

# Annual report and Accounts

## 2020/21



Thank you!  
#TEAMNELFT



# **North East London NHS Foundation Trust Annual Report and Accounts 2020/21**

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



<b>Contents</b>	
<b>CHAIR'S STATEMENT</b>	Page 6
<b>CHIEF EXECUTIVE'S STATEMENT</b>	Page 8
<b>PERFORMANCE REPORT</b>	Page 11
Performance Report Overview	Page 11
<b>ACCOUNTABILITY REPORT</b>	Page 32
Directors' Report	Page 32
Staff Report	Page 50
Remuneration Report	Page 62
Governors and Members	Page 67
<b>STATEMENTS AND ACCOUNTS 2020/21</b>	Page 82
Statement of Compliance with FT Code of Governance	Page 82
Statement of Chief Executive's Responsibilities as the Accounting Officer	Page 83
Annual Governance Statement 2020/21	Page 85
Operating & Financial Review Summary	Page 105
Annual Accounts 2020/21 (Full)	Page 110
Independent Auditor's Report	Page 153

## CHAIR'S STATEMENT

Welcome to our Annual Report for 2020/21. It has been the most challenging year we have ever faced in the NHS, responding to the long and sustained crisis that is COVID-19. I want to say a heartfelt thank you, which doesn't sound enough I'm sure, to all of my colleagues across NELFT and to our partners who have supported us to continue to deliver services to our patients and communities in such unprecedented times. The response from NELFT and the wider NHS has been nothing short of outstanding in the face of huge challenges, as has the remarkable courage shown by our staff in responding.

I have been immensely impressed by the efforts of everyone who is part of Team NELFT in how you have all responded over this difficult year. I was lucky enough to see first-hand how hard teams worked, alongside partners from health and care, the voluntary sector, the military and fire brigades, to set up a number of new services and create additional capacity across Essex and London to deal with the impacts of the pandemic.

Our Chief Executive, Oliver Shanley, has been leading the way with work to further develop our culture of compassion and collaboration over the last 12 months. We have made huge strides in the support we have put in place for staff to help them both with their professional lives but also with some of the challenges the pandemic has caused for people personally. I have so much admiration for my colleagues across the Trust who have continued to deliver the best care to our patients and communities despite their own experiences and in many cases their personal tragedies arising from the pandemic. Sadly, we lost a number of colleagues across the Trust to COVID-19 and I want to let you all know that we are in the process of ensuring there is a lasting memorial to our valued friends and team members lost in the care and service of others.

The Board at NELFT has continued to see some considerable change over the past year. Our new Executive Director of People and Culture, Simon Hart, joined us in December 2020 and is already playing a crucial role in our organisational development and in positive cultural change work within the Trust.

Our Chief Nurse and Executive Director of Integrated Care for Essex and Kent, Stephanie Dawe, left the Trust in March 2021 after 20 years working for NELFT and our predecessors. To say the Trust will not be the same without her is an understatement but I am pleased that we will continue to work in partnership with Stephanie in her new role within the Essex system. In April 2021, we appointed Wellington Makala as our Interim Chief Nurse and it is fantastic to see one of our own colleagues stepping up into this role. I believe in 'growing our own' and am delighted to welcome him to our Board to continue his development.

The last year has seen even more need to work in a joined-up way across London, Essex and Kent to ensure that we are delivering integrated care to our communities. There are many excellent examples of partnership working across all areas including the development of new health and wellbeing centres in Havering and Thurrock. We are also supporting the development of the BHR Academy that will help us to recruit and retain a high quality, local workforce through an innovative programme of training and development. Our partnerships continue to mature with closer working with East London NHS Foundation Trust and a continuation of the collaboration with Barking, Havering and Redbridge University Hospitals NHS Trust and our partners Essex Partnership University

NHS Trust and Provide in Mid and South Essex. This bodes well for future improved population health.

It is heartening to know that despite the pressures of the pandemic, we have been able to move forward with many other projects and partnerships that will support sustainable, innovative and high quality approaches to the delivery of services over the coming years. There are some significant new facilities planned in 2021 and beyond that I hope will bring radical improvements for the communities we serve. Whilst we continue to learn from the impacts of the pandemic, it is also vital that we adapt and learn from the new ways in which we have had to work. Going forward there will be a new normal for us all and it is so important that we work with our colleagues and partners to ensure that we are able to best meet the needs of our communities and improve health outcomes for those we serve.

I would like to finish on the same theme that I started, with a genuine and heartfelt thank you to each and every one of my colleagues in NELFT, to our Board, Executive and our Council of Governors along with our partners and friends across London, Essex and Kent for supporting us to deliver the best care by the best people.

Signed:



Joseph Fielder  
Trust Chair  
28 June 2021



## CHIEF EXECUTIVE'S STATEMENT

This time a year ago, I was sharing my first Chief Executive's Statement with you in our 2019/20 Annual Report. I never imagined what sort of year we would experience ahead of writing the 2020/21 statement. As we all know, the NHS has faced unprecedented demands on our services and our workforce in the face of the global COVID-19 pandemic. I can honestly say I have never experienced a year like it in all my time working in the NHS.

I have to start by saying a huge and heartfelt thank you to every single colleague across NELFT who have all worked tirelessly to provide the best possible care to our patients and their loved ones in the most pressured circumstances imaginable. As well as ensuring that those who use our services are cared for, all of our colleagues have done this while managing a multitude of emotions and experiences both in their work lives and at home.

I cannot mention our amazing workforce here at NELFT without sharing how devastated I am that we lost a number of our colleagues to COVID-19. In this past year I have had to share some of the most difficult messages in my career to our teams and I have appreciated all of the kindness and support that both I and our colleagues have received.

Unsurprisingly, the wellbeing of our workforce has been one of our top priorities throughout 2020/21. I am so proud that NELFT are part of the Live Well NEL Wellbeing Hub providing health and wellbeing support to health and social care staff across north east London and our services in Essex and Kent. We have worked with partners at East London NHS Foundation Trust and across the East London Health and Care Partnership to deliver a model based on the services we were already providing here at NELFT.

Over 1000 of our colleagues have access to our NELFT wellbeing support services either by phone or online, and our wellbeing website has been visited almost 20,000 times. Given the nature of the pandemic it has proved challenging to offer support in the usual ways and we have relied heavily on a digital approach, hosting over 450 health and wellbeing webinars for staff and running a weekly all staff webinar with our leadership team since March 2020.

Listening to what our colleagues tell us is key to delivering the compassionate and collaborative leadership culture we strive for here at NELFT. Delivering over 100,000 meals for our colleagues in inpatient services and establishing ten wellbeing rooms across the Trust are just a couple of examples of how we are taking action to improve the wellbeing and working lives of our staff.

The national NHS Staff Survey saw 59% of NELFT colleagues share their views about working for the Trust. We have made significant improvements across four of the ten domains, with higher than average scores in six out of ten domains including quality of care, safety, culture and staff engagement. This is a reflection of all the work our teams have done over the last 12 months as well as our focus on continuous improvement.

Responding to the pandemic has been a huge challenge for all health and care organisations across the systems we work in. We have played a pivotal role in the response, particularly in terms of easing pressures on our acute trust partners in Essex and London through the set up and delivery of over 250 beds at our Goodmayes site in Ilford and at Brentwood Community Hospital. We have also been managing the NHS



Nightingale Hospital London on behalf of NHS London, supporting patients who have needed rehabilitation ahead of being discharged back home or to a community setting. In Waltham Forest we worked in collaboration with partners to set up the Discharge Hub and we have successfully and safely discharged over 4000 patients.

We have also been supporting both the roll out of the NHS staff vaccination and the vaccination programme for our local communities. We have recently set up three vaccination hubs in north east London in three weeks. I want to take this opportunity to thank all our NELFT staff who have been redeployed over the last year to deliver our response to the pandemic and thank all our partners who have worked with us to support these additional services.

Partnership working has been at the forefront of our work this year. As well as responding to the pandemic we have also been working towards a more integrated approach to the delivery of community services with Provide and Essex University Partnership NHS Trust, which has resulted in all three of our organisations formally signing a contractual joint venture in March 2021 to support this work. In Thurrock we have started the building work for the Corringham Integrated Medical Centre, and we hosted a virtual event in February 2021 to engage with our local community and partners.

In London we are working with our primary care, acute and commissioning partners to redevelop the St George's site in Havering as a Health and Wellbeing Hub. The planning phase for the design and build is already underway, and we will be engaging with our local residents throughout 2021 to ensure that as a system we deliver the most appropriate services in a modern, fit for purpose environment.

We are also partnering with Barking, Havering & Redbridge University Hospitals NHS Trust to develop a health and care academy to support the development of our staff across Barking, Havering and Redbridge, and beyond, as well as delivering a training programme to support our local communities into health and care roles in the future. This is an exciting development that will support us to nurture local talent to support recruitment into health and care services.

In April 2020, the Kent Medway Adolescent Hospital (KMAH) inpatient mental health unit for children and young people transferred to NELFT. This has enabled us to provide more comprehensive care for some of our patients who we are already treating as out-patients or in the community. By having a single NHS provider for community, outpatient and inpatient mental health services for children and young people in Kent and Medway, we aim to offer more joined up services for our patients too.

Our community mental health patient survey results saw an improvement across many areas with 14 responses in the top 20% of trusts. I was pleased to see that despite a move to more digital delivery of services, many service users felt well connected to the team that support them and those coordinating their care.

I am so proud that we have been able to respond so well to the pandemic over this last year as well as maintaining a wide range of services and supporting a large number of exciting projects that will improve outcomes for our local communities.

I would like to take this opportunity to thank all of my 6000 plus colleagues for their continued efforts to deliver the best care by the best people. I am humbled by the

commitment and dedication they have demonstrated in order to improve the lives of the people we serve.

Signed:

A handwritten signature in black ink, appearing to read 'O. Shanley', written over a horizontal line.

Professor Oliver Shanley OBE  
Chief Executive  
28 June 2021



# PERFORMANCE REPORT

## Performance report – overview

The performance report includes an overview of NELFT, our vision and values, purpose, key risks, and performance during the year 2020/21. We will share information about our services, our service location, the population we serve and those staff that care for our patients. Full details in relation to performance can be found in the Quality Report which will be published later this year.

### NELFT at a glance

#### Our vision

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

#### Our purpose

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

#### Our mission

To deliver the Best Care by the Best People.

#### Our values

NELFT has a core set of values that outline what is important to our staff and the people who use our services:

- **People first**  
We remember that patients, service users and carers are our top priority, and we treat others how we would like to be treated
- **Prioritising quality**  
We provide the best service possible, following best practice and national developments
- **Progressive, innovative and continually improving**  
We listen and continually improve our services for the benefit of our patients, service users and carers
- **Professional and honest**  
We work to create relationships based on honesty, respect and trust, and meet the highest standards of professionalism and confidentiality

- **Promoting what is possible – independence, opportunity and choice**

We help people achieve the best quality of life possible, giving them the information and support they need

## **About NELFT**

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

With an annual income of £487 million, we provide care and treatment for a population of circa 4.3 million. We employ in excess of 6,500 staff who work across 210 bases in London, Essex, Kent and Medway. We aim to ensure that local people can receive the care they need close to their homes.

NELFT is a large trust both geographically and in terms of the range of services we provide. This comes with a number of challenges and opportunities in relation to the complexity of the health and care systems we work within.

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

Inpatient rehabilitation and stroke care is provided from community wards at:

- Ainslie Rehabilitation Unit in Chingford;
- Brentwood Community Hospital;
- Meadow Court, Goodmayes site;
- King George Hospital at Goodmayes; and
- Mayfield Unit in Thurrock Community Hospital.

We are working with health and social care partners in Thurrock under the Better Care Together Thurrock programme to improve access for local patients. Improving health, social and community services in Thurrock has moved another step forward as building work has begun on the new Integrated Medical Centre (IMC) in Corringham. The Corringham IMC is one of four new medical centres being created across Thurrock as part of the programme, led by the Thurrock Integrated Care Partnership. These new centres will not only transform health and social care services in the area, but will improve GP waiting times, reduce the number of people needing to be admitted to hospital, and future proof these services for a growing population.

We began a partnership with primary care providers in Barking & Dagenham, Havering, and Redbridge to provide services across four Urgent Treatment Centres in June 2020, helping to enable our patients to access the right care at the right time.

NELFT has been in a partnership with the London Borough of Redbridge for the provision of Community Health and Adult Social Care, including Mental Health Services, since 1 April

2016. The partnership arrangement is being rolled over for a further year and will be further extended under a new Section 75 arrangement to continue the arrangement commenced in 2016. Under the partnership, NELFT is the operational lead for all Community Health and Adult Social Care services.

In April 2020, we acquired Kent & Medway Adolescent Hospital (KMAH) to manage Tier 4 Child and Adolescent Mental health (CAMHS) beds.

## **Trust strategy**

### Our aims

- Over the next five years we will ensure our CQC rating is 'Good' and move towards 'Outstanding' across the five CQC domains;
- We want NELFT to be the NHS employer of choice and will achieve this by engaging with and developing our people; and
- We will make best use of our resources and grow our financial turnover, in line with our commercial framework.

### Our strategic objectives

#### i. Best Integration

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

#### ii. Best Care

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

#### iii. Best People

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

#### iv. Best Finance

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

## v. Best Identity

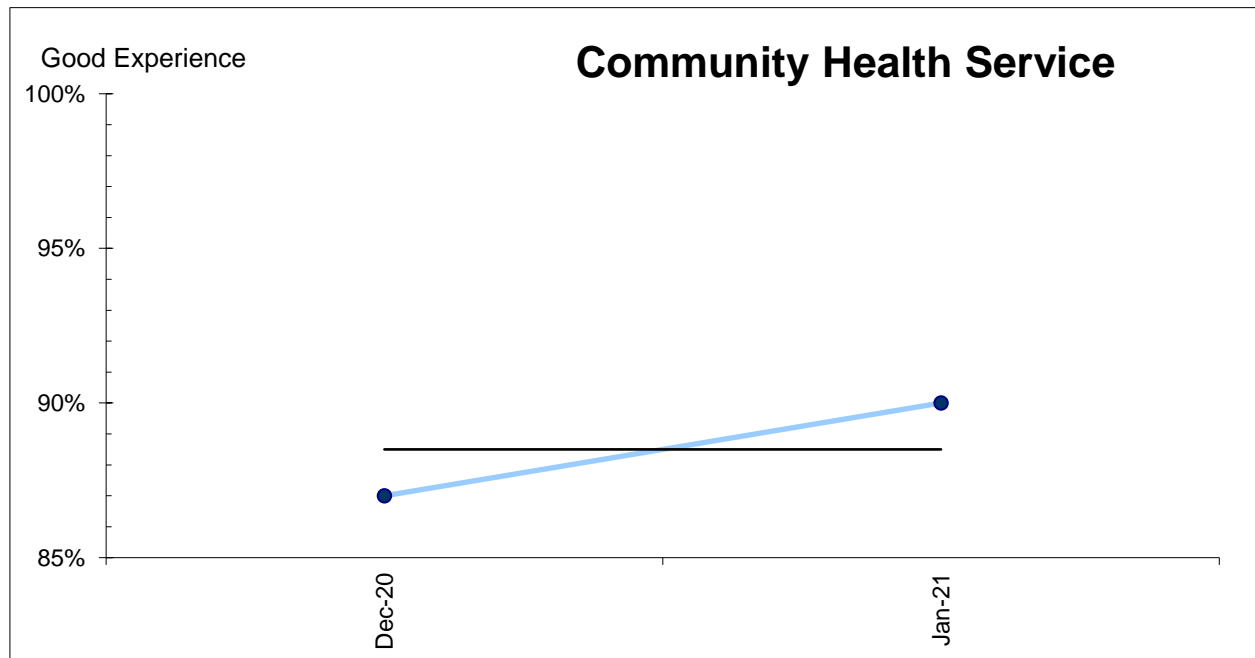
We will ensure our staff and partners are able to identify with NELFT and tell our story. We will actively seek feedback from staff, patients, and partners in order to understand what people think about the Trust and use that feedback to make improvements.

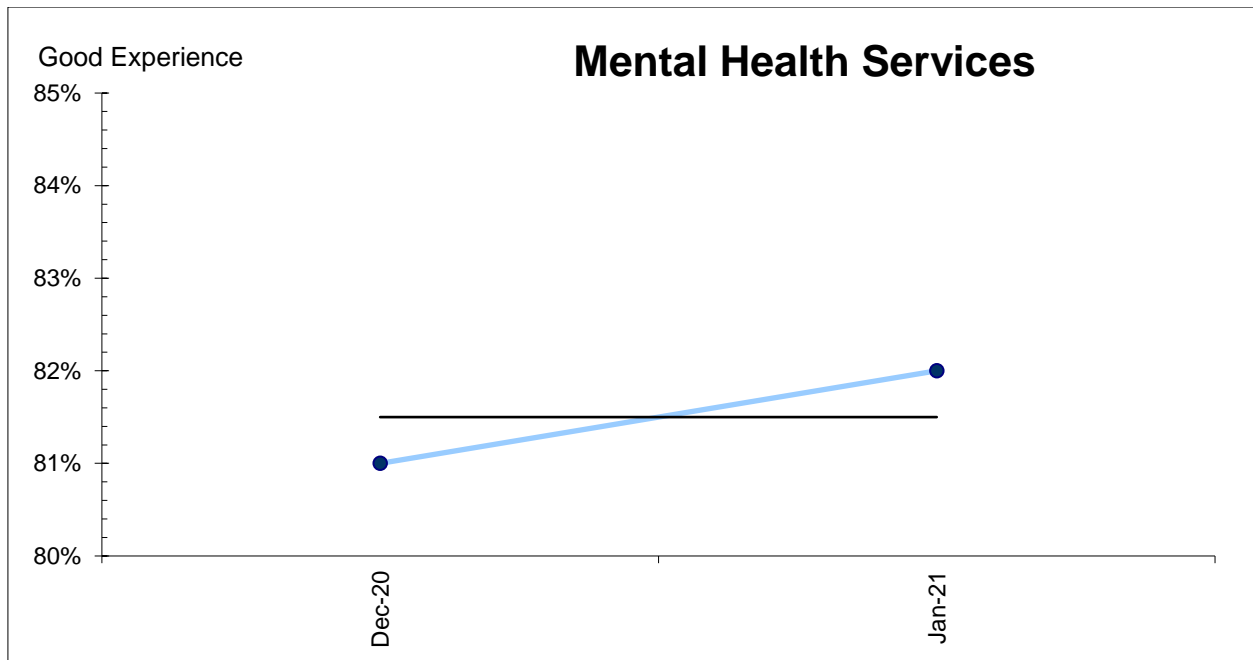
While we have worked towards the delivery of our Strategy throughout 2020/21, the changing landscape in relation to health and care, and the learning from the pandemic has given us the opportunity to review our strategic objectives as a Trust. We have been carrying out engagement work with our Board and senior leaders to consider a revised strategy for 2021/22 onwards, and this was approved by the Board of Directors in quarter one of 2021/22.

### Patient experience

From April 2020, a new question has replaced the Friends and Family Test (FFT) question about whether people would recommend the service they used to their friends and family. The replacement question invites feedback on the overall experience of using the service. However, there was a delay in implementing the new guidance in full due to the impact of the COVID-19 pandemic on services. The new FFT went live in the Trust in December 2020.

Our FFT data shows so far that on average 88.5% and 81.5% of respondents stated that they had a good experience of our community health and mental health services respectively.





## Awards and recognition

### June 2020

*NELFT awarded Gold TIDemark Standard by ENEI*  
(TIDE: Talent Inclusion & Diversity Evaluation)

The TIDemark allows our organisation to measure progress in Equality, Diversity & Inclusion practice both year on year and in comparison with our peers.

### July 2020

*NELFT success at the 2020 ENEI Awards*

NELFT was nominated in an impressive five categories for the annual Employers Network for Equality & Inclusion (ENEI) Awards 2020. We were named joint overall winner in the ENEI Public Sector category and winner in the Disability Confident category. The judges also commended NELFT in the Innovative Ways of Working and Inclusive Culture categories.

*NELFT awarded the Employer Recognition Scheme Gold Award for supporting the Armed Forces Community*

The most supportive organisations for Britain's Armed Forces from both the private and public sectors were announced and we were delighted to be named as one of these organisations having been awarded the Employer Recognition Scheme Gold Award.

### September 2020

*NELFT Nurse Liz Alderton Receives British Empire Medal*

Queens Nurse, Liz Alderton, a Community Nurse Team Lead and Specialist Community Practice Teacher based at the Harold Hill Health Centre in Havering, received a British Empire medal (BEM) for services to nursing in September 2020.

### *HSJ Value Awards 2020*

The Better Care Together Thurrock Team was shortlisted for HSJ Value award in the system or commissioner led service redesign category.

NELFT have been Highly Commended in the HSJ Value Awards 2020: Mental Health Service Redesign Initiative for their Downshall Intergenerational Provision.

### October 2020

#### *Patrick Onyema shortlisted for Nursing Associate Trainee of the Year Award*

Congratulations were in order for Patrick Onyema, Trainee Nurse Associate at NELFT, who was shortlisted for the Student Nursing Times Nursing Associate Trainee of the Year Award after being nominated by Anglia Ruskin University Chelmsford, where he is completing his Nursing Associate course.

#### *NELFT colleague awarded MBE*

We were thrilled that Parminder Kaur Kondral, a Community Health and Social Care Administrator in Fairlop, received an MBE in the 2020 Queen's Honours List.

#### *NELFT nurse awarded RCN BAME Rising Star Award*

Congratulations were also in order for Kerry Barriffe, Senior Practice Development Practitioner at NELFT, who was awarded the Royal College of Nursing London BAME Rising Star Award 2020.

### November 2020

#### *NELFT Knowledge and Library Manager wins prestigious award*

Natasha Howard, Knowledge and Library Service Manager at NELFT, was the joint winner of the UKelG and K&IM Information Manager of the Year 2020 award, along with William Kilbride, Executive Director of the Digital Preservation Coalition (DPC).

The awards were presented by The Chartered Institute of Library and Information Professionals' (CILIP) two special interest groups – the UK electronic Information Group (UKelG) and Knowledge and Information Management (K&IM).

## **Innovation**

Research and development is a cornerstone of maintaining high quality and developing innovative services through evidence-based research. At a national level, NELFT was placed as the top mental health trust and sixth overall on the 2019 National Institute for Health Research Network (the research delivery arm of the NHS) league for offering pioneering studies.

