationally and abroad. This reduces waste costs and achieves an environmentally friendly option for disposal, while also providing valuable support for a variety of organisations. Electronic waste (not ICT Equipment) is collected by a company that recycles electrical waste, which is then repurposed and sold to local residents at a competitive cost. This avoids high disposal costs. We also work with local charities providing furniture for refugee families and our own service users. Implementation of the furniture recycling scheme across the whole Trust resulted in savings of £80k in 2020/21.

Waste is closely managed with an increase in direct recycling to approximately 56% through schemes across the Trust. The waste contractor also contributes to raise the level through further systems of filtering the general waste for other recyclates: the remaining residue is converted into refuse derived fuel. Overall, this means our recycling rate can confidently be reported to be over 98%. The clinical waste is sent to an 'Energy from Waste' site which provides heat via steam for Ipswich Hospital and our own Woodlands site.

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

The Trust submitted their Sustainable Development Assessment Tool in 2019, which shows an improvement in sustainability from 59% to 62% – an increase of 3%. The next SDAT is due to be submitted shortly in 2021/22.

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

In the past year the COVID-19 pandemic has had a significant effect on our carbon footprint as a result of the reduction in energy, water usage and business miles - although an increase in waste due to PPE disposal has had a detrimental effect across the whole NHS. We are still trying to ascertain the full impact of the current situation.

Social, community and human rights issues

With around 4,500 (whole time equivalent) employees and a turnover of over £289.6m, the Trust is a significant employer in Norfolk and Suffolk. We aim to go beyond the requirements of our contracts and contribute to the wider wellbeing of the communities we serve.

In 2020/21 we supported a wide variety of community events. To ensure safety during COVID-19 we took advantage of new technology and used Microsoft Teams to host a national Black History Month Conference. To ensure our support for LGBT+ communities was visible, we ran a campaign to highlight the importance of LGBT History Month, took part in Run With Pride – staff raising funds for third sector organisations by walking or running – and sponsored Norfolk Pride. We also produced an inclusive LGBT+ values video which is the first time we've spoken explicitly about the value of intersectionality, which we promoted internally and externally on social media. The Trust also marked Transgender Memorial Day, promoted mental health and spirituality via social media and undertook a wide range of wellbeing initiatives.

Our public, service user and carer Trust Members, who number over 12,000, have joined because of their interest in, and commitment to, mental health. The Trust held six virtual membership events in February and March 2021 to hear the views of our Members, of local people and wider stakeholders on what the Trust is doing well and how it can improve. The Council of Governors are using the feedback to identify their priorities for the year and to hold the Trust Board to account.

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

Human rights

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

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

The use of the MHA is monitored by the Mental Health Act Committee (MHAC), which is an executive sub-committee of the Board. Usage of the MHA and DoLS is monitored and analysed for any significant themes. Where issues are identified, they are reported to the relevant Care Groups to be addressed, with support offered from the specialist team. Progress is reported through the Mental Health Law Monitoring Group (MHLMG), MHAC or Quality Committee. The MHLMG reviews and approves all policies related to mental health legislation.

In 2019/20 our Participation Lead co-produced a programme of work which put the voice of the service user at the heart of improvements to reducing restrictive intervention. In 2020/21 we have continued to ensure that human rights are embedded into all our training, making it a focus of our leadership module for aspiring Band 6 nurses.

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

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

Anti-bribery

The Trust refreshed its Anti-Bribery Policy in 2020/21. The Policy includes a section on the Trust's commitment to the Anti-bribery Act 2010, which explains the definition of bribery and gives examples of how the risk might manifest in our Trust. It is clearly explained that any staff who believe or suspect any fraudulent activities or a breach of this policy must notify the Local Counter Fraud Specialist immediately. This is monitored by the Audit and Risk Committee.

Accountability Report

Directors' report

Disclosures

Details of company directorships and other significant interests held by Directors can be found in the Directors' declarations of interest on pages 40-42.

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

Disclosures under the NHS Foundation Trust Code of Governance can be found on pages 64-66.

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

Work has continued to strengthen and continuously improve our governance, moving from a turnaround organisation to a continuously improving Trust. The Care Quality Commission (CQC) report in January 2020, gave a rating of 'requires improvement' for the 'well-led' domain and CQC focused inspections in November 2020 showed further improvement in organisational governance.

In addition to the annual self-assessment of governance, an independent review was commissioned this year, with respect to the 'well-led' framework, externally facilitated by NHSEI. The Board is currently developing the resulting improvement plan for 2021/22.

Enhanced information flow, ward to Board to ward, has continued. Forward plans, deep dives on key topics, streamlined reporting and accessibility of information have facilitated better decision making and assurance and accountability at all levels. Local governance arrangements at Care Group level were revised in year.

The Trust undertook a review of its governance arrangements during the COVID-19 pandemic, in line with the NHSEI guidance 'Reducing the Burden, Releasing Capacity' designed to free up management capacity and resources. We were pleased to be able to maintain robust governance, with Board, Board committees and Council of Governors continuing to meet and transact business on-line. Importantly, Quality Committees continued, ensuring quality and safety and staff wellbeing was maintained during COVID-19.

Board appointments were made in year - a new NED and Chair of Audit and Risk Committee, and a substantive Chief Finance Officer (CFO) - with recruitment of CEO and Director of People in train, in line with the Board's succession planning and development programme.

An annual review of Council of Governors governance was undertaken, resulting in an annual co-produced Improvement Plan. Successful membership engagement events led by the Council of Governors were held in year.

The Trust Strategy, co-produced and widely consulted on with staff, service users, carers, and key partners in 2019, was augmented by operational strategies for Estates, Risk Management, Quality, Safety and Communications.

Risk management was enhanced, linked to the Performance and Accountability Framework, with a new risk strategy and policy and organisational risk appetite statement. The Board Assurance Framework (BAF) risks are annually refreshed by the Board.

Partnership working has been strengthened, with the Director of Strategic Partnerships and newly appointed Engagement Officers improving relationships with the voluntary sector, in addition to working with partners as part of the two integrated care systems. Increased collaboration with partners has led to new service developments such as the First Response Service, while community transformation continues along with increasing mental health support in Primary Care Networks.

Further information about the 2020 CQC report and the subsequent regulatory action can be found in the Annual Governance Statement (on pages A8-A18).

Summary of action plans to improve the governance of quality

The Trust continues to improve its approach to the governance of quality and safety. We have refreshed our Quality and Safety strategies in year. Our Care Group leadership ensure our services are clinically led, service user enabled, and management supported.

Our staff, service users' and carers' voices and needs are central to all we do. They have been consulted at each stage of our quality improvement journey and have key roles in the governance of quality, specifically in Quality Improvement (QI) projects, in Quality and Safety Reviews and as core members of Rapid Improvement Boards. People Participation Leads continue to facilitate service user and carer participation and engagement and have co-produced the People Participation Strategy in year.

The Quality Improvement Plan (QIP) is a live document encapsulating workstreams for our key learning and improvement areas. Progress with the QIP is reviewed at Quality Assurance Committee, at the Board and shared with NHSEI at the Oversight and Assurance Group.

The Trust has benefited from the NHSI appointed Improvement Director who, as well as helping us to accelerate the quality improvement agenda, has focused particularly on improving our Children, Families and Young People's (CFYP) services.

Our culture change programme continues coupled with staff development and leadership programmes, improvements to staff engagement, particularly medical engagement, and having reduced layers of management and spans to empower staff at all levels. Staff wellbeing has been even more of a focus this year.

During the COVID-19 pandemic, the Trust has operated business continuity arrangements with daily Incident Management Team meetings, tactical and strategic command processes and increased safety huddles, virtual quality and safety reviews, ensuring quality and safety of services was paramount.

Patient care

The Trust continues to implement its strategy of improving its capability and capacity to support teams in using Quality Improvement (QI) methodology as a structured approach to responding to complex opportunities and challenges. The approach seeks to place those closest to the opportunity at the heart of the improvement. Although impacted by the pandemic, this structured approach has supported a number of local improvement programmes during the year.

The Trust has invested in building capability through supporting 25 colleagues from all clinical Care Groups to access world leading Quality Improvement coach training provided by the Institute for Healthcare Improvement. This enables dissemination of knowledge across the Trust, within a support network provided by the Quality Improvement Team. Further capability building has been the successful year long QI fellowship with the QI team, offered to two developing leaders.

A refreshed training programme, delivered online, has supported over 250 people to access pocket QI training providing colleagues with an accessible introduction to the approach of QI. Commencing in May 2021 is the Trust's Improvement Leaders Programme. Delivered over six months, the programme is supporting 25 improvement projects and approximately 80 staff with a deeper understanding and application of the tools of improvement at the point of need.

Providing leadership and creating the conditions for improvement, the Trust is currently establishing a QI forum, chaired by the Chief Medical Officer. The forum will provide governance and strategic direction, and an important space for sharing and advancing improvement.

Quality and safety reviews are carried out across services with service user and carer input. These continued virtually during the COVID-19 pandemic.

One key mechanism for using the Trust's foundation trust status to improve patient care is through the work of the Council of Governors. Governors represent the wider community in challenging the Trust's approach to quality and safety, in triangulating the quality performance with service user and carer experience and by holding the Non-executive Directors to account for the performance of the Board. This year, challenge has focused on Governor priority areas identified in response to the Member engagement events and covered areas such as CQC reports, staff wellbeing, improvements to CFYP services, COVID-19 response and partnership working with system partners in Norfolk and Waveney and Suffolk and North East Essex.

Governors have a statutory role in developing and monitoring the Quality Account, the Annual Plan and Trust Strategy and with the Annual Report and Accounts.

Consultation and involvement

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

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

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

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

The relevant Trust documents / policies are:

- Membership Strategy (which is approved annually by the Council of Governors and the Board of Directors).
- The Trust's Change Management, Redeployment and Redundancy Policy.

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

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

Involvement of service users and carers

Our vision is to hold those who experience services at the heart of all we do, embedding a culture of collaboration and meaningful participation in every aspect of the Trust and the wider community. We want to work together to improve the experience and outcomes of our services.

Our People Participation Strategy was developed in 2020/21, with input from people who have lived experience, and re-affirms our commitment as a Trust to participation. The Trust gathered people's views and contributions via our website and online workshops and forums. The strategy is due to be launched in May 2021.

People Participation Leads (PPL) are part of each Care Group leadership team, with an additional PPL working between Learning Disability services in Suffolk and the training and education department. A Senior People Participation Lead was appointed in year to oversee the participation work and we are currently exploring the possibility of adding People Participation Co-ordinators to strengthen our workforce. We are also bringing together our carer leads, volunteers co-ordinator and our colleagues who work alongside our VCSE (voluntary, community and social enterprise) partners to broaden the breadth and co-ordination of participation.

PPLs work strategically within their Care Groups to increase participation and improve the experience of participating. We are working on improving the culture around participation so that it becomes integral to ways of working across the Trust. PPLs also run forums and groups, and promote the involvement of service users and carers in everything we do. The feedback and involvement of people in all aspects of our Trust are fed into the People Participation Committee, who hold our Trust Board to account.

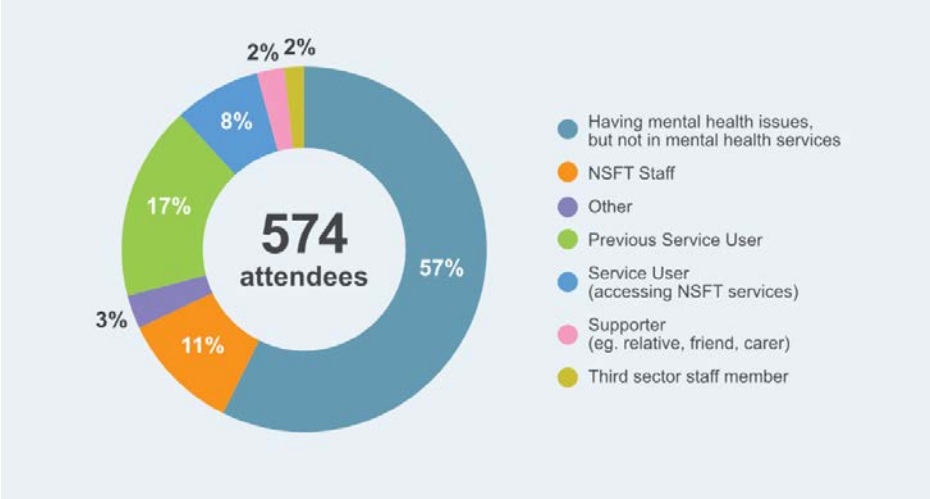
Progress with participation this year includes:

- Increasing participation of people in interviews, both in number and diversity.
- Involving people with lived experience in Quality Improvement projects.
- Instigating a monthly 'Participation Post' and participation postcards. Communication and information are two of our key priorities moving forwards and a variety of initiatives are underway.
- Increasing our ways of communicating and working with people throughout COVID-19 and utilising online platforms to run groups and forums.
- Hosting a number of forums and groups in Care Groups or Trust-wide, including social groups, feedback groups, carers groups and project specific forums. These are evident in CFYP, adult services and secure services.
- Employing a part-time PPL in the training and education team, and creating a database of people with lived experience who are interested in using their experiences to help us train and educate people.
- Developing training to enable people with lived experience to be integral members of our Quality and Safety Reviews.
- Co-designing the new NSFT website, including a section for service user and carer involvement, with a partnership of service users, carers and staff. This section highlights ongoing opportunities for involvement, groups, volunteering and updates on projects already being co-produced.

Recovery College: Due to COVID-19, in the last year, Recovery College has had to adapt its way of working to an online model. The five separate localities across the Trust (East Suffolk, West Suffolk, North Norfolk and Norwich, West and South Norfolk, and Great Yarmouth and Waveney) merged online to create a timetable of webinars and courses run on Zoom. The criteria for Recovery College also changed when the college went online, recognising that it could respond to the challenges of COVID-19 and become a preventative service. The Recovery College changed the criteria from only offering courses to people in secondary mental health services (or who have been discharged within a year), supporters, carers, staff members and staff members of third sector organisations, to offering the service to anyone over the age of 16 who is experiencing mental health challenges.

In 2020/2021 Recovery College also temporarily changed to a monthly timetable instead of a termly timetable so it could be more responsive to demand as it arose. On average, 21 courses were on offer each month with a mix of webinars and 'face-to-face' Zoom classes. Webinars accommodate up to 500 people and Zoom classes were limited to 12 people. A minimum of six attendees are required for the course to go ahead.

Recovery College has seen changes in the demographics of people attending the College during the last year due to COVID-19.



We continually evaluate and collect feedback from students. Recovery College online is receiving positive reviews, with a high percentage of students reporting that the courses:

- Were of excellent or good value in terms of their (or someone they support) recovery.
- Exceeded or met their expectations.

During 2020/21 Recovery College has also provided eight Recovery workshops to medical students of the Trust to support their learning and access to opportunities during COVID-19.

Friends and Family Test / Your Service Your Say: The Friends and Family Test was rebranded Your Service Your Say (YSYS) during 2020/21. The infrastructure to support texting and direct access for people to submit their experience online was put in place and piloted successfully. YSYS was used to explore people's experience during the COVID-19 pandemic and lockdown. The text system was launched publicly in March 2021 and immediately resulted in a three-fold increase in the response rate, although this remains slightly below that experienced prior to the pandemic. A YSYS Steering Group has been established led by the Senior People Participation Lead. Responses are monitored to ensure any potential safety issues are picked up immediately. Aggregated reports are distributed and managed within the respective Care Groups via the People Participation Leads and we continue to work on increasing the uptake through additional Trust-wide and local initiatives.

Involvement of Members and the wider community

Membership of the Trust is open to all residents of Suffolk, Norfolk, Essex, Cambridgeshire and Peterborough, Hertfordshire and Lincolnshire and the Borough of Newham, aged 11 and over, and following the revision of the Trust's Constitution in year, membership has been expanded to include Bedfordshire, Luton and Milton Keynes.

Most Members opt to be kept informed about the work of the Trust and this takes place through regular email bulletins and updates. Members who wish to be more involved can attend engagement events and stand for election as a Governor (if aged 16 or over); several prospective Governor sessions were held in the autumn.

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

In addition to representing the Trust at a wide range of community events and networks, the Council of Governors host membership engagement events each year. Six events were held in February and March 2021 (on-line due to the COVID-19 pandemic) to ask for Member views on what is working well in the Trust and what can be improved, building on the feedback from last year. Regular bulletins provide Members with information on how Governors are taking action in response to Member views.

Interface with other consultative forums

The Trust leadership and our Governors attend other consultative forums including Health Overview and Scrutiny Committees (HOSC), and Health and Wellbeing Boards and liaise with Healthwatch Norfolk and Healthwatch Suffolk. We consulted widely with stakeholders on the CEO recruitment and, in line with our People Participation Strategy, engage with service users and carers to improve the quality of our services.

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

Other disclosures

Better Payment Practice Code

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

This is summarised in the table below:

(DR2)

Performance by number	Non-NHS suppliers	NHS suppliers	Total
Paid within 30 days	18,937	686	19,623
Paid over 30 days	2,230	113	2,343
% paid within target	89.5%	85.9%	89.3%
Performance by value (£000)	**Non-NHS suppliers**	**NHS suppliers**	**Total**
Paid within 30 days	£84,070	£5,642	£89,712
Paid over 30 days	£2,932	£721	£3,653
% paid within target	96.6%	88.7%	96.1%

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

Statement of Disclosure to auditors (s418)

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

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

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

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

Dr Adam Morris
Interim Chief Executive Officer
Date: 11 June 2021

Remuneration report

Annual statement from Chair of Remuneration and Culture Committee

The Remuneration and Culture Committee is responsible for reviewing the Board composition and succession planning, for making Executive Director appointments and for determining their remuneration. The Committee ensures that pay levels are competitive and enable the Trust to recruit, motivate and retain high quality Executive Directors. The Committee oversees the development and implementation of the Culture programme, Leadership Development programme, People Plan and Equality, Diversity and Inclusion Strategy, and reviews learning from employee relations cases.