### **Best Care clinical strategy – principles for the next 10 years of Best Care**

*To provide the best care for our patients, families and communities who use our mental health and community services, right at the heart of people's lives.*

Best Care means improving the health of our population by providing high quality, effective, safe care, delivered by the best people who are caring, compassionate and treat patients with dignity and respect, whilst providing the best value.



How NELFT strategies support Best Care:

### Best People (Workforce)

- Training, development and apprenticeships
- Engagement of staff and listening and acting on feedback to improve retention and performance

### Digital

- Technology and systems that support a mobile workforce, and wireless and agile working
- Electronic Patient Record
- Embedding a data/performance/business intelligence culture across the Trust
- Improving data capture, relevance, and quality
- Use of technology to support effectiveness, efficiency and safety, and to improve patient experience

### Quality Improvement (QI)

- Underpinning the delivery of the Best Care Strategy
- Developing skills to undertake QI
- Embedding QI methodology and a culture of improvement across the organisation
- Identifying further areas of improvement or best practice, and focusing on things that will lead to excellence

### Service user & carer strategy

- Involvement of services users, patients and carers in individual care, quality improvement, operational and strategic decision making, informing all that we do over our next 10 year journey
- Forums and forms for gathering feedback from our service users, carers and their families

### Estates

- Remote and mobile technology
- Co-located teams, locality-based
- Fit for purpose
- Utilising our existing estate differently for delivery of care and wider projects

### Research & Development

- Training, teaching and supervision
- Building research capability
- Publications disseminating innovation and best practice
- Delivery of clinical trials and clinical research
- Research awards, sponsorship for clinical trials, grants, scholarships and other funding opportunities

- Training and conference days

## Quality priorities for improvement for 2020/21

### Development of our quality priorities

Continuous improvement remains a top priority for NELFT and we always look to develop meaningful quality indicators that can be monitored, reported, and scrutinised by all. We focus on the five key domains measured by the Care Quality Commission (CQC):

- Are services safe?
- Are services effective?
- Are services caring?
- Are services responsive?
- Are services well-led?

CQC Key Domain	Annual Quality Priorities 2020/21
<b>Safe</b>	<p>We are planning to make it possible for every member of the Trust to access consistent, high quality patient safety resources according to their role, so NELFT is going to:</p> <ul style="list-style-type: none"> <li>• develop a robust, achievable, and aspirational plan for patient safety training for NELFT; and</li> <li>• ensure every member of the staff has access to patient safety training, from ward to board.</li> </ul>
<b>Effective</b>	<p>The Trust will continue to acknowledge the receipt of complaints and evidence where we have listened, acted, and learned from both complaints and compliments. We need to show actions and tangible changes.</p>
<b>Responsive</b>	<p>We will make the NELFT '5 by 5' patient survey more accessible for all our service users and carers by using a better, easier to understand question from the new NHS Friends and Family Test (FFT).</p>
	<p>We will monitor the effectiveness of the NELFT Quality Improvement Programme (NQIP) to ensure:</p> <ul style="list-style-type: none"> <li>• quality of training; and</li> <li>• patient participation.</li> </ul>
<b>Caring</b>	<p>NELFT is looking to improve the transition from children to adult services. We will look to include CAMHS (children and adolescent mental health services) to ensure that actions from a previous CQUIN (Commissioning for Quality and Innovation) scheme have been fully embedded.</p>
	<p>A settled home is vital for good mental health and forms part of an effective recovery pathway. It enables the service user to build an independent life and supports returning to work and education, whilst receiving the support and help they need. Without a settled place to live, recovery can be impeded and people with mental health problems find it hard to secure and maintain good quality accommodation. Those who experience a mental health illness are one and a half times more likely to live in rented housing, with greater uncertainty about how long they can remain in their current home and are therefore four times more likely to say it makes their health worse.</p>

There were no agreed Quality Priorities relating to Well Led in 2020/21. Two priorities relating to the Well Led domain have been agreed for 2021/22 and will be reported on in the Annual Report for 2021/22.

### **Equality of service delivery to different groups**

Performance reports from electronic systems should be able to be broken down by age, disability, gender reassignment, marital status, sex, sexual orientation, race, and religion. Not all key characteristics are completed when capturing data, so this is an area that is consistently reviewed, and actions put in place to improve the input of data into electronic patient records.

The Trust has been considering the development of systems to report patient data under these categories on a monthly, quarterly, and annual basis. Reporting covers referrals, contacts, did not attend (DNAs), cancelled appointments and waiting lists.

We review and monitor by use of the patient's GP area those patients in deprived areas who are accessing our services. This enables our teams to compare patient profiles within the communities we serve to identify gaps and trends, and to improve access for those who do not currently use our services. The information gathered is also used for equality impact assessments for service delivery and when redesigning or procuring new services. We are also utilising dashboards and tools to monitor those patients that are extremely vulnerable and on a shielded patient list.

Continued close monitoring of data capture, recording and reporting is vital to maintain and improve data quality. We produce and publish data nationally via monthly uploads to NHS Digital. Management tools are being developed internally that allow us to drill down into our data by certain characteristics, including ethnicity, gender, and age. Teams will be able to access their own data through these tools so that they can manage and drive data quality.

### **Equality statement from Sustainability and Environmental Management Policy**

This policy reflects the organisation's determination to ensure that all parts of our community have equality of access and receive a high standard of service as service users, carers, or employees. This policy anticipates and encompasses the Trust's commitment to prevent discrimination on any illegal or inappropriate basis and to recognise and respond to the needs of individuals based on good communication and best practice. We recognise that some groups of the population are more at risk of discrimination or less able to access services than others and that services can often unintentionally put barriers in place that can limit or prevent access. The organisation is continually working to prevent this from happening.

## **Overall performance of the Trust in 2020/21**

### **How NELFT measures performance**

NELFT is commissioned by Clinical Commissioning Groups (CCGs), Local Authorities or specialist commissioners. We deliver a wide range of services across a large geographical area with very different demographics and needs.

The ways in which we measure our performance include:

- Key Performance Indicators against targets set by commissioners;
- Quality Indicators;
- National targeted indicators;
- NHS Oversight Framework;
- Commissioning for Quality and Innovation (CQUIN) targets;
- Targeted Information Indicators;
- National Surveys – Patient and Staff surveys;
- Outcome Measures;
- Quality Improvement (QI);
- Friends and Family Surveys;
- CQC Inspections; and
- Quality Report Priorities.

NELFT has a large number of Key Performance Indicators (KPIs), Quality Indicators, CQUINs and Targeted Information Requirements on which we are contracted to report on a monthly and quarterly basis to both commissioners and NHS England. We have in place an established system to capture, record and report on those mandated measures and internal indicators to support our mission and vision. NELFT has an established cycle of governance and a process of tracking and measuring priorities to report on the delivery of progress against targets and goals.

Internal measures are chosen to reflect the strategic view, vision and objectives of the organisation and are integrated with other indicators to give a full picture of the Trust's performance. Not all measures have targets, but progress is shown through various forms, including SPC (statistical process control) charts, trends, and benchmarking. We take a wide view of services to ensure the fullest coverage of performance measures. Reporting is set at different levels to capture the various layers relevant to each group or audience.

The Executive Management Team and Board of Directors are given sight of high-level reporting that details measures taken and areas of concern or improvement. Interactive tools have been developed that allow for independent viewing across the Trust by the hour, day, week, month or quarter of indicators and activity. This also allows end users to view risks, workforce data, capacity, demand, and surge planning.

Progress is monitored in all key areas by regular position reporting to teams, services, directorates, the Executive Management Team, and the Board of Directors. Exception reporting is utilised to allow for the development of action plans to mitigate future risks, ensure compliance, and promote patient safety.

There are a number of key performance indicators (KPIs) which would result in financial penalties should the Trust fail to meet them. All indicators are monitored internally through the governance cycle before being signed off and reported externally. Data is refreshed prior to submission and, where targets have been missed, we report by exception and implement action plans to address any gaps. The year-end position for 2020/21 for targeted indicators and KPIs showed that 72% were compliant. 10% marginally missed achieving their target and the remaining 18%, whilst failing to achieve their target, did not result in

financial penalties. Remedial action plans have been put in place, along with a review of data processes and data quality.

In addition to the above, we also have many non-contractual indicators that we monitor, setting ourselves high standards to ensure that our service-users, carers, and employees come first in the services we provide.

We continue to work with our partners to reduce waiting times and to deliver a new and improved model of care for young people who require mental health support, as well as people who need to use our eating disorder services. As a large trust, both geographically and in terms of the array of services we provide, NELFT never underestimates the challenges our workforce faces in delivering the best possible care to the communities we serve.

The financial and performance challenges each year continue to prove that our agreements require every bit of our experience and resource to deliver. During the pandemic, meetings were suspended, allowing the Trust to concentrate on our services during this period. However, we continue to deliver on our targets and our focus remains on continuing to drive up the quality of what we do. We were able to deliver our obligations with all our commissioners within the planned financial envelope for the year.

### Risk management

The establishment of effective risk management is recognised as being fundamental in ensuring good governance. Thus, these arrangements should be endorsed and upheld by the Board of Directors, Board sub-committees, the Executive Management Team, and the integrated care directorate leadership teams through the implementation of cyclical risk management, risk-based board reporting, and monitoring regimes. If we as an organisation are not performing to the expectations of internal measures, mandated indicators, and commissioned services then there will be a risk to the safety of our patients. NELFT is committed to the achievement of its vision and supporting the achievement of its core objectives. In doing so, the Trust realises that it will face a variety of business risks.

Risk management is the process by which an organisation identifies risks, assesses their relative importance, determines the appropriate risk control mechanism, and assures the agreed action is taken. The Trust has a legal requirement to give assurance that risks in the organisation are identified and appropriately managed.

The development of the Board Assurance Framework (BAF), as referenced within the annual governance statement, has been linked in with the Trust's risk register by way of inclusion in the regular high risk reports to the Board sub-committees. This combining of information ensures the relevant BAF risks are reviewed alongside the operational risks, all of which are aligned to the Trust's strategic objectives. 2020/21 was the first time both BAF and operational risks appeared in the same committee papers.

All risks on the Trust risk register are risk rated using the standard 5x5 matrix to assess likelihood and impact, with the risks rated as high (15 and above) being reviewed monthly as a minimum. Depending upon the strategic objective they may affect, they are regularly reported to the relevant Board sub-committee. This reporting strategy is referenced within

the annual governance statement. Applying this framework and focusing on the high risks as the Trusts' principal risks, a summary can be given as follows.

### *Best Care*

As expected, the Best Care strategic objective had the largest number of principal risks open at any one time on the Trust's risk register. The majority were risks to the delivery of services due to increasing demands. Mitigation of these risks included: services implementing their business continuity plans; use of bank, locum, and agency staff; prioritisation of caseloads and the application clinical risk management at zoning meetings; and huddles and clinical harm reviews of waiting lists. For one service, a system-wide business case has been approved to address the needs of children with autism with the aim of mobilising the service by September 2021.

Emerging risks during 2020/21 were primarily linked to the response to the pandemic as services were either scaled back or expanded. There were high risks opened for the wards on the Goodmayes site and at Brentwood Community Hospital. These have all now been closed. One risk that does remain is that associated with the use of FFP3 (filtering face piece) masks. This risk is managed by the Director of Nursing for Clinical Effectiveness.

### *Best People*

The majority of risks related to the lack of staff in both adult and children's services, physical and mental health. District nursing teams in two of the London boroughs have long-standing risks on the risk register. Actions to address these risks include conversion of standard roles to clinical lead roles, employment of students once they have completed their course, a blended approach to the return to face-to-face contacts for the clinically extremely vulnerable and caseload cleansing.

One emerging risk on the risk register, which reflects the national post-pandemic recovery position, is that of children and adolescent mental health services and availability of tier 4 beds. NELFT is working with stakeholders in London and Kent to mitigate this.

### *Best Finance*

At the beginning of 2020/21, there were high risks associated with the achievement of financial controls by year end. During the year there were also risks associated with the finances of Nightingale Hospital. By year end, the risk ratings for both risks had reduced.

### *Best Integration and Best Identity*

There was a high risk identified during 2020/21 associated with the Nightingale Hospital as the unit moved towards closure. By year end, the rating for this risk had been reduced to a level of 'significant'.

A key opportunity for the organisation is the Southend, Essex and Thurrock Children and Adolescent Mental Health Services contract. Should the Trust be successful in bidding for these services, risks identified would include on-going contract management. This would be mitigated by dedicated management with specialised legal support.

Risks to delivery include managing long waiting lists, assessment times, complexities of needs, the differing demographics of our service users and, during 2020/21, the need to redeploy staff to critical areas of care when directed to reduce non-essential services to support the response to COVID-19.

NELFT services consistently perform to the very best benchmarks. We publish chosen indicators on the NELFT website quarterly, which are measured against both local trusts and nationally. Our patient feedback via Friends and Family tests were suspended for 2020/21 due to the pandemic.

### NHS Staff Survey

Our staff's response rate to the NHS Staff Survey remained high, at 59%, well above the national average of 49%. The Staff Survey, undertaken between September and December 2020, was provided by Quality Health who have administered the survey on behalf of the Trust for four years. At the question level, many of the scores have significantly improved but 12 remain significantly below the sector average. Encouragingly, 27 are significantly above the sector average.

Overall, seven of the ten theme scores have increased, four in a statistically significant way, and Quality Health have praised the organisation for achieving this while responding to the COVID-19 pandemic. NELFT scored in the top ten most improved places to work, and areas that might have been expected to decline during the pandemic, such as engagement, culture, morale and health and wellbeing have all improved.

The results and recommendations have been disseminated across the organisation and locality leadership teams are already working on action plans to both celebrate the success and prioritise areas for further development.

Further analysis of the Staff Survey results can be found below in the Staff Report.

### Quality Improvement

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

### Collaboration

NELFT continues to support the NHS Ten Year Plan and build upon the NHS Long Term Plan by removing barriers and fragmentation that exist to partnership working. The pandemic has shown that NHS staff and other organisations can collaborate flexibly across Sustainability and Transformation Partnerships (STPs) and move towards Integrated Care Systems. The recently published White Paper will continue the work already in place to integrate and innovate towards improved health and social care for all. We are working with

STPs to support efforts to relieve pressure on acute care providers and looking at how we can support the provision of more care in the community.

We have collaborated across health and social care with both our community services and our mental health services. Joint working in respect of patient records, planning of virtual wards and pooled patient data sets has allowed us to provide a complete patient record across all the STPs involved in an individual patient's care. This has aided our response to the pandemic and maximised patient flow from acute hospitals for both COVID-19 patients and non-COVID-19 patients, freeing up beds and allowing patients to move into community beds or to be cared for at home.

### Technology

Wherever possible, we have continued with mandatory training and maintained our unique professional training programmes, our approach to agile working, our support to care homes and our use of technology to support young people in monitoring their improvement whilst in our care.

Technology has played a huge role in the treatment of patients, enabling many of our patients to access virtual appointments when we could not safely see our patients face-to-face. It has also given many of our staff the ability to work from home, which has kept workspaces free to cater safely for those that need them.

It is equally important that we find new ways to deliver care closer to home according to patients' preferences, care complexities and the ability for staff to be agile in their work. We anticipate this approach will continue to evolve as a successful model of care and we will seek to develop this further into the future, consistent with the approach described in the NHS Long Term Plan.

### Financial performance

Finance was always expected to be a challenge during the pandemic but, despite this proving to be the case, we have been able to operate in accordance with our plans. In light of the pandemic, the Trust did not have a formal control total but agreed to break even for 2020/21. Total income for the year was £487m and all aspects of our financial performance remained within expected margins.

### Quality and innovation

Quality performance metrics within the CQC (Care Quality Commission) framework were delivered on plan, as were other governance considerations that contribute to our NHS Operating Framework (NOF). The NOF serves as one of the official rating frameworks for our regulators and NELFT's rating denotes an organisation without need of official support from the centre and, therefore, one of the higher performers nationally.

In 2020/21, NELFT was once again included in a number of publications citing our services as areas of best practice. We continue to focus on innovation and new ways of working to deliver national policy, such as the NHS Ten Year Plan and NHS Long Term Plan. Initiatives to reduce our dependence on buildings and offices and to optimise the money we spend on clinical services have made great progress. This has been incredibly important



over the past year, as the directive from the government was to work from home where roles allowed. This reduced usage of some of our estate, allowing these areas to be used for other purposes, for example, mandatory classroom training taking place in larger spaces to allow for social distancing. We have a growing number of over 6,500 staff who are working in line with our successful agile agenda, with devices rolled out across the organisation to support this innovation.

### Staff wellbeing

Recruitment of staff continues to be one of the biggest challenges faced by the organisation. This is reflected in the wider public service market nationally over the last year. However, our focus on health and wellbeing is paying dividends and we have seen a consistent decline in sickness rates across the organisation, as well as improved retention.

We have invested significantly in the health and wellbeing of our workforce, and we are actively encouraging a healthy work/life balance through our agile and flexible agenda. This has been recognised by the engagement of our staff with the NHS Staff Survey and the uptake of activities across the Trust such as the Staff Health and Wellbeing Week, local wellbeing activities and more opportunities for staff to connect with local leadership teams.

We know that having an engaged, healthy workforce that feels valued is key to the delivery of high quality patient care and that this improves outcomes for patients. Every month, a health and wellbeing newsletter is circulated to all staff to support wellbeing and to advertise support sessions to staff. Session topics have included mindfulness, insomnia and healthy sleep, healthy eating and weight management, and supporting redeployed staff.

### Sustainability

NELFT is in the process of developing a robust Sustainability & Environmental Management Policy, and the Board of Directors recently approved a Sustainability Strategy and dedicated resource to accelerate this work. NELFT recognises that sustainable business practices will benefit the NHS and the communities the Trust serves by ensuring the best use of resources and minimising any adverse impact on the environment. The Trust will ensure that sustainable development becomes an integral part of commissioning and providing its services.

The NHS Carbon Reduction Strategy for England sets an ambition for the NHS to help drive change towards a low carbon society. The strategy shows the scale of reduction in carbon required for the NHS to progress towards the Climate Change Act requirements and recommends key actions for the NHS to become a leading sustainable and low carbon organisation. The Sustainability team will ensure that this ambition and these actions are firmly embedded at the heart of everything we do.

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

## COVID-19

NELFT has continued to respond to the significant challenges that have been presented by the COVID-19 pandemic throughout 2020/21. Our staff have demonstrated the highest professionalism, dedication, and commitment in ensuring patient safety and have been instrumental in ensuring the Trust has been able to maintain an effective response to the unparalleled demands placed upon the NHS.

In response to the pandemic, the Trust has maintained its Incident Management Structure for the last 12 months in line with the requirements of NHS national incident levels. In August 2020, the national incident level for the COVID-19 response changed from Level 4 (an incident that requires NHS England National Command and Control to support the NHS response) to Level 3 (an incident that requires the response of a number of health organisations across geographical areas within an NHS England region) with the Trust focusing on recovery. Following this, and in response to increasing coronavirus infections and the NHS seeing increased COVID-19 demand, the NHS returned to Level 4, its highest level of emergency preparedness, on 5 November 2020. As a result, recovery arrangements were suspended.

Testing and swabbing arrangements remain in place alongside the vaccination programme. Phase 1 of Lateral Flow Asymptomatic Testing (LFT) began in November 2020. Phase 2 of LFT for staff to either continue or start the programme is currently being rolled out. LFT is available for all Trust, bank, agency and contractor staff who are required to travel to work to undertake their role. Although not mandatory, staff are encouraged to undertake the testing. National guidance recommends that staff should complete the testing programme even if they have had a vaccine.

A dedicated Health & Wellbeing team has provided support to staff throughout the year. The team have played a pivotal role in ensuring the Trust's workforce has been able to continue to support the response to the pandemic.

A PPE (personal protective equipment) depot is fully established within NELFT ensuring that our staff always have a sufficient supply of protective equipment to ensure their safety and that of our patients.

In October 2020, the government introduced a tier system of restrictions, with London, Essex and Kent being placed into Tier 4 in December 2020. This was superseded by the enactment of the third national lockdown on 6 January 2021. With COVID-19 inpatient numbers rising in almost all parts of the country and significant demands and pressures on the NHS, the London regional team asked NELFT to lead and manage services at the NHS Nightingale Hospital London at the ExCeL on behalf of the region. Further details are provided below.

At the same time, in Essex and as part of a system-wide approach to managing the second wave of the pandemic, with partners in Provide, Essex Partnership University NHS Foundation Trust and the military, we opened an additional 16 beds at Courage Ward, Brentwood Community Hospital, with a further three surge beds available if required.

In London, in partnership with East London NHS Foundation Trust, we opened additional beds in Daisy Ward, Goodmayes.

Our vaccination programme started in December 2020 with staff vaccinations being provided to our London-based staff at Barley Court, Goodmayes, and with our Essex- and Kent-based staff being able to access local vaccination hubs within their localities. NELFT is also leading the operation of three mass vaccination sites for members of the public in Romford, Dagenham and Chingford, all of which went live in March 2021.

Whilst it is acknowledged nationally that we are now past the peak of the second wave, we continue to maintain caution due to the increased transmissibility of the current dominant strain (the Kent strain) and the risk from new variants of concern. The Incident Management Team structure remains in place to ensure we are prepared for any potential further surges resulting from the easing of the lockdown restrictions.

### **NHS Nightingale Hospital London**

In response to the significant pressures on services caused by the COVID-19 pandemic, on 28 December 2020 the London regional team decided to stand up services at the NHS Nightingale Hospital London. Based at the ExCeL Centre, the NHS Nightingale Hospital London supported bed pressures by managing step-down beds from an acute hospital setting into a rehabilitation unit.

NELFT was asked to lead and manage the service on behalf of the London region and a senior leadership team was quickly established. The service was staffed by NELFT with additional support from the voluntary sector and professionals from across London came together to establish the unit with an extremely quick turnaround. Following the decision to open the NHS Nightingale Hospital, wards were opened to admit the first patients on 11 January 2021.

Between January 2021 and March 2021, we cared for 74 patients ranging in age from 26 to 99 years over 980 occupied bed days. The average bed occupancy was 58%, peaking at 95% in February 2021. 72% of our admissions were from north east and south east London, and the average length of stay was 13.5 days.

A robust quality and learning approach was adopted, incorporating a number of components including bedside learning coordinators, decision forums and the use of audit to support assurance.

95% of the patients who provided patient feedback reported their experience of the service to be either good or very good and, by February 2021, 100% of the staff that provided feedback reported that they would recommend the hospital to others and felt supported during their shifts.

The staff working at the hospital came from a range of backgrounds, with 41% living in areas within the lowest three Indices of Multiple Deprivation. 50.3% of staff were BAME and 57.4% were female. 14% were not in employment or training before they joined the NHS Nightingale Hospital London. 30% of the workforce came from other industries, including hospitality, security, transport, and leisure industries. Half of these staff reported that they were more likely to remain in healthcare following their experiences of working at the hospital. 74% of the workforce reported that they were interested in further training, development or career opportunities in health and social care after their Nightingale experience and 10 had registered to complete the Care Certificate with NELFT.

## **NHS Oversight Framework**

### Finance and use of resources

The finance use of resources metrics ceased to be used in its previous format and we are currently waiting for a revised format. There was therefore no financial use of resources metric operating during the 2020/21 financial year.

### **Equality, diversity & inclusion**

The Executive Director of People & Culture is the executive lead for Equality, diversity, and inclusion (EDI). The EDI team consists of three whole time equivalent (WTE) staff, who operate trust-wide and give assurance to the Board of Directors and respective governance structures on compliance with the Equality Act 2010 and other key performance indicators. The EDI team has been recognised as an exemplar of many good practices, and has achieved numerous awards last year, including:

- Talent Inclusion and Diversity Evaluation Gold Award Winner 2020;
- Employers Network for equality & Inclusion Awards 2020 Joint Overall Winner for Public Sector organisation;
- Disability Confident Winner;
- Inclusive culture: highly commended; and
- Innovative Ways of Working: highly commended.

The team will shortly be recruiting to another full-time post, and the remit of this post will include the implementation of the EDI strategy, community engagement, and health inequalities.

The EDI team reports and gives assurance to the Board of Directors and People & Culture Committee on the following frameworks:

- Compliance with the Equality Act 2010;
- Gender Pay Gap;
- Equality Delivery System;
- Accessible Information Standard;
- Workforce Race Equality Standard (WRES);
- Sexual Orientation Monitoring Standard;
- Disability Confident Standard;
- Workforce Disability Equality Standard (WDES); and
- Health Inequalities.

The COVID-19 pandemic has shone a light on inequalities and has led to the development of a NELFT Inequalities Forum, chaired by our Chief Executive. The aims of the forum are to develop an action plan to mitigate the inequality gap and to focus on two internal and two external inequality themes.

## Service delivery

Increasingly, EDI has become an important element in the delivery of service provision in the NHS. In NELFT, EDI is seen as a shared responsibility for all in order to create a better place to work and to embed the ethos of best care by the best people.

### *Data*

Quarterly performance reports of patient profile, broken down by age, disability, gender reassignment, marital status, race, religion, sex, and sexual orientation are presented to the leadership teams in each of the Integrated Care Directorates. These reports provide an overview of the community groups accessing services across the Trust, highlighting any potential gaps in terms of meeting the needs of the local population served by NELFT and showing trends where improvements are needed. For example, in Kent, we saw a high percentage of data being collected for children with disabilities, which in turn meant we were able to improve the accessibility of information and improve access to BSL (British Sign Language) interpreters. Over the past year, we have seen a significant uptake in the recording of gender reassignment across all directorates. Each directorate has a responsibility to ensure continued improvements in diversity monitoring for their patients and service users.

### *Equality impact assessments*

Assessments are completed on an annual basis for each service area. Each service is required to identify at least one action to be implemented to improve access to services. Equality impact assessments are also carried out for all service changes and restructures to assess the impact on both service delivery and staff. During the pandemic, the team developed a rapid response equality impact assessment for its incident management teams so that decisions made were based on addressing the needs of our workforce and the communities we serve.

### *Health inequalities*

A robust evaluation of services and communities is undertaken by mapping all the services in NELFT and their activities which are aimed at reducing health inequalities.

### *Access to interpreting and translation services*

NELFT has agreed key performance Indicators (KPIs) with its provider of interpreting and translation services, and these are reported on a quarterly basis. KPIs include face-to-face contacts, telephone contacts, British Sign Language, translation, and customer feedback.

The EDI team has been working with provider services on innovative ways of reducing did-not-attend rates, such as the use of text message appointment reminders in a range of languages.

Services such as video interpretation proved to be vital during the COVID-19 lockdown in allowing the organisation to continue to reach out to vulnerable groups.

### *Customer satisfaction scores*

The '5 by 5' patient survey includes a diversity monitoring form so that the Trust can report on which groups have a better or worse experience of using NELFT services and can implement actions to address any issues identified.

### *Partnership working*

The Health Inequalities agenda and the NHS People Plan have allowed the organisation to work collaboratively, and the EDI team has been a proactive member of Health Inequality Forums in Mid & South Essex, Waltham Forest & East London, and north east London. The team has also been a core member of the Essex EDI group, East of England EDI group, Pan-London EDI group and the Essex Faith Forum, and aims to broaden this collaboration still further.

### *Activities to promote equality*

Every financial year, the EDI team is allocated a training and development budget to deliver specialist training aimed at addressing the needs of the population that the Trust serves, increasing the cultural competencies of the staff in addressing these needs, and improving equality and inclusion for staff members. In 2020/21, the following training sessions were delivered:

- Safeguarding in LGBT+ community (particularly with domestic violence);
- Working with Roma Communities;
- Working with African Communities;
- TextHelp Read&Write Assistive Software Champion Training;
- Dragon Assistive Software Champion Training;
- Neurodiversity & Managing Reasonable Adjustments Training;
- Mental Health for Managers;
- Period Poverty; and
- Menopause.

### *Staff engagement*

The Trust has established the following staff networks which are supported by the EDI team and report quarterly on their activities to the People & Culture Committee:

- Disability Network;
- Dyslexia and Specific Learning Disabilities Network;
- Ethnic Minority Network;
- Hearing Impairment Group;
- LGBT+ Network; and
- WoMen's Network.

An Inter-faith Forum and a Mental Health Forum are due to be launched in 2021/22.

## *EDI strategies*

The following Strategies have been launched, each with an operational plan on its deliverables:

- Equality, Diversity & Inclusion Strategy;
- Disability Staff Network Strategy;
- Ethnic Minority Staff Network Strategy; and
- LGBT+ Staff Network Strategy.

The strategies above all include a key objective for community engagement and health inequalities.

### Key EDI objectives for 2021/22

In 2021/22, the EDI team aims to implement the overarching EDI Strategy and the individual Staff Network Strategies. Implementation of the strategies will:

1. Hold leaders to account by developing EDI objectives, and build line managers knowledge, skills and confidence in the inclusion agenda, EDI standards for inclusive leadership, mentoring and reverse mentoring.
2. Implement EDI development programmes for staff, ensuring staff are culturally competent in meeting the needs of the service users and the community they serve.
3. Promote positive behaviours and tackle bullying, harassment, and discrimination.
4. Allow the organisation to become a disability Confident Leader at Level 3.
5. Develop an enhanced approach to patient and community engagement.
6. Empower the organisation to work in partnership with health and social care on the public health and inequalities agenda.

Signed (on behalf of the Board of Directors):



Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021



# ACCOUNTABILITY REPORT

## DIRECTORS' REPORT

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

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

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

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

### Composition of the Board of Directors

#### Joe Fielder, Trust Chair and Non-Executive Director



Joe joined the trust as a Non-Executive Director (NED) in April 2013 before being appointed as Trust Chair in 2016. He has a number of years' experience at board level within British Telecom (BT) having served on both their south west and south east regional boards for many years. Joe was previously the Sales Director for BT Fleet Ltd, a wholly owned subsidiary of BT Plc, before taking up his role as Chair.

He has a track record of delivering transformational change programmes for cost improvement and in driving business growth in a variety of senior sales, marketing and operational roles. He worked previously in the international market with the Danish Great Nordic Group and was Deputy Managing Director of their UK business.

#### Sultan Taylor, Vice Chair and Independent Non-Executive Director



Sultan joined the trust as a NED in April 2017. He worked for the Metropolitan Police for 33 years; his latest role was as the Borough Commander of Barking & Dagenham. He was the Operational Commander of the Safer Transport Command and was responsible for the safe transport of the public, athletes and dignitaries during the 2012 London Olympics. Sultan has a track record of delivering improved performance through partnerships and community engagement while increasing public confidence.

partnerships and community engagement while increasing public confidence.



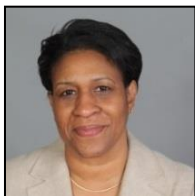
He has a number of years of experience as a board member at several strategic partnership boards such as the Health and Wellbeing, Community Safety, and Local Strategic Partnership. Away from NELFT, Sultan is an active tennis coach and holds an MBA and BSC (Hons).

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



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

### **Liz Delauney, Independent Non-Executive Director**



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

She has 43 years of experience working in the NHS, with 26 years at a managerial level and including 14 years as a director with a varied remit including Director of Nursing of Provider Services, human resources, and corporate services. Liz has significant experience in strategic planning, workforce and service redesign, clinical and corporate governance and the management of community and primary care services, as well as clinical, managerial, academic and consultancy experience.

### **Dave Bowen, Independent Non-Executive Director**



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

He is currently the Director of Contract Management at BT Business and Public Sector.

### **Sue Lees, Independent Non-Executive Director**



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

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

Sue is the Chief Executive of Elevate East London, providing IT, financial and customer services to local government. She has expertise in transformation of services, capital delivery, cost reduction and leading disparate teams.

### **Professor Oliver Shanley OBE, Chief Executive**



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

University NHS Foundation Trust (HPFT) for seven years.

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

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

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

### **Caroline Allum, Executive Medical Director**



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

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

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

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



Stephanie is an energetic leader with a real passion for improving the health and wellbeing of local communities. Her belief in and commitment to, working in partnership with users, carers and staff to deliver meaningful change is embodied in her approach. She is driven by the desire to deliver high quality services and is described by others as "inspiring, honest and determined".

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

*\* Stephanie left her post as Chief Nurse and Executive Director of Operations in Essex and Kent on 1 March 2021 to take up a full-time secondment with another organisation. An Interim Chief Nurse was appointed on 1 April 2021.*

### **Malcolm Young, Executive Director of Finance**



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

Procurement, Estates, and Contracts.

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

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



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

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

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



Bernard served as Interim Executive Director of Workforce & Organisational Development between April 2020 and October 2020.

He worked for 15 years in local government in North Yorkshire and the North East before joining the NHS with Greater Glasgow Health Board in 1989. He has over 29 years' experience as an NHS HR Director, having worked in Glasgow, Birmingham, Norwich, Essex and Oxford. Bernard also has 15 years' concurrent operational experience in managing Women and Children's services in both Norwich and Essex.

Whilst at NELFT, his responsibility covered both strategic workforce development and the operational delivery of the HR services across the Trust.

## Simon Hart, Executive Director of People & Culture



Simon Hart was appointed to the Board of Directors in December 2020. He has responsibility for all matters relating to staffing, employment relations, learning and development, and organisational culture.

Simon joined the NHS in 1994 and has worked in a number of NHS organisations in the acute, mental health and community sectors. Simon has held HR Director positions since 2006 at Oxleas NHS Foundation Trust and Maidstone & Tunbridge Wells NHS Trust.

### Balance and appropriateness of the Board of Directors

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

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

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

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

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

### Terms of office

<b>Non- Executive Director Terms of Office (for those who served during 2020/21)</b>	
<b>Name and Position</b>	<b>Term of Office</b>
Joe Fielder, Trust Chair & Non-Executive Director	Appointed <b>Non-Executive Director</b> 01 April 2013 – 31 March 2014 Extended 01 April 2014 – 31 March 2016  Appointed <b>Trust Chair</b> 01 April 2016 – 31 March 2019 Reappointed 01 April 2019 – 31 March 2022
Sultan Taylor, Vice Chair & Non-Executive Director	Appointed <b>Non-Executive Director</b> 01 April 2017 – 31 March 2020 Extended 1 April 2020 – 31 March 2021 Reappointed 01 April 2021 – 31 March 2024  Appointed <b>Vice Chair</b> 24 January 2019 Reappointed 01 April 2020 – 31 March 2021 Reappointed 01 April 2021 – 31 March 2024
Mark Friend, Senior Independent Director & Non-Executive Director	Appointed <b>Non-Executive Director</b> 01 March 2015 – 28 February 2016 Extended 01 March 2016 – 28 February 2019 Reappointed 01 March 2019 – 28 February 2022  Appointed <b>Senior Independent Director</b> 01 June 2018 – 28 February 2019 Reappointed 01 March 2019 – 28 February 2022
Liz Delauney, Non-Executive Director	Appointed <b>Non-Executive Director</b> 01 May 2017 – 30 April 2020 Extended 01 May 2020 – 30 April 2021 Reappointed 01 May 2021 – 30 April 2024
Dave Bowen, Non-Executive Director	Appointed <b>Non-Executive Director</b> 01 June 2018 – 31 May 2021

	Reappointed 01 June 2021 – 31 May 2024
Sue Lees, Non-Executive Director	Appointed <b>Non-Executive Director</b> 01 August 2019 – 31 July 2022

Executive Director contract start dates (for those who served during 2020/21)	
Name and Position	Contract Start Date
Professor Oliver Shanley OBE, Chief Executive	1 July 2019
Malcolm Young, Executive Director of Finance	5 August 2019
Caroline Allum, Executive Medical Director	1 April 2016
Stephanie Dawe, Chief Nurse & Executive Director of Integrated Care for Essex and Kent	1 April 2007 (ended 28 February 2021*)
Jacqui Van Rossum, Executive Director of Integrated Care for London	1 July 2010
Bernard Scully, Interim Executive Director of Workforce & Organisational Development	6 April 2020 (ended 9 October 2020)
Simon Hart, Executive Director of People & Culture	1 December 2020

\* Post vacant between 1 March 2021 and year end. An Interim Chief Nurse was appointed on 1 April 2021.

## Patient care

Learning and service improvements identified from patient experience survey feedback and complaints is reported to the Board on a quarterly basis. Learning from complaints is also accessible on NELFT's website: [www.nelft.nhs.uk/patients-carers-visitors-learning-from-complaints](http://www.nelft.nhs.uk/patients-carers-visitors-learning-from-complaints)

Some specific examples of service improvements this year were:

- The launch of new Befriending Check in and Chat services, led by volunteers and operating seven days per week, to support patients who are socially vulnerable or isolating due to COVID-19;
- Service review of Patient and Carer engagement and recommendation to enhance and amplify their voices in service improvement;
- The launch of a new Patient Advice and Liaison Service (PALS) to support early and timely resolution of patient and carers concerns; and
- The development of guidance to enhance virtual/video consultations and appointments during COVID-19.

Data relating to both local and national targets and key indicators is collated and reported on monthly. Reports are monitored through our tight governance process and where targets are missed there is a process to agree and sign off action plans. To ensure transparency, we put trajectories in place to monitor progress against any targets that are slipping or not being met. We look at all the indicators that make up the CQC domains to ensure that best



patient care is at the forefront of our daily working practice. All other targets related to quality indicators (both external and internal) are reviewed monthly. We work closely with our local commissioners on service development, data quality and improving the patient journey.

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

### **Stakeholder relations**

Throughout 2020/21, partnership working has been more critical than ever for health and care provision as we have supported the NHS response to the COVID-19 pandemic.

We have been operating an Incident Management Team structure and response for most of the year, working closely with our NHS England and Improvement regional teams, colleagues within our integrated care systems, commissioners, and providers.

We have set up a number of different services to support the response to the pandemic, including additional beds to support acute Trust partners in both London and Mid and South Essex, discharge lounges as requested by the NHS nationally, and support for the vaccination roll out programme. Across all these additional services we have worked with primary care and acute partners, volunteers and even the military in order to support patients and local communities to receive the best possible care and treatment.

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

The Better Care Together Thurrock programme – in which we're joined with commissioners and providers as well as the local authority and voluntary sector - has implemented new ways of working across health and social care services and is improving outcomes for our local communities, specifically providing more local care to patients.

We have also started the work to deliver a new integrated medical centre in Corringham, collaborating with partners and the local community to deliver a modern, fit for purpose centre where local people can receive health and care services close to home in a more integrated way.

Work took place throughout the year at Brentwood Community Hospital to increase capacity to support COVID-19 patients. This was supported not only by NELFT, but also by colleagues from Essex University Partnership NHS Trust, Virgin Care, Provide, and many more. It has been an excellent example of true collaboration and partnership working.

We continue to work with the health and care partnerships across Southend, Essex and Thurrock to strengthen the joint working on emotional wellbeing and mental health services.

We are continuing to strengthen the engagement with schools and the offer of early intervention with new Mental Health Support Teams.

In April 2020, we took on the child and adolescent mental health inpatient services in Kent. This has enabled us to focus on a comprehensive treatment pathway for the young people we care for as the provider of both inpatient care at the Kent and Medway Adolescent Hospital and outpatient services.

We have continued to work with partners across Kent and Medway to address waiting times for mental health services for young people and to ensure that young people can access services through a range of settings. This has meant our work with education providers across Kent and Medway has continued.

In north east London, we work collaboratively with our partners across the East London Health and Care Partnership. In relation to our COVID-19 response, this has included the roll out of three vaccination centres in Romford, Dagenham and Chingford as well as a hugely successful discharge hub in Waltham Forest, supporting 4000 patients to be discharged. We set up new bed capacity at our Goodmayes Hospital site in Ilford to support bed pressures across the patch and, in terms of supporting London as a whole, we were asked to manage the NHS Nightingale Hospital London on behalf of NHS London.

The work to redevelop the St George's Hospital site in Havering is underway with a planning consultation going live at the end of 2020/21 to seek views on the design of the new Health and Wellbeing Hub. This will offer an excellent new community facility to local people, where they can not only receive health and care services but also utilise the hub to support local volunteering opportunities.

### **CQC reviews and inspections**

The Trust was not the subject of a CQC review or inspection in 2020/21. As noted elsewhere in this report, the Trust continues to address the CQC action plan devised following the last CQC inspection in June 2019.

All of the 'Must Do' risks were added to the Trust's Datix system, and their completion was monitored by the Quality & Safety Committee. The 'Should Do' risks were also reviewed by the Quality & Patient Safety Team and Executive Management Team to ensure a risk-based approach was adopted to completion.

Furthermore, the Board of Directors and Executive Management Team completed a well-led self-assessment, which included all the CQC recommendations within this domain. This was frequently reviewed and was also discussed in a joint session between the Board of Directors and Council of Governors in December 2020.



## Board of Directors attendance record

The Board of Directors meets on the fourth Tuesday of every other month.

Board of Directors – Attendance Record 2020/21										
Forename	Surname	Note	May	July	Sep	Nov	Jan	Mar	Attended	Of
Joe	Fielder	a	X	X	X	X	X	X	6	6
Sultan	Taylor	b	X	X	X	X	X	X	6	6
Mark	Friend	c	X	X	X	X	X	X	6	6
Liz	Delauney		X	X	X	X	X	X	6	6
Dave	Bowen			X	X	X	X	X	5	6
Sue	Lees		X	X	X	X	X	X	6	6
Oliver	Shanley		X	X	X	X	X	X	6	6
Caroline	Allum			X	X	X	X	X	5	6
Stephanie	Dawe		X	X	X	X	X		5	5
Malcolm	Young		X	X	X	X	X	X	6	6
Jacqui	Van Rossum		X	X	X	X	X	X	6	6
Bernard	Scully		X		X				2	3
Simon	Hart					X	X	X	3	3

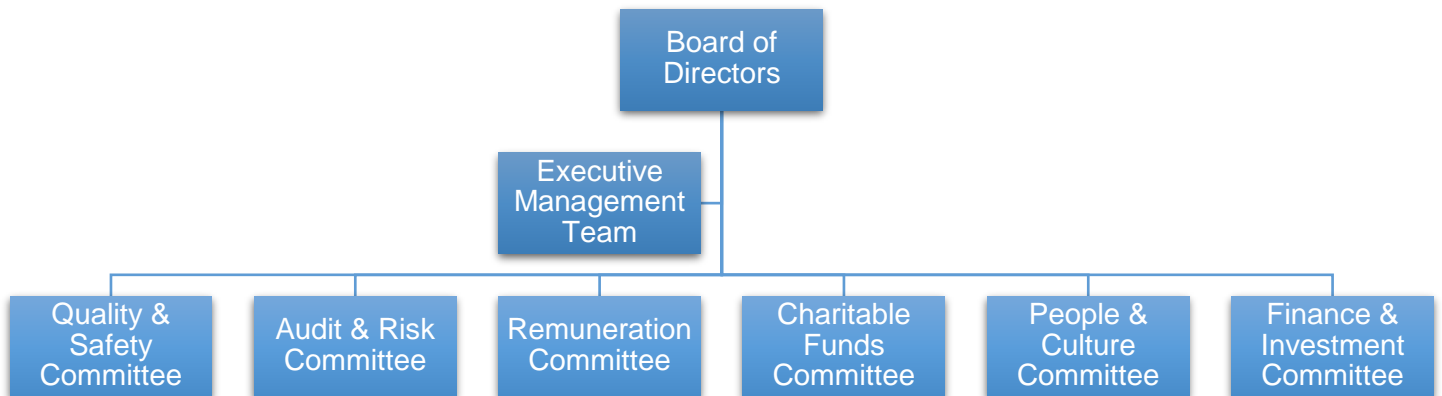
Note:

- a Trust Chair
- b Vice Chair
- c Senior Independent Director

Key:

	Not in post
	Did not attend

## Committee structure as at 31 March 2021



### Board sub-committee membership

Quality & Safety Committee	Attended
Liz Delauney (Committee Chair / Non-Executive Director)	11 / 11
Mark Friend (Non-Executive Director)	10 / 11
Sultan Taylor (Non-Executive Director)	11 / 11
Stephanie Dawe (Chief Nurse & Executive Director of Integrated Care for Essex and Kent)	8 / 10
Caroline Allum (Executive Medical Director)	7 / 11
Jacqui Van Rossum (Executive Director of Integrated Care for London)	11 / 11
Bernard Scully (Interim Executive Director of Workforce & Organisational Development)	3 / 6
Simon Hart (Executive Director of People & Culture)	2 / 3

The Quality & Safety Committee did not meet in January 2021 due to the ongoing pressures created by the COVID-19 pandemic.