Appointments

During the financial year 2020/21 there was one change to the Executive Director team and the table below sets out the Executive Director appointment that took place in the year.

(RR1)

Chief Finance Officer	Daryl Chapman from 28 July 2020

The Executive team and Board have also had professional advice and support from Dr Jan Falkowski in relation to medical education; Mark Gammage, Dearden HR in relation to human resources and Isabel Cockayne in relation to communications. The Board also benefited from the support of Improvement Director James Innes, appointed by NHS Improvement.

Remuneration

Changes to the Executive remuneration were made during the reporting period in line with national benchmarking data for similar organisations and in February 2021 the Committee approved an Executive pay framework which will take effect from April 2021.

Marie Gabriel CBE
Chair
Date: 11 June 2021

Senior management remuneration policy

Future policy table

The Trust has not operated a bonus or performance related payment scheme for senior managers during the reporting period.

Payments above £150,000 pa

The Chief Executive and Deputy Chief Executive were the only senior managers who were paid more than £150,000. The salary for the Chief Executive was in line with the median pay for a CEO salary for Trusts of a comparable size. Both posts were on secondment from the East London NHS Foundation Trust and their remuneration was reviewed along with all other Executive appointments in relation to their secondment. There were no additional performance related pay or bonus arrangements.

Service contracts obligations

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

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

Policy on payment for loss of office

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

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

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

Statement of consideration of employment conditions elsewhere in the Trust

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

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

The Remuneration and Culture Committee has undertaken a review of Executive Director pay arrangements within the last year. A pay award was agreed, effective from April 2020, in line with national advice and the pay award applicable for Band 9 staff. It has also been agreed to introduce a new pay framework that takes account of Executive experience and which will support recruitment and retention. This will be effective from April 2021.

There have been no changes to other senior manager pay structures over the last year; these remain in line with NHS Agenda for Change terms and conditions.

Annual report on remuneration

Remuneration and Culture Committee

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

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

The Committee has been chaired by Patricia Fuller (NED) since December 2019 and by the Trust Chair prior to this. The Committee is made up of Non-executive Directors, members for 2020/21 are shown in the attendance list. The CEO is a member for the purpose of appointing Executive Directors and considering performance appraisal information (but is not party to discussions about CEO pay or performance).

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

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

Appointments

Appointments made in 2020/21 are listed on page 28.

(RR2) Remuneration and Culture Committee attendance 2020/21

	16 April 2020	18 June 2020	26 June 2020	25 Aug 2020	26 Oct 2020	17 Dec 2020	18 Feb 2021	26 Feb 2021	17 Mar 2021
Marie Gabriel (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patricia Fuller (NED; Committee Chair from Dec 2019)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tim Newcomb (NED; Vice Chair Suffolk)	✓	✓	A	✓	✓	✓	✓	✓	✓
Ken Applegate (NED)	✓	✓	A	✓	✓	✓	✓	✓	A
Katy Steward (NED)	✓	✓	✓	✓	✓	✓	✓	✓	A
Jonathan Warren * (CEO)	✓	✓	✓	A	✓	✓	✓	✓	✓

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

A – Apologies received

Nominations and Conduct Committee

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

NEDs are appointed for an initial three-year term and may, on satisfactory achievement of objectives, be offered a second three-year term. In exceptional circumstances, the Chair and NEDs may hold office for a further three years to a maximum of nine years.

The constitution sets out how NEDs are appointed and removed and the circumstances in which a NED may not continue as a member of the Board of Directors.

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

There is an arrangement for Governors to elect representatives from their constituencies to become voting members of the Nominations and Conduct Committee. Following the 2020 Governor elections, new members were elected to the Committee and members are as follows:

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

Constituency	Seats	Nominated names
Lead Governor	1	Ex-officio
Norfolk Public	2	Ronald French Rebecca Toye
Suffolk Public	2	Paddy Fielder Andrew Good
Staff	1	Michelle O'Toole
Service User / Carer	1	Derek Sanders
Partner Governor	1	Vikki Versey

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

During the year, the Committee oversaw:

- Appointment of a new NED and Chair of Audit and Risk Committee, Lindsey Hoy, following an open competitive process with a strong field. The Council of Governors approved the appointment for three years from 1 July 2020 to 30 June 2023.
- Re-appointment of four NEDs:
    - Tim Newcomb (NED and Vice Chair for Suffolk): tenure extended from 1 September 2020 to 31 August 2023.
    - Adrian Matthews (NED): tenure extended from 1 September 2020 to 31 August 2023.
    - Pip Coker (NED and Vice Chair Norfolk): tenure extended from 1 September 2021 to 31 August 2024.
    - Ken Applegate (Senior Independent Director): tenure extended from 1 September 2021 to 31 August 2024.
- Extension to the Chair's tenure until 31 December 2021, with a reduction of time commitment to two days per week and the increase in time commitment of the two Vice Chairs for the same period.
- Process for recruitment of the CEO which is on-going.
- Commencement of the Chair recruitment process.

The Council of Governors approved all the Committee's recommended appointments.

Remuneration

The Nominations and Conduct Committee reviews the Chair and NED remuneration and expenses policies annually and recommended the increase in Chair's remuneration in line with NHS England and NHS Improvement benchmarking data.

Following the decision to reduce the Chair's time commitment to the Trust to two days per week, the Committee recommended the increase of the Vice Chair's renumeration due to the additional responsibilities to be undertaken until 31 December 2021.

The Council of Governors approved the recommendations.

The remuneration for the Chair and NEDs is shown in the table on page 33.

Appraisals

The Committee received the appraisals of the NEDs and Chair and their objectives for 2021/22 and provided assurance to the Council of Governors that the process followed had been robust.

Other developmental work

The Committee carried out an annual review of the Code of Conduct and its Terms of Reference.

The Committee also reviewed the induction, training and development plans for Governors.

(RR4) Nominations and Conduct Committee voting member attendance

	7 May 2020	4 Sep 2020	18 Sep 2020	6 Nov 2020	8 Dec 2020	11 Mar 2021	26 Mar 2021
Marie Gabriel (Trust Chair)	✓	✓	A	✓	✓	✓	✓
Ken Applegate – Senior Independent Director	Non-voting attendee	Non-voting attendee	Deputising for Chair	Non-voting attendee	Non-voting attendee	A	Non-voting attendee
Paddy Fielder – Suffolk Public Governor	✓	A	✓	✓	✓	✓	✓
Ronald French – Norfolk Public Governor	A	✓	✓	✓	✓	✓	A
Andrew Good – Suffolk Public Governor	✓	✓	A	✓	✓	✓	✓
Ian Hartley – Suffolk Public Governor	✓	A	✓	✓	✓		
Christine Hawkes – Norfolk Carer Governor	✓	✓	A	A	✓		
Howard Tidman – Staff Governor (Lead Governor)	✓	✓	✓	✓	✓	✓	✓
Rebecca Toye – Norfolk Public Governor	✓	A	A	✓	A	✓	✓
Vikki Versey – Partner Governor	A	A	A	A	A	✓	✓
Derek Sanders – Service User Governor						✓	✓
Michelle O'Toole- Staff Governor						✓	✓

A – Apologies received

(RR5) Directors' remuneration (subject to audit)

Name and job title	Salary and Fees (in bands of £5,000) 2020/21	All taxable benefits (total to the nearest £100) 2020/21	All pension related benefits (in bands of £2,500) 2020/21	Total (in bands of £5,000) 2020/21	Salary and Fees (in bands of £5,000) 2019/20	All taxable benefits (total to the nearest £100) 2019/20	All pension related benefits (in bands of £2,500) 2019/20	Total (in bands of £5,000) 2019/20
Jonathan Warren (a) Chief Executive *to 31 March 2021*	195 to 200	-	-	195 to 200	170 to 175	-	-	170 to 175
Mason Fitzgerald (b) Deputy CEO and Director of Strategic Partnerships *to 5 March 2021*	155 to 160	-	-	155 to 160	60 to 65	-	-	60 to 65
Dr Daniel Dalton (c) Chief Medical Officer	165 to 170	-	110 to 112.5	275 to 280	50 to 55	-	75 to 77.5	125 to 130
Daryl Chapman Chief Finance Officer	135 to 140	-	32.5 to 35	165 to 170	120 to 125	-	27.5 to 30	150 to 155
Stuart Richardson Chief Operating Officer	120 to 125	-	37.5 to 40	160 to 165	115 to 120	-	45 to 47.5	160 to 165
Diane Hull Chief Nurse	125 to 130	-	30 to 32.5	160 to 165	125 to 130	-	32.5 to 35	155 to 160
Marie Gabriel CBE Chair	35 to 40	-	-	35 to 40	45 to 50	-	-	45 to 50
Tim Newcomb Non-executive Director and Vice Chair (Suffolk)	20 to 25	-	-	20 to 25	15 to 20	-	-	15 to 20
Adrian Matthews Non-executive Director	10 to 15	-	-	10 to 15	10 to 15	-	-	10 to 15
Ken Applegate Non-executive Director	15 to 20	-	-	15 to 20	15 to 20	-	-	15 to 20
Pip Coker Non-executive Director and Vice Chair (Norfolk)	20 to 25	-	-	20 to 25	15 to 20	-	-	15 to 20
Katy Steward Non-executive Director	10 to 15	-	-	10 to 15	5 to 10	-	-	5 to 10
Patricia Fuller Non-executive Director	10 to 15	-	-	10 to 15	5 to 10	-	-	5 to 10

Name and job title	Salary and Fees (in bands of £5,000) 2020/21	All taxable benefits (total to the nearest £100) 2020/21	All pension related benefits (in bands of £2,500) 2020/21	Total (in bands of £5,000) 2020/21	Salary and Fees (in bands of £5,000) 2019/20	All taxable benefits (total to the nearest £100) 2019/20	All pension related benefits (in bands of £2,500) 2019/20	Total (in bands of £5,000) 2019/20
Lindsey Hoy Non-executive Director *from 1 July 2020*	10 to 15	-	-	10 to 15	-	-	-	-

(a) Jonathan Warren was seconded to the Trust from East London NHS Foundation Trust and NSFT made a contribution to his pension scheme in the year. This also includes reimbursement for annual leave he was unable to take at the Trust's request.

(b) Mason Fitzgerald was seconded to the Trust from East London NHS Foundation Trust and includes reimbursement of annual leave. His salary for 2019/20 was for part of the year following his original secondment to the Trust.

(c) Total remuneration for the Chief Medical Officer includes £37.0k in respect of his clinical role.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

The pension benefit table on page 35 provides further information on the pension benefits accruing to the individual.

Governor expenses

The Trust had the full complement of 29 Governors during the year of whom 0 received expenses in the year. The aggregate expenses received by Governors for the financial year was £0k (2019/20: £13.5k).

Pensions (subject to audit)

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

(RR6)

Name and job title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2020 (rounded to nearest £000)	Real increase in Cash Equivalent Transfer Value at 1 April 2020 (rounded to nearest £000)	Cash Equivalent Transfer Value at 31 March 2021 (rounded to nearest £000)
Dr Daniel Dalton Chief Medical Officer	5 to 7.5	2.5 to 5	45 to 50	45 to 50	499	70	598
Daryl Chapman Chief Finance Officer	2.5 to 5	-	10 to 15	-	92	13	126
Stuart Richardson Chief Operating Officer	2.5 to 5	0 to 2.5	30 to 35	55 to 60	470	29	525
Diane Hull Chief Nurse	2.5 to 5	-	25 to 30	5 to 10	406	-	411

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

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

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

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

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

Fair Pay Disclosure (subject to audit)

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

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

The banded remuneration of the highest paid Director in the Trust in the financial year 2020/21 was £180k - £185k (2019/20: £170k - £175k). This was 5.8 times (2019/20: 5.6 times) the median remuneration of the workforce, which was £31,552 (2019/20: £30,755). The median has increased due to the national Agenda for Change pay deal impacting substantive, bank and agency staff rates of pay in addition to incremental increases within the financial year. The ratio has increased due to an increase in the highest paid Director in year.

In 2020/21 four (2019/20: three) employees received remuneration in excess of the highest-paid Director. Remuneration ranged from £18,005 to £209,885 (2019/20: £17,652 to £234,066).

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

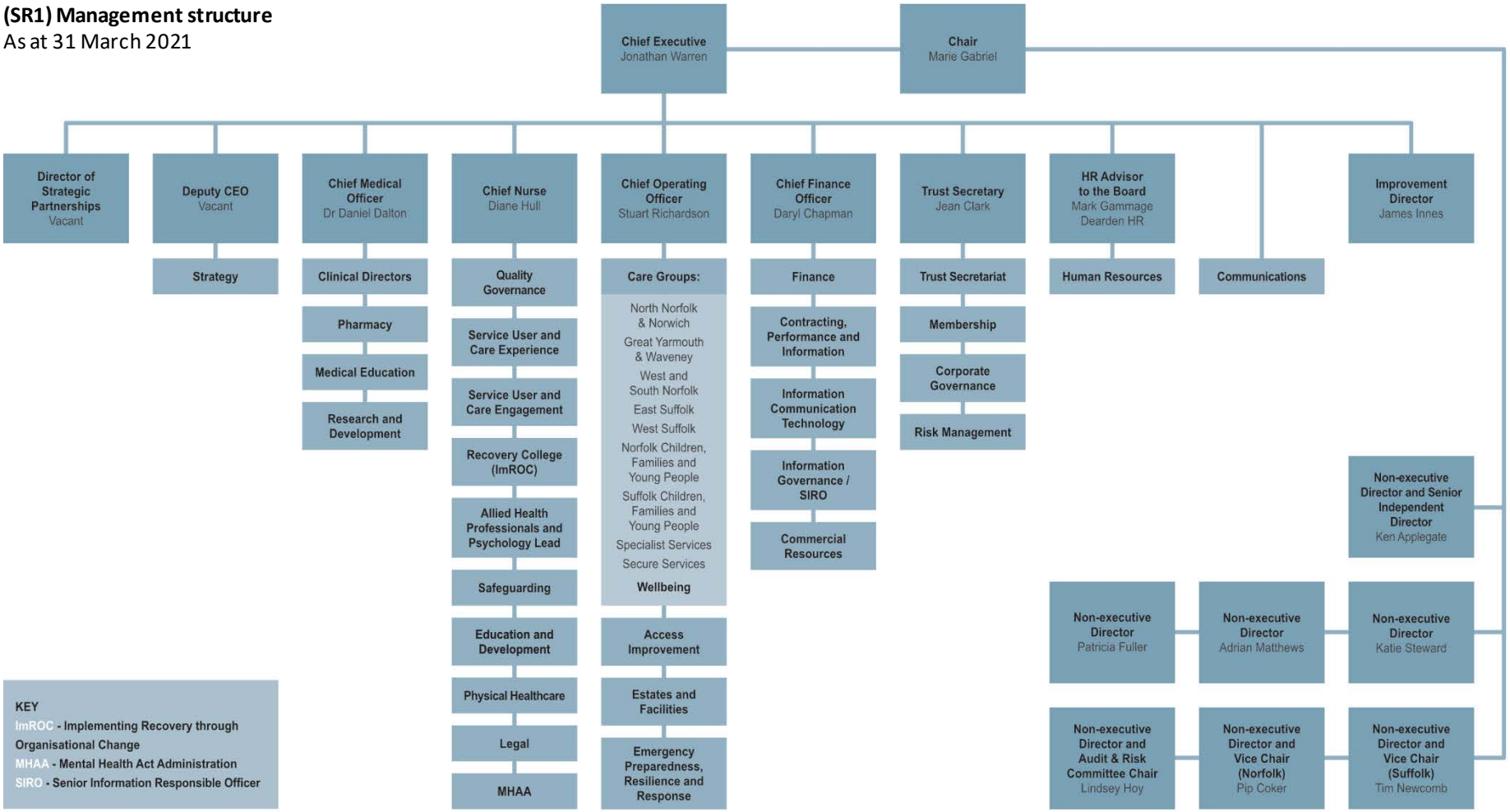
(RR7)

	2020/21	2019/20
	£	£
Band of highest paid Director (full-year effect)	180,000-185,000	170,000-175,000
Median total remuneration	31,552	30,755
Ratio	5.8 times	5.6 times