Audit & Risk Committee	Attended
Sue Lees (Committee Chair/Non-Executive Director)	4 / 4
Mark Friend (Non-Executive Director)	4 / 4
Dave Bowen (Non-Executive Director)	3 / 4
Liz Delauney (Non-Executive Director)	4 / 4
Sultan Taylor (Non-Executive Director)	4 / 4

Remuneration Committee	Attended
Joe Fielder (Committee Chair / Trust Chair)	3 / 3
Sultan Taylor (Non-Executive Director)	3 / 3
Mark Friend (Non-Executive Director)	3 / 3
Liz Delauney (Non-Executive Director)	2 / 3
David Bowen (Non-Executive Director)	3 / 3
Susan Lees (Non-Executive Director)	3 / 3

The Remuneration Committee also held extraordinary meetings on 13 August 2020 and 22 December 2020.

<b>Charitable Funds Committee</b>	<b>Attended</b>
Dave Bowen (Committee Chair / Non-Executive Director)	1 / 2
Joe Fielder (Trust Chair)	2 / 2
Sultan Taylor (Non-Executive Director)	2 / 2
Stephanie Dawe (Chief Nurse and Executive Director of Integrated Care for Essex & Kent)	2 / 2
Jacqui Van Rossum (Executive Director of Integrated Care for London)	1 / 2
Malcolm Young (Executive Director of Finance)	2 / 2
Lauren MacIntyre (Director of Corporate Affairs)	2 / 2

The Charitable Funds Committee did not meet as scheduled for 23 April 2020 due to the first wave of the COVID-19 pandemic. Papers were circulated electronically for assurance. The meeting of the Charitable Funds Committee scheduled for 28 January 2021 was deferred to April 2021 due to the second wave of the pandemic.

<b>People &amp; Culture Committee</b>	<b>Attended</b>
Sultan Taylor (Committee Chair / Non-Executive Director)	5 / 5
Dave Bowen (Non-Executive Director)	4 / 5
Liz Delauney (Non-Executive Director)	5 / 5
Bernard Scully (Interim Executive Director of Workforce & Organisational Development)	2 / 3
Simon Hart (Executive Director of People & Culture)	2 / 2
Caroline Allum (Executive Medical Director)	4 / 5
Jacqui Van Rossum (Executive Director of Integrated Care for London)	3 / 5
Stephanie Dawe (Chief Nurse and Executive Director of Integrated Care for Essex & Kent)	2 / 4

<b>Finance &amp; Investment Committee</b>	<b>Attended</b>
Mark Friend (Committee Chair / Non-Executive Director)	6 / 6
Sue Lees (Non-Executive Director)	6 / 6
Dave Bowen (Non-Executive Director)	5 / 6
Malcolm Young (Executive Director of Finance)	6 / 6
Bernard Scully (Interim Executive Director of Workforce & Organisational Development)	2 / 3
Simon Hart (Executive Director of People & Culture)	1 / 2
Jacqui Van Rossum (Executive Director of Integrated Care for London)	3 / 6

### **Audit & Risk Committee report**

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

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

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

### External audit

During 2020/21, NELFT changed its External Auditor and engaged BDO LLP to provide the external audit. No non-audit services were provided for the year ending 31 March 2021.

### Ensuring external auditors' independence

Any engagement of the external auditors in relation to non-audit work is approved by the Executive Director of Finance in conjunction with the Executive Team. This policy complies with the relevant auditing standards and follows industry practice in terms of defining prohibited work and setting out the approval and notification processes all non-audit work should be subject to. The external audit work plan and any additional non-audit work is agreed annually by the Audit & Risk Committee. The Audit & Risk Committee believes that in this way the independence of the External Auditors is ensured.

### Internal audit

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

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

### Counter fraud services

The Trust's counter fraud service is provided by East London NHS Foundation Trust (ELFT) and the Trust has a dedicated full time Local Counter Fraud Specialist (LCFS). The role of the LCFS is to assist in creating an anti-fraud and anti-bribery culture within the Trust; to deter, prevent and detect fraud and bribery; to investigate any suspicions that arise; to seek to apply appropriate sanctions; and to seek redress in respect of monies obtained through fraud and bribery. Throughout 2020/21 the LCFS adapted to remote working due to the pandemic, conducting virtual presentations, and producing bite-sized videos to maintain

awareness of fraud throughout the Trust and how to continue reporting it. A programme of detection and prevention work was undertaken. When any system weaknesses are identified, recommendations are made and implemented in relevant departments to ensure processes withstand any occurrences of fraud. Trust policies remain under regular review to ensure best practice and robustness. Throughout the pandemic, alerts and guidance around COVID-19 scams were cascaded.

To measure and assess the risk of fraud at the Trust and to ensure that the delivery of services is risk-based, the LCFS continued to capture fraud risks on the Fraud Risk Assessment (FRA), which was regularly updated to reflect the work undertaken by counter fraud, Internal Audit, updates from the NHSCFA (NHS Counter Fraud Authority) and any other items which could impact fraud risks in the Trust.

The Associate Director of Finance is the Trust's Fraud Champion, with the primary role to support the LCFS in raising concerns at a strategic level.

The Audit & Risk Committee receives regular progress reports from the LCFS throughout the year and receives an annual report. In 2020/21, the Committee reviewed the levels of fraud reported and detected, as well as the arrangements in place to prevent, minimise and detect fraud and bribery. No significant fraud was uncovered in 2020/21.

Counter Fraud work in 2020/21 was undertaken to meet the NHSCFA Standards for Providers; however, with the release of new government fraud standards in February 2021, compliance against these new standards has been reported instead, with the Trust acquiring a Green rating. An action plan has been developed to address any areas of non-compliance.

### Internal controls

In addition to routine work on the financial controls operating in the Trust, through the Internal Audit Plan the Audit & Risk Committee focused on risks and associated controls relating to: financial governance and core control during the COVID-19 pandemic; data quality; the board assurance framework; financial controls; the Data Security and Protection toolkit; responding to the CQC review; and HR performance management. The Audit & Risk Committee has received progress reports to ensure full oversight of all recommendations resulting from internal audits, and the associated implemented action plans.

To ensure close and robust links between the Board sub-committees, the membership of the Audit & Risk Committee comprises the chairs of the other Board sub-committees. The chairs provide updates at each meeting regarding the performance and business of their committees. The Audit & Risk Committee also receives assurance from the Data Quality Assurance Group and reviews clinical and corporate risks rated as 15+ as well as relevant risks on the Board Assurance Framework relating to the Best Identity and Best Integration strategic objectives.

## Financial reporting

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

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

## Significant financial judgements and reporting for 2020/21

The Trust is engaged in the provision of healthcare, with £435 million of its income related to patient care activities and £52 million from other sources. Other income included education and training (£9.7 million), charitable and other contributions (£3.5 million), Research and Development (£2.7 million), rent for shared occupation (£0.6 million), and the re-imbursement of costs associated with the impact of the pandemic (£32 million). There is no income received by the Trust in respect of fees and charges.

The Trust's financial statements have been prepared on a going concern basis. The Trust's Board of Directors has not identified any concerns which would impact on the going concern status of the Trust. There is no indication that the provision of the Trust's services will cease in the 12 month period from signing this Annual Report. The organisation's going concern status has been specifically discussed with the External Auditor in relation to the ongoing impact of COVID-19 and the financially challenging environment the Trust faces.

The Trust has applied judgements in the valuation of land and buildings, IT, intangibles, and provisions. These have been fully discussed with the auditors and are fair statements.

## **Remuneration Committee report**

The Remuneration Committee is constituted as a standing committee of, and accountable to, the Board of Directors. Its main purpose is to identify and appoint candidates to fill Executive Director positions, and to determine and oversee the remuneration and other conditions of service for Executive Directors and other Senior Managers. The membership of the Committee comprises of all Non-Executive Directors and is chaired by the Trust Chair or, in his/her absence, the Senior Independent Director.

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

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Executive Directors, making use of the output

from the Board's evaluation of effectiveness as appropriate, and making recommendations to the Board of Directors;

- Giving full consideration to and making plans for succession planning for the Chief Executive and other Executive Directors, taking into account the challenges and opportunities facing the Trust and the skills and experience needed on the Board of Directors in the future;
- Identifying and appointing to Executive Director posts when they arise, considering candidates from a wide range of backgrounds and considering candidates based on merit against objective criteria (the appointment of the Chief Executive also requires approval from the Council of Governors);
- Ensuring Executive Directors are Fit and Proper Persons;
- Approving proposed other significant commitments and interests (if applicable) of an Executive Director, ensuring they are disclosed and reported before appointment and that any changes to their commitments are reported to the board as they arise;
- Carefully considering what compensation commitments (including pension contributions) the Executive Directors' terms of appointment would give rise to in the event of early termination to avoid rewarding poor performance, having regard to advice issued by NHS Improvement;
- Considering any matter relating to the continuation in office of any Executive Director including the suspension or termination of service of an individual as an employee of the Trust, subject to the provisions of the law and their service contract;
- In line with legislation and Trust policy, determining the terms of service for Executive Directors and Senior Managers who are not subject to Agenda for Change terms and conditions, including: salary; working hours; provisions for other benefits including pensions and cars; performance related pay; allowances; redundancy entitlements; payable expenses; and compensation payments;
- Establishing and keeping under review a remuneration policy in respect of Executive Directors and Senior Managers;
- Using national benchmarking when considering Executive Director and Senior Manager remuneration, ensuring increases are not made where performance does not justify them;
- Consulting the Chairperson and/or Chief Executive about proposals relating to the remuneration of the other Executive Directors. Establishing levels of remuneration which are sufficient to attract, retain and motivate Executive Directors of the quality and with the skills and experience required to lead the Trust successfully, without paying more than is necessary for this purpose, and at a level which is affordable for the Trust;
- Monitoring Executive Directors and Senior Managers' objectives and performance;
- Determining and overseeing non-contractual arrangements such as termination and other severance payments and agreements, taking account of national guidance, where appropriate; and
- Determining and approving the terms of service and contractual arrangements for any off payroll engagements where an individual earns more than:
  - £120 per hour
  - £750 per day

- £150,00 per annum\*

\* For any salary over £150,000, formal advice is also sought from NHS Improvement (NHSI) and HM Treasury, in accordance with NHSI guidance.

As at 31 March 2021, all Executive Directors have permanent contracts of employment with the Trust, apart from the Chief Executive and Executive Director of Finance who have both been appointed on fixed term contracts.

### **Appraisal process for the Chair and Non-Executive Directors**

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

1. *Non-Executive Director appraisals:* the Chair holds 1:1 appraisal meetings with each Non-Executive Director, taking into consideration the views of Board members and Governors, where appropriate, and regulatory framework.
2. *Trust Chair appraisal:* The Senior Independent Director and Lead Governor request feedback from the Board of Directors, the Council of Governors, and other stakeholders in the systems NELFT operates within, taking account of the regulatory framework in place. The Senior Independent Director holds a 1:1 appraisal meeting with the Trust Chair to discuss performance and agree objectives for the coming year.
3. The Nominations Committee considers the appraisal reports for the Non-Executive Directors and Trust Chair.
4. The Nominations Committee provides feedback and recommendations to the full Council of Governors.
5. The Council of Governors refers to the appraisals when making decisions regarding the extension of the Terms of Office for Non-Executive Directors and the Trust Chair.

### **Registers of interests**

The Trust holds registers of interests for Directors, Decision-Making Staff and Governors which detail any potential conflicts of interest that may arise. These are made available to the public on the Trust website: <https://www.nelft.nhs.uk/about-us-our-board> and <https://www.nelft.nhs.uk/about-us-governors>. The registers can also be accessed by contacting the Corporate Affairs Team on 0300 555 1300 or by email: [corporate.affairs@nelft.nhs.uk](mailto:corporate.affairs@nelft.nhs.uk)

Board members and Governors are actively given the opportunity to declare interests on appointment and on an annual basis thereafter, as well as at the beginning of each meeting. There is also an expectation that potential or actual interests will be declared as they arise. Registers of interests are presented annually at a meeting of the Board of Directors and at a meeting of the Council of Governors.



## Statements of compliance

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

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

- Non-NHS creditors: 96% paid within 30 working days (up from 91%); and
- NHS creditors: 95% paid within 30 working days (up from 79%).

All directors confirm that at the time of approving the report:

- As far as the directors are aware there is no relevant audit information of which the Trust's auditor is unaware; and
- The directors have taken all of the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to ensure that the Trust's auditor is aware of that information.

Signed:

A handwritten signature in black ink, appearing to be 'O. Shanley', written over a horizontal line.

Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021

## STAFF REPORT

### Our approach to staff engagement

The challenges of responding to the requirements of the COVID-19 pandemic have further highlighted both the importance and the strength of staff engagement in NELFT. Whilst much of the long-term work to deliver our Best People strategy was placed on hold during the pandemic, the importance of living by our Trust Values and supporting the health and wellbeing of our workforce has never been higher. We have made significant investments over the last twelve months in the provision of health and wellbeing support for our staff, whether they were working at home or in the workplace. This support for the physical and mental wellbeing of our workforce has helped sustain the organisation and individual members of staff throughout the year. The effectiveness of this input has been reflected in the positive results of our national Staff Survey.

The demands of the pandemic have highlighted the importance of regular communication and information sharing. Over the last year the Trust has instituted a range of additional means of communication using a range of media. These include a weekly staff webinar led by the Chief Executive and attended by senior leaders that regularly has several hundred staff in attendance.

We have begun our journey towards a culture of justice and compassion by engaging with our workforce at all levels and identifying and reducing prejudicial and discriminatory practices. This year we conducted our first joint review of all employment relations cases over the preceding year with staffside and staff network leads and we will be continuing this work on an annual basis. Our programme of culture change is based on the principles of co-design with staff and, as such, is being developed in partnership with trade union colleagues and representatives from our staff networks. We look forward to progressing this work at pace in 2021/22.

Our Joint Negotiating and Consultative Committee (JNCC) meets bi-monthly and the meeting agendas provide Trust updates and opportunities for discussion of performance against objectives and key performance indicators. The Trust workforce reporting dashboard is shared, and staffside members contribute to any actions arising from performance monitoring. This year the JNCC has provided another vital forum for the sharing of information and concerns about NELFT's response to the pandemic and how it can best support staff. Learning identified by the JNCC contributed to the review of NELFT's process for redeploying staff leading to much improved staff satisfaction during the second wave of the pandemic.

The Trust continues to support our network ambassadorial roles which influence policy and decision making in all directorates. Such roles include ambassadors for: the Ethnic Minority, LGBT+ and Disability Staff Networks; Health and Wellbeing; Workplace Contacts; and Freedom to Speak Up. These roles, as well as our commitment to partnership working with our trade union colleagues, continue to reflect the demography and geography of the Trust and ensure that the voice and opinions of our workforce are heard and responded to.

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

### **Recruitment strategy**

We continue to strive to be the NHS employer of choice within our geography and a recruitment strategy for the next three years was agreed in February 2020. The recruitment and resourcing strategic delivery plan within this has been informed by a wide stakeholder group from across NELFT. It recognises the work that is already underway and outlines ten strategic objectives to reduce the vacancy gaps that exist and build a pipeline of resource for future sustainability. By necessity, this strategy was paused this year as NELFT focused on its response to the COVID-19 pandemic; nonetheless we have continued to develop and support new routes into the workforce. We have significantly increased the size of our bank of temporary staff to support the requirements of the NHS Nightingale Hospital London and the mass vaccination sites and we have been successful in supporting individuals who have worked at the Nightingale to take up substantive posts or clinical apprenticeships within NELFT.

We continue to operate the well-established "talent pool" of job applicants who are held in reserve following successful interviews. The recruitment and on-boarding experience of new starters continues to be positive and the average time to fill vacancies is 46.5 days, from the start of the vacancy approval process through to confirmation of start date. We have further developed our alliances with the armed forces through the "Step Into Health" programme and are very proud to have achieved the Gold award for this.

### **Retention and wellbeing**

The support given to and engagement with our staff as well as work to support development and career progression has seen a considerable reduction in staff turnover in 2020/21. The effectiveness of the work NELFT has undertaken to support retention of staff is demonstrated by the strong improvement in the number of staff recommending the Trust as a place to work in the national Staff Survey. NELFT was recognised by the Health Service Journal as one of the 10 most improved NHS organisations against this measure.

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

The health and wellbeing of our staff has been paramount throughout the pandemic and NELFT has made significant investments in the support provided to our staff to support their physical and mental wellbeing. In partnership with East London NHS Foundation Trust, we have led the development and deployment of the North East London Mental Health Hub which provides access to online psychological support to staff across north east London. Our staff also have access to a range of initiatives to support their mental and physical health at home and at work. These include the provision of wellness rooms (previously called wobble rooms), free food and drink in the workplace, and a range of mental, emotional, and physical wellbeing webinars. Specific support has been provided for line managers and team leaders who have been able to access wellbeing coaching, leadership support and resilience building calls to enable them to support their own staff through challenging times. Additional support has been provided to teams by way of reflective and mindfulness sessions, team debriefs following a bereavement and webinars on specific wellbeing topics. We have ensured that all our staff have been health risk assessed considering COVID-19 and our vulnerable, shielding, and redeployed staff have been supported throughout the pandemic.

Our turnover has steadily improved over the year. The average rolling 12 month turnover for 2020/21 was 6.65%, as compared with 10.71% in the previous year. This represents a considerable improvement and reflects the work done across the Trust in its support for health and wellbeing, flexible working, and fair and compassionate leadership even accepting a level of reduced turnover as a result of the pandemic. Further information can be found by accessing the NHS workforce statistics published by NHS Digital: <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics>

### **Flexible working**

Our previous work promoting agile working has allowed NELFT to respond with speed and flexibility to the pandemic. We have been able to support significant numbers of staff, both clinical and non-clinical, to work safely and effectively from home during the pandemic through the provision of equipment and support. The lessons learned from this work will underpin an expected move to a more blended approach of workplace and home-based working going forwards. We continue to support working flexibly in accordance with personal circumstances and have a good balance between full time, part time, and bank workers.

### **Career pathways**

We continually review the routes by which people can enter into employment with NELFT and we can demonstrate a strong track record of converting volunteers and service users into employees and supporting personal and professional growth. The Trust has introduced a transfer scheme which enables healthcare professionals to broaden their experience by taking the opportunity to work in a different service within the organisation. Staff are encouraged to take advantage of a career counselling service which offers advice on the best way to achieve career aspirations.

Whilst the operational requirements of responding to the pandemic have limited progress in the increased use of clinical apprenticeship roles, we have continued to support apprenticeships into NELFT. We were pleased to be able to support a number of individuals who had been part of the temporary staffing pool supporting the delivery of the NHS Nightingale Hospital London managed by NELFT to move to apprenticeships elsewhere in the Trust as operations at the Nightingale were scaled back. We will look to expand clinical apprenticeships in 2021/22, with a particular focus on allied health professional, nursing, and health care support roles.

### **Leadership and talent management**

NELFT has recognised the critical impact that leadership has on its organisational culture. In our desire to have an organisational culture based on justice and compassion, we have begun to develop a leadership programme that will promote and instil the leadership behaviours and skills required to support this ambition. Support will be given to leaders at all levels of seniority to ensure that the culture we desire is demonstrated across the organisation.

Talent management continues to be an important focus for NELFT, and we continue to support individuals to progress their careers within the organisation to reach the very top of their professions.

We continue to encourage staff to access the regional and national leadership programmes delivered by the NHS Leadership Academy. NELFT is a pilot site for the High Potential Scheme which aims to develop the system leaders of the future.

### **Gender pay gap**

Legislation has made it a statutory obligation for organisations to report on their gender pay gap. NHS organisations are covered by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. These regulations underpin the Public Sector Equality Duty and require relevant organisations to publish their gender pay gap data annually, including mean and median gender pay gaps; the mean and median gender bonus gaps; the proportion of men and women who received bonuses; and the proportions of male and female employees in each pay quartile.

In 2020/21, the mean gender pay gap for NELFT was 36.9% and the median was 11.8%. The mean hourly rate for females remains low at £18.69 compared to males at £29.65. Further analysis indicates that the percentage gender pay gap is evident in the following professional groups: administrative and clerical, estates and ancillary, healthcare assistants, and some medical staffing posts. An additional factor impacting on the pay gap is that 43% of female staff work part time compared to 19% of males. There is a requirement now to explore the reasons for this pay gap and recommendations include:

- carrying out an Equal Pay Audit so that a root cause of the gender pay gap can be identified for a robust action plan to be implemented;
- undertaking regular monitoring and reviewing of pay and progression via the Trac and ESR management systems;

- reviewing how salary scale pays are agreed at time of recruitment;
- providing training for recruiting managers on a non-discriminatory recruitment process; and
- providing training on unconscious bias.

### Off payroll disclosures

For all off-payroll engagement as at 31 March 2021, earning at least £245 per day:

*Table 1: Off-payroll worker engagements as at 31 March 2021*

Number of existing engagements as of 31 March 2021, of which:	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one year and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

*Table 2: All off-payroll workers engaged at any point during the year ended March 2021*

Number of off-payroll workers engaged during the year ended 31 March 2021, of which:	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Of which, number of engagements that saw a change to IR35 status following review	0
Number of engagements where the status was disputed under provisions in the off-payroll legislation	0
Of which, number of engagements that saw a change to IR35 status following review	0

*Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021*

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

### Staff policies

The Trust has policies in place, developed in partnership with our trade union colleagues, that detail how the organisation applies full and fair consideration to a

number of different workforce issues including: equality, diversity and inclusion (EDI); consultation and the management of organisational change; Freedom to Speak Up; health and safety; and counter fraud and corruption. The key policies can be found by visiting the following link: <http://www.nelft.nhs.uk/about-us-policies>

The Trust's EDI policy sets out the means by which staff with protected characteristics as defined by the Equality Act, including disability, ethnicity, sexual orientation etc., are supported in the workplace, for example, the making of reasonable adjustments to the workplace and work to support staff with disabilities.

### Workforce breakdown

Group	Male	Female
Board & Associate members	8	6
Medical Staff	118	141
Band 7 and above	372	1,432
Band 6 and below	742	4,016

### Sickness absence

Total FTE days available in 2020/21	2,103,882.1
Average monthly FTE days	175,323.5
Total FTE days lost	83,317.6
Total calendar days lost	99,716
Average sick days per FTE	14.45

Our sickness absence levels in 2020/21 have been significantly impacted by the COVID-19 pandemic which has increased levels of absence due to ill health and, where necessary, self-isolation. We continue to invest in the efficacy of our occupational health service as well as the physical and emotional health and well-being of our workforce.

### 2020 NHS Staff Survey NELFT summary results

#### Introduction

The national Staff Survey, undertaken between September and December 2020, was provided by Quality Health who have now administered the survey on behalf of the Trust for four years.

At the question level, many of the scores have significantly improved but 12 remain below the sector average. It is encouraging to note that 27 are significantly above the sector average.

It is important to bear in mind that 2020 has not been "business as usual" for the NHS workforce. The impact of the COVID-19 pandemic has had a profound impact across the NHS and in NELFT, and the NHS Staff Survey provided a unique opportunity to demonstrate the impact the pandemic has had on staff experience.

## Theme scores

Theme	2019 score	2020 score	Statistically significant change?
Staff engagement	7.2	7.3	↑
Equality, diversity and inclusion	9.0	9.0	Not significant
Health and wellbeing	6.2	6.4	↑
Immediate managers	7.5	7.4	Not significant
Morale	6.2	6.4	↑
Quality of care	7.6	7.8	Not significant
Bullying and harassment	8.3	8.4	Not significant
Violence	9.6	9.7	Not significant
Safety culture	7.0	7.1	↑
Team Working	7.1	7.1	Not significant

The Trust has been ranked in the top 10 most improved on the proportion of staff recommending the organisation as a place to work. Seven of the ten theme scores have improved since 2019 with four statistically significant improvements. Quality Health have commended the Trust on this achievement considering the additional pressures created by the pandemic.

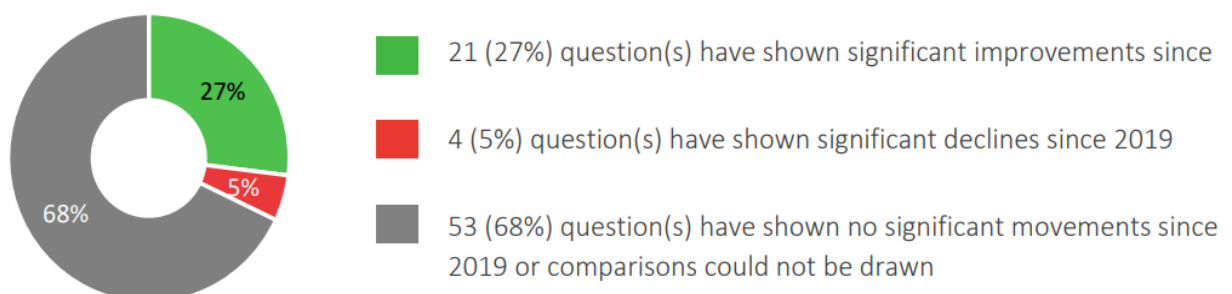
## Response rate

The national staff survey was conducted by Quality Health for 120 organisations. Of these organisations, 26 fell within our comparator group of combined Mental Health, Learning Disability & Community Trusts. The overall response rate for our comparator group this year was 48%. For NELFT, 3,688 questionnaires were returned, yielding a response rate of 59%.

## The results

### *Significant questions compared to 2019*

This section summarises questions that have shown statistically significant improvements or declines since the 2019 National Staff Survey. Of the 78 evaluative core questions:





Questions with a 5% improvement	2019	2020	Comparator
4f - I have adequate materials, supplies and equipment to do my work	63%	68%	66%
4g - There are enough staff at this organisation for me to do my job properly	35%	42%	41%
11d - In the last three months have you ever come to work despite not feeling well enough to perform your duties?	55%	45%	55%
18a - Care of patients/service users is my organisation's top priority	78%	83%	81%
18c - I would recommend my organisation as a place to work	63%	71%	69%
18d - If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation	67%	72%	72%

It is encouraging to note from the table above that, despite the pressures and uncertainty of the pandemic period, staff would recommend the Trust as a place to work and are happy with the standard of care. Particularly of note is that staff view patient care as a top priority for the Trust. There has been a significant reduction in the number of staff reporting that they would come in to work despite not feeling well enough to perform their duties.

Questions with a 3-4% improvement	2019	2020	Comparator
5f - The extent to which my organisation values my work.	53%	57%	53%
5h - The opportunities for flexible working patterns.	67%	70%	67%
9b - Communication between senior management and staff is effective.	53%	56%	49%
11a - Does your organisation take positive action on health and well-being?	43%	47%	41%
16c - When errors, near misses or incidents are reported, my organisation takes action to ensure that they do not happen again.	74%	78%	76%
16d - We are given feedback about changes made in response to reported errors, near misses and incidents.	68%	71%	66%
17c - I am confident that my organisation would address my concern.	65%	68%	64%
18b - My organisation acts on concerns raised by patients/service users.	79%	82%	78%
19a - I often think about leaving this organisation.	28%	24%	24%
19b - I will probably look for a job at a new organisation in the next 12 months.	23%	19%	58%
26b - Has your employer made adequate adjustment(s) to enable you to carry out your work?	79%	82%	79%

The above table illustrates generalised improvements in this category which, given the pressures of responding to the pandemic, should be viewed as a positive for the Trust.

Questions with a 2% or more worse score	2019	2020	Comparator
11b - In the last 12 months have you experienced musculoskeletal problems (MSK) as a result of work activities?	29%	33%	27%
11c - During the last 12 months have you felt unwell as a result of work-related stress.	40%	43%	42%
11e - Have you felt pressure from your manager to come to work?	15%	19%	83%

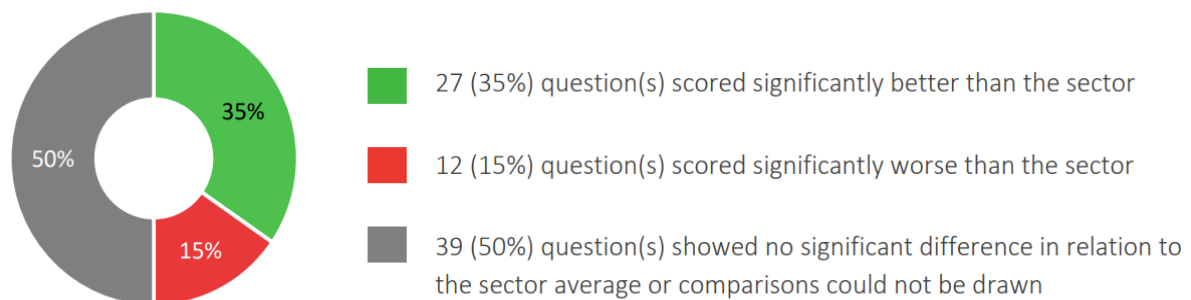
The above table highlights areas where further improvement is needed. Recurring themes and concerns from previous years of note are issues regarding musculoskeletal problems and stress. Further discussion will need to take place to better understand why an increased percentage of staff reported that they felt pressured by their manager to come to work.

In terms of the significantly worse scores, in addition to those outlined above the following question in the table below was noted in this category, although only a 1% difference has been recorded since the previous year:

Questions with a 1% worse score	2019	2020	Difference
15a - Experienced discrimination at work from patients/service users, their relatives or other members of the public in the last 12 months.	8%	9%	+1.28%

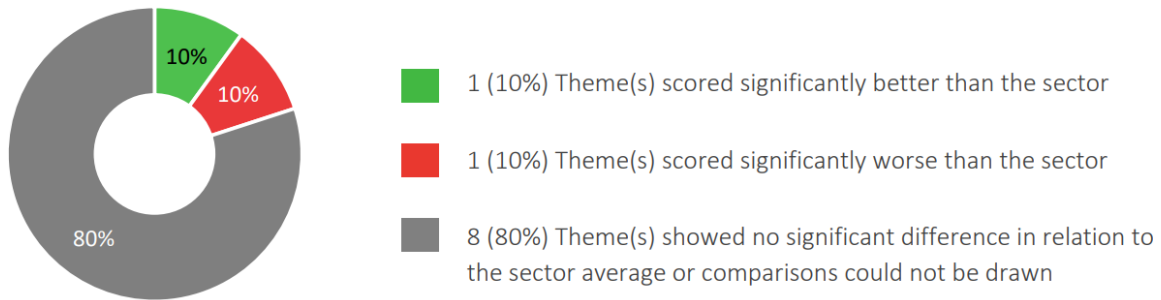
#### *Significant questions compared to the sector*

The below chart summarises the core questions where the organisation has scored significantly higher than in our benchmarking sector:



#### *Significant themes compared to the sector*

This below chart summarises the themes where the organisation has scored significantly higher than in our benchmarking sector:



Our significant theme scores are summarised below. Our organisation's score is set side by side with the sector score, with the difference between the two represented by the coloured bar to the right:

#### Significantly Better Scores

Theme	Your Org.	Sector	Difference	
Theme 7 Safe Environment - Violence	9.67	9.50	+0.17	

#### Significantly Worse Scores

Theme	Your Org.	Sector	Difference	
Theme 1 Equality, Diversity and inclusion	8.94	9.17	-0.23	

## Conclusion

To conclude, this survey and its outcomes demonstrate sustained improvements in the opinions of our staff as to the quality and credibility of the leadership of the organisation and how that impacts positively on their ability to do their jobs in supporting the delivery of best care. Despite this, there remain areas for improvement and a number of recommendations have been made to address these, as follows.

## Recommendations

**Recommendation 1:** Prioritise the issue of reported physical deterioration and stress at work and analyse ways in which the organisation can meet legitimate problems. Consider what can be done to improve communication, reduce conflicting pressures, and eliminate barriers to effective professional work. Bear in mind the unique nature of working in the NHS during the COVID-19 pandemic will have significantly affected staff in this way.

**Recommendation 2:** Identify the location of spikes in discrimination by drilling down into the data where possible. Ensure actions are targeted where appropriate to reduce incidents. Consider setting up a staff working group to address issues of discrimination.

**Recommendation 3:** Consider setting up a staff working group to explore issues around Equality, Diversity & Inclusion. Consider additional training for Line Managers to help them better manage issues around equality and diversity.

#### Next steps

Further analysis of the data will be undertaken to agree a range of Trust-wide and directorate-based action plans.

#### **Trade union facility time from 1 April 2020 to 31 March 2021**

<b>Relevant Union Officials</b>	
Number of employees who were 'relevant union officials' during the 12 month period	27
Full time equivalent employee number	25.14

<b>Percentage of time spent by these relevant union officials on facility time</b>	
0%	7
1-50%	20
51-99%	0
100%	0

<b>Percentage of pay bill spent on facility time</b>	
Total cost of facility time	£37,603
Total pay bill	£362,768,000
Percentage of the employer's total pay bill spent on facility time	0.01%

<b>Paid trade union activities</b>	
As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?	24.92%

#### **EMPLOYEE COSTS AND NUMBERS(WTE)**

<b>Employee costs (subject to audit)</b>	<b>2020/21</b>			<b>2019/20</b>
	<b>Total £000</b>	<b>Permanent £000</b>	<b>Other £000</b>	<b>Total £000</b>
Salaries and wages	255,184	252,858	2,326	223,776
Social security costs	27,827	27,827	0	23,155
Apprenticeship levy	1,306	1,306	0	1,193
Pension cost - employer contributions to NHS pension scheme	42,188	42,188	0	37,795
Pension cost - other	0	0	0	65
Temporary staff - agency/contract staff	36,263	0	36,263	27,996
	<b>362,768</b>	<b>324,179</b>	<b>38,589</b>	<b>313,980</b>

**Average number of employees  
(subject to audit)**

	2020/21			2019/20
	Total wte	Permanent wte	Other wte	Total wte
Medical and dental	418	248	170	476
Administration and estates	1,619	1,601	18	1,508
Healthcare assistants and other support staff	1,247	1,244	3	1,018
Nursing, midwifery and health visiting staff	2,412	2,057	355	2,275
Scientific, therapeutic and technical staff	1,205	1,117	88	1,123
Other	7	7	0	5
	<b>6,908</b>	<b>6,274</b>	<b>634</b>	<b>6,405</b>

**Total expenditure for 2020/21 financial year on consultancy costs**

Total expenditure for 2020/21 financial year on consultancy costs was £436k (was £419k for 2019/20).

**Compensation schemes**

Reporting of other compensation schemes – exit packages (subject to audit)

In 2020/21, there was one exit package agreed relating to a compulsory redundancy at a cost of £53k (none in 2019/20).

Signed:



Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021

## REMUNERATION REPORT

The Remuneration Committee is assisted by the Executive Director of People & Culture with advice on procedures and benchmarking of pay and conditions of service. The Remuneration Policy for the Trust's most senior managers (Executive Directors who are members of the Board of Directors) ensures remuneration is consistent with market rates for equivalent roles in Foundation Trusts of comparable size and complexity, while considering:

- the performance of the Trust
- comparability with employees holding national pay and conditions of employment
- pay awards for senior roles elsewhere in the NHS
- pay/price changes in the broader economy
- any changes to individual roles and responsibilities; and
- overall affordability.

The Committee refers to the annual NHS Providers Board Salary Survey and NHS Improvement benchmarking data, together with publicly available information about trends within the NHS and broader economy. For any salary over £150,000, formal advice is sought from NHS Improvement and HM Treasury (in addition to approval by the Remuneration Committee).

Performance is assessed in relation to organisational performance against agreed objectives, external measurements including regulatory information, individual performance against annual personal objectives and contribution to the performance of the organisation.

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

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

Accounting policies for pensions and other retirement benefits are set out in the accounts and details of senior employees' remuneration can be found below.

### **Senior managers' remuneration policy**

The Trust's senior managers' remuneration policy can be summarised as follows:

Pay Element	Support for Short- and Long-term strategic objectives	Component Operation	Maximum Achievable
Basic Pay	Basic pay is set in accordance with NHSi guidance and with the intention of attracting and retaining a high calibre of individuals who are able to deliver the short- and long-term objectives of the trust.	Paid on a monthly basis	The salary for each post is determined by the Trust Remuneration committee and is a fixed amount.
Pension Contributions	Access to the NHS pension scheme supports the recruitment and retention of high calibre individuals who are able to deliver the short- and long-term objectives of the trust.	Paid on a monthly basis. Access to the NHS Pension scheme is subject to the rules of the relevant NHS Pension Scheme	Paid in accordance with the regulations and guidance set out in the NHS Pension Scheme.

### Fair pay multiples (subject to audit)

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

The banded remuneration of the highest-paid director in North East London NHS Foundation Trust in the financial year 2020/21 was £160k-165k (compared to £155k-160k in 2019/20). This represents 5.20 times the median remuneration of the workforce in 2020/21 (compared to 5.13 in 2019/20). The median remuneration of the workforce was £31,225 in 2020/21 (£30,654 in 2019/20).

In 2020/21, 27 employees received remuneration in excess of the highest paid director (10 employees in 2019/20). Remuneration ranged from £19.2k to £266k (£16.8k to £304k in 2019/20).

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

In 2020/21 there were 39 posts earning in excess of £150k (16 in 2019/20), the majority of which were clinical.

### Salary entitlements for Board members (subject to audit)

Salary entitlements for Board members are detailed below:

		2020-2021			
		Salary and Fees  (bands of £5,000)	Performance pay and bonuses (bands of £5,000)	All Pension related benefits  (bands of £2,500)	TOTAL  (bands of £5,000)
Name	Title				
Oliver Shanley (1)(5)(7)	Chief Executive Officer	80-85	0-5	0	85-90
Malcolm Young (1)(5)	Exec Director of Finance	155-160	0	0	155-160
Bernard Scully (2)	Interim Exec Dir of Workforce & OD	85-90	0	0	85-90
Simon Hart (2)	Executive Director of People & Culture	40-45	0	40-42.5	80-85
Jacqueline Van-Rossum (1)	Exec.Dir.Integrated Care (London) &Transformation	135-140	0	22.5-25	160-165
Stephanie Dawe (3)(9)	Exec.Dir. Integrated Care (Essex) & Chief Nurse	145-150	0	40-42.5	185-190
Caroline Allum (1)	Executive Medical Director	160-165	0	50-52.5	210-215
Joseph Fielder (1)	Chair	45-50	0	0	45-50
Sultan Taylor (1)	Vice Chair and Non-Executive Director	25-30	0	0	25-30
Susan Lees (1)	Non-Executive Director	15-20	0	0	15-20
Mark Friend (1)	Non-Executive Director	15-20	0	0	15-20
David Bowen (1)(8)	Non-Executive Director	20-25	0	0	20-25
Maria Elizabeth Delauney (1)	Non-Executive Director	15-20	0	0	15-20

See notes on following page

No taxable benefits were paid to Board members in 2020/21.



		2019-2020			
		Salary and Fees  (bands of £5,000)	All Taxable Benefits  (£'000 to the nearest £100)	All Pension related benefits (bands of £2,500)	TOTAL  (bands of £5,000)
Name	Title				
Oliver Shanley (2)(5)	Chief Executive Officer	145-150*	0	0	145-150
John Brouder (2)(4)	Former Chief Executive Officer	65-70	4.6	0	70-75
Malcolm Young (2)(5)	Exec Director of Finance	90-95	0	0	90-95**
Barry Jenkins (2)	Former Exec Director of Finance	50-55	0	0	50-55
Jacqueline Van-Rossum (1)	Exec.Dir. Integrated Care (London) & Transformation	125-130	0	52.5-55	180-185
Bob Champion (1)	Executive Director of HR	115-120	0	0	115-120
Stephanie Dawe (1)(3)	Exec.Dir. Integrated Care (Essex) & Chief Nurse	145-150	0	50-52.5	195-200
Caroline Allum (1)(4)	Executive Medical Director	155-160	0	0	155-160
Joseph Fielder (1)	Chair	45-50	0	0	45-50
Sultan Taylor (1)	Non-Executive Director	25-30	0	0	25-30
Amanda Lewis (1)	Non-Executive Director	15-20	0	0	15-20
Susan Lees (2)	Non-Executive Director	10-15	0	0	10-15
Mark Friend (1)	Non-Executive Director	15-20	0	0	15-20
David Bowen (1)	Non-Executive Director	15-20	0	0	15-20
Maria Elizabeth Delauney (1)	Non-Executive Director	15-20	0	0	15-20

\* recharge pro rata salary

\*\* interim pro rata salary

#### Notes:

1. Indicates that the post holder has been in post whole year.
2. Indicates that the post holder has been in post part year only.
3. Since December 2017, Stephanie Dawe has been on secondment as Chief Nurse at Provide CIC on a flat rate of £18,624 a quarter for the secondment agreement, reducing the above gross amount to a net cost of £75k-£80k.
4. As per NHSBSA instruction, where the calculation results in a negative figure, zero has been submitted in "All pension related benefit" column.
5. Post holders have stopped paying into pension scheme.
6. There have been no Annual or Long-Term performance related bonus payments in either 2019/20 or 2020/21.
7. The Chief Executive Officer received a discretionary unconsolidated bonus which was awarded by the Remuneration Committee in recognition of salary limitations and leadership during the pandemic.
8. Includes backdated payment of responsibility allowance as Board sub-committee chair
9. On 1 March 2021, Stephanie Dawe left her post as Chief Nurse & Executive Director of Integrated Care for Essex & Kent to take up a full-time secondment with Provide CIC

## Pension Benefits (subject to audit)

Name	Real increase in pension at NPA (bands of £2,500)	Real increase in lump sum at NPA (bands of £2,500)	Total accrued pension at NPA at 31 March 2021 (bands of £5,000)	Lump sum at NPA related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2021 (£'000)	Cash Equivalent Transfer Value at 31 March 2020 (£'000)	Real Increase in Cash Equivalent Transfer Value After deduction (£'000)
Simon Hart	0-2.5	0*	50-55	105-110	876	816	9
Jacqueline Van-Rossum	2.5-5	0*	65-70	170-175	1,465	1,379	43
Stephanie Dawe	2.5-5	0-2.5	25-30	70-75	626	551	44
Caroline Allum	2.5-5	2.5-5	40-45	80-85	791	711	51
Malcolm Young	**	**	**	**	**	**	**

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

\*\* Malcolm Young ceased contributing to the pension scheme in 2020/21. Information was requested from the NHS Business Services Authority, who advised that this member is not entitled to a Greenbury calculation

NPA – normal pension age

## Director expenses

Total number of directors in office during 2020/21	13
Number of directors receiving expenses during 2020/21	4
Aggregate sum of expenses paid to directors in 2020/21	£2,070

Comparative information not available for 2019/20

## Governor expenses

Due to the pandemic, all meetings involving governors were held virtually in 2020/21. Accordingly, there were no governors receiving expenses in 2020/21 and the aggregate sum of expenses paid to governors in 2020/21 was £0 (comparative information not available for 2019/20).

Further information relating to governors in post during 2020/21 can be found in the Governors and Members section below.

Signed:



Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021

## GOVERNORS AND MEMBERS

### Statutory duties

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

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

The statutory duties for an NHS Foundation Trust Council of Governors, as amended by the Health and Social Care Act 2012, are as follows:

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

### Fulfilling the Council of Governors statutory duties

Statutory Duty	Action during 2020/21
Appoint and, if appropriate, remove the Chair and Non-Executive Directors	The Council of Governors re-appointed Non-Executive Directors Sultan Taylor and Liz Delauney.
Decide the remuneration, allowances, and other terms and conditions of office of the Chair and the other Non-Executive Directors	The Council of Governors agreed the remuneration and allowances for Non-Executive Directors.

Approve (or not) any new appointment of a Chief Executive on recommendation from the Chair and Non-Executive Directors	The Council of Governors approved the extension of the Interim Chief Executive for a further year.
Appoint and, if appropriate, remove the NHS Foundation Trust's Auditor	The Council of Governors appointed BDO as the Trust's External Auditor for 2020/21.
Receive the NHS Foundation Trust's Annual Accounts, any report of the auditor on them, and the Annual Report at a general meeting of the Council of Governors	The Council of Governors received the 2019/20 Annual Report, Annual Accounts and Auditor's Report.
To hold the Non-Executives Directors individually and collectively to account for the performance of the Board of Directors	<p>The Council of Governors:</p> <ul style="list-style-type: none"> <li>• Reviewed the appraisals of the Trust Chair and Non-Executive Directors</li> <li>• Received the Board of Directors meeting agendas and minutes</li> <li>• Asked a question at Board of Directors meetings</li> <li>• Chose a quality indicator</li> <li>• Received presentations from Non-Executive Directors at formal meetings of the Council of Governors</li> <li>• Received the Non-Executive Director roles and responsibilities matrix</li> <li>• Were invited to comment on the Trust's Strategy and Forward Plan</li> <li>• Received updates from the Trust Chair at every Council of Governors meeting and Governor Development and Information Forum</li> <li>• Were invited to nominate representatives to observe each Board Sub-Committee</li> </ul>
To represent the interests of the members of the organisation as a whole and the interests of the public	<p>The Council of Governors:</p> <ul style="list-style-type: none"> <li>• Held quarterly Council of Governor meetings in public</li> <li>• Held an Annual General Meeting. Due to the pandemic, this meeting was held virtually</li> <li>• Updated governor biographies and photographs on the website alongside contact details</li> <li>• Assisted with the production and implementation of a Membership Strategy to drive better engagement with members</li> <li>• Communicated with members through a new membership database and communication platform</li> </ul>

Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution	Not applicable for 2020/21
Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions	Not applicable for 2020/21
Approve amendments to the Trust's Constitution, following consultation with the Board of Directors	Not applicable for 2020/21
Approve significant transactions in line with the Trust's Constitution	Not applicable for 2020/21

### Composition of the Council of Governors

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

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

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

Four formal Council of Governors meetings were held in 2020/21 on: 23 April 2020, 23 July 2020, 24 September 2020, and 28 January 2021. The Annual General Meeting was held on 24 September 2020.