Dr Adam Morris
Accounting Officer
Date: 11 June 2021

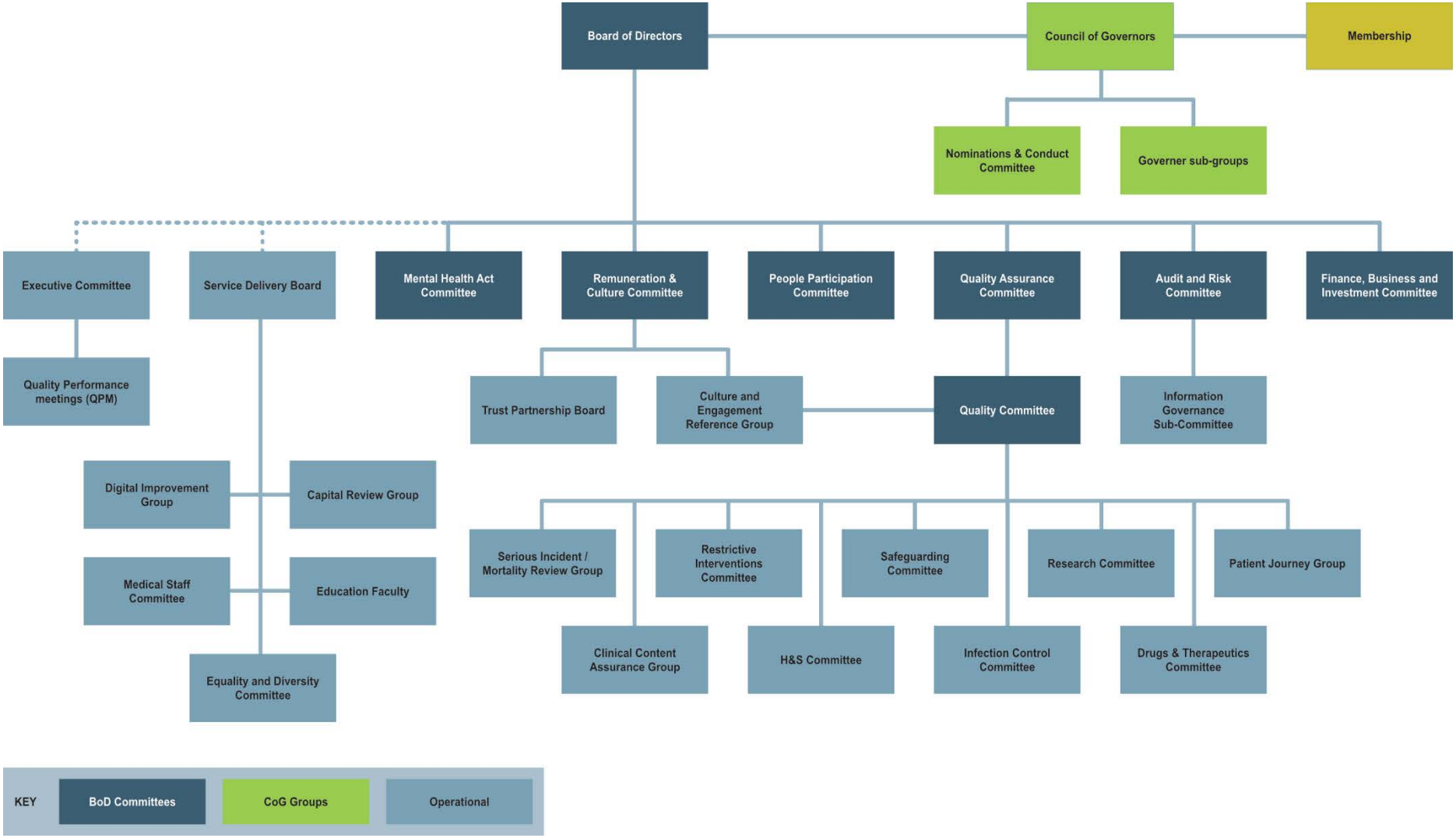
Staff report

(SR1) Management structure
As at 31 March 2021



(SR2) Committee and Subgroup structure

As at 31 March 2021



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

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

	Experience and skills	Qualifications
Marie Gabriel (Chair)	• Chair of East London Health and Care Partnership (NEL HCP) - the north east London integrated care system - from April 2020. • Chair of East London NHS Foundation Trust (ELFT) from October 2012 to March 2020. ELFT is rated as 'outstanding' by the CQC and was the Health Service Journal's (HSJ) 'Trust of the Year' in 2016. • Recognised on the HSJ's inaugural 'Inspirational Women' list and the HSJ 2020 Most Influential People list. Awarded a CBE for services to the NHS in the Queen's birthday honours in 2018. • Chair of a variety of health organisations, including NHS East London and the City, North East London and the City, NHS Newham and Newham Community Health Council. • Prior to these positions, held various senior roles in local government and the charity sector.	• BA (Hons) • DMS
Tim Newcomb (NED and Vice Chair Suffolk)	30 years in policing including: • 4yrs as Director of Intelligence – managing covert operations. • 2yrs as Divisional Commander for Eastern Division – delivering mainstream community policing services. • 2yrs as Assistant Chief Constable in Essex Police. • Managed 2010 CSR Change Programme. • Assistant Chief Constable in Suffolk Constabulary 2012 to 2014. • Hostage and Crisis Negotiator, including Kidnap / Extortion training. • Strategic Public Order and Firearms (Gold) Commander Coach / Mentor.	• Postgraduate Certificate in Business Excellence – Leeds University • Diploma in applied Criminology and Policing – Cambridge University Mst Programme • Level 5 Coaching Certificate
Adrian Matthews (NED; Chair of Audit and Risk Committee until 31 August 2020)	• 23 years working in the NHS as a senior manager and Executive Director (1991-2014). • Owner XE Associates Consulting (2015 to date). • Specialist Advisor to Care Quality Commission (CQC) (2016 to date). • Director of Diversa Trading Company Limited (2018 to date).	• Associate Chartered Management Accountant • Associate Chartered Global Management Accountant • Post Graduate Diploma in Board Direction (Institute of Directors)
Ken Applegate (NED; Senior Independent Director from 1 June 2019)	• Extensive NHS experience, having served as Chair of Norfolk Community Health and Care NHS Trust and as a NED with Norfolk and Waveney Mental Health Foundation Trust. • Previously worked at a Board level with Norwich Union Insurance/Aviva, and was also Managing Director of Hill House Hammond.	
Pip Coker (NED Vice Chair Norfolk)	• 10 years as Chief Executive of Julian Support; also worked in the Probation Service, latterly in Norfolk as Assistant Chief Probation Officer. • Former Chair of the Mental Health Provider Forum. • Former member of the Norfolk Health and Wellbeing Board and a former Partner Governor at NSFT.	• Certificate of Qualification in Social Work • Diploma in Management Studies

Katy Steward (NED)	• Head of Culture Transformation NHSEI (2020 to date). • Career in organisational development, change, governance and regulation in healthcare since 2006, previously oil and financial services. • NED at UK for UNHCR a global refugee organisation (2020 to date). • NED at OxfamGB a global poverty charity (2013-2019), member of the safeguarding committee. • Various previous posts in policy and regulation in healthcare, Senior Fellow The Kings Fund and Head of Governance Policy at Monitor, the NHS foundation trust regulator.	• Cambridge MA (Hons) • PhD in Applied Organisation Behaviour at Imperial College • Level 5 coaching certificate
Patricia Fuller (NED)	• Experienced HR professional, specialising in change management and corporate social responsibility strategy; previously employed at Norse Group. • Recognised for work with communities disadvantaged in employment, particularly young people with learning disabilities. • Appointed to Prince of Wales Ambassador for the East of England 2008. • Awarded an MBE for Services to the Community in the New Year's Honours List 2017. • Awarded an Honorary Degree in Civil Law by the University of East Anglia 2018. • Currently Co-opted Governor at West Earlham Junior School.	• MSC in HR • CIPD
Lindsey Hoy (NED from 1 July 2020; Chair of Audit and Risk Committee from 1 Sept 2020)	• 14 years' audit experience in financial services, including experience of private medical insurance. • 8 years' experience in financial accounting roles in both industry and in external financial audit.	• FCCA • CMIIA

(SR4) CEO and Executive Directors

	Experience and skills	Qualifications
Jonathan Warren (CEO until 31 March 2021)	• Senior manager and clinical leader with over 35 years' experience in a variety of healthcare settings, predominantly within mental health. • Deputy Chief Executive and Chief Nurse for Surrey and Borders Partnership NHS Foundation Trust and East London NHS Foundation Trust. • Faculty member Institute for Healthcare Improvement (IHI). • Visiting Professor Surrey University (to March 2019).	• RMN • BA (Hons)
Daryl Chapman (Substantive Chief Finance Officer from 28 July 2020)	• Held three previous director posts in a variety of industries, including operational responsibilities. • A variety of private and public sector experience, having worked at NSFT previously, and held the post of Norfolk and Waveney Sustainability and Transformation Partnership Finance Lead prior to this role.	• BA (Hons) • FCA • BFP

Stuart Richardson (Chief Operating Officer and Deputy CEO from 1 April 2021)	• Senior Manager and clinical leader with over 30 years' experience in a variety of healthcare, social care and voluntary sector settings. • Held several positions at Pennine Care NHS Foundation Trust including Managing Director for Mental Health and Specialist Services. • Registered learning disability nurse; previously held senior roles in mental health, learning disability and community services.	• RNLD • BA (Hons) Learning Disabilities • MA in Leading, Managing and Partnership Working
Dr Daniel Dalton (Chief Medical Officer)	• Qualified in Medicine from St Bartholomew's and The Royal London School of Medicine & Dentistry in 1999. • Trained as a psychiatrist in London, specialising in Forensic Psychiatry in the East of England 2006-09. • Consultant psychiatrist for Hertfordshire Partnership Foundation Trust (HPFT) 2009-18. • Medical Lead for Secure Services; Clinical Director for Learning Disability and Forensic Strategic Business Unit in HPFT 2010-18. • Joined NSFT in 2018 as consultant in Community Forensic Team in Norfolk. • Appointed as Associate National Clinical Director/National Specialty Adviser for Specialised Mental Health from 2018 to present.	• MB BS • BSc • MRC psych • PGDip (Mental Health Law)
Diane Hull (Chief Nurse)	• Chief Nurse with Sussex Partnership NHS Foundation Trust. • Held several senior roles at East London Foundation Trust, including Deputy Director of Nursing and Associate Director for Forensic Nursing. • Qualified as an Enrolled Nurse in 1984 followed by a registered Mental Health Nurse in 1990. Held a variety of nursing posts predominately in East London.	• RMN
Mason Fitzgerald (Director of Strategic Partnerships and Deputy CEO to 5 March 2021)	• 19 years in the NHS, 18 in senior management positions. • Extensive experience in corporate and clinical governance, strategy and planning, culture and leadership. • CQC well-led reviewer.	• B.Comm • ICSA • CIPD

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

(SR5) Board of Directors 2020/21 attendance

	21 May 2020	16 July 2020	24 Sept 2020	26 Nov 2020	28 Jan 2021	25 Mar 2021
Marie Gabriel	✓	✓	A	✓	✓	✓
Ken Applegate	✓	✓	✓	✓	✓	✓
Pip Coker	✓	✓	✓	✓	✓	✓
Patricia Fuller	✓	✓	✓	✓	✓	✓
Tim Newcomb	✓	✓	✓ (Chair)	✓	✓	✓
Adrian Matthews	✓	✓	✓	✓	✓	✓
Katy Steward	✓	✓	✓	✓	✓	✓
Lindsey Hoy		✓	A	✓	✓	A
Jonathan Warren	✓	✓	✓	✓	✓	✓
Daryl Chapman	✓	✓	✓	✓	✓	✓
Daniel Dalton	✓	✓	✓	✓	✓	✓
Stuart Richardson	✓	✓	✓	✓	✓	✓
Diane Hull	✓	✓	✓	✓	✓	✓
Mason Fitzgerald	✓	✓	✓	✓	✓	

A – Apologies received

The Board of Directors met six times in public during the year. Due to the COVID-19 pandemic, meetings were held via MS Teams and the public were invited to attend virtually. A small number of items of business are confidential or commercially sensitive and are dealt with in private. Governors receive the papers for the public Board and the agenda for the private Board. Details of meetings and public Board papers are available at: www.nsft.nhs.uk.

The Board of Directors is satisfied that the Non-executive Directors (NEDs) who served on the Board for the period under review were independent. A summary of the background of each of the Directors along with their expertise is shown in the Directors' Report on page 40.

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

The Executive Directors are appraised by the CEO, with oversight by the Remuneration and Culture Committee. The CEO is appraised by the Chair.

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

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

The Work of the Council of Governors

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

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

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

In addition, the Council of Governors:

- Appoint and/or remove the Chair and other Non-executive Directors.
- Approve the appointment of the Chief Executive.
- Decide the remuneration and allowances, and other terms and conditions of office, of the Non-executive Directors.
- Appoint and/or remove the Trust's external auditor.

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

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

The Council of Governors met in public on the following dates in 2020/21. A summary of the business is shown in the table below. Each meeting includes a report from the CEO and Chair, reports from the Council sub-committees and Governor updates and a full set of papers for each meeting is available at www.nsft.nhs.uk.

(SR6)

Date of meeting	Summary of business covered at sessions in public
2 April 2020	*Cancelled due to the outbreak of the COVID-19 pandemic*
8 June 2020	Governor priority area: Staff - Staff Survey 2019 results, culture and COVID-19 Review of the Constitution Council of Governors' Improvement Plan
6 August 2020	Agreement of 2020/21 Governor Priorities Governor priority area: addressing inequalities Annual Report and Accounts Review of the Constitution Governor elections process Council of Governors' Improvement Plan
1 October 2020	Governor priority area: COVID-19 response Approval of the Constitution revisions Governor elections process Council of Governors' Improvement Plan

Date of meeting	Summary of business covered at sessions in public
15 December 2020	Governor priority area: Improving access Children, Families and Young People's services Governor priority area: Wider engagement with partners and other stakeholders Results of Governor elections Quality Account Council of Governors' Improvement Plan
8 February 2021	Governor priority area: Staff – recruitment, retention, wellbeing and support Refreshed Council of Governors' Terms of Reference Council of Governors' Improvement Plan

In addition to the meetings in public, the Council of Governors hold performance meetings with the NEDs and invite senior managers to present on Governor priority areas.

The Council supported six successful Member engagement events in February and March 2021, listening to the views of Members, partners and the wider public on what the Trust is doing well and what could be improved. These events were held virtually due to the COVID-19 pandemic. Governors will use the feedback to inform their priorities for the year in holding the Trust Board to account.

Summary of changes to the Constitution approved by the Council of Governors in 2020/21

The Constitution was reviewed in the reporting period and a number of changes made. The changes were approved by the Council of Governors and the Board of Directors and at the Annual General Meeting in October. Key amendments include:

- Revision to definition of Significant Transactions.
- Expanded the Public constituency geography to cover the entire East of England.
- Addition to Partner Governor constituencies to include Norfolk and Suffolk Constabularies and Youth Advisory Groups from both counties.

Register of interests

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

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

(SR7) Council of Governors 2020/21 attendance

Governor	Constituency	8 June 2020	6 Aug 2020	1 Oct 2020**	15 Dec 2020	6 Feb 2021
Marie Gabriel	Trust Chair	✓	✓	A	✓	✓
Christine Hawkes	Carer - Norfolk	*	✓	✓	✓	✓
Peter Coleman	Carer - Norfolk	✓	✓	✓	✓	✓
Meghan Teviotdale	Partner Governor - Youth	*	✓	✓	✓	
Peter Beazley	Partner Governor - UEA	*	A	✓	✓	*
James Reeder	Partner Governor / Suffolk County Council	✓	A	✓	✓	*
Heather Rugg	Partner Governor / University of Suffolk	*	✓	*	*	*
Vikki Versey	Partner Governor / Youth Council Suffolk	*	*	*	*	✓
Kim Clipsham	Public Governor / Norfolk County Council	✓	✓	✓	✓	✓
Colin Baines	Public Governor Norfolk	✓	*	✓	*	*
Daniel Taylor	Public Governor Norfolk					*
Jennie Cummings-Knight	Public Governor Norfolk					✓
Rebecca Toye	Public Governor Norfolk	✓	A	✓	✓	✓
Ronald French	Public Governor Norfolk	✓	A	A	✓	✓
Safiyya Mair	Public Governor Norfolk	✓	✓	*	A	✓
Sarah Miller	Public Governor Norfolk	✓	✓	✓	✓	✓
Hilary Hanbury	Public Governor Norfolk	✓	A	*	A	
Andrew Good	Public Governor Suffolk	✓	✓	✓	✓	✓
Colin Hopkins	Public Governor Suffolk					✓
Donald Campbell	Public Governor Suffolk	✓	*	*	*	*
Katharine Axford	Public Governor Suffolk	A	✓	✓	✓	✓
Paddy Fielder	Public Governor Suffolk	✓	A	✓	✓	✓
Sara Muzira	Public Governor Suffolk	*	✓	*	✓	✓
Ian Hartley	Public Governor Suffolk	✓	✓	✓	✓	
Emma Charlotte	Service User - Norfolk	✓	*	✓	A	✓
Kevin James	Service User - Norfolk	✓	✓	✓	✓	*
Derek Sanders	Service User - Suffolk	*	✓	*	A	✓
Max Clark	Service User - Suffolk	✓	A	✓	✓	✓
Howard Tidman	Staff Governor	✓	✓	✓	✓	✓
Michelle O'Toole	Staff Governor	*	A	✓	*	✓
Peter Atima	Staff Governor					✓
Richard Crabb	Staff Governor					✓
Lisa Breame	Staff Governor	A	✓	✓	✓	
Jill Curtis	Staff Governor	✓	*	✓	✓	

A – Apologies received
**- Chaired by Non-executive Director and Vice Chair Norfolk, Tim Newcomb
* – Not attended, apologies not noted

The Work of the Audit and Risk Committee

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

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

Composition of the Audit and Risk Committee

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

During the year the Committee met on seven occasions, including the meeting to approve the Annual Report and Accounts.

Two members must be present for the meeting to be quorate. All meetings achieved this status during 2020/21.

(SR8) Audit and Risk Committee 2020/21 attendance

	5 May 2020	1 June 2020 ARA	30 June 2020	1 Sept 2020	3 Nov 2020	5 Jan 2021	16 Mar 2021
Adrian Matthews	✓	✓	✓	✓	✓	X	✓
Tim Newcomb	✓	✓	✓	✓	✓	✓	✓
Patricia Fuller	✓	✓	✓	✓	✓	X	
Lindsey Hoy			✓	✓	✓	✓	X

ARA = Annual Report and Accounts meeting

The members of the Audit and Risk Committee changed mid-year, with the Chair reviewing the responsibilities following successful recruitment of an additional NED. Lindsey Hoy took over as Chair from September 2020.

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

Effectiveness of the Committee

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

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

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

Internal Audit

The Trust's internal auditors for 2020/21 were Grant Thornton UK LLP. Internal Audit provides an independent appraisal service to provide the Trust Board with assurance about the Trust's systems of internal control. Internal Audit prepare and deliver a three-year, risk-based audit strategy which is translated into an internal audit plan each year. The plan considers the Trust's risk management framework, our strategic priorities and objectives and the views of senior management, the Audit and Risk Committee and the Board of Directors.

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

The internal audit strategies and plans are approved by the Audit and Risk Committee, which also monitors progress and performance throughout the year. Any matters arising are reported to the Board of Directors by the Chair of the Committee. The Committee has assessed that the Trust received an appropriate level of service during 2020/21.

External Audit

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

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

The External Auditors also review the content of the Trust's Quality Account. In light of COVID-19 response priorities, the Quality Account was not subject to audit in 2020/21.

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

KPMG's remuneration for 2020/21 was £86,500 excluding VAT. During the year no non-audit services were provided by KPMG LLP.

Counter fraud and bribery

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

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

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

Relationship with the Council of Governors

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

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

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

External Auditor's reporting responsibilities

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

How the Audit and Risk Committee discharges its responsibilities

The purpose of the Committee is to provide one of the key means by which the Trust Board ensures that effective internal control arrangements are in place. The Committee operates in accordance with its Terms of Reference set by the Trust Board which are consistent with the NHS Audit Committee Handbook and the Foundation Trust Code of Governance. All issues and minutes of these meetings are reported to the Trust Board.

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

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

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

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

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

Membership strategy summary 2020/21

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

This year we reviewed our Constitution and we now have the following constituencies:

- Staff constituency
- Public constituency – Norfolk
- Public constituency – Suffolk
- Service User constituency – Norfolk
- Service User constituency – Suffolk
- Carer constituency – Norfolk
- Carer constituency – Suffolk
- Appointed Governors:
    - Norfolk County Council
    - Suffolk County Council
    - University of East Anglia
    - University of Suffolk
    - Suffolk Youth Council
    - Norfolk Youth Advisory Board

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

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

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

Permanent contracted staff are automatically granted membership ('opted-in') after 12 months of employment although it is easy for any member of staff to 'opt out', should they wish, by writing to the Trust Secretary.

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

The total number of Members is shown in the membership report on page 51. Our Membership Officer is working closely with the Governors to build our membership and refresh our approach to meaningful engagement. This has been our focus this year and is informing the revised membership strategy. We have been successful in improving our Member communication, increasing the number of engaged Members, hosting on-line Annual Members' Event and the Annual Plan Members' engagement events, despite the constraints of COVID-19. We hosted a number of events for prospective Governors and as a result had a better response to Governor elections. Significant improvement has been made with Staff Governor engagement and promotion of the Member offer to our staff.

This year, the Council of Governors supported six on-line membership engagement events listening to views of Members and the wider public on what the Trust is doing well and what can be improved. As last year, the Governors use the Member feedback to identify their priorities for the year for holding the NEDs individually

and collectively to account for the performance of the Board. The priority areas inform Council of Governor meeting agendas and are the focus for Member updates via regular bulletins and newsletters.

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

Members are strongly encouraged to receive information via email.

(SR9) Membership report 2020/21

Membership	2020/21
Public constituency	
At year start (1 April 2020)	10,821
New Members	49
Members leaving	164
At year end (31 March 2021)	10,706

Staff constituency	
At year start (1 April 2020) (a)	3,965
New Members	575
Members leaving	421
At year end (31 March 2021)	3,916

Patient constituency (b)	
At year start (1 April 2020)	1,583
New Members	8
Members leaving	27
At year end (31 March 2021)	1,564

Public constituency	**Number of Members** (c)	**Eligible membership**
Age (years)		
0 – 16	1	309,904
17 – 21	13	85,373
22+	9,078	1,284,517
Ethnicity		
White	9,878	1,521,213
Mixed	82	22,499
Asian or Asian British	146	26,148
Black or Black British	115	11,463
Other	27	4,728
Socio-economic groupings		
AB	2,799	136,757
C1	3,036	216,538
C2	2,390	179,802
DE	2,417	192,170
Gender		
Male	3,733	828,121
Female	6,843	851,672

Patient constituency (a)	**Number of Members**
Age (years)	
0 – 16	0
17 – 21	7
22+	1,370

(a) This figure has been updated since publication of the 2019/20 Annual Report to more accurately reflect the total number of eligible staff (i.e. those who have been employed for 12 months or more).

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

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

The analysis section of this report excludes:

- 1614 public members with no dates of birth, 458 members with no stated ethnicity and 128 members with no gender
- 187 patient members with no dates of birth

Staff demographic data

Analysis of staff costs (subject to audit)

The table shows the staffing costs by staff classification during 2020/21:

(SR10)

	2020/21			2019/20		
Staff Group	**Permanent**	**Other***	**Total**	**Permanent**	**Other***	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Medical and dental	16,880	12,300	29,180	15,513	11,737	27,250
Administration and estates	33,256	5,615	38,871	33,000	4,287	37,287
Healthcare assistants and other support staff	27,649	11,376	39,025	26,855	7,192	34,047
Nursing, midwifery and health visiting staff	53,306	7,652	60,958	47,585	6,868	54,453
Scientific, therapeutic and technical staff	29,576	3,310	32,886	25,692	3,103	28,795
Social care staff	3,556	161	3,717	3,218	-	3,218
Total	**164,223**	**40,414**	**204,637**	**151,863**	**33,187**	**185,050**

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

Analysis of average staff numbers

The table below shows the average number of employees in the 2020/21 financial year, split by permanently employed and other staff:

(SR11)

	2020/21			2019/20		
Average number of employees (WTE basis)	**Permanent**	**Other***	**Total**	**Permanent**	**Other***	**Total**
Medical and dental	148	84	232	131	74	205
Administration and estates	898	114	1,012	911	108	1,019
Healthcare assistants and other support staff	953	349	1,302	977	239	1,216
Nursing, midwifery and health visiting staff	1,103	152	1,255	1,058	139	1,197
Scientific, therapeutic and technical staff	598	67	665	514	62	576
Social care staff	95	4	99	79	-	79
Total average numbers	**3,795**	**770**	**4,565**	**3,670**	**622**	**4,292**

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

Breakdown of male / female at year end

The male / female split for the Trust's workforce at 31 March 2021 is 73.2% female and 26.8% male. The proportion of women decreases to 64.5% at senior management level and decreases further at director level (to 16.7%). The number of male / female staff in each group is set out below:

(SR12)

Annual report category	Female	Male	Total
Director	1	5	6
Senior Manager	20	11	31
Other employee	3,430	1,246	4,676
Total	**3,451**	**1,262**	**4,713**

Gender pay gap

In light of COVID-19 response priorities, the deadline for public sector bodies to report gender pay gap information has been delayed to October 2021. The Trust will review its gender pay gap later this year and publish the data as required.

Sickness absence data

The Trust's annualised sickness absence rate for the calendar year 2020 was 4.89% (5.2% for the calendar year 2019).

The average days sick per FTE (full time equivalent) employee was 10.9 days (11.6 FTE days in 2019).

The largest known reason for sickness absence is due to 'anxiety / stress / depression / other psychiatric illnesses', accounting for 36.8% of all absences (1.93% absence rate), (2019/20: 30.6%). The top five reasons for absence are:

- Anxiety/stress/depression/other psychiatric illnesses.
- Other known causes - not elsewhere classified.
- Cold, Cough, Flu – Influenza.
- Unknown causes / Not specified.
- Other musculoskeletal problems.

Episodes of long-term absence (defined as being absence episodes of 28 days or more) account for 64.3% of time lost and short-term absences (absences below 28 days in length) account for 35.7%.

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

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

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

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

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

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

Staff turnover

Information on staff turnover is published by NHS Digital and can be found at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics

Staff policies and actions applied during the financial year

Equality and diversity initiatives

Our Equality, Diversity and Inclusion Strategy 2019-2021 has four main objectives, bringing together recommendations in the NHS People Plan Action Plan 2020/21 (aligned to our own People Plan), Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES) and Gender Pay Gap.

1. To create a culture of mutual respect, reducing levels of staff-to-staff harassment by 25% over the next two years for staff in protected characteristic groups as well as staff overall.
2. Remove any inequalities and inadvertent barriers from our internal processes.
3. Improve progression and development opportunities and retention of staff from under-represented groups.
4. Integrate equality and diversity actions into the day-to-day work of our Care Groups / services.

We employ a strict ethic of co-production with our staff in the same way that we use co-production with service users in clinical settings. This ensures that the people most affected by our equality work are helping to lead change.

All equality plans are reported to the Equality and Diversity Group which, in turn, reports to the Service Delivery Board; the Trust Board also receives an annual equality report.

The Equality and Diversity Group brings together our seven employee network groups: Ability, Ethnic Minority (BME), Faith Spirituality and Belief, Mental Health: Lived Experience (Mental Health), Out and Proud (LGBT+), Women, and Carers. it also includes Service Directors from our geographical and specialist Care Groups leadership to create a shared vision of equality, propose action plans, and report results.

In the last year, we have delivered the following to support staff in protected characteristic groups and in response to COVID-19:

- Commissioning bespoke wellbeing support for staff in ethnic minority groups taking account of issues for staff whose wellbeing was disproportionately impacted by the pandemic.
- Guidance and training for managers on empathetic conversations with staff reluctant to engage in risk assessments, which was disproportionately the case for ethnic minority groups and staff with disabilities.
- Research surveys into the staff experience for ethnic minority and disabled staff, carers, and faith groups which has helped inform our plans.
- Employed a COVID-19 Ethnic Minority Support Officer to act as a confidential contact for staff in ethnic minority groups to raise concerns and to help inform our response to COVID-19.

Workforce Disability Equality Standard (WDES) deliverables:

- Resources to support an improved approach to reasonable adjustments and guide managers through:
    - Using our Disability Passport equivalent – the Wellness at Work Plan.
    - Accessing the most appropriate diagnostic assessments and appropriate use of Access to Work.

Workforce Race Equality Standard (WRES) deliverables:

- Created an Ethnic Minority Advisor role to support the review of formal disciplinary processes and restrictions for ethnic minority staff to help close the ethnicity gap in disciplinary processes. The first review was carried out in March 2021 and this input will be ongoing.
- Supported career planning for 30 ethnic minority staff at Band 3 in 1:1 sessions, including practical support to apply for roles. Using data from these sessions, we will go on to ensure that all staff have excellent access to information about career development in our Trust and access to interview and application skills training.
- In October 2020 we held our first Inclusion Dialogue, a live-streamed event open to all staff in which our Board and members of our network groups come together to discuss issues and the organisational response to them. These discussions allow us to access experiences of people from different backgrounds and characteristics we don't share, creating a safe space for staff who share the characteristic and those who do not. In 2020/21 we held dialogue events on the following themes: Ethnic Minorities, LGBT+, Disability, and Carers. The programme will continue into 2021/22, providing an informed intersectional approach to equality for all staff.

To support embedding of equality in core business we have:

- Provided online training for Equality Impact Assessment for corporate and clinical teams.
- Produced Equality and Diversity training, linking the Public Sector Equality Duty with our day-to-day responsibilities and linking development goals to supervision and appraisal. This training also aims to reduce staff-to-staff harassment by helping staff to have courageous conversations and raise constructive challenges.
- Conducted a review of the Promoting Equality, Diversity and Inclusion Policy to ensure our Care Groups and services are resourced with Equality Leads to support Quality Improvement QI-based service improvements and risks relevant to equality.

Our employee network groups have worked with us to improve employee experience across protected characteristic groups:

Ability network: Site transport policy engagement

Two pilot engagement projects started in October 2020 at two of our sites to support the best possible allocation of parking spaces and uptake of public transport options, enabling disabled staff who require a parking bay as a reasonable adjustment to access a dedicated bay as a standard.

Ethnic Minority (BME) network

We are delivering an experience-based co-design project with input from frontline staff on management and reduction of harassment with the aim of providing a more supportive work environment where episodes of harassment and abuse from service users are effectively reduced.

Carers Network: Support for staff carers

Implementing the Carers Passport, including provision of resources for managers supporting carers. Training videos were made available to managers in March 2021 and a further review of policy and process for considering flexible working requests for carers will be delivered in 2021/22.

LGBT+ network: social attitudes to LGBT+ staff and service improvements

Due to lack of a national monitoring requirements and low declaration rates of sexual orientation, the network has devised a survey of social attitudes and will work with our Culture Steering Group in 2021/22 to produce recommendations to the Equality and Diversity Group. The group has begun work on implementing sexual orientation monitoring in our electronic patient records.

Women's Network: Gender Pay Gap recommendations

Although a newly established network, the group is supporting development of resources to support staff going through the menopause to have a better experience at work. The group will also be bringing forward responses to analysis of contacts made to HR Helpline which show staff have a less favourable experience at work when accessing maternity leave.

Our networks are set to deliver further outline plans in 2021 and look to becoming a mainstay of our approach to delivering meaningful, measurable change. Our ambition is to deliver a working environment devoid of harassment, where staff report high levels of engagement and can bring their whole self to work.

Action on working with employees with a disability

Our work to support colleagues with a disability continues. Having signed the Learning Disability Employment Pledge to increase employment opportunities for candidates with a learning disability, we commenced work on the production of a Learning Disability Employment Toolkit for NHS England which was delivered last year.

Following on from publication of the Workforce Disability Equality Standard (WDES) the actions identified included:

Resources to support an improved approach to reasonable adjustments and guide managers through:

- Using our Disability Passport equivalent – the Wellness at Work Plan.
- Accessing the most appropriate diagnostic assessments and appropriate use of Access to Work.

Our employee network groups have worked with us to improve employee experience across protected characteristic groups. For staff with a disability, the Ability network has been involved in a site Transport Policy engagement process.

This has included, two pilot consultations started in October 2020 at two of our sites to support the best possible allocation of parking spaces and uptake of public transport options, enabling disabled staff who require a parking bay as a reasonable adjustment to access a dedicated bay as a standard.

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

- Recruitment and Selection Policy (reviewed November 2020).
- Equality, Diversity and Inclusion Policy.
- Disability Leave Policy (reviewed February 2021).
- Employment References Policy.
- Dignity and Respect in the Workplace Policy.

All staff continue to be mandated to complete our Equality and Diversity training which is compliant with the requirements of the UK Core Skills Training Framework.

Additionally, staff are also required to complete Learning Disabilities Awareness and Autism Awareness training as part of their mandatory training programme.

Action on consulting with staff or representatives

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

Formal meetings for consulting with staff representatives include:

- Trust Partnership Meetings (TPM). These are held monthly with Staff Side colleagues for all recognised unions and professional bodies.
- Local Negotiating Committee (LNC) meets every other month which involves doctors and the British Medical Association (BMA).

Executive Directors and other senior managers attend both these meetings.

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

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

Action on providing information to staff

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

In November, we introduced a weekly 'Hear to Listen' live event that members of the Executive attend to directly speak with our people about key topics. Staff also have the opportunity to post a question to be answered. These broadcasts, as well as being live, are also recorded enabling all staff to have access at a time suitable to them.

Other channels of communication include a weekly Trust Update communication via email.

During the pandemic Board members visited teams virtually and checking on matters most impacting staff. These are used to inform our quality improvement plans and to test effectiveness.

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

Providing information relating to performance

To assess its performance the Trust has applied a set of strategic Key Performance Indicators (KPIs) against key areas for determining success in improving health and lives. We provide an operational, quality and workforce performance dashboard monthly, along with financial performance to key stakeholder groups.

Bi-monthly local Quality Performance Meetings, chaired by the Chief Executive Officer, enable Care Groups to be held accountable for delivery of KPI targets and enable a two-way dialogue to help identify risk and issues that require escalation.

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

Providing information relating to health and safety performance and occupational health

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

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

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

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

Providing information relating to countering fraud and corruption

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

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

The Trust seeks to ensure that a risk awareness culture exists in the Trust (which includes fraud, corruption and bribery awareness), and is complying with Service Condition SC24 of the NHS Standard Contract in having appropriate counter fraud arrangements in place. The Trust completes an annual self-assessment covering thirteen Government Functional Standards – GovS 013: Counter Fraud Standards that are prescribed by the NHS CFA, a Special Health Authority.

NHS Staff Survey

Staff engagement

We are aware that there is a correlation between staff engagement and service user experience and outcomes. Engaging and inspiring staff is therefore one of the Trust's strategic priorities.

Improving staff engagement and experience is a thread that runs throughout our People Plan priorities. These include developing a more diverse and inclusive culture, developing our leaders, embedding a more people-centred approach and having a just and learning culture.

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

Culture

Our Culture Steering Group oversees the delivery of our culture change programme, reporting to the Remuneration and Culture Committee. Having undertaken a detailed diagnostic assessment, and with the Board approval of the proposed culture change strategy, our focus is on embedding signature behaviours, creating a psychological safe environment, and developing our managers through a leadership development framework made up of multiple programmes.

We have started cocreating our 'new' culture with leaders, staff and other stakeholders across the Trust. We are using various engagement activities to better understand staff perspectives on issues identified in the diagnostics phase of the culture change programme and their perspectives on the proposed intervention. Culture roadshows are also being delivered to engage and inspire staff in this work.

NHS Staff Survey

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

The response rate to the 2020 survey for our Trust staff was 46% (2019: 48%). The national average was 49%. Response rates decreased nationally, most likely due to the COVID-19 pandemic.

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

(SR13) Staff Survey scores

	2020		2019		2018	
	Trust	MH/LD	Trust	MH/LD	Trust	MH/LD
Equality, diversity and inclusion	8.8	9.1	8.8	9.0	8.8	8.8
Health and wellbeing	5.9	6.4	5.6	6.0	5.8	6.1
Immediate managers	7.2	7.3	6.8	7.3	6.9	7.2
Morale	6.2	6.4	5.9	6.3	5.9	6.2
Quality of care	6.9	7.5	6.9	7.4	6.7	7.3
Safe environment – bullying and harassment	7.8	8.3	7.6	8.0	7.6	7.9
Safe environment – violence	9.3	9.5	9.3	9.3	9.2	9.3
Safety culture	6.3	6.9	6.2	6.8	6.2	6.7
Staff engagement	6.7	7.2	6.5	7.0	6.5	7.0
Team working	6.8	7.0	6.7	7.0	6.7	6.9

There have been statistically significant improvements for the themes of ‘health and wellbeing’, ‘immediate managers’, ‘staff engagement’ and ‘morale’. We are the sixth most improved mental health trust whose survey was undertaken by our survey provider. The scores for the remaining themes have either improved or remained the same as the previous year.