Due to the COVID-19 pandemic, these meeting were held in public virtually and NELFT members were able to attend by accessing the link to the virtual meeting platform. Meeting dates are listed on the Trust's website and further details can be requested from the Corporate Affairs Team by calling 0300 555 1300 or via email: [corporate.affairs@nelft.nhs.uk](mailto:corporate.affairs@nelft.nhs.uk)

The attendance record for the four formal Council of Governors meetings is as follows:

Name	Class of Governor	Elected	Re-elected / Reappointed	Current Term Ends	Meetings attended
Christine Brand	Public, Barking & Dagenham	June 2013	June 2017 June 2020	June 2023	2 of 4
** Lai Ogunsola	Public, Barking & Dagenham	June 2019	-	June 2022	1 of 4
* Mark Egalton	Public, Havering	May 2014	June 2017 Sept 2020	Sept 2023	3 of 4
Sarah Martin	Public, Havering	Sept 2020	-	Sept 2023	2 of 2
Geoff Farmer	Public, Havering	May 2014	June 2017 Sept 2020	Sept 2023	3 of 4

Name	Class of Governor	Elected	Re-elected / Reappointed	Current Term Ends	Meetings attended
Ricky Defoe	Public, Redbridge	June 2019	-	June 2022	3 of 4
Mark Dale	Public, Basildon	Sept 2020	-	Sept 2023	1 of 2
Frances Annobil	Public, Brentwood	June 2019	-	June 2022	1 of 4
Chukwuemeka Uzomah	Public, Thurrock	Sept 2020	-	Sept 2023	1 of 2
Martin Boyle	Public, Waltham Forest	June 2019	-	June 2022	3 of 4
Julie Jaye Charles	Public, Waltham Forest	June 2019	-	June 2022	4 of 4
Jogga Singh Teidy	Public, Rest of England	May 2015	April 2018	April 2021	1 of 4
Jason Cook	Staff, Barking & Dagenham	Sept 2020	-	Sept 2023	2 of 2
Lucky Akpotor	Staff, Havering	June 2019	-	June 2022	4 of 4
Kiki Vratshovska	Staff, Thurrock	July 2018	-	July 2021	0 of 4
Ubaidul Hoque	Staff, Waltham Forest	June 2019	-	June 2022	4 of 4
Satha Alaganandasundaram	Staff, Corporate Services	June 2019	-	June 2022	2 of 4
Chris Rice	Local Authority Appointed, Barking & Dagenham	Nov 2018	-	Nov 2021	2 of 4
Joe McDonnell	Local Authority Appointed, Waltham Forest	Oct 2018	-	Oct 2021	0 of 4
John Moran	Local Authority Appointed, Essex County Council	May 2020	-	Apr 2023	1 of 4

\* Mark Egalton is the Trust's nominated Lead Governor

\*\* Lai Ogunsola is the Trust's nominated Deputy Lead Governor

As 31 March 2021, Governor vacancies included:

*Public*

1 Barking & Dagenham, 2 Redbridge, 1 Waltham Forest, 1 Kent

*Staff*

1 Basildon and Brentwood, 1 Redbridge, 1 Kent

*Appointed*

1 Thurrock Unitary Authority, 1 Kent County Council, 1 Redbridge Local Authority, 1 Havering Local Authority

The following individuals ceased serving as elected Governors during 2020/21: Stephen King, Clive Myers, Robin Dixon, Lesley Powles, Indu Barot, Christopher Whitbread, Karen Jordan-Nicholls, Bukola Folayan, Fatima Khasimi, Mandy Orwell, and Renata Wojchiewska.

The Trust would like to offer its sincere condolences to the family of Clive Myers, who sadly passed away on 5 April 2020.

Director attendance at Council of Governors meetings during 2020/21 was as follows:

<b>Name</b>	<b>Position</b>	<b>Meetings Attended</b>
Joe Fielder	Trust Chair	April 20, July 20, Sept 20, Jan 21
Mark Friend	Senior Independent Director and Non-Executive Director	Sept 20
Sultan Taylor	Vice Chair and Non-Executive Director	April 20, July 20, Sept 20, Jan 21
Liz Delauney	Non-Executive Director	Sept 20
Sue Lees	Non-Executive Director	April 20, Sept 20, Jan 21
Oliver Shanley	Chief Executive	April 20, July 20, Sept 20, Jan 21
Stephanie Dawe	Chief Nurse and Executive Director Integrated Care for Essex and Kent	July 20
Malcolm Young	Executive Director of Finance	Sept 20, Jan 21
Caroline Allum	Executive Medical Director	July 20, Sept 20, Jan 21
Jacqui Van Rossum	Executive Director of Integrated Care for London	July 20, Jan 21

**Appointment and removal of the Chair or other Non-Executive Directors**

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

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

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

### **Nominations Committee report**

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

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

As at 31 March 2021, the Governor membership of the committee was:

- Mark Egalton (Public, Havering, and Lead Governor)
- Lai Ogunsola (Public, Barking and Dagenham, and Deputy Lead Governor)
- Geoff Farmer (Public, Havering)
- Christine Brand (Public, Barking and Dagenham)



- Jason Cook (Staff, Barking and Dagenham)
- Mark Dale (Public, Basildon)

### **Governor activity**

#### PLACE assessments

As part of their role, governors can take part in PLACE assessments and form part of a team made up of patients, senior clinicians and management to check on the quality of the services NELFT provides. On such visits, governors may be tasked with speaking to patients about their experience, the condition, cleanliness and accessibility of the care environment, the quality of food, facilities for visitors and the accessibility of information. These visits have been on hold during 2020/21 due to the ongoing COVID-19 pandemic.

#### Governor Champion roles

The Governor Champion role is an optional role for any governors who have an interest in a pre-agreed area of Trust activity. The purpose of the role is purely informative, and its aim is to support governors in their understanding of the Trust and enable them to perform their duties effectively through increased openness and transparency. Governors must not involve themselves in any operational matters but can link with Non-Executive Leads and observe them in action.

Governors will put themselves forward for governor champion roles. Governors will have the opportunity to feed back any key points that have arisen from their Governor Champion role to the wider Council through the formal Cycle of Business, and a designated agenda item. Governors are asked to be mindful that the meeting is in public, and therefore any confidential items should not be shared.

#### Governor observers at sub-committees

The Board of Directors agreed that a nominated governor observer would be allowed to attend each board sub-committee meeting, with clear governance parameters outlined.

### **Council of Governors elections**

During the year, one election was held to fill vacancies, as follows:

<b>10 Public Governors in the Following Constituencies</b>		
<b>Constituency</b>	<b>Vacancies</b>	<b>Term Length</b>
Basildon	1	3 years
Barking and Dagenham	2	3 years
Havering	3	3 years
Redbridge	2	3 years
Thurrock	1	3 years
Waltham Forest	1	3 years

4 Staff Governors in the Following Constituencies		
Constituency	Vacancies	Term Length
Barking and Dagenham	1	3 years
Basildon and Brentwood	1	3 years
Redbridge	1	3 years
Kent	1	3 years

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

Due to the COVID-19 pandemic, regulatory guidance suggested that Trust's deferred governor elections. The Council of Governors therefore agreed to co-opt governors whose terms expired and who wished to stand again. These governors were able to attend meetings and contribute but held no formal vote during this period.

### Membership

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

Membership is open to any individual who:

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

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

### Membership numbers

NELFT has 9,765 public members and 6,074 staff members

### Membership representation

NELFT's public membership consisting of 9,765 public members can be broken down into the following constituencies:

Constituency	Number of members
Out of Trust Area	182*
Barking and Dagenham	1,761
Basildon	815
Brentwood	660
Havering	1,152
Kent	18
Redbridge	1,773
Thurrock	720
Waltham Forest	1,316
Rest of England	1,368
<b>Total</b>	<b>9,765</b>

*\*Members whose contact address needs to be established.*

Members who have no addresses recorded have been contacted via alternative contact methods to obtain that information.

#### Age, gender, ethnicity and disability

The data on age, gender, ethnicity and disability was not previously known, but the current membership database allows NELFT to monitor and analyse this data.

Improving the quality of NELFT's membership data and monitoring the demographic information to ensure that the membership is representative of local communities was one of the main strategic objectives within the 2020 Membership Strategy.

#### Membership recruitment and engagement

NELFT Council of Governors and Corporate Affairs Team produced a Membership Strategy in 2020.

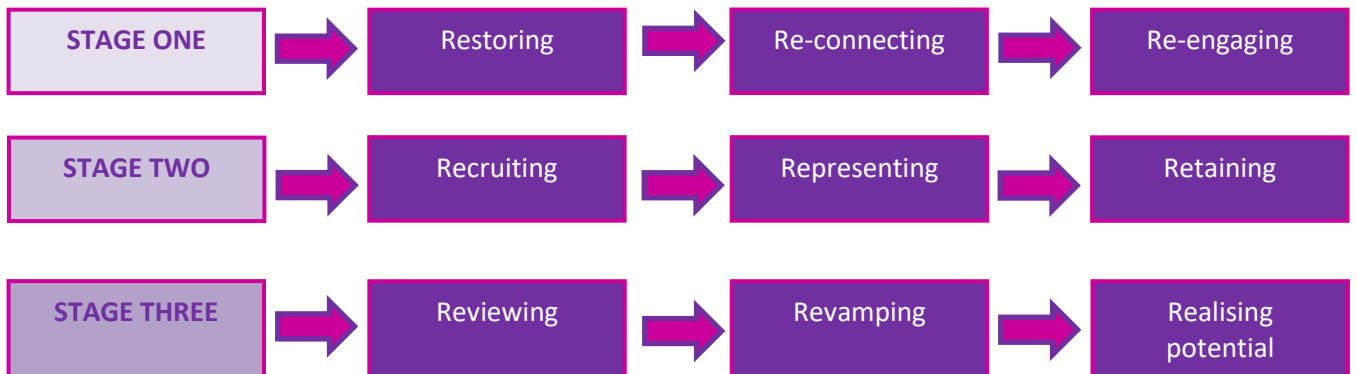
Themes were identified from an analysis of the membership, views expressed by NELFT's Governor Working Group and a benchmarking exercise against other foundation trusts. Resulting strategic objectives were then developed (table below) which were divided into three stages:

- 1) Restoring, re-connecting and re-engaging (Aug 20 – Jul 21):
  - We will restore our membership by improving the quality of data captured and completing monthly data cleanses.
  - We will re-connect with our membership, reminding them who we are and what we do.
  - We will re-engage our membership, maintaining consistent and meaningful two-way communication.
- 2) Recruiting, retaining and representing (Aug 21- Jul 22):
  - We will recruit new members by promoting the benefits of membership.

- We will represent our communities by analysing the diversity of our membership and employing targeted recruitment.
- We will retain our members through active engagement.

3) Reviewing, revamping and realising the potential (Aug 22- Jul 23):

- We will review the success of our engagement activities, what has worked well and what has not.
- We will revamp areas that require further improvement.
- We will realise the potential of our membership and become an example of excellence.



## Stage 1: Restoring, reconnecting and re-engaging Oct 20 - Sep 21

Themes	Objectives	Actions	Measures
<b>Ensuring high quality and reliable membership data</b>	<p>1) <b>Restoring</b></p> <p>We will restore our membership by improving the quality of data captured and completing monthly data cleanses.</p>	<ol style="list-style-type: none"> <li>1) Work with Trust volunteers to complete a data project to obtain the missing demographic information (age, ethnicity, gender etc) and contact details (email)</li> <li>2) Review current email addresses – updating/ removing bounce backs</li> <li>3) Complete a monthly data cleanse of deceased and moved away members</li> <li>4) Ask members to update their details in the first member newsletter – encouraging email communication to reduce NELFT’s carbon footprint</li> </ol>	<ul style="list-style-type: none"> <li>• Percentage of membership for which we have complete contact and demographic data recorded</li> </ul>
<b>Ensuring members realise that they are part of the Trust’s membership and what that means</b>	<p>2) <b>Reconnecting</b></p> <p>We will re-connect with our membership, reminding them who we are and what we do.</p>	<ol style="list-style-type: none"> <li>1) Include an introductory section in the first newsletter reminding individuals of the purpose of membership and its benefits</li> <li>2) Produce a 6-monthly postal (first two years) and electronic newsletter containing updates on service developments, trust news, achievements, a governor update, patient story and planner of upcoming events.</li> <li>3) Produce a survey to assess communication needs and preferences</li> <li>4) Develop the membership internet and intranet pages, uploading relevant documents to equip members</li> <li>5) Recruit a governor champion</li> </ol>	<ul style="list-style-type: none"> <li>• Number of people who open the electronic newsletter</li> <li>• Number of survey responses</li> <li>• Number of visits to the website</li> </ul>
<b>Ensuring that members are actively engaged and sent regular communication and relevant information</b>	<p>3) <b>Re-engaging</b></p> <p>We will re-engage our membership, maintaining consistent and meaningful two-way communication.</p>	<ol style="list-style-type: none"> <li>1) Send a monthly email to members with up to date news and developments</li> <li>2) Share information with members via newsletters and social media.</li> <li>3) Produce and promote videos in collaboration with senior leaders</li> <li>4) Produce an annual membership event planner, including quarterly health and well-being talks delivered by NELFT clinicians (may be virtual)</li> </ol>	<ul style="list-style-type: none"> <li>• Number of posts and engagement on social media</li> <li>• Number of people who open monthly emails</li> <li>• Member attendance at events</li> <li>• Number of members in Kent</li> </ul>

		<ol style="list-style-type: none"> <li>5) Create opportunities for members to meet with Governors and express their views (may be virtual)</li> <li>6) Increase awareness of Governor Elections and the role of governors, encouraging members to stand and vote</li> <li>7) Recruit and engage members in Kent as it is a new constituency</li> <li>8) Ask members if they would like to become Trust volunteers and participate in charity events</li> <li>9) Share information on NELFT vacancies and apprenticeships</li> </ol>	<ul style="list-style-type: none"> <li>• Number of nominations in elections and vacancy rates</li> <li>• Percentage of members who vote</li> </ul>
--	--	---	--

## Stage 2: Recruiting, retaining and representing Oct 21 – Sep 22

Themes	Objectives	Actions	Measures
<b>Ensuring quality over quantity in the membership – with engaged, active, diverse members</b>	<p>1) <b>Recruiting</b></p> <p>We will recruit new members by promoting the benefits of membership.</p>	<ol style="list-style-type: none"> <li>1) Produce promotional materials explaining the benefits of membership</li> <li>2) Send event posters to local sixth form colleges, GP surgeries, libraries etc and ask individuals to become a member to attend</li> <li>3) Organise a joint membership event with other local FTs</li> <li>4) Add a clause in staff contracts about automatic membership and opt out option. Include transferral to public constituency on leaving the Trust.</li> <li>5) Have a membership stand at local and trust events including induction</li> </ol>	<ul style="list-style-type: none"> <li>• Attendance at events</li> <li>• Number of new members</li> </ul>
<b>Ensuring that hard to reach groups are recruited and engaged with so that membership is representative of local populations</b>	<p>2) <b>Representing</b></p> <p>We will represent our communities by analysing the diversity of our membership and</p>	<ol style="list-style-type: none"> <li>1) Produce reports for the Council of Governors that include an analysis of membership diversity</li> <li>2) Organise a wide range of locality events that will interest members from different demographic groups.</li> <li>3) Employ targeted promotion of the membership and the work of governors aiming to engage and recruit members from identified hard to reach groups (e.g. colleges for young people).</li> </ol>	<ul style="list-style-type: none"> <li>• Analysis of membership diversity and numbers compared with the population</li> <li>• Attendance at community events</li> </ul>

	employing targeted recruitment.	<ol style="list-style-type: none"> <li>4) Create opportunities for identified hard to reach groups to meet with governors in the community</li> <li>5) Work with the Equality, Diversity and Inclusion Team and Staff Networks to communicate with hard to reach groups</li> </ol>	
<b>Ensuring that members remain motivated and see the benefits of Trust membership</b>	<p>3) <b>Retaining</b></p> <p>We will retain our members through active engagement.</p>	<ol style="list-style-type: none"> <li>1) Continue to promote the benefits of membership</li> <li>2) Provide examples of 'you said, we did' in newsletters</li> <li>3) Ask members for feedback on their experience of being a member and what they would like more/ less of</li> </ol>	<ul style="list-style-type: none"> <li>• Survey results</li> <li>• Membership figures</li> </ul>

### Stage 3: Reviewing, revamping and realising the potential Oct 22 - Sep 23

<b>Themes</b>	<b>Objectives</b>	<b>Actions</b>	<b>Measures</b>
<b>Ensuring the continuous review of recruitment and engagement methods</b>	<p>1) <b>Reviewing</b></p> <p>We will review the success of our engagement activities, what has worked well and what has not.</p>	<ol style="list-style-type: none"> <li>1) Complete an analysis of recruitment and engagement methods to date, reviewing:               <ol style="list-style-type: none"> <li>a. Social media engagement</li> <li>b. Number of email opens</li> <li>c. Event attendance</li> <li>d. Survey feedback</li> <li>e. Member interaction with particular campaigns/ requests</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>• Results within the report to the Council of Governors</li> <li>• Progress against the membership strategy</li> </ul>
<b>Ensuring responsiveness to feedback and analysis to provide a continuously improving, high quality membership service</b>	<p>2) <b>Revamping</b></p> <p>We will revamp areas that require further improvement.</p>	<ol style="list-style-type: none"> <li>1) Use the analysis of the recruitment and engagement methods to develop an enhanced plan</li> <li>2) Benchmark against other trusts to see where practice can be further improved</li> <li>3) Attend membership courses and events</li> </ol>	<ul style="list-style-type: none"> <li>• Benchmarked data</li> <li>• Year on year comparison data</li> </ul>

<p><b>Ensuring innovation and collaboration to realise the full potential of the membership and further benefits for the Trust and local populations</b></p>	<p><b>3) Realising potential</b></p> <p>We will realise the potential of our membership and become an example of excellence.</p>	<ol style="list-style-type: none"> <li>1) Work collaborative internally and externally to explore whether membership can aid the Trust and system further in the delivery of its strategic goals and service developments</li> <li>2) Seek feedback from service leads and Board members</li> <li>3) Ensure all innovative ideas are captured when developing the next three year membership strategy</li> </ol>	<ul style="list-style-type: none"> <li>• 3-year review to the Council of Governors</li> </ul>
--	--	--	---



## Get in contact

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

Signed:



Joseph Fielder  
Chair  
28 June 2021



Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021

## STATEMENTS AND ACCOUNTS 2020/21

### STATEMENT OF COMPLIANCE WITH THE FOUNDATION TRUST CODE OF GOVERNANCE

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

The Trust fully supports these requirements and no areas have been identified as non-compliant with the Code.

Signed:

A handwritten signature in black ink, appearing to be 'O. Shanley', written over a faint, illegible stamp or background.

Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021

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

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require North East London NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of North East London NHS Foundation Trust and of its income and expenditure, 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 issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Department of Health and Social Care Group Accounting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for patients, regulators, and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

## **Directors' responsibility for the Annual Report and Accounts**

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

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

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

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

Signed:



Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021

## **NORTH EAST LONDON NHS FOUNDATION TRUST ANNUAL GOVERNANCE STATEMENT 2020/21**

For the period 1 April 2020 – 31 March 2021

### **Scope of responsibility**

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

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of North East London NHS Foundation Trust, to evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North East London NHS Foundation Trust for the year ending 31 March 2021 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

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

- The Chief Nurse and Executive Director of Integrated Care for Essex and Kent has delegated responsibility for quality and risk management. This includes: regulation and compliance with the CQC's Fundamental Standards, the risk register, risk assurance, claims management, the Central Alerting System, medical devices, and the management of clinical governance, including complaints, serious incidents and compliance with Coroner's regulations.  
*At the date of approval of the annual report and accounts, following the departure of the Chief Nurse and Executive Director of Integrated Care for Essex and Kent from the organisation in March 2021, the Interim Chief Nurse has delegated responsibility for the above areas. For the month of March 2021, the Chief Executive held these responsibilities.*
- The Chief Nurse and Executive Director of Integrated Care for Essex and Kent has responsibility for the management of risks associated with infection prevention and

control (including 'flu pandemic readiness) and the safeguarding of children and adults.

*At the date of approval of the annual report and accounts, following the departure of the Chief Nurse and Executive Director of Integrated Care for Essex and Kent from the organisation in March 2021, the Interim Chief Nurse has delegated responsibility for the above areas. For the month of March 2021, the Chief Executive held these responsibilities.*

- The Chief Nurse and Executive Director of Integrated Care for Essex and Kent has responsibility for the management of risks associated with operations in the Essex and Kent health economies.

*At the date of approval of the annual report and accounts, following the departure of the Chief Nurse and Executive Director of Integrated Care for Essex and Kent from the organisation in March 2021, the Director of Operations for Essex and Kent has delegated responsibility for the above area under the leadership of the Chief Executive Officer.*

- The Executive Director of Integrated Care for London has responsibility for the management of risks associated with operations in the London health economy, as well as emergency planning resilience and response.
- The Executive Director of Finance has responsibility for managing the development and implementation of systems of financial and commercial risk and information governance. This individual is the Trust's Senior Information Risk Owner.
- The Executive Medical Director is the Trust's Caldicott Guardian and is responsible for risk management regarding medical staffing, education, revalidation and mortality.
- The Executive Director of People & Culture has responsibility for risk management regarding employees, staffing, workforce development and equalities.
- Under the leadership of the Chief Executive Officer, the Estates Director has responsibility for the buildings, plant and non-medical devices used by Trust staff, and has particular responsibility for fire safety, security, waste management, and environmental management.
- Under the leadership of the Chief Executive Officer, the Director of Corporate Affairs has responsibility for risk management regarding corporate governance, freedom to speak up, environmental sustainability, health and safety, and local security management (although the Chief Nurse is the Security Management Director).