Future priorities and targets

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

- Continuing our culture change work.
- Continuing our leadership and management development roll out.
- Continuing our people before process work.
- Embedding signature behaviours.
- Simplifying systems / processes.
- Creating a safe space to address issues of trust, and learning from patient incidents and employee relations cases.
- Embedding ‘Expect Respect’.

Our target is to make improvements across all themes over the year so that we are in line with the national average for mental health / learning disability trusts with an aspiration to move into the top quartile for staff engagement. We will monitor progress in the meantime through quarterly surveys.

Trade union facility time

The following data is for the reporting period 1 April 2020 to 31 March 2021 (data for 2020/21 is due to be published in July 2021)

(SR14) Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
Unknown (information held by unions, not employer)	3,880

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

(SR15) Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	1

(SR16) Percentage of pay bill spent on facility time

Total cost of facility time:	£42,087.00
Total pay bill:	£192,452,000
Percentage of the total pay bill spent on facility time, calculated as: *(total cost of facility time ÷ total pay bill) x 100*	0.02%

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

(SR17) Paid trade union activities

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

Exit packages

A total of 14 redundancies were approved by the Trust in year and these were as a result of service and departmental restructuring. There were no other departure payments.

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

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

Exit package cost band (including any special payment element):	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
<£10,000	1	1	1	2	2	3
£10,001 - £25,000	2	-	6	4	8	4
£25,001 - £50,000	1	2	-	1	1	3
£50,001 - £100,000	3	1	3	1	6	2
£100,001 - £150,000	2	1	1	2	3	3
£150,001 - £200,000	-	2	-	-	-	2
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	**9**	**7**	**11**	**10**	**20**	**17**
Total resource cost (£)	**£572,033**	**£521,836**	**£424,492**	**£402,333**	**£996,526**	**£924,169**

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

Exit package cost band (including any special payment element):	Number of agreements		Total value of agreements £000s	
	2020/21	2019/20	2020/21	2019/20
Voluntary redundancies	5	3	364	275
Mutually agreed resignations (MARS)	-	1	-	33
Contractual payments in lieu of notice	6	6	60	94
Total	**11**	**10**	**424**	**402**

As a single exit package can be made up of several components each of which will be counted separately in this note, the total number above will not necessarily match the total numbers of individuals of which there are 14 in total.

NHS Foundation Trust Code of Governance

The Board of Directors has set in place governance arrangements that provide a review of the effectiveness of the system of internal control. This is described in detail within the Annual Governance Statement on pages A8-A18 of the financial statements.

Norfolk and Suffolk NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code. All elements that are required can be found within this report.

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

(COG1) NHS Foundation Trust Code of Governance: disclosures

A.1.1	The Board of Directors (BoD) normally meets six times a year in public and eleven times a year in private (an additional meeting being to approve the Annual Report and Accounts) and may vary this in order to carry out its business effectively. Six of the private meetings are Board development sessions. There is a scheme of delegation which sets out which matters are reserved to the Board which was revised in year. The Board work with the Council of Governors (CoG) to promote the success of the organisation and maximise the benefits for the Members of the Trust and for the public. There is a clear statement of how the Board and Council operate and how any disagreements would be resolved. They hold joint sessions throughout the year. There is a scheme of delegation which sets out matters which are reserved to the Council of Governors. The arrangements with Board and Council are reviewed annually and there is an annual Council Improvement plan co-produced with Governors. The Annual Report includes narrative statements as to how the BoD and CoG operate and the types of decisions taken. These are reviewed annually.
A.1.2	The Trust Chair, Chief Executive, Senior Independent Director, and the Chairs and members of the Nominations and Conduct, Audit and Risk, and Remuneration and Culture Committees are set out on pages 30, 32, 38 and 47.
A.5.3	Details of the Council of Governors are set out on pages 44-46. Records of the number of meetings of the CoG and the attendance of individual Governors are maintained and published in the Annual Report. The record of attendance is also summarised on the ballot statement of Governors standing for re-election.

B.1.1	All Non-executive Directors (NEDs) are considered independent as stated in the Annual Report. NEDs links with other organisations are set out in the Annual Report on page 40. None of the factors that might compromise independence apply to the NEDs, other than the maximum term aspect. The Trust's constitution allows for NEDs to be appointed for up to nine years. The Council of Governors has taken the view that the independence of NEDs is the primary concern and that this is not necessarily correlated with years of service. For recent appointments, a second three-year term would normally be offered based on satisfactory completion of objectives and then for the third three-year term there would be market testing (with the incumbent being able to apply), unless there were over-riding factors why this would not be appropriate.
B.1.4	Each Director's skills and experience are listed within the Annual Report and the Report can be downloaded from the Trust's website: www.nsft.nhs.uk.
B.2.10	Brief summaries of the Terms of Reference (ToR) for the Nominations and Conduct Committee and the Appointments and Remuneration Committee are included in the Annual Report along with the work of the committees. This is available via the Trust website. The full ToRs are available on request.
B.3.1	The process set out in the Code of Governance was followed for the appointment of the Chair in January 2019 and there is a declaration of interests at both the Board and CoG. The Nominations and Conduct Committee are taking forward the Chair recruitment process for the forthcoming year following best practice.
B.5.c	The responsibilities of the Chair are fulfilled through the committee and subgroup structures. All Directors and Governors have an induction process which, in the case of Directors, includes a range of stakeholders. NEDs have specific areas that they are aligned to. Directors have access to training and development opportunities funded by the Trust, where appropriate.
B.5.6	Governors canvass the opinion of the Trust's Members and the public in a variety of meetings and Member activities. This is overseen by the CoG subgroups and these insights inform the Trust's Annual Plan and Quality Account. This is stated further within the Annual Report on pages 44-45.
B.6.1	The performance of the Board, its subcommittees, Directors and the Chair is included within the Annual Report. The Board undertakes an annual self-assessment of Board effectiveness and this year commissioned an externally facilitated review in regard to the NHS Improvement 'well-led' framework. Each year the Council undertake a review of effectiveness and produce an annual Improvement Plan.
B.6.2	In addition to the annual Board self-assessment, the Trust commissioned an externally facilitated evaluation of the Board this year. The facilitators were James Innes, the NHS Improvement appointed Improvement Director, and Sue Holden from NHS Improvement. The facilitators have no other connection with the Trust.

C.1.1	The Trust's Annual Report is prepared in line with national requirements and includes the external auditors' statement. The report is written in Plain English and sets out an honest and balanced picture of the strengths and weaknesses of the Trust, including the challenges it faces looking ahead.
C.2.1	The Board delegates responsibility for overseeing risk management and internal control systems to the Audit and Risk Committee, informed by the work of internal and external audit. A review of the effectiveness of the Trust's system of internal controls is outlined in the Annual Governance Statement on pages A8-A18. The report from the Audit and Risk Committee is scrutinised by the Governors.
C.2.2	The Trust has an Internal Audit function and its function is set out in the Annual Report.
C.3.5	No situation has arisen where the CoG have not accepted the Audit and Risk Committee's recommendation in relation to external auditors.
C.3.9	The work of the Audit and Risk Committee is contained within the Annual Report on pages 47-50. This includes an explanation of how the Audit and Risk Committee has assessed the effectiveness of external audit and the approach to appointment of the auditor. The external auditor does not provide non-audit services.
D.1.3	Where Directors are seconded to another organisation, they have received no additional remuneration above their Trust salary.
E.1.4	The main method of communication between Governors and Members is through regular Member bulletins and updates sent electronically which includes Governor activities. The Trust coordinates Member engagement events on behalf of the Governors to listen to Member views. As well as a Members' telephone contact number there are email inboxes: governors@nsft.nhs.uk and membership@nsft.nhs.uk monitored by the Membership Officer and Trust Secretary to ensure that Members can contact Governors easily. This is made clear on the public website and in the Annual Report.
E.1.5	The Annual Report includes many references to how the members of the Board, and in particular the NEDs, develop an understanding of the views of Governors and Members. NEDs attend CoG meetings and the Governor county forums and attend the Governor Performance Subgroup where Governors can hold them to account for the performance of the Board.
E.1.6	The Board of Directors receives an annual report on membership which includes a demographic profile comparing membership to the population of Norfolk and Suffolk. The membership demographics are also reported in the Annual Report on page 51. The Trust's Membership Officer leads on recruitment and works with the Member and Governor Subgroup to promote membership to under-represented groups.

NHS Oversight Framework

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

- Quality of care.
- Finance and use of resources.
- Operational performance.
- Strategic change.
- Leadership and improvement capability (well-led).

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

Segmentation

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

This segmentation information is the Trust's position as at 31 March 2021. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Additional reporting

Statement on Modern Slavery

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

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

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

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

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

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

Norfolk and Suffolk
NHS Foundation Trust

Annual accounts

For the year ended 31 March 2021

Statement of the Chief Executive's Responsibilities

as the accounting officer of Norfolk and Suffolk NHS Foundation Trust

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

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

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

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

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

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

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

Dr Adam Morris
Interim Chief Executive Officer

Date: 11 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF NORFOLK AND SUFFOLK NHS FOUNDATION TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Norfolk and Suffolk NHS Foundation Trust ("the Trust") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers 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 2021 and of its income and expenditure for the year then ended; and
- 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 and the Department of Health and Social Care Group Accounting Manual 2020/21.

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.

Going concern

The Directors have 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 its 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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

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.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit and Risk Committee and internal audit and inspection of policy documentation as to the Trust's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the Trust's accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that additional funding was claimed inappropriately through the extra resources made available as a result of Covid-19 and the risk that Trust management may be in a position to make inappropriate accounting entries.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to expenditure recognition, particularly in relation to year-end accruals and provisions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of Trust-wide fraud risk management controls.

We also performed procedures including:

Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included:

- Unexpected postings to cash, revenue and expenses codes.
- Journals containing certain words in the description.
- Assessing significant estimates for bias.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.
- Assessing the existence of income recognised with specific emphasis placed on cut-off. This included:
    - Sample testing of year end income accruals;
    - Review and sample testing of income recognised either side of year-end

Assessing the appropriateness of expenditure recognised with specific emphasis placed on cut-off. This included:

- Sample testing of year-end accruals and provisions including consideration of year on year movements;
- Review of year-end journals posted to increase expenditure accounts;
- Sample testing of invoices and bank payments post year-end;

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Trust's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Trust is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Trust is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21. We have nothing to report in this respect.

Remuneration and Staff Reports

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

Accounting Officer's responsibilities

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

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

Significant Weakness - Governance

The Trust remains in special measures having been placed into them in 2017 following an 'inadequate' CQC assessment. The latest CQC assessments have been graded as 'requires improvement'. Whilst improvements have been made, the Trust's special measures status has not been lifted as a result of areas relating to 'well-led' requiring further improvements.

Recommendation:

The following recommendation is raised in respect of the significant weakness above:

- continue to embed the required actions across the Trust to address the findings from the CQC, and continue to work with the required regulators to assist in the exit from the special measures programme.

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 paragraph 1(d) of Schedule 10 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 and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if:

- any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006.
- any matters have been reported in the public interest under paragraph 3 of Schedule 10 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.

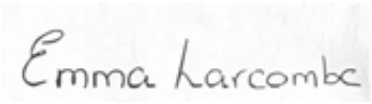
THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other

purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Norfolk and Suffolk NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.



Emma Larcombe
for and on behalf of KPMG LLP
Chartered Accountants
Botanic House
100, Hills Road
Cambridge
CB2 1AR

11 June 2021

Annual Governance Statement 20120/21

1 Scope of responsibility

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

2 The purpose of the system of internal control

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

The system of internal control has been in place in Norfolk and Suffolk NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

The Trust has a Risk Management Strategy and Risk Management Policy developed in consultation with Care Groups and other key stakeholders. Leadership is given to the risk management process through several measures:

- The Board has agreed the Trust's risk appetite statement which frames all risk conversations.
- Strategic risks are designated to Executive Directors with Non-executive Directors (NEDs) leading the Board committees which scrutinise the effectiveness of risk mitigation relevant to their terms of reference.
- The Board of Directors is responsible for the Board Assurance Framework (BAF) with the Trust Secretary having delegated responsibility for ensuring the management of the BAF. This is included in the scheme of reservation and delegation, standing financial instructions and the allocation of responsibility to specified post holders across the organisation. The BAF is annually refreshed, and reviewed by the Board at each meeting, and enables the Board to be fully informed of the risks to delivery of the Trust strategic objectives and assured as to the effectiveness of mitigation actions.
- The Audit and Risk Committee has delegated responsibility for gaining assurance on the effectiveness of the overall risk management system.
- All managers have responsibility to identify and manage risk within their specific areas of control in line with the performance and accountability arrangements within the Trust. These risks are regularly reviewed at Board sub-committees, Executive Committee, Service Delivery Board, Quality Committee, Quality Performance Meetings, Care Group governance meetings and team meetings.
- The Risk and Safety team provides support to Care Groups and corporate services on all aspects of effective risk assessment and management. The department maintains the Trust's incident and risk reporting system, Datix. Training is provided by the team in both formal and tailored sessions. The Risk Manager informed both the training and policy revision with a risk survey in year. The Governance team facilitates the Care Groups to share and learn lessons from incidents or near misses and for supporting quality and safety reviews. Learning is discussed within Care Groups and at Quality Committee meetings and informs the risk register.

The Trust reviewed its risk management processes to ensure they supported the management of COVID-19, with risk management underpinning tactical and strategic command and business continuity.

4 The risk and control framework

Key elements of the Risk Management Strategy

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

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

Service user and carer feedback is used to inform the risk profile of Care Groups and along with the views of Governors, Members and partners in both systems, helps shape the strategic risks of the organisation as detailed in the Board Assurance Framework (BAF). Risk intelligence is used to drive the continuous quality improvement.

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

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

The Trust has quality governance arrangements in place. The Chief Nurse is the Executive lead for quality and works closely with the Chief Medical Officer to lead the quality and safety framework. The Quality and Safety strategies were refreshed in year. At each meeting the Board receives reports on quality issues and on progress against the Quality Improvement Plan. The quality of performance information is assessed through the annual Quality Account audits, and assurance on compliance with CQC registration requirements is obtained through the role of the Quality Assurance Committee and the Quality Committee. The Finance, Business and Investment Committee (FBIC) monitors performance metrics and exception reporting to NHS England and NHS Improvement in accordance with the Single Oversight Framework. The Service Delivery Board meets each month to discuss the performance metrics with Care Groups and corporate services. Further assurance on quality, operational and financial performance and governance is provided by the NHS Improvement Oversight and Assurance Group (OAG) and Oversight and Support Meetings (OSM).

The Trust undertakes an annual review of its governance arrangements and this year commissioned an independent review of the 'well-led' framework, with a resulting Board improvement plan for 2021/22.

The Trust undertook a review of its governance arrangements during the COVID-19 pandemic, in line with the NHSEI guidance 'Reducing the Burden, Releasing Capacity' designed to free up management capacity and resources. We were pleased to be able to maintain robust governance, with Board and Board committees and Council of Governors continuing to meet and transact business on-line and importantly Quality Committees continuing, ensuring quality and safety and staff wellbeing was maintained during the pandemic.

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

1. The risk of the impact of COVID-19 manifested in year, putting pressure on service delivery, increasing demand and affecting the wellbeing of staff, service users, carers, wider system and sadly with the loss of six inpatients. The Trust invoked its business continuity plans and established robust tactical and strategic command, daily calls with Care Groups, increased infection, prevention and control support, significant wellbeing support, including for the wider system. Safety plans were reviewed, and additional support was available for the digitally disadvantaged. Rapid testing of staff and the successful vaccination campaign has meant the risk has reduced, but with heightened surveillance for new variants and managing risk of nosocomial (infections more likely to occur in hospital) transmission.
2. The Trust continues to implement its clinically led Quality Improvement Plan (QIP) to address quality and safety issues across the Trust and concerns raised by CQC such as access, physical environments,

medication management and learning from incidents and complaints. Workstreams underpin the plan for all key improvement areas, monitored by Quality Assurance Committee and at Quality Performance Meetings and all are on track. Virtual Quality and Safety reviews have continued, with service user involvement. Care Group well-led reviews are focused on sharing learning. Quality Improvement (QI) projects continue, with increased central support, and the QI Forum has been established to share innovative practice and learning. The national Patient Safety Investigation Framework (PSIF) is being implemented. Serious Incident and Mortality Review Group (SIMRG) facilitates learning from structured judgement reviews and thematic reviews of all serious incidents. Quality and Safety strategies have been refreshed in year with emphasis on psychologically safe, compassionate culture. The Trust's complaint process has been revised in year, with a new team supporting Care Groups, The People Participation Leads' 'Talk to us first' initiative for early resolution has also contributed to a reduction in the number of complaints.

3. Waiting lists continue to be a challenge, particularly in services for Children, Families and Young People and the Rapid Improvement Board continues to drive change in collaboration with service users and carers and partners. Safety is paramount, all young people are regularly contacted, and safety ensured via Quality and Safety Reviews and Clinical Harm Audits. The community transformation programme, with system partners, is the longer-term solution to managing demand. Additional bed capacity for older people was put in place when Blicking Ward opened early 2021 and the First Response crisis helpline is managing high call rates.

4. Work to improve staff engagement, recruitment and retention continues to be a key focus to address any impact on staff morale and poor outcomes. This has been more challenging during COVID-19, with specific impact on staff wellbeing. Staff engagement work is progressing well as shown by the annual Staff Survey results, and the Trust's long-term culture change programme and new leadership programmes have continued at pace. The Trust has been successful in recruiting new staff and attracting more students. Medical engagement has improved. Partnership working with Staff Networks colleagues ensures sustained change, with specific support for BME groups and increased wellbeing support for staff during COVID-19, and groups are now taking forward approaches to post-COVID-19 working.