*At the date of approval of the annual report and accounts, the Interim Chief Nurse has delegated responsibility for risk management regarding health and safety and local security management.*

- Under the leadership of the Chief Executive Officer, the Director of Communications & Engagement has responsibility for risk management regarding communications, engagement, identity, and reputation.
- The Integrated Care Directors have responsibility for local risk management systems and controls.
- The Associate Medical Directors, Directors of Nursing and Professional Leads have responsibility for the systems of clinical risk management at locality level.

The Board of Directors, managers and staff are committed to the principles of risk management that apply throughout clinical and non-clinical areas of the Trust. The Risk Management Policy is reviewed at least every three years by the Board of Directors and is designed to assist individuals in identifying and determining risk activities so that resources can be targeted to reduce risk. The policy details the Trust's framework for setting

objectives, providing assurance, and managing risk with the intended purpose of embedding a consistent culture of accountability for the management of risk. Ultimate responsibility rests with the Board of Directors, and staff are trained to be “safety aware” and to identify, assess and record risks in their own areas.

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

The system of risk management within the Trust is a critical constituent of the internal control framework and this is monitored and developed through the Board of Directors and its sub-committees, which are supported by the governance structures (as detailed below).

The Audit & Risk Committee reviews all clinical and corporate risks with a ‘high’ risk rating (scored at 15+) and all risks on the Board Assurance Framework relating to the Best Integration and Best Identity strategic objectives. In addition, the committee supports the effective management of risk within the Trust through:

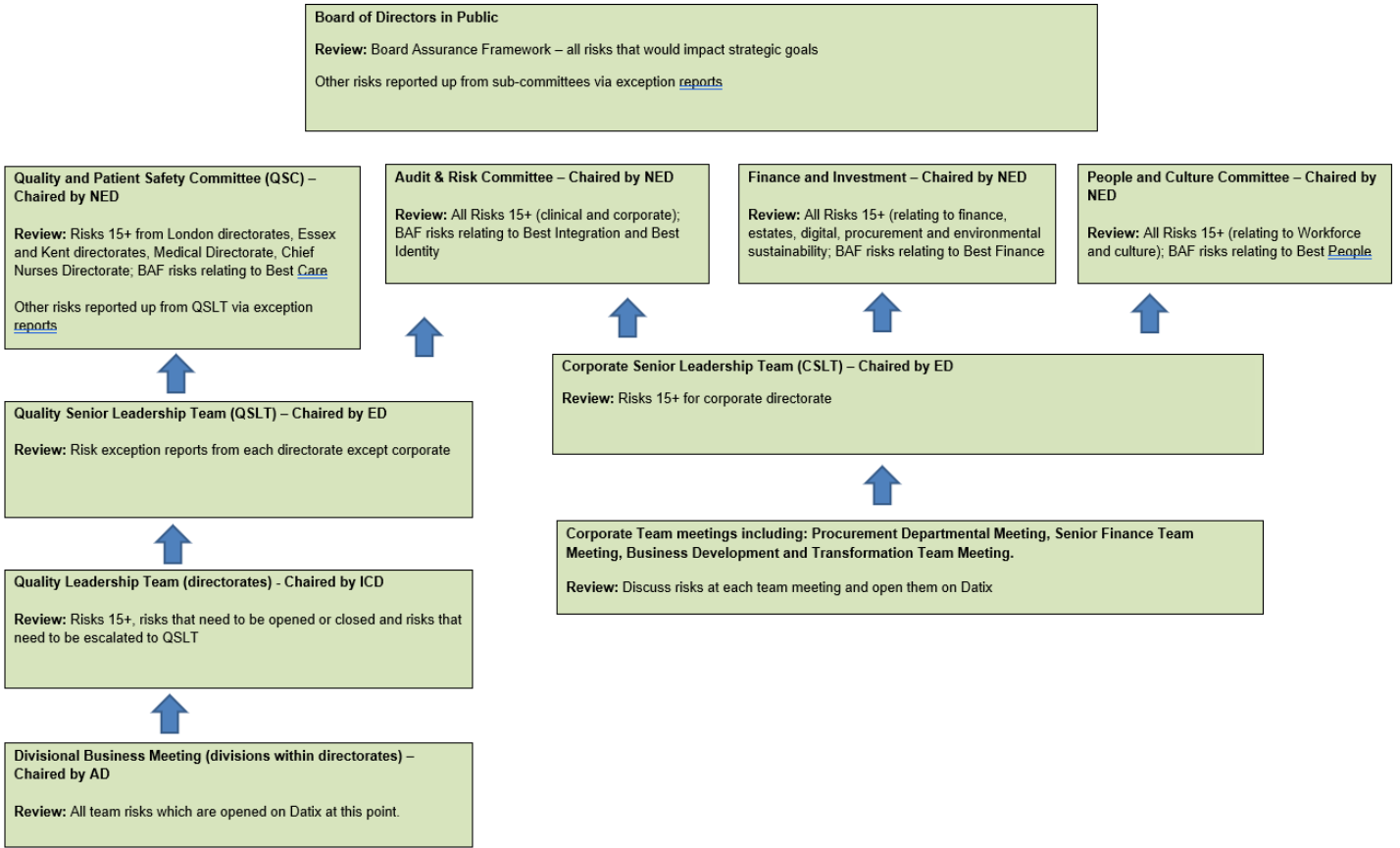
- Assessment of relevant internal and external audit work on systems of control;
- Assuring the effectiveness of external audit, internal audit, and counter fraud services;
- Ensuring that the scope of internal audit provides adequate coverage and review of fundamental systems;
- Commenting on the nature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

The Quality & Safety Committee reviews the risks within operational services and the Chief Nurse and Medical Director’s portfolios. This includes risks that impact patient and staff safety, patient experience, quality governance, clinical effectiveness, clinical audit, pharmacy, and NICE compliance. The Committee reviews all risks on the Board Assurance Framework relating to the Best Care strategic objective.

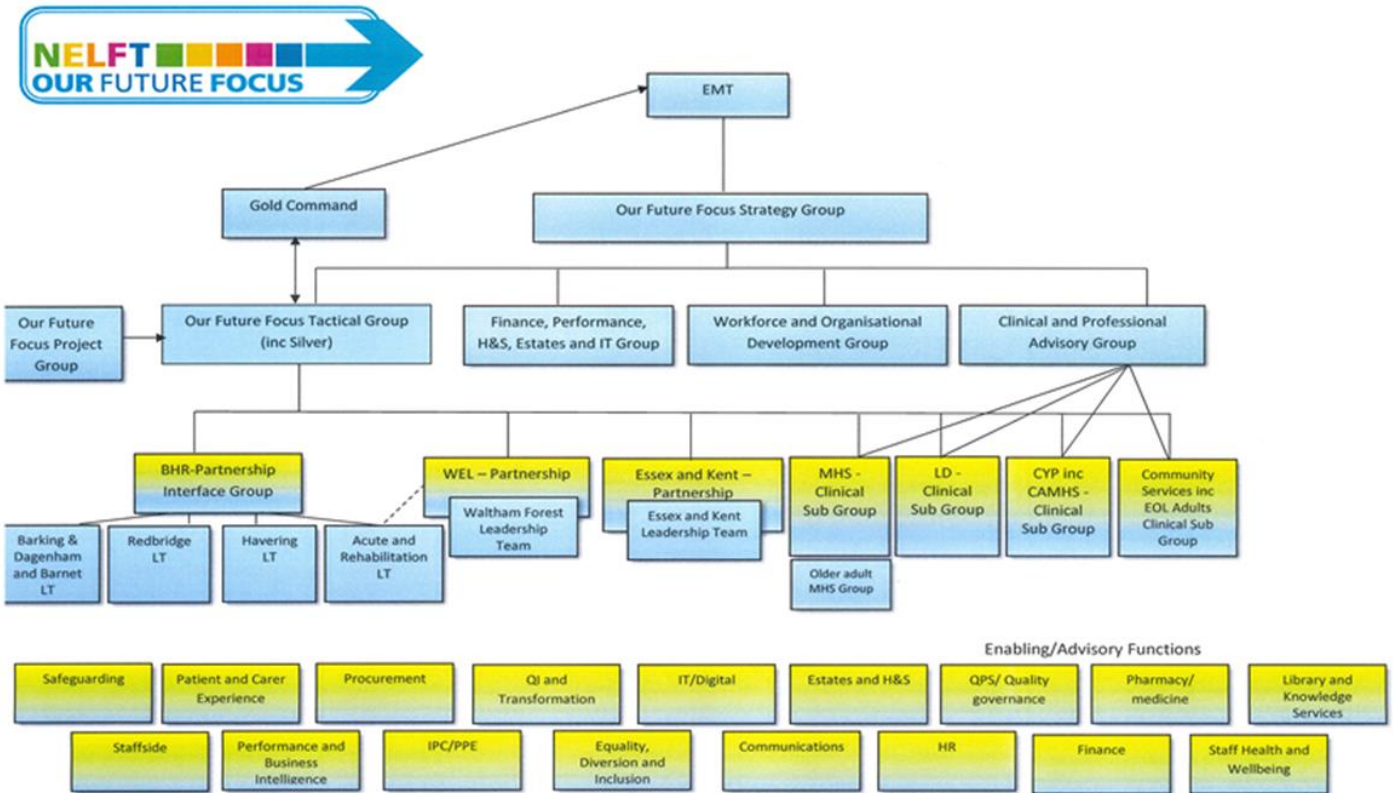
The Finance & Investment Committee reviews high level risks related to the items within its terms of reference and reviews all risks on the Board Assurance Framework relating to the Best Finance strategic objective.

The People & Culture Committee reviews high level risks related to the items within its terms of reference and reviews all risks on the Board Assurance Framework relating to the Best People strategic objective.

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



During the COVID-19 pandemic, in line with national guidance, a recovery governance structure was put in place, as detailed below:





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

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

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

A register of interests for decision-making staff (as defined by the Trust with reference to the guidance) is published on the Trust's website and staff are aware of the requirement to declare any conflicts as they arise. The Corporate Affairs team also approach all decision-making staff on an annual basis to review and update their declarations of interest as required.

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

The Trust has also developed a Slavery and Human Trafficking Statement in line with the Modern Slavery Act 2015. This statement outlines NELFT's actions to understand modern slavery and human trafficking risks and the effective systems and controls that have been implemented to address these. This statement can be found on the Trust's website and is reviewed, updated and approved by the Board of Directors on an annual basis.

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

In accordance with NHS Internal Audit Standards, the Head of Internal Audit provides an annual opinion, based on and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management, and approved by the Audit & Risk Committee.

Internal audit methodology is based on four assurance levels in respect of their overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are based on Internal Audit providing either "significant assurance", "significant assurance with minor improvement opportunities", "partial assurance with improvements required" or "no assurance". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system internal auditors are required to make a judgement when making their overall assessment.

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

#### Assurance ratings in internal audit reports

Three audits from the 2020/21 internal audit plan have been issued to date, with a further audit completed with a report in draft. Two of these four audits provided significant assurance and two provided significant assurance with minor improvement opportunities. No reports have been issued in 2020/21 with partial or no assurance. At the time of writing, three further internal audit reviews are expected to be reported in June 2021 relating to financial controls, data quality, and workforce, and will be reviewed at the meeting of the Audit & Risk Committee scheduled for July 2021.

The audit in relation to the Board Assurance Framework (BAF) provided significant assurance with minor improvement opportunities. A number of areas of good practice were identified and the two minor improvements identified in relation to the design of controls and their operation. The improvements related to providing greater clarity over the identification of actions to address gaps in assurance and gaps in controls, and ensuring all actions identified in relation to the BAF risks followed the SMART criteria, with owners identified and progress against agreed target dates monitored. Both recommendations have been accepted and implemented.

The audit in relation to responding to the CQC review also provided significant assurance with minor improvements identified. One minor improvement was identified regarding the use of internal mock inspections to test whether implemented actions arising from the 2019 CQC action plan were fully embedded into Trust policies and processes. This action has been accepted.

The audit in relation to financial governance and core control during COVID-19 provided significant assurance. The assurance rating was driven by evidence of a robust control environment during the pandemic, with minimal changes to processes and control frameworks, and continuation of financial reporting and oversight.

Whilst the report for the audit relating to the Data Security and Protection Toolkit is still in draft and has not been issued, Internal Audit has indicated that significant assurance has been provided.

#### Head of Internal Audit opinion for 2020/21

The Head of Internal Audit has given the following opinion for the year ending 31 March 2021:

##### *Basis of opinion for the period 1 April 2020 to 31 March 2021*

Our internal audit service has been performed in accordance with KPMG's internal audit methodology which conforms to Public Sector Internal Audit Standards (PSIAS). As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

##### *Roles and responsibilities*

The Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The Assurance Framework should bring together all of the evidence required to support the AGS.

The Head of Internal Audit (HoIA) is required to provide an annual opinion in accordance with PSIAS, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk-based programme of work, agreed with Management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below.

The purpose of our HoIA Opinion is to contribute to assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the

effectiveness of the system of internal control. This Opinion will in turn assist the Board in the completion of its AGS and may be taken into account by regulators to inform their conclusions.

The opinion does not imply that the HoIA has covered all risks and assurances relating to the Trust. The opinion is derived from the conduct of risk-based plans generated from a robust and Management-led Assurance Framework. As such it is one component that the Board takes into account in making its AGS.

### *Opinion*

Our opinion is set out as follows:

- Basis for the opinion;
- Overall opinion; and
- Commentary.

### *Basis for the opinion*

The basis for forming our opinion is as follows:

- An assessment of the design and operation of the underpinning aspects of the risk and assurance framework and supporting processes;
- An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas; and
- An assessment of the process by which the organisation has assurance over the registration requirements of its regulator(s).

### *Overall opinion*

Our overall opinion for the period 1 April 2020 to 31 March 2021 is that:

***‘Significant assurance with minor improvements’ can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.***

### *Commentary*

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety. Our opinion covers the period 1 April 2020 to 31 March 2021 inclusive, and is based on the audits that we completed in this period.

All reviews undertaken within the 2020/21 internal audit programme were awarded ‘significant assurance’ or ‘significant assurance with minor improvement opportunities’.

The review of Core Financial Controls supported the strong control environment that exists within the Trust. We were able to offer significant assurance with minor improvement opportunities in this area, and significant assurance within our review of financial governance arrangements during Covid-19.

The Trust is actively implementing the recommendations raised in 2020/21 and has taken action to implement historic recommendations. This demonstrates the Trust's commitment to improving their control environment.

*The design and operation of the Assurance Framework and associated processes*

The Assurance Framework reflects the Trust's key objectives and risks and is regularly reviewed. The Executive reviews the Assurance Framework on a monthly basis and the Audit Committee provides reviews whether the Trust's risk management procedures are operating effectively.

*The range of individual opinions arising from risk-based audit assignments, contained within our risk-based plan that have been reported throughout the year*

As at 31 March 2021 we have issued no 'partial assurance' report and no 'no assurance' reports in 2020/21. As at 31 March 2021 we raised no high priority recommendations in the period.

The status of recommendations is reported by Management to Audit Committee. The organisation has directed us towards areas where there have been concerns in terms of operation or performance in year.

## **The risk and control framework**

### Identification and evaluation of risk

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

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

### Risk appetite and the Board Assurance Framework

The Board of Directors reviews and defines its risk appetite, tolerance levels and target scores for risks on an annual basis as part of its cycle of business.

The *NHS Foundation Trust Code of Governance* sets out the responsibility of the Trust to maintain sound risk management systems and determine the nature and extent of the risks it is willing to take in order to achieve its strategic objectives. The Board Assurance Framework (BAF) is the principle document that identifies, captures, and monitors the

ongoing risks to the implementation and achievement of the strategic objectives of the Trust. Effective use of the BAF should drive the agendas and areas of focus of the Board and its sub-committees.

In 2020/21, a decision was taken to undertake a proactive format refresh of the BAF. Whilst the existing BAF adhered to many principles of good practice, the Corporate Affairs team had identified a number of material improvements that could be made following their participation at several externally facilitated events and conferences. It was further proposed that best practice from other parts of the organisation be incorporated into the reporting and data analysis aspects to better allow the focus of Board discussions to move away from the detail contained within individual risks and towards more strategic thinking.

The benefits of the proposed revised reporting were set out to the Board in September 2020 and a revised template was approved at a Board development session in October 2020. During this session, the Board tasked the Executive Management Team (EMT) with reviewing the risks included on the BAF. There were 24 separate risks and, to ensure that a close focus was maintained on strategy and to bring the document even further into line with best practice, EMT were tasked with consolidating the themes within these to formulate the ten to twelve biggest risks to the organisation achieving its strategic objectives.

Following helpful and constructive discussions with members of the EMT, the Corporate Affairs Team were able to present a list of ten proposed risks for inclusion in the refreshed BAF template. These risks were approved, with Board members noting that the risks as drafted were concise and had achieved exactly what the refresh had set out to achieve in terms of narrowing and consolidating to remain strategic.

As part of their Internal Audit Plan for 2020/21, the Trust's Internal Auditor carried out a review of the BAF. Given that a format and content refresh was underway, this review included the BAF in its previous format but also the proposed design to assess whether this would align with good practice and represented a format that would allow for the Board and its sub-committees to effectively monitor and manage strategic risks. In addition, the Internal Auditor considered the governance in place to ensure that structures had been designed to appropriately assign responsibility for review of individual BAF risks and provide assurance back to the Board.

The review found that the organisation possessed a "well designed BAF which is subject to regular review and update". The review found that the previous format contained all of the key areas required and was structured in a way which made it clear what the risk was, the key controls in place and the associated assurance on those controls. The review noted that the proactive refresh of the format had incorporated further improvements in several areas. The review provided substantial assurance with minor improvement opportunities, which have since been adopted and implemented.

Risks on the BAF are given a risk rating based on their likelihood and their impact should they be realised. Risks can be rated as being 'Low', 'Moderate', 'Significant' or 'High'. There are currently two risks on the BAF with a risk rating of 'High' and these are shown below along with their key mitigations:

Risk	Mitigations
<p><b><u>Quality of Services</u></b></p> <p>If the Trust is unable to deliver sufficient quality of services and/or to deliver services that are compliant with CQC regulations/standards then waiting and treatment times may increase, service users could be admitted to out of area beds, patient safety could be compromised, and there will be an increased risk of reputational issues and intervention/action by external bodies</p>	<p><b>Preventative Controls</b></p> <ul style="list-style-type: none"> <li>- Internal quality visit programme</li> <li>- Perfect Ward audits</li> <li>- Monthly reports to the Quality &amp; Safety Committee and Board of Directors</li> <li>- Completion of patient risk assessments</li> <li>- Regular review of patients on waiting lists</li> <li>- Bed management protocol in place</li> </ul> <p><b>Recovery Controls</b></p> <ul style="list-style-type: none"> <li>- CQC internal action plans and the Acute &amp; Rehabilitation Directorate transformation action plan</li> <li>- Operational recovery plan to reduce waiting times, including: clear trajectories based on risk management; clinical harm reviews; additional temporary staffing; and a review of systems and processes to ensure effective use of capacity and demand to ensure safe patient care</li> <li>- Whole system mental health services pathway, Critical Dependency Unit model, and Integrated Crisis Assessment Hub</li> </ul>
<p><b><u>Workforce</u></b></p> <p>If there is a failure to recruit staff across all staffing groups then vacancy rates may exceed safer staffing levels, agency costs may increase, staff morale may deteriorate, and this may impact on patient safety, service delivery, and retention</p>	<p><b>Preventative Controls</b></p> <ul style="list-style-type: none"> <li>- Monthly vacancy and recruitment activity reporting</li> <li>- Monitoring of staff Friends &amp; Family Test results</li> <li>- Analysis of Staff Survey results to identify key themes</li> <li>- Monthly monitoring of workforce demographic profile to predict resourcing, trends, and future plans</li> <li>- Workforce exception report to EMT and Board</li> <li>- Review of exit interview data</li> <li>- Recruitment and Resourcing Strategy and associated delivery plan in place</li> </ul> <p><b>Recovery controls</b></p> <ul style="list-style-type: none"> <li>- Bank rates for doctors reviewed to align with neighbouring organisations</li> </ul>

### Leaving the European Union and EU Exit workforce implications

In January 2020, following the successful vote on the second reading of the Withdrawal Agreement Bill, the government agreed that EU Exit preparations should be halted with immediate effect. The UK formally left the EU on 31 January 2020 and entered an implementation/transition period until 31 December 2020. Although the UK ceased to be an EU member after this date, the UK is currently operating under a new framework as agreed in the UK-EU Trade and Cooperation Agreement. There are no imminent changes anticipated in the way in which the NHS operates. In line with national guidance, the Board of Directors continues to maintain an EU Exit risk on the Board Assurance Framework.

We continue to encourage our valued EU national staff to apply for settlement status ahead of the deadline for applications in June 2021.

### Quality governance arrangements and performance information

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

### CQC registration

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

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

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

### Data security risks

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

The Trust is currently working through the 2020/21 Data Security and Protection Toolkit submission, which is required to be submitted by 30 June 2021. The Trust is on target to meet all the mandatory requirements and submit its return as satisfactory ahead of this deadline.

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

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

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

The Trust has a Scheme of Delegation which outlines matters that must be reserved for the Board of Directors and those that may be delegated to a sub-committee or Executive Director. The board sub-committee structure is well established, and two new board sub-committees began operating as of 1 April 2020. The two new sub-committees are the



People & Culture Committee and the Finance & Investment Committee. Each sub-committee has a Non-Executive Chair and at least two other Non-Executive members who provide scrutiny and rigorous challenge to Executive committee members regarding performance. An Integrated Performance Report is presented to the Board of Directors and Executive Management Team on a quarterly and bi-monthly basis. This report contains indicators relating to statutory and regulatory requirements.

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

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

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

The Trust publishes a register of interests for decision-making staff (as defined by the Trust with reference to the guidance) and a register of interests for members of the Board of Directors on its website. The Trust has a Gifts, Hospitality and Conflicts of Interest policy that applies to all members of staff, and staff are aware of the requirement to declare any conflicts as they arise.

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

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

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

### Relationship with stakeholders

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

The Trust has a continuing positive relationship with stakeholders and staff through the delivery of key objectives and delivering performance against contracts. This is supported

through regular meetings at a strategic and operational level. There is an on-going strategic partnership working strategy and plan that is monitored by the Executive Management Team and Board of Directors. The stakeholder engagement strategy and media plan have also been reviewed.