5. Risks of not engaging with, and listening to, service users and carers and not working in a collaborative way with system partners could impact on transforming services to improve quality and outcomes for the people we serve. The People Participation Strategy continues to drive culture change in relation to increasing engagement and participation and this has continued through COVID-19, with service users driving improvement via Rapid Improvement Boards, Quality and Safety Reviews and supporting staff recruitment. The Your Service Your Say (formerly Friends and Family Test) process has been greatly improved. The Trust continues to build on positive service changes and increased collaboration with system partners during COVID-19 and is an active partner of both Integrated Care Systems (ICS), ensuring mental health underpins ICS development. Successful working with Voluntary Community and Social Enterprise (VCSE) and community and primary care is driving positive community transformation.

6. The Trust delivered its financial plans and recorded a year-end surplus of £0.9m, £1.5m favourable to the plan submitted to NHSEI. The Board of Directors is aware of the continuing need to operate financial control during the COVID-19 pandemic, while continuing to address the service improvements identified by the CQC. The financial plan is monitored at the bi-monthly Finance, Business and Investment Committee and meetings of the Board. Care Group management of budgets is continuously tested through quality performance meetings and Executive review. There has been regular communication with national and regional Finance teams during the COVID-19 financial arrangements.

Foundation trust governance

As an NHS foundation trust, the Trust is required by its licence to apply relevant principles, systems and standards of good corporate governance. In order to discharge this responsibility, further improvements to the Trust's governance were made throughout 2020/21.

The Trust is assured of the validity of its Corporate Governance Statement, required under NHS Foundation Trust condition 4(8)(b) through: regular review of its governance framework; through Oversight and Assurance Group (OAG) and Oversight and Support Meetings (OSM) with NHS Improvement and through CQC reports. The Trust benefits from the support of the NHS Improvement Director, with specific focus on improving Children's, Families and Young People's Services, and commissioned an independent review of the 'well-led' framework in year. The Trust remains in special measures but has recently reviewed its progress with its provider licence enforcement undertakings. While NHSEI will not officially review these conditions until after the upcoming CQC inspection, this report presents evidence to enable an objective review of progress with the Trust's governance.

Work has continued to strengthen and continuously improve our governance, moving from a turnaround organisation to a continuously improving organisation. The Trust operates in accordance with the provisions of its Constitution (revised in year and in-line with the model core constitution from NHSI/Monitor) and Standing Orders and relevant legislation and systems incorporate the Nolan Principles. 'Fit and Proper Person' assurance is in place in respect to all Board members and was strengthened in year. The CQC report in January 2020, gave a rating of 'requires improvement' for the 'well-led' domain and CQC focused inspections in November 2020 showed further improvement in organisational governance. The Scheme of Reservation and Delegation and Standing Financial Instructions are reviewed each year. The Audit and Risk Committee oversees the governance and risk management arrangements, supported by internal and external audit.

The Trust annually reviews the Board and Board committee effectiveness and has developed an improvement plan from its externally facilitated 'well-led' review early 2021 which it will implement over the coming year. The Board meets regularly with a set workplan to scrutinise the Trust's operations. The Board met virtually during the COVID-19 pandemic, welcoming members of the public to attend online, and continues to improve the accessibility of its papers.

The Board currently has enough capability to provide leadership and is recruiting for a substantive Chief Executive Officer (CEO) and Director of People, and recruiting for Chair and Director of Strategic Partnerships before the autumn, with strong interim arrangements in place meanwhile. In line with the Board's succession plan, an additional NED Chair of Audit & Risk Committee and a substantive Chief Finance Officer (CFO) were recruited in 2020. Deputy arrangements have been strengthened. Board and Executive development programmes continue.

NEDs and Executives continue with visits to teams, albeit virtual visits during the COVID-19 pandemic, and service user and staff stories are heard at Board and Sub-Committees, and Council of Governors meetings.

The Council of Governors agreed their annual improvement plan to ensure Governors can fulfil their statutory duties effectively and this will be monitored throughout the year. There have been further improvements to Governor training and development this year, developed with Governors as part of the improvement plan.

The Trust Strategy is being refreshed and an Annual Plan being developed for 2021/22, influenced by annual plan member engagement events which were facilitated by the Governors.

Performance and accountability are continually enhanced with the clinically led Care Groups, Executive-led Quality and Performance Meetings and improvements to risk management. Further work has been undertaken to strengthen the governance of Care Groups, with standardised agendas and workplans for their local governance committees and audits of their effectiveness underway. Executive scrutiny is provided at Quality Performance Meetings, with clear lines of reporting and accountability from ward to Board.

The Trust is implementing the national Patient Safety Investigation Framework and is enhancing the accountability and reporting for quality and safety, with Quality and Safety strategies refreshed in year. A Quality Improvement Forum is being established chaired by the Chief Medical Officer to embed changes and further share learning and best practice.

The Trust ensures compliance with legal requirements in several ways including through the Trust Secretary, Legal Services Manager, Health and Safety competent person and Local Counter Fraud Specialist.

Risk Management was enhanced, linked to the Performance and Accountability Framework, with a new risk strategy and policy and organisational risk appetite statement. The Board Assurance Framework (BAF) risks are annually refreshed by the Board.

Our staff, service users' and carers' voices and needs are central to all we do. They have been consulted at each stage of our quality improvement journey and have key roles in the governance of quality, specifically in Quality Improvement (QI) projects, in Quality and Safety Reviews and as core members of Rapid Improvement Boards. People Participation Leads continue to facilitate service user and carer participation and engagement and have developed the People Participation Strategy in year.

Our culture change programme continues coupled with staff development and leadership programmes, improvements to staff engagement, particularly medical engagement, and having reduced layers of management and spans to empower staff at all levels. Staff wellbeing has been even more of a focus this year.

During the COVID-19 pandemic, the Trust has operated business continuity arrangements with daily Incident Management Team meetings, tactical and strategic command processes and increased safety huddles, virtual quality and safety reviews, ensuring quality and safety of services was paramount.

Embedding risk management

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

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

The Risk Management Strategy on a page, with supporting implementation plan, describes the work underway to further embed, with more support and training to staff, working with People Participation Leads, service users and carers to support the risk approach and using quality improvement methodology, developing local governance systems.

Public stakeholders

The Trust engages with its public stakeholders in several ways relating to risk, including:

- With the Norfolk and Waveney and the Suffolk and North East Essex Integrated Care Systems (ICS) to develop and implement shared proposals to improve health and care in the local economy, including delivery of the long-term plan.
- With regional mental health organisations and stakeholders in developing the East of England provider collaborative.
- The Council of Governors represents the interests of Members and wider public and holds the Trust Board to account for the delivery of strategic objectives.
- Increased engagement of service users and carers, facilitated by People Participation Leads, including Rapid Improvement Boards, Quality and Safety Reviews, design brief for the Hellesdon Hospital new build.
- Working with Healthwatch and other partners such as Suffolk User Forum to address risks highlighted in CQC reports.
- Through the engagement work of the Director of Strategic Partnerships and the team with Voluntary, Community and Social Enterprise (VCSE) partners.
- With local commissioners through contract meetings addressing issues of quality and risk.
- Through scrutiny meetings with local authority Health Overview and Scrutiny Committees.

Workforce Strategy

Our People Plan was reviewed during the last year to ensure alignment to the new NHS People Plan and continued alignment to our Trust strategy. The Remuneration and Culture Committee and Board receive regular updates on progress with the People Plan as well as shorter term plans developed to address emerging workforce issues.

We have made good progress with the plan objectives, agreeing culture priorities, with a focus on embedding signature behaviours and removing unnecessary bureaucracy from processes. A Corporate Action Group has been established to ensure the work of our corporate services enables and empowers our clinical services to focus on direct patient care. A key element of our culture programme has included the launch of new leadership programmes and a new managers' induction and our Leading Confidently programme for middle managers.

In partnership with Staff Side colleagues the focus is on people rather than process within workforce policies and in creating a just and fair culture. A new Disciplinary Policy was launched last year, along with the appointment of a dedicated Investigating Officer and a significant reduction in the time that disciplinary processes take.

In line with Developing Workforce Safeguards' recommendations, our workforce plans have been reviewed and we have increased the clinical workforce in the last year through successful recruitment approaches. Staffing levels within our inpatient services are continually reviewed to ensure that they are safe and sustainable, applying a

triangulated approach (right staff, right skills, right place and time) to staffing decisions. Funding was agreed to roll out Safe care, a software that works alongside the e-rostering software to more easily identify areas where there are higher levels of patient acuity each day in order to inform our staffing deployment decisions. The Board has received six monthly safer staffing reports for assurance.

Care Quality Commission (CQC)

The Foundation Trust is currently not fully compliant with the registration requirements of the Care Quality Commission. Following a CQC inspection in October 2019, published in January 2020, the Trust was rated as 'requires improvement' overall, with 'good' rating for the 'caring' domain. Work continues to address any issues highlighted in the reports by way of our Quality Improvement Plan (QIP), underpinned by workstreams and monitored by the Quality Assurance Committee. More recent CQC responsive visits for acute wards for adults of working age and psychiatric intensive care units and mental health crisis services and health-based places of safety gave ratings of 'requires improvement' with evidence of improvement and embedding of good practice. Again, actions are addressed and monitored by the QIP.

The Trust continues to improve its approach to the governance of quality and safety. We have refreshed our Quality and Safety strategies in year. Our Care Group leadership ensure our services are clinically led, service user enabled, and management supported.

The Board reviewed its compliance with the provider licence enforcement undertakings and noted significant improvement. This was shared with NHS Improvement.

The Trust awaits a further CQC inspection.

Managing Conflicts of Interest

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

NHS Pension Scheme

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

Equality and diversity

Our Equality, Diversity and Inclusion Strategy 2019-2021 outlines how we have regard for the Public Sector Equality Duty and includes recommendations from the NHS People Plan, Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and Gender Pay Gap.

Dedicated staff are in post to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with, working closely with service users to engender more supportive team cultures. We have continued to deliver our Expect Respect approach, as part of our culture change programme and have strengthened our Staff Networks.

Training on equality and diversity is mandatory. The Board and Council of Governors received training on the Public Sector Equality Duty in April 2021. Care Groups are resourced with Equality Leads to support quality improvement-based service improvements and mitigate risks relevant to equality.

We are strengthening our change processes so that all our policies, business change processes and cost improvement plans will be subject to equality impact assessments.

The Board and the Remuneration and Culture Committee monitor data on how we are performing against equality and diversity indicators including the NHS WRES and WDES, ethnicity of individuals submitting complaints, National Survey of People using Adult Community Mental Health Services, protected characteristics linked to admissions, detentions, and incidents and in relation to Mental Health Act compliance, in order to measure the effectiveness of our control measures.

The Trust is a key partner in both Integrated Care Systems (ICS) mental health inequalities programmes, chairing the group in Norfolk and Waveney, recognising that COVID-19 will both exacerbate existing inequalities and create additional inequalities, particularly for those with serious mental illness.

Carbon reduction

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

Further information is given in the Annual Report.

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

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

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

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

The Finance, Business and Investment Committee provides scrutiny of financial and operational performance, oversight of the estate and digital strategies, key service developments and use of resources.

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

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

External Audit's value for money conclusion has identified a significant weakness linked to governance. This is specifically linked to the Trust's status of being in special measures. However, The Trust continues to embed the required actions to address the findings from the CQC and work towards exiting from the special measures programme.The Trust is an active member of the NHS Benchmarking Network, a member community involving over 330 health and social care organisation throughout the UK which combines benchmarked information with evidence based good practice to identify key areas of service improvement and resource provision.

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

6 Information Governance (IG)

The Trust manages its information risks with support from Information Governance (IG) Services, a part of our ICT Department. The team, provides mandatory training on IG and cyber security, including to Board members, and undertakes an annual IG audit.

The Data Security and Protection (DSP) Toolkit was published on 17 March 2020, having met all the required assertions and with improvements in IG training compliance. Internal Audit gave a significant assurance opinion on the annual, mandatory audit of IG and the DSP Toolkit submission. NHS Digital have put back the submission date for the 2020/21 DSP Toolkit to 30 June 2021. We are on schedule to make our submission for this new national deadline and Internal Audit are undertaking their review in April 2021.

The Trust is managing cyber security risks well. We are in the process of seeking accreditation to ISO 27001, the International Information Security Standard, and Cyber Essentials Plus. These certifications will provide strong independent assurance to our staff, service users and partners.

There have been no data breaches which required reporting to the Information Commissioner and low-level breaches remain constant.

The Data Protection Officer (DPO) is a member of the National Strategic IG Network Group, Chair of the Suffolk and North East Essex Integrated Care System (ICS) Clinical Information Assurance Group, and Chair of the Norfolk and Waveney Health and Care Partnership ICS IG Group to ensure that the Trust is well placed to influence, support and develop the IG agenda locally, regionally and nationally.

Data quality and governance

During 2020/21, the Digital Strategy was progressed although pace was impacted as Performance and ICT teams were responsive to the needs of the organisation during the pandemic. The Digital Improvement Group (DIG) continued to meet allocating sponsors from across the Care Groups such as People Participation Lead for patient experience, ensuring the data needs of service users were captured in the ongoing improvements.

The Accountability and Performance Framework was further embedded in year. Quality and Performance Meetings, chaired by the Chief Executive, were held regularly with Care Groups and corporate services, using data to evidence performance, develop quality improvement and enhance good practice all within the backdrop of adapting care to meet the increased demands generated by the pandemic.

Data solutions to respond to national reporting requirements were implemented including daily sitreps, vulnerable patients recording and vaccines data. Data quality solutions were applied to ensure validity of what was reported.

A review of the Trust Data Quality Improvement Plan (DQIP) was completed and a single Trust and commissioner DQIP was proposed. As contracts were not signed this has yet to be embedded in the contract, however the Trust continues to report against the revised DQIP.

As part of the DQIP the Data Quality meeting has been reviewed and Care Group Business Support leads are chairing and leading discussion, planning locally against the DQIP for data quality improvements and feeding back to the Trust strategic group. A focus of the DQIP is completeness of patient data including ethnicity. Mental health inequalities data will be a main area of data quality focus in 2021/2022.

The new data warehouse and associated new Business Intelligence (BI) tools will now be delivered in 2021 due to supporting staff and service users during COVID-19. The roll out will be an ongoing development - as the use of data expands there will be an increasing need to provide data. Training to staff and the Board and Governors on the use of the BI Tools will be provided.

Clinical Harm Reviews are carried out to ensure the safety of those waiting. A Waiting Times Report is in use operationally to ensure responsive and consistent information to drive remedial action and ongoing referral management. This is cross-referenced with the Operational Performance Dashboard (OPD) and regular checks are carried out on the data quality. The Quality Committee, Quality Assurance Committee and Board receive regular reports on waiting times.

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

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

7 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, clinical audit and the Executive managers and Clinical Leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and the Quality Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

In 2020/21, Board of Director sub-committees consisted of:

- Audit and Risk Committee
- Quality Assurance Committee
- Finance, Business and Investment Committee
- Mental Health Act Committee
- Remuneration and Culture Committee
- People Participation Committee

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

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

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

The Finance, Business and Investment Committee is chaired by a Non-executive Director. It is responsible for ensuring the effective management of all the Trust's financial affairs, including management of the Trust's cost and finance base, significant investment decisions, cost improvement programme, and provides oversight of the organisation's performance. The Committee acts as the Charitable Funds Committee.

As a Mental Health NHS Foundation Trust, the Trust sometimes needs to detain and treat patients against their will under the Mental Health Act (MHA) (1983). Within this statutory framework there is a requirement for Hospital Managers (who are not employed by the Trust, and who are independent of the Trust's management) to review detentions and decide whether they continue to be required. The MHA Committee is a sub-committee of the Board, chaired by a Non-executive Director and receives regular reports on all aspects of Mental Health Act compliance

and reports from the Hospital Managers and is supported in this work by the Mental Health Law Forum. The Board receives a Chair's report following each meeting as well as the Mental Health Act Law annual report.

The Remuneration and Culture Committee oversees the appointment and remuneration and appraisal of Executive Directors, Board succession planning and skill mix and provides scrutiny of the culture change programme and the delivery of the Equality, Diversity and Inclusion Strategy. The Nominations and Conduct Committee is primarily a Council of Governors sub-committee that oversees recruitment and appraisal of the Chair and Non-executive Directors.

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

Regular Oversight and Assurance Group meetings have been held with NHS Improvement and other key stakeholders during 2020/21 as part of the Trust's performance framework.

Internal Audit services are outsourced to Grant Thornton who provide an objective and independent opinion on the degree to which risk management, control and governance support the achievement of the organisation's strategic objectives. The annual audit programme is developed with the Board to review key risk areas and individual audit reports include a management response and action plan. Progress against outstanding actions is monitored by the Audit and Risk Committee.

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

The Trust benefits from the views of service users and carers, the work of the People Participation Leads, the work of the Engagement officers in listening to the views of our voluntary sector colleagues, from Healthwatch Norfolk and Suffolk, from partners in both Integrated Care Systems, from challenge by the Council of Governors and views from the wider membership on the services it delivers.

The Freedom to Speak Up Guardian continues to be integral to the culture change programme and the Staff Survey results provide the Trust with an annual insight into progress with the people before process ethos.

Internal control issues

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

Further to the main CQC inspection report in January 2020, two recent CQC reports were published in January 2021 following responsive inspection of Mental Health Crisis and health-based places of safety. In assessing the Acute Wards for Adults of Working Age and psychiatric intensive care units, the report highlighted a number of control issues with medicines management, training on physical health, adequate medical cover and local governance systems. The Trust has implemented Electronic Prescribing and Medicines Administration (EPMA), is progressing with the physical health strategy, including refreshing and strengthening physical health training with the addition of two bespoke trainers and continues to recruit more medical workforce. All findings from the reports were included in the Trust Quality Improvement Plan, with progress monitored by the Quality Assurance Committee and Board.

The Head of Internal Audit Opinion for the period 1 April 2020 to 31 March 2021 states:

Our overall opinion for the period 1 April 2020 to 31 March 2021 is that based on the scope of reviews undertaken and the sample tests completed during the period, partial assurance with improvement required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The level of non-compliance in certain areas puts some system objectives at risk. We identified a significant weakness in relation to the Medical Equipment and Device Management audit, and we have also issued 6 partial assurance with improvement required reports, which identified weaknesses in the risk management activities and controls designed to achieve the risk management objectives requirement by management. We have also taken into consideration our findings from work where we did not issue an overall assurance level, but which have informed our overall view of the strength of the organisation's framework of governance, risk management

and control. In particular we found a number of weaknesses in the decision making and monitoring around the New Wards capital project. The activities and controls that we examined were operating with sufficient effectiveness to provide partial assurance that the related risk management objectives were achieved during the period under review. There were no 'No Assurance' opinion reports received this year.

The recommendations from the Medical Equipment and Device Management audit have been actioned in full and significant progress has been made in addressing recommendations from the other partial assurance audits, tracked by the Audit and Risk Committee to completion.

Internal Audit noted an improvement in engagement by staff across the Trust and a focus on improvement and development, which if maintained will put the Trust in a good position to continue its improvement journey in 2021/22.

The Board Assurance Framework (BAF) as of 31 March 2021 has three red-rated risks:

- Risk of not making progress in reducing waiting times, specifically in relation to Children's, Families and Young People's Services and with the increased demand and acuity of patients during COVID-19 pandemic. The Trust continues to work with service users and carers to ensure safety of young people with improvements in waits in year. The Trust works with Voluntary, Community and Social Enterprise (VCSE) and system colleagues to manage demand as part of community transformation, and has opened additional older people's beds.
- Risk that transformation may lead to loss of services, which along with other pressures will impact on the long-term financial viability of the organisation. The Trust continues to work with system partners in both Integrated Care Systems and takes a leadership role in promoting mental health in transformation programmes.
- Risk of impact of the COVID-19 incident causing loss of life in service users, carers and staff; impact on quality of service delivery, staff wellbeing, mental health and wellbeing of the population during and post pandemic. The Trust invoked a robust emergency response and continues to provide rapid testing, infection control and vaccinations alongside staff wellbeing support.

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

8 Conclusion

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

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

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

Signed: 

Dr Adam Morris
Interim Chief Executive Officer

Date: 11 June 2021

Foreword to the accounts

Norfolk and Suffolk NHS Foundation Trust

These accounts, for the year ended 31 March 2021, have been prepared by Norfolk and Suffolk NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed: 

Name: Dr Adam Morris

Job title: Interim Chief Executive Officer

Date: 11 June 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	270,175	251,001
Other operating income	4	19,465	14,325
Operating expenses	6, 8	(287,494)	(260,021)
Operating surplus from continuing operations		**2,146**	**5,305**
Finance income	11	6	144
Finance expenses	12	(852)	(948)
PDC dividends payable		(2,264)	(2,963)
Net finance costs		**(3,110)**	**(3,767)**
Other gains	13	3	-
Surplus / (deficit) for the year from continuing operations		**(961)**	**1,538**
Surplus / (deficit) for the year		**(961)**	**1,538**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(4,632)	(160)
Revaluations	17	10,476	-
Other recognised gains and losses		(4)	-
Total comprehensive income for the period		**4,879**	**1,378**

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	14	-	31
Property, plant and equipment	15	138,387	133,447
Receivables	19	47	579
Other assets		-	-
Total non-current assets		**138,434**	**134,057**
Current assets			
Inventories	18	369	114
Receivables	19	7,341	11,566
Non-current assets for sale and assets in disposal groups	20	840	-
Cash and cash equivalents	21	35,886	17,884
Total current assets		**44,436**	**29,564**
Current liabilities			
Trade and other payables	22	(38,794)	(27,093)
Borrowings	24	(1,295)	(6,135)
Provisions	25	(8,638)	(11,438)
Other liabilities	23	(5,831)	(273)
Total current liabilities		**(54,558)**	**(44,939)**
Total assets less current liabilities		**128,312**	**118,682**
Non-current liabilities			
Borrowings	24	(8,682)	(9,889)
Provisions	25	(2,573)	(3,901)
Other liabilities	23	(136)	(180)
Total non-current liabilities		**(11,391)**	**(13,970)**
Total assets employed		**116,921**	**104,712**
Financed by			
Public dividend capital		98,940	91,611
Revaluation reserve		43,477	37,636
Income and expenditure reserve		(25,496)	(24,535)
Total taxpayers' equity		**116,921**	**104,712**

The notes on pages A25 to A65 form part of these accounts.

Name: Dr Adam Morris
Position: Interim Chief Executive Officer
Date: 11 June 2021

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**91,611**	**37,636**	**(24,535)**	**104,712**
At start of period for new FTs	**-**	**-**	**-**	**-**
Surplus/(deficit) for the year	-	-	(961)	**(961)**
Other transfers between reserves	-	-	-	**-**
Impairments	-	(4,632)	-	**(4,632)**
Revaluations	-	10,476	-	**10,476**
Other recognised gains and losses	-	(3)	-	**(3)**
Public dividend capital received	7,329		-	**7,329**
Taxpayers' and others' equity at 31 March 2021	**98,940**	**43,477**	**(25,496)**	**116,921**

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

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

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserves

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

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus		2,148	5,305
Non-cash income and expense:			
Depreciation and amortisation	6.1	6,957	8,260
Net impairments	7	2,193	144
Income recognised in respect of capital donations	4	(32)	-
(Increase) / decrease in receivables and other assets		4,865	(4)
(Increase) / decrease in inventories		(255)	(32)
Increase / (decrease) in payables and other liabilities		18,296	2,586
Increase / (decrease) in provisions		(4,129)	821
Net cash flows from operating activities		**30,043**	**17,080**
Cash flows from investing activities			
Interest received		6	144
Purchase of PPE and investment property		(10,053)	(8,208)
Sales of PPE and investment property		3	-
Net cash flows (used in) investing activities		**(10,044)**	**(8,064)**
Cash flows from financing activities			
Public dividend capital received		7,329	694
Movement on loans from DHSC		(5,905)	(1,415)
Capital element of PFI, LIFT and other service concession payments		(180)	(177)
Interest on loans		(245)	(360)
Interest paid on PFI, LIFT and other service concession obligations		(613)	(592)
PDC dividend (paid) / refunded		(2,371)	(2,911)
Cash flows from (used in) other financing activities		(12)	2
Net cash flows (used in) financing activities		**(1,997)**	**(4,759)**
Increase in cash and cash equivalents		**18,002**	**4,257**
Cash and cash equivalents at 1 April - brought forward		**17,884**	**13,627**
Cash and cash equivalents at 31 March	21.1	**35,886**	**17,884**

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 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting convention

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

Note 1.1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

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

Note 1.2 Critical judgements in applying accounting policies

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

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

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

Note 1.3 Sources of estimation uncertainty

The following assumption about the future and other source of estimation uncertainty has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- A full quinquennial valuation exercise was carried out in March 2021 with a valuation date of 31 March 2021, resulting in an increase in the revaluation reserve of £10.5m and a £6.8m impairment of land and buildings.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2021 ('Red Book'), Montagu Evans has declared a 'material valuation uncertainty' in the valuation report. This is based on uncertainties in markets caused by COVID-19. The Montagu Evans valuation as at 31 March 2021 has been prepared on this basis as per VPS3 and VPGA 10 of the RICS Red Book Global. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements.

With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. Of the £118.4m net book value of land and buildings subject to valuation, £78.8m relates to assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced. It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

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

Note 1.4 Revenue from contracts with customers

Note 1.4.1 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The Group Accounting Manual (GAM) expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

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

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

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

In the comparative period (2019/20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

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

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

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty. The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner, but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

For 2020/21 and 2019/20

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

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

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

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

Note 1.5 Other income

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

Note 1.5.1 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- It is held for use in delivering services or for administrative purposes.
- It is probable that future economic benefits will flow to, or service potential be provided to, the Trust.
- It is expected to be used for more than one financial year.
- The cost of the item can be measured reliably.
- The item has cost of at least £5,000, or
- Collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

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

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

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

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

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

De-recognition

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

In 2020/21 this includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the Group Accounting Manual (GAM), the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

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

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying

assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

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

PFI assets

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

PFI liability

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

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

Lifecycle replacement

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

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

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

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

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

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

Software

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Intangible assets – internally generated	3	5
Intangible assets - purchased	3	5
Websites	3	5
Software licences	3	5

Note 1.10 Inventories

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

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the Group Accounting Manual (GAM) and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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

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

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

Financial assets and financial liabilities at amortised cost

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

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

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

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

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

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

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

- Payroll overpayment debtors - % of payroll overpayments written off in the previous 12-month period ending 31 March 2021.
- Other non-NHS debtors - credit loss is calculated upon notification of potential dispute with the customer.

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

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

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

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.

Note 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as a lessee

Finance leases

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

The Trust as a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2020:

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

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

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

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 25.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

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

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

Contingent liabilities are defined as:

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

Note 1.16 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

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

Note 1.18 Corporation tax

The Trust has determined that there is no corporation tax liabilities.

Note 1.19 Foreign exchange

The functional and presentational currency of the Trust is sterling.

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

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

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

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

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

Note 1.20 Third party assets

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

Note 1.21 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses."

Note 1.22 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.23 Transfers of functions to / from other NHS bodies / local government bodies

For functions that have been transferred to the Trust from another NHS / local government body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at

the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the Trust has transferred to another NHS / local government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses / income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

This is a new accounting policy for the Trust and has been included in the 2020/21 accounts in preparation for the transfer of the Fermoy Unit to the Queen Elizabeth Hospital NHS Foundation Trust in 2021/22. For further details please refer to note 1.3

Note 1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

Other standards, amendments and interpretations

The Department of Health and Social Care Group Accounting Manual does not require the following IFRS Standards and Interpretations to be applied in 2020/21.

These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being deferred to 2022/23, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

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

Note 2 Operating segments

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

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

Income balances with a single external customer that amount to a material proportion of income are disclosed in note 32 to the accounts, Related Party Transactions.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

Note 3.1 Income from patient care activities (by nature)

	2020/21	2019/20
	£000	£000
Mental health services		
Block contract / system envelope income*	256,226	233,787
Clinical partnerships providing mandatory services (including S75 agreements)	4,579	1,383
Clinical income for the secondary commissioning of mandatory services	-	2,309
Other clinical income from mandatory services	1,295	5,555
All services		
Additional pension contribution central funding**	8,005	7,402
Other clinical income	70	565
Total income from activities	**270,175**	**251,001**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2020/21 £000	2019/20 £000
NHS England	33,101	32,036
Clinical commissioning groups	230,988	212,463
Other NHS providers	366	253
NHS other	-	1
Local authorities	4,940	5,613
Non NHS: other	780	635
Total income from activities	**270,175**	**251,001**
Of which:		
Related to continuing operations	270,175	251,001

Note 4 Other operating income

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,079	-	**1,079**	1,149	-	**1,149**
Education and training	6,286	547	**6,833**	5,177	568	**5,745**
Non-patient care services to other bodies	5	-	**5**	153	-	**153**
Provider sustainability fund (2019/20 only)	-	-	**-**	1,817	-	**1,817**
Financial recovery fund (2019/20 only)	-	-	**-**	1,700	-	**1,700**
Reimbursement and top up funding	7,801	-	**7,801**	-	-	**-**
Receipt of capital grants and donations	-	32	**32**	-	-	**-**
Charitable and other contributions to expenditure *	-	1,671	**1,671**	-	-	**-**
Rental revenue from operating leases	-	318	**318**	-	476	**476**
Other income	1,726	-	**1,726**	3,285	-	**3,285**
Total other operating income	**16,897**	**2,568**	**19,465**	**13,281**	**1,044**	**14,325**
Of which:						
Related to continuing operations			19,465			14,325

* This is notional income equivalent to the consumables donated from the Department of Health for the COVID-19 response in 2020/21

Note 5 Additional revenue information

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

	2020/21	2019/20
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	229	278

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2021 £000	31 March 2020 £000
within one year	3,506	235
after one year, not later than five years	3	3
after five years	-	-
Total revenue allocated to remaining performance obligations	**3,509**	**238**

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from
(i) contracts with an expected duration of one year or less and
(ii) contracts where the Trust recognises revenue directly corresponding to work done to date
is not disclosed.

Note 5.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2020/21	2019/20
	£000	£000
Income from services designated as commissioner requested services	256,226	237,097
Income from services not designated as commissioner requested services	13,949	13,904
Total	**270,175**	**251,001**

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

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

	2020/21	2019/20
	£000	£000
Transit Van sale proceeds		
Sale proceeds received	3	-
Net Book Value	-	-
Profit on disposal	3	-

Note 6 Operating expenses

Note 6.1 Operating expenses

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,510	1,542
Purchase of healthcare from non-NHS and non-DHSC bodies	21,709	20,241
Staff and Executive Directors costs	213,971	192,452
Remuneration of Non-executive Directors	163	152
Supplies and services - clinical (excluding drugs costs)	2,293	763
Supplies and services - general	8,350	6,985
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	2,887	2,687
Inventories written down	111	-
Consultancy costs	994	343
Establishment	1,790	1,777
Premises	10,796	8,446
Transport (including patient travel)	1,423	3,150
Depreciation on property, plant and equipment	6,926	8,166
Amortisation on intangible assets	31	94
Net impairments	2,193	144
Movement in credit loss allowance: contract receivables / contract assets	198	(38)
Increase in other provisions	1,853	3,846
Audit fees payable to the external auditor		
audit services- statutory audit	87	77
Internal audit costs	74	73
Clinical negligence	1,092	803
Legal fees	397	310
Insurance	206	338
Education and training	2,127	1,822
Rentals under operating leases	3,186	3,158
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	1,319	1,293
Car parking & security	89	79
Hospitality	3	23
Losses, ex gratia & special payments	381	217
Other services, eg external payroll	438	496
Other *	897	582
Total	**287,494**	**260,021**
Of which:		
Related to continuing operations	287,494	260,021

* Other expenses includes £368k staff recruitment expenses and £167k professional fees.

Note 6.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2019/20: £1 million).

Note 7 Impairment of assets

	2020/21	2019/20
	£000	£000
Net impairments charged to operating surplus resulting from:		
Unforeseen obsolescence	2,193	144
Total net impairments charged to operating surplus	**2,193**	**144**
Impairments charged to the revaluation reserve	4,632	160
Total net impairments	**6,825**	**304**

Further information about the impairment of Land and Buildings is available in notes 15 and 17.

Note 8 Employee benefits

	2020/21	2019/20
	Total	Total
	£000	£000
Salaries and wages	149,580	134,337
Social security costs	14,590	13,301
Apprenticeship levy	709	652
Employer's contributions to NHS pensions	26,388	24,316
Pension cost - other	53	43
Temporary staff (including agency)	22,651	19,803
Total gross staff costs	**213,971**	**192,452**
Recoveries in respect of seconded staff	-	-
Total staff costs	**213,971**	**192,452**
Of which		
Costs capitalised as part of assets	-	-

Note 8.1 Retirements due to ill-health

During 2020/21 there were 5 early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements are £276k (£86k in 2019/20).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 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 at 20.6%, of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

c) National Employment Savings Scheme (NEST)

Trust employees who opt out of the NHS Pension scheme are auto-enrolled into the National Employment Savings Scheme (NEST). It is a workplace pension scheme set up by the government. Details of the benefits payable and rules of the Scheme can be found on the NEST website at www.nestpensions.org.uk. It is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

Note 10 Operating leases

Note 10.1 Norfolk and Suffolk NHS Foundation Trust as a lessor

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

	2020/21	2019/20
	£000	£000
Operating lease revenue		
Minimum lease receipts	318	476
Total	**318**	**476**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	318	476
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	**318**	**476**

Note 10.2 Norfolk and Suffolk NHS Foundation Trust as a lessee

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

	2020/21	2019/20
	£000	£000
Operating lease expense		
Minimum lease payments	3,186	3,158
Total	**3,186**	**3,158**

	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	2,889	2,907
- later than one year and not later than five years;	6,761	8,132
- later than five years.	58,203	3,714
Total	**67,853**	**14,753**
Future minimum sublease payments to be received	-	-

Note 11 Finance income

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

	2020/21	2019/20
	£000	£000
Interest on bank accounts	6	144
Total finance income	**6**	**144**

Note 12 Finance expenditure

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

	2020/21	2019/20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	239	356
Main finance costs on PFI and LIFT schemes obligations	261	258
Contingent finance costs on PFI and LIFT scheme obligations	352	334
Total interest expense	**852**	**948**
Total finance costs	**852**	**948**

Note 13 Other gains

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	3	-
Total gains on disposal of assets	**3**	**-**
Total other gains	**3**	**-**

Note 14 Intangible assets

Note 14.1 Intangible assets - 2020/21

	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**1,041**	**1,041**
Valuation / gross cost at 31 March 2021	**1,041**	**1,041**
Amortisation at 1 April 2020 - brought forward	**1,010**	**1,010**
Provided during the year	31	**31**
Amortisation at 31 March 2021	**1,041**	**1,041**
Net book value at 31 March 2021	**-**	**-**
Net book value at 1 April 2020	**31**	**31**

Note 14.2 Intangible assets - 2019/20

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

Note 15 Property, plant and equipment

Note 15.1 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020 - brought forward	**10,979**	**111,821**	**4,004**	**6,929**	**6,701**	**401**	**19,034**	**9,278**	**169,147**
Additions	-	-	-	9,021	32	-	1	-	**9,054**
Impairments	(2,146)	(6,300)	-	-	-	-	-	(907)	**(9,353)**
Reversals of impairments	170	2,365	-	-	-	-	-	-	**2,535**
Revaluations	1,225	8,475	785	-	-	-	-	-	**10,485**
Reclassifications	-	1,494	-	(5,617)	792	-	2,812	519	**-**
Transfers to / from assets held for sale	(97)	-	(925)	-	-	-	-	-	**(1,022)**
Disposals / derecognition	-	-	-	-	-	(3)	-	-	**(3)**
Valuation/gross cost at 31 March 2021	**10,131**	**117,855**	**3,864**	**10,333**	**7,525**	**398**	**21,847**	**8,890**	**180,843**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**13,562**	**680**	**92**	**3,929**	**296**	**13,409**	**3,732**	**35,700**
Provided during the year	-	3,486	91	-	454	11	2,157	728	**6,927**
Revaluations	-	6	-	-	-	-	2	-	**8**
Transfers to / from assets held for sale	-	-	(176)	-	-	-	-	-	**(176)**
Disposals / derecognition	-	-	-	-	-	(3)	-	-	**(3)**
Accumulated depreciation at 31 March 2021	**-**	**17,054**	**595**	**92**	**4,383**	**304**	**15,568**	**4,460**	**42,456**
Net book value at 31 March 2021	**10,131**	**100,801**	**3,269**	**10,241**	**3,142**	**94**	**6,279**	**4,430**	**138,387**
Net book value at 1 April 2020	**10,979**	**98,259**	**3,324**	**6,837**	**2,772**	**105**	**5,625**	**5,546**	**133,447**

Note 15.2 Property, plant and equipment – 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**11,444**	**105,576**	**3,985**	**9,806**	**5,312**	**288**	**16,980**	**7,453**	**160,844**
Additions	-	-	-	8,609	-	-	-	-	**8,609**
Impairments	(304)	-	-	-	-	-	-	-	**(304)**
Reclassifications	(159)	6,245	19	(11,486)	1,389	113	2,054	1,825	**-**
Disposals / derecognition	(2)	-	-	-	-	-	-	-	**(2)**
Valuation/gross cost at 31 March 2020	**10,979**	**111,821**	**4,004**	**6,929**	**6,701**	**401**	**19,034**	**9,278**	**169,147**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**8,995**	**581**	**-**	**3,584**	**288**	**11,086**	**2,998**	**27,532**
Provided during the year	-	4,686	99	-	334	8	2,309	731	**8,167**
Reclassifications	-	(119)	-	92	11	-	13	3	**-**
Disposals / derecognition	-	-	-	-	-	-	1	-	**1**
Accumulated depreciation at 31 March 2020	**-**	**13,562**	**680**	**92**	**3,929**	**296**	**13,409**	**3,732**	**35,700**
Net book value at 31 March 2020	**10,979**	**98,259**	**3,324**	**6,837**	**2,772**	**105**	**5,625**	**5,546**	**133,447**
Net book value at 1 April 2019	**11,444**	**96,581**	**3,404**	**9,806**	**1,728**	**-**	**5,894**	**4,455**	**133,312**

Note 15.3 Property, plant and equipment financing – 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	10,131	99,851	3,269	10,241	3,110	94	6,279	4,430	**137,405**
On-SoFP PFI contracts and other service concession arrangements	-	950	-	-	-	-	-	-	**950**
Owned - donated/granted	-	-	-	-	32	-	-	-	**32**
NBV total at 31 March 2021	**10,131**	**100,801**	**3,269**	**10,241**	**3,142**	**94**	**6,279**	**4,430**	**138,387**

Note 15.4 Property, plant and equipment financing – 2019/20

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

Note 16 Donations of property, plant and equipment

The Trust received 5 patient monitoring devices worth £32k from DHSC in 2020/21 as part of the coronavirus pandemic response. These devices are listed as donated assets under the plant and machinery category in Note 15.

Note 17 Revaluations of property, plant and equipment

Land and buildings were valued independently by Montagu Evans LLP as at 31 March 2021 in line with the accounting policies. The valuation included positive and negative valuation movements. Revaluation losses were taken to the Revaluation Reserve to the extent there was a revaluation surplus. Any losses over and above the revaluation surplus were charged to the Statement of Comprehensive Income (SOCI).

Where the revaluation resulted in an increase in an asset's value, this increase was credited to the Revaluation Reserve unless it reversed a revaluation loss previously recognised in operating expenses. In which case it was credited initially to retained earnings and thereafter to the Revaluation Reserve.

The quinquennial valuation carried out by Montagu Evans LLP as at 31 March 2021 resulted in a £10,476k revaluation and a £6,825k impairment of Land and Buildings in use.

The valuation of property was reviewed against the current Net Book Value and the quinquennial values applied for all assets in use, with one exception. The Walker Close site in Ipswich is currently undergoing major refurbishment. Therefore, the current Net Book Value is significantly lower than the quinquennial direct replacement cost valuation with further construction and refurbishment costs to be incurred in 2021/22. The Trust will therefore review the net book value for Walker Close at the end of 2021/22 to determine if a revaluation is required.

The upper plateau of Hellesdon Hospital remains in use with 2 years useful economic life outstanding. The Trust continues to work on the development plan for the Hellesdon site on the lower plateau and the disposal of the upper plateau by 2023.

The Trust is the lessor of assets in operating leases. These leases are immaterial in value and relate to the renting of small parts of owned assets (e.g. part of a building) and therefore this is not accounted for separately to the overall assets in terms of depreciation and impairment. This accounting treatment will change with the implementation of IFRS16 as set out in note 1.25.

Note 18 Inventories

	31 March 2021	31 March 2020
	£000	£000
Drugs	103	114
Consumables	266	-
Total inventories	**369**	**114**
of which:		
Held at fair value less costs to sell	266	-

Inventories recognised in expenses for the year were £4,182k (2019/20: £2,687k). Write-down of inventories recognised as expenses for the year were £111k (2019/20: £0k).

In response to the COVID-19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £1,671k of items purchased by DHSC.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 19 Receivables

Note 19.1 Receivables

	31 March 2021	31 March 2020
	£000	£000
Current		
Contract receivables	3,430	8,709
Allowance for impaired contract receivables / assets	(301)	(125)
Prepayments (non-PFI)	2,639	1,517
PDC dividend receivable	55	-
VAT receivable	902	681
Other receivables	616	784
Total current receivables	**7,341**	**11,566**
Non-current		
Other receivables	47	579
Total non-current receivables	**47**	**579**
Of which receivable from NHS and DHSC group bodies:		
Current	1,894	7,015
Non-current	47	579

Other receivables as at 31 March 2021 includes £52k Clinician Pension Tax funding due from NHS England (£602k 2019-20), of which £47k is due over 1 year in line with when the clinical pension tax charges are due to arise.

Note 19.2 Allowances for credit losses

	2020/21	2019/20
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**125**	**191**
New allowances arising	253	46
Reversals of allowances	(55)	(84)
Utilisation of allowances (write offs)	(22)	(28)
Allowances as at 31 Mar 2021	**301**	**125**

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

Note 19.3 Exposure to credit risk

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Contracts Receivables	3,430	4,212	8,709	2,982
Allowances for credit losses	301		125	
% of Contract Receivables deemed to be at risk	8.8%		1.4%	
The levels of risk vary dependent on the types of receivables;				
NHS and Local Authorities receivables	2,821		8,500	
Allowance for credit losses	31		24	
% of Contract Receivables deemed to be at risk	1.1%		0.3%	
Non NHS receivables	609		209	
Allowance for credit losses	270		101	
% of Contract Receivables deemed to be at risk	44.3%		48.3%	

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

Note 20 Non-current assets held for sale and assets in disposal groups

	2020/21	2019/20
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**-**	**-**
Transfers by absorption	-	-
Assets classified as available for sale in the year	848	-
Impairment of assets held for sale	(8)	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**840**	**-**

There are 3 properties held for sale as at 31 March 2021:

- Eccles Road
- 4 Allington Smith Close
- 6 Allington Smith Close

The Trust is in the process of completing the sale of these sites. The sites have been revalued at disposal value and removed from assets in use and transferred to Assets Held for Sale.

Note 21 Cash and cash equivalent

Note 21.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2020/21	2019/20
	£000	£000
At 1 April	**17,884**	**13,627**
Net change in year	18,002	4,257
At 31 March	**35,886**	**17,884**
Broken down into:		
Cash at commercial banks and in hand	138	84
Cash with the Government Banking Service	35,748	17,800
Total cash and cash equivalents as in SoFP	**35,886**	**17,884**
Total cash and cash equivalents as in SoCF	**35,886**	**17,884**

Note 21.2 Third party assets held by the Trust

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

	31 March 2021	31 March 2020
	£000	£000
Bank balances	274	176
Total third party assets	**274**	**176**

Note 22 Payables

Note 22.1 Trade and other payables

	31 March 2021	31 March 2020
	£000	£000
Current		
Trade payables	5,848	3,495
Capital payables	2,362	3,393
Accruals	19,532	14,345
Social security costs	2,193	1,984
Other taxes payable	1,635	1,402
PDC dividend payable	-	52
Other payables	7,224	2,422
Total current trade and other payables	**38,794**	**27,093**
Of which payables from NHS and DHSC group bodies:		
Current	1,981	1,749
Non-current	-	-

Note 23 Other liabilities

	31 March 2021	31 March 2020
	£000	£000
Current		
Deferred income: contract liabilities	5,594	229
Lease incentives	237	44
Total other current liabilities	**5,831**	**273**
Non-current		
Deferred income: contract liabilities	3	3
Lease incentives	133	177
Total other non-current liabilities	**136**	**180**

Note 24 Borrowings

Note 24.1 Borrowings

	31 March 2021	31 March 2020
	£000	£000
Current		
Loans from DHSC	1,087	5,941
Obligations under PFI, LIFT or other service concession contracts	208	194
Total current borrowings	**1,295**	**6,135**
Non-current		
Loans from DHSC	5,829	6,886
Obligations under PFI, LIFT or other service concession contracts	2,853	3,003
Total non-current borrowings	**8,682**	**9,889**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC). The affected loans totalling £4,489k principal were classified as current liabilities as at 31 March 2020. The repayment of these loans was funded through the issue of PDC.

Note 24.2 Reconciliation of liabilities arising from financing activities – 2020/21

	Loans from DHSC	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2020	**12,827**	**3,197**	**16,024**
Cash movements:			
Financing cash flows - payments and receipts of principal	(5,905)	(180)	**(6,085)**
Financing cash flows - payments of interest	(245)	(217)	**(462)**
Non-cash movements:			
Application of effective interest rate	239	261	**500**
Carrying value at 31 March 2021	**6,916**	**3,061**	**9,977**

Note 24.3 Reconciliation of liabilities arising from financing activities – 2019/20

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

Note 25 Provisions for liabilities and charge analysis

Note 25.1 Provisions for liabilities and charge analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2020	**1,115**	**1,998**	**801**	**11,425**	**15,339**
Transfers by absorption	-	-	-	-	**-**
Change in the discount rate	-	-	-	-	**-**
Arising during the year	107	87	220	1,659	**2,073**
Utilised during the year	(255)	(134)	(72)	(5,197)	**(5,658)**
Reclassified to liabilities held in disposal groups	-	-	-	-	**-**
Reversed unused	-	-	-	(543)	**(543)**
Unwinding of discount	-	-	-	-	**-**
At 31 March 2021	**967**	**1,951**	**949**	**7,344**	**11,211**
Expected timing of cash flows:					
- not later than one year;	256	136	949	7,297	**8,638**
- later than one year and not later than five years;	598	687	-	47	**1,332**
- later than five years.	113	1,128	-	**-**	**1,241**
Total	**967**	**1,951**	**949**	**7,344**	**11,211**

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

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

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

Other provisions have been made for COVID-19 pandemic response, service redesign and other potential liabilities.

Note 25.2 Clinical negligence liabilities

At 31 March 2021, £4,418k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Norfolk and Suffolk NHS Foundation Trust (31 March 2020: £5,015k).

Note 26 Contingent assets and liabilities

	31 March 2021	31 March 2020
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	8	13
Gross value of contingent liabilities	**8**	**13**
Net value of contingent liabilities	**8**	**13**
Net value of contingent assets	**-**	**-**

Note 27 Contractual capital commitments

	31 March 2021	31 March 2020
	£000	£000
Property, plant and equipment	2,534	2,708
Total	**2,534**	**2,708**

Note 28 Other financial commitments

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

	31 March 2021	31 March 2020
	£000	£000
not later than 1 year	8,233	4,270
after 1 year and not later than 5 years	11,982	1,250
paid thereafter	-	-
Total	**20,215**	**5,520**

Note 29 On-SoFP PFI, LIFT or other service concession arrangements

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

Note 29.1 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 2021	31 March 2020
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**10,321**	**11,997**
Of which liabilities are due		
- not later than one year;	817	812
- later than one year and not later than five years;	3,523	3,588
- later than five years.	5,981	7,597
Finance charges allocated to future periods	(7,259)	(8,800)
Net PFI, LIFT or other service concession arrangement obligation	**3,062**	**3,197**
- not later than one year;	209	194
- later than one year and not later than five years;	1,012	938
- later than five years.	1,841	2,065

Note 29.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2021	31 March 2020
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**27,957**	**32,584**
Of which payments are due:		
- not later than one year;	2,179	2,166
- later than one year and not later than five years;	9,400	9,573
- later than five years.	16,378	20,845

Note 29.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2020/21	2019/20
	£000	£000
Unitary payment payable to service concession operator	**2,112**	**2,062**
Consisting of:		
- Interest charge	261	258
- Repayment of balance sheet obligation	180	177
- Service element and other charges to operating expenditure	1,319	1,293
- Contingent rent	352	334
Total amount paid to service concession operator	**2,112**	**2,062**

Note 30 Financial instruments

Note 30.1 Financial risk management

IAS 32, 39 and IFRS 7, Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

The Trust is not exposed to significant financial risk factors arising from financial instruments. Because of the continuing service provider relationship that the Trust has with local Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

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

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

Note 30.2 Carrying values of financial assets

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

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non-financial assets	3,792	**3,792**
Other investments / financial assets	-	**-**
Cash and cash equivalents	35,886	**35,886**
Total at 31 March 2021	**39,678**	**39,678**

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

Note 30.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	6,916	**6,916**
Obligations under finance leases	-	**-**
Obligations under PFI, LIFT and other service concession contracts	3,061	**3,061**
Other borrowings	-	**-**
Trade and other payables excluding non-financial liabilities	33,661	**33,661**
Other financial liabilities	-	**-**
Provisions under contract	-	**-**
Total at 31 March 2021	**43,638**	**43,638**

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

Note 30.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2021	31 March 2020*
	£000	£000
In one year or less	33,137	30,409
In more than one year but not more than five years	7,472	7,964
In more than five years	7,861	10,137
Total	**48,470**	**48,510**

* The prior year comparator figures in this note were previously prepared on a discounted cash flow basis. In line with the recommendations of the Group accounting manual this has been updated to be shown on an undiscounted basis. This has no impact on the value of the liabilities within the Statement of Financial Position.

Note 31 Losses and special payments

	2020/21		2019/20	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	3	-	2	-
Fruitless payments and constructive losses	-	-	-	-
Bad debts and claims abandoned	-	-	-	-
Stores losses and damage to property	4	1	5	1
Total losses	**7**	**1**	**7**	**1**
Special payments				
Compensation under court order or legally binding arbitration award	10	99	7	36
Extra-contractual payments	-	-	-	-
Ex-gratia payments	66	117	30	10
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**76**	**216**	**37**	**46**
Total losses and special payments	**83**	**217**	**44**	**47**
Compensation payments received		-		-

Note 32 Related parties

Norfolk and Suffolk NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. During the year none of the Board members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust (2019/20- £nil).

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

The Trust also had £16,470k of expenditure with NHS Professionals for temporary staff costs (2019/20 £13,325k). In addition, the Trust had a significant number of material transactions with other Government bodies, namely Norfolk County Council and Suffolk County Council.

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

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

			Payables	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Department of Health and Social Care	26	-	-	-
NHS England	915	2,850	4,181	-
NHS Foundation Trusts	143	164	1,277	1,078
NHS Trusts	20	32	75	7
Clinical Commissioning Groups (CCGs)	311	3,326	2,543	344
Health Education England	302	69	-	6
Other NHS bodies	110	550	228	476
Local Government and other WGA bodies	1,932	2,166	8,093	6,386
Total	**3,759**	**9,157**	**16,397**	**8,297**

	Income		Expenditure	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Department of Health and Social Care	128	380	-	-
NHS England	33,339	27,993	-	-
NHS Foundation Trusts	1,026	1,386	2,808	2,187
NHS Trusts	288	320	203	126
Clinical Commissioning Groups (CCGs)	231,496	213,243	204	90
Health Education England	6,204	5,247	4	-
Other NHS bodies	126	476	2,002	1,631
Local Government and other WGA bodies	5,173	6,188	58,821	52,407
Total	**277,780**	**255,233**	**64,042**	**56,441**

Note 33 Events after the reporting date

The impact of the COVID-19 pandemic was felt by trusts throughout the 2020/21 financial year and the demand for mental health services are expected to rise in 2021/22. The Trust's response to COVID-19 has been articulated within the Annual Governance Statement (section 3). There have been no material post balance sheet impacts relating to the COVID-19 pandemic that required additional disclosure.

Contact the customer service team for confidential advice, information and support, helping you to answer any questions you have about our services or about any mental health matters.

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Tel: 01603 421486 **Email:** customer.service@nsft.nhs.uk

Norfolk and Suffolk NHS Foundation Trust values and celebrates the diversity of all the communities we serve. We are fully committed to ensuring that all people have equality of opportunity to access our service, irrespective of their age, gender, ethnicity, race, disability, religion or belief, sexual orientation, marital or civil partnership or social and economic status.

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