The Trust recently refreshed its five year workforce and organisational development strategy that sets out short, medium and long-term plans to support the best people in delivering the best care. The strategy was approved by the Board of Directors and the priorities and objectives are subject to ongoing scrutiny via Board sessions and through regular reporting to the People & Culture Committee. These measures, as well as compliance with Health Education England approved workforce planning methodologies, assure the Board of Directors that staffing processes are safe, sustainable, and effective.

We deploy our resources effectively in all operational areas, using rostering technology and in accordance with National Quality Board guidance and recommendations. We continually review our skill mix and staffing levels to ensure that the right people are in the right place at the right time. Our recruitment processes ensure that our staff are fit for purpose and our Retention Strategy focuses on positively engaging with our workforce and promoting their health and wellbeing. Our management of temporary staffing solutions focuses on best value and high-quality staff, and we use evidence from staffing activities to continually improve our practices. As well as monthly Board reporting and regular reports to the People & Culture Committee, we will produce an annual statement that describes how we comply with the 'Developing Workforce Safeguards' recommendations.

#### NHS Improvement's Well-led Framework

In line with NHS Improvement's Well-led Framework, the Trust commissioned an external well-led review in 2016, and is in the process of commissioning another, expected to take place in 2021/22.

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

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

All of the 'Must Do' risks were put onto the Trust's Datix system and their completion was monitored by the Quality and Safety Committee. The 'Should Do' risks were also reviewed by the Quality and Patient Safety Team and Executive Management Team to ensure there was a risk based approach to completion.

Furthermore, the Board of Directors and Executive Management Team completed a well-led self-assessment against the CQC well-led key lines of enquiry, which included all the CQC recommendations within this domain. This was frequently reviewed and was also discussed in a joint session between the Board of Directors and Council of Governors in December 2020.

Positive progress has been made against this action plan and Health Education England, following a virtual visit in November 2020, found that there had been a huge cultural change, commenting that the visit had been “overwhelmingly positive” and “remarkable” with regards to the transformation they had witnessed since their previous visit. Trainees reported that they felt heard and listened to and education opportunities, clinical and cultural issues had all improved dramatically. Trainees reported that the management team was approachable, listened, and were responsive to any issues raised.

The CQC found that the governance processes in place at the time of the inspection might not provide adequate assurance for the board on workforce and finance. The Trust was addressing many complex workforce issues and, whilst the Trust had a positive track record of delivering its financial performance, the CQC felt that there were some areas of potential risk identified in financial governance. In response to these concerns and as noted above, the Trust has introduced two new sub-committees which have been in operation since 1 April 2020.

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

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

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

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

The Trust has robust processes in place for managing resources, including regular reviews between operational/clinical leads and finance managers and regular scrutiny by executive leads. The programme of internal and external audit approved each year includes a number of financial and clinical audits, the outcomes of which provide the Trust with valuable insight into the effectiveness of systems.

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

## **Information governance**

There were no serious information governance incidents in 2020/21 that were required to be notified to the Information Commissioners Office or Department of Health and Social Care via the Data Security Incident Reporting Tool.

## **Data quality and governance**

The Trust continues to focus on improving data quality.

All staff receive training on electronic recording systems prior to being given access. E-learning packages have been developed to provide more timely and efficient access to systems and support the face-to-face learning that is available. New starters to the Trust undergo appropriate systems training and mandatory training as part of the new streamlined induction process during their first two weeks of employment.

Further work has been undertaken around the correct recording of diagnosis, and mappings have been produced to encourage use of SNOMED CT, which is structured clinical vocabulary that is readable by computers.

The Record Keeping and Data Quality policies have been revised and are currently out for consultation.

Data quality issues are identified and reported to localities on a monthly basis, highlighting areas where improvement is required (at both team, divisional, and locality level) to support progress in completing the minimum required data. Data quality information is available to all staff through both the clinical activity reports and performance dashboards produced on business intelligence tools provided by the Performance Team.

Maintenance and improvement of data quality across both clinical and corporate services is a function of the DQAG (Data Quality Assurance Group), which reports quarterly to the Audit & Risk Committee. The group undertakes a range of business, including:

- identifying the priorities to be targeted in the coming financial year;
- reviewing the impact of data quality issues on financial performance; and
- agreeing the annual healthcare records audit, corporate records audit, Data Security and Protection Toolkit, and clinical coding audit.

Further work is being undertaken via DQAG workstreams on monitoring the uptake of Safeguarding Supervision and Referral to Treatment processes.

Information assurance framework assessments and spot checks are agreed each year to monitor the quality and accuracy of our reported data against source data. In addition to the above, NELFT continues to monitor the capture and quality of information submitted as part of datasets and commissioned activity.

## Implications of COVID-19

At the outbreak of the COVID-19 pandemic, NHS England and Improvement (NHSE/I) declared a level four incident meaning that trusts went into a high level of emergency preparedness planning, reviewed all areas of business continuity, and set up incident management teams.

During this period, services and 'business as usual' activities were reviewed, with the decision being taken to suspend some. Many staff were re-deployed to ensure that vital services could be delivered. Regulators issued guidance to providers and commissioners entitled *Reducing burden and releasing capacity to manage the COVID-19 pandemic* in April 2020 and again in January 2021, which outlined the suggested actions:

- pausing all non-essential oversight meetings;
- streamlining assurance and reporting requirements;
- providing greater flexibility on various year-end submissions;
- focusing improvement resources on COVID-19 and recovery priorities; and
- only maintaining those existing development workstreams that support recovery.

As detailed in the Performance Report, NELFT was also asked to set up and lead the NHS Nightingale Hospital London, a community step down service, to ensure there was enough bed capacity for patients in London. On 25 March 2021, due to the successful vaccination programme roll out and reduction in the number of COVID-19 cases, NHSE/I confirmed that the pandemic was transitioning to a level three incident. This meant a transition from national to regional command, and control and co-ordination structures with retained national oversight. For NELFT, this meant that operations at the NHS Nightingale Hospital London were wound down and the focus of the organisation moved to learning from the pandemic and restoring services. A road map for recovery has been developed to align with the easing of national restrictions and to consider the impact and learning from the pandemic in relation to workforce, the environment, finance, estates, clinical services, and digital.

During the peak of the pandemic, committee agendas were reviewed so that non-essential items could be deferred and so allow greater capacity to meet operational pressures and demands. To maintain oversight of existing risks and identification of emerging risks, the Board Assurance Framework has continued to be considered at every formal meeting of the Board of Directors. Board sub-committees have also continued to review high level risks. Information has continued to flow between each tier of the risk governance framework, albeit in a reduced and more focused manner.

Board service visits were suspended at the outset of the pandemic but have since resumed virtually to ensure that Non-Executive Directors continue to have oversight of and assurance regarding risks and performance across the organisation while the pandemic continues. Face-to-face service visits are expected to resume in 2021/22, in line with government guidance and restrictions.

Following their last inspection in June 2019, the CQC made a number of recommendations that were drawn up into an action plan. The Trust has liaised closely with the CQC throughout the pandemic and, in agreement with them, has deferred

completion dates to allow for a greater focus on responding to the pressures created by COVID-19. Many actions had been completed ahead of the pandemic and focus on the remaining actions has since resumed as efforts have increasingly shifted to restoring services.

During the second wave of the pandemic, Non-Executive Directors (NEDs) produced a strategic priorities and sources of assurance list. The Director of Corporate Affairs evidenced work undertaken against this list during the period of reduced governance as well as outlining the assurance road map for restoring full corporate governance:

Date	Corporate governance recovery status	Links to NED priorities and sources of assurance for period of reduced governance
Jan 2021	<ul style="list-style-type: none"> <li>- Review of and response to letter from regulators entitled <i>Reducing burden and releasing capacity to manage the COVID-19 pandemic</i></li> <li>- Review of Board sub-committee agendas against cycle of businesses. Additional plans put in place for removed items (e.g. electronic circulation/ defer to later meeting)</li> <li>- Incident Management Structure – level four</li> </ul>	<ul style="list-style-type: none"> <li>- Weekly update meeting between CEO to NEDs</li> <li>- BAF Internal Audit – significant assurance with minor improvement opportunities</li> <li>- Nightingale Update at Board</li> <li>- COVID-19 update and vaccination programme update within CEO Report to Board</li> <li>- Chair, Vice Chair and governor visit to Nightingale</li> <li>- Further visit to Nightingale by three other NEDs</li> <li>- All staff webinars</li> </ul>
Feb 2021	<ul style="list-style-type: none"> <li>- Continuation of reduced agendas for Board sub-committees</li> <li>- Incident Management Structure – level four</li> </ul>	<ul style="list-style-type: none"> <li>- Weekly update meeting between CEO to NEDs</li> <li>- Internal Audit on Financial governance during COVID-19 – significant assurance</li> <li>- Recovery update at Board strategy session</li> <li>- Board service visits (virtual)</li> <li>- All staff webinars</li> </ul>
Mar 2021	<ul style="list-style-type: none"> <li>- Phased return of Board sub-committee agendas</li> <li>- Incident Management Structure – level four until 25 March</li> <li>- Survey – learnings from the pandemic</li> </ul>	<ul style="list-style-type: none"> <li>- Quality &amp; Safety Committee (QSC) focus session on COVID-19, Nightingale Hospital and Serious Incidents</li> <li>- Performance Report to EMT (and bi-monthly)</li> <li>- Serious Incidents report to Board</li> <li>- COVID-19 update and vaccination programme update within CEO Report to Board</li> <li>- Financial Plan to Finance and Investment Committee (FIC) and Board</li> <li>- High level risk register to FIC</li> <li>- Staff survey presentation and Freedom To Speak Up Report</li> <li>- All staff webinars</li> </ul>
Apr 2021	<ul style="list-style-type: none"> <li>- Board sub-committee agendas back to business as usual</li> <li>- Roadmap for recovery presented at EMT</li> </ul>	<ul style="list-style-type: none"> <li>- Extraordinary Board session – Serious Incident</li> <li>- Nightingale Hospital London Learning Summary</li> </ul>

	<ul style="list-style-type: none"> <li>- Circulation of Governance Review and new structures to senior leadership for comments</li> <li>- Incident Management Structure – level three</li> </ul>	<ul style="list-style-type: none"> <li>- Governance Assurance Road Map to Audit &amp; Risk Committee</li> <li>- Responding to CQC Internal Audit</li> <li>- High level risk report to Audit &amp; Risk Committee and People &amp; Culture Committee</li> <li>- Digital Presentation</li> <li>- Trust Chair observed Quality &amp; Safety Committee</li> <li>- All staff webinars</li> </ul>
May 2021	<ul style="list-style-type: none"> <li>- Review and response to Governance Review comments and formal sign off at EMT</li> <li>- Evaluation of remote consultation work</li> <li>- Incident Management Structure – level three</li> </ul>	<ul style="list-style-type: none"> <li>- Integrated Performance Report to Board (quarterly)</li> <li>- COVID-19 inspections Update to Board</li> <li>- All staff webinars</li> </ul>
June 2021	<ul style="list-style-type: none"> <li>- Implementation of new Governance structure – defining membership, terms of reference etc</li> <li>- Trial hybrid working policy and model</li> <li>- Incident Management Structure – level three</li> </ul>	<ul style="list-style-type: none"> <li>- Thematic Review of Serious Incidents being presented at Board Strategy session</li> <li>- Understanding CQC Transitional Monitoring Approach to Board Strategy session</li> <li>- Board service visits</li> <li>- All staff webinars</li> <li>- Restart supervision and appraisals</li> <li>- QSC thematic review of patient and staff COVID-19 pandemic deaths and learning, as well as CQC Action Plan</li> </ul>

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the performance information available to me and my review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit & Risk Committee and Quality & Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

## Conclusion

I can confirm that no significant control issues have been identified in the 2020/21 financial year.

Signed:

A handwritten signature in black ink, appearing to be 'O. Shanley', written over a light grey rectangular background.

Prof Oliver Shanley OBE  
Chief Executive  
28 June 2021



## OPERATING & FINANCIAL REVIEW SUMMARY

### Financial performance for 2020/21

#### Summary

Financially, the original plan was to achieve a Continuing Operations breakeven position in line with the Operating Plan. Following the outbreak of the COVID 19 pandemic, all contracting was suspended and NHS block contracting arrangements were put in place, initially until July 2020 and then extended through to September 2020. Revised arrangements were then put in place for the residual six months of 2020/21 with agreed system allocations based on a 'business as usual' model with further additional allowable COVID-19 cost and agreed growth. Based on these allocations, a deficit of £2.6 million was then being targeted. Given that the final position was better than this, 2020/21 can be seen as another successful financial year for the Trust given the circumstance that the organisation has had to operate in.

After allowing for the impact of the revaluation of our land and buildings, the Trust is reporting an Income and Expenditure surplus of £1.3 million, which is summarised below:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Operating income from patient care activities	435,138	394,861
Other operating income	51,606	23,099
Operating Expenses	<b>(492,870)</b>	<b>(413,878)</b>
<b>Operating surplus / (deficit) from continuing operations</b>	<b>(6,126)</b>	<b>4,082</b>
Finance income	13	385
Finance expenses	<b>(980)</b>	<b>(1,028)</b>
PDC	<b>(2,201)</b>	<b>(2,421)</b>
<b>Net finance costs</b>	<b>(3,168)</b>	<b>(3,064)</b>
Gain on Asset Sale	0	1,970
<b>Surplus / (deficit) for the year</b>	<b>(9,294)</b>	<b>2,988</b>

#### ***Performance against control total***

Add back impairment included within operating expenses	10,626	4,828
Remove 2018/19 post audit PSF reallocation	0	<b>(215)</b>
<b>Control total surplus / (deficit) including COVID-19 &amp; Nightingale</b>	<b>1,332</b>	<b>7,601</b>

#### Income

When taken together, income from patient and other activities increased by £68.9 million (16.5%) in 2020/21 to stand at £487 million. This included £32 million additional income in relation to reimbursed COVID-19 costs (including NHS Nightingale Hospital London and mass vaccination), £3.5 million for donated personal protective equipment from DHSC, and £3.8 million annual leave accrual.

At the outset of the pandemic, the Department of Health decided to put all organisations onto a block payment arrangement to give Provider's assurance of income and to allow them to concentrate on dealing with managing the major incident. During the first six months there was also a mechanism for reclaiming costs incurred due to COVID-19 and any retrospective top up payments on the basis that all organisations would breakeven.

For the second part of the year, block payments were retained for NHS providers and were expanded to include any additional costs or lost income as a consequence of COVID-19. Additionally, block payments could be amended to reflect agreed service changes and additional commissioning.

For the first six months of 2021/22, NHS income will continue to be based on a block contracting arrangement and allocations are held with the North East London Clinical Commissioning Group; the two Clinical Commissioning Groups covering south west Essex; Barnet CCG; NHS England; West Essex CCG (as lead commissioner for Children's and Adolescent Mental Health Services for Essex); and Kent and Medway CCG for the Children's and Adolescent Mental Health Services and all age Eating Disorder services provided. Services were also commissioned by four Borough Councils in north east London, Essex County Council and Thurrock Council.

### Expenditure

As part of the planning process, cost reduction schemes and initiatives totalling £5.3 million were required to deliver the 2020/21 financial plan. Additionally, £5.6 million of cost reductions were not achieved in 2019/20, making a total requirement for 2020/21 of £10.9 million. In the year, total cost reductions of £10.9 million (100%) were achieved, of which £5.2 million was non recurrent. This has an impact into 2021/22 and has increased the efficiency target that the Trust needs to release.

Headline operating expenses increased in the year by £79 million (19.1%) to £492.9 million. When the impact of impairments to fixed assets and the cost of COVID-19 including the NHS Nightingale Hospital London are excluded, underlying operating expenses increased by £36.3 million (8.8%). This reflects increased pay expenditure and employer's pension contributions, and costs arising from additional patient activity.

Including the use of medical and nursing temporary staff employed either through the in-house bank or agencies, 73.6% of expenditure is pay-related. Total expenditure on agency staffing at £36.3 million is higher than last year (£28 million). When the impact of COVID-19 is excluded, the underlying cost reduces to £29.3 million. In line with its operating plan, the Trust will be seeking to reduce the use of temporary staffing in line with the set target.

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

### Capital assets

The Trust's accounting policy requires a full revaluation every five years with an interim revaluation every three years for all its land and buildings. In 2017/18, the Trust undertook a full revaluation exercise of all its land and buildings whereby each site was visited, measured, and assessed by our independent valuer. In the past 12 months, some of the Trust's assets have

been subject to change, such as refurbishment or extension, change of use, or vacated assets that can be disposed of.

In 2020/21, a desktop revaluation was undertaken, and this has provided an up to date value assessment of all land and buildings at 31 March 2021. This has resulted in an upward revaluation of £7.4m for some of its Land and Buildings and an impairment of £10.6m for others and bringing to a net reduction in the total value of £3.2m

The above reduction in the Trusts asset values has contributed to a lower PDC (public dividend capital) charge this year of £2.2 million.

Depreciation and amortisation of the Trust assets was £6.3 million for the year 2020/21.

### Capital expenditure

The total capital expenditure in the year was £12.9 million, of which £3.2 million related to the setting up of three wards in response to the COVID pandemic on the Goodmayes site.

### Cash and borrowing

Foundation trusts retain cash surpluses to invest in future developments and manage risk. In March 2021, the Trust had a cash balance of £55.7 million. The Trust has an outstanding PFI (private finance initiative) liability of £7.1 million and a finance lease of £1.9 million as of 31 March 2021.

### Accounting policies and going concern

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

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

NELFT adopts a stringent financial planning process that seeks to identify and make provision for all known financial cost pressures. As part of the 2021/22 financial planning process, an assessment was made of the possible risks that might impact upon the achievement of our financial targets with the key risks identified as being:

- Mental Health Crisis Pathway and the additional use of Extra Contractual Beds;
- Delivery of the cost improvement programme;
- The risk of high use of medical agency especially in Kent services; and
- Provider Collaborative risk share arrangements arising from increases in demand.

In order to mitigate the materialisation of these and other financial risks, financial performance is integral to the Trust's approach to performance management. Furthermore, on a monthly basis each risk will be re-assessed for both likelihood and impact, and a probability score calculated.

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

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

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

The financial plan approved for 2021/22 by the Board of Directors seeks to deliver a Continuing Operating breakeven which is consistent with the agreed Control Total.

For the first six months of the 2021/22 financial year and as part of the continued response to the COVID-19 pandemic, the NHS has retained the payment for NHS services through the use of block payments.

Contracts for next year with Local Authorities and for any new services that have been awarded have been signed. For 2020/21 the intention had been to sign longer term contracts with the four North East London Clinical Commissioning Groups. Due to the suspension of contracting this has not happen although it still remains the intention when full contracting is re-introduced. Community services in Essex remain contracted through to March 2024.

The Trust will be starting the 2021/22 year with a strong positive cash position which, based on the expected movements summarised below, it is expecting to improve with a forecast cash balance at the end of the year of £60.4 million:

	<b>2021/22 £000</b>
Opening cash balance	55,734
EBITDA	9,177
Interest receivable	11
Interest payable	(860)
CAPEX	(19,199)
Sale of assets	9,705
Capital repayment - PFI and Finance leases	(739)
PDC dividend payment	(2,298)
PDC Capital received	6,585
Movement in debtors	2,587
Movement in Creditors	(213)
<b>Closing cash balance</b>	<b>60,490</b>

Taking the above issues into account the Directors have been able to confirm the Trust is a going concern for the 12-month period from the date of approving the 2020/21 accounts.

Signed:

A handwritten signature in black ink, appearing to read 'M Young', with a long horizontal flourish extending to the right.

Malcolm Young  
Executive Director of Finance  
28 June 2021

**North East London NHS Foundation Trust**

**Annual accounts for the year ended 31 March 2021**

**North East London NHS Foundation Trust - Annual accounts for the year ended 31 March 2021**

**Foreword to the accounts**

**North East London NHS Foundation Trust**

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



**Signed**

<b>Name</b>	<b>Professor Oliver Shanley</b>
<b>Job title</b>	<b>Chief Executive</b>
<b>Date</b>	<b>28/06/2021</b>

**Statement of Comprehensive Income**

		<b>2020/21</b>	<b>2019/20</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
Operating income from patient care activities	3	435,138	394,861
Other operating income	4	51,606	23,099
Operating expenses	5	<u>(492,870)</u>	<u>(413,878)</u>
<b>Operating surplus/(deficit) from continuing operations</b>		<b><u>(6,126)</u></b>	<b><u>4,082</u></b>
Finance income	9	13	385
Finance expenses	10	(980)	(1,028)
PDC dividends payable		<u>(2,201)</u>	<u>(2,421)</u>
<b>Net finance costs</b>		<b><u>(3,168)</u></b>	<b><u>(3,064)</u></b>
Gains on disposal of assets	11	<u>-</u>	<u>1,970</u>
<b>Surplus / (deficit) for the year</b>		<b><u>(9,294)</u></b>	<b><u>2,988</u></b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Net Impairment reversals	7	2,397	391
Revaluations		<u>5,037</u>	<u>5,224</u>
<b>Total comprehensive income / (expense) for the period</b>		<b><u>(1,860)</u></b>	<b><u>8,603</u></b>
The disclosure below is an alternative performance measure that is not part of the Statement of Comprehensive Income.			
<b>Adjusted financial performance (control total basis):</b>			
Surplus / (deficit) for the period		(9,294)	2,988
Add back net impairments charged to operating expenditure		10,626	4,828
Remove 2018/19 post audit PSF reallocation (2019/20 only)		<u>-</u>	<u>(215)</u>
<b>Adjusted financial performance surplus</b>		<b><u>1,332</u></b>	<b><u>7,601</u></b>



## Statement of Financial Position

		31 March 2021	31 March 2020
	Note	£000	£000
<b>Non-current assets</b>			
Intangible assets	13	1,195	1,449
Property, plant and equipment	14	121,655	117,610
Receivables	15	355	245
<b>Total non-current assets</b>		<b><u>123,205</u></b>	<b><u>119,304</u></b>
<b>Current assets</b>			
Receivables	15	20,327	29,926
Assets held for sale	16	10,150	10,550
Cash and cash equivalents	17	55,734	41,923
<b>Total current assets</b>		<b><u>86,211</u></b>	<b><u>82,399</u></b>
<b>Current liabilities</b>			
Trade and other payables	18	(53,578)	(47,862)
Borrowings	20	(700)	(630)
Provisions	22	(4,019)	(4,284)
Other liabilities	19	(2,484)	(1,689)
<b>Total current liabilities</b>		<b><u>(60,781)</u></b>	<b><u>(54,465)</u></b>
<b>Total assets less current liabilities</b>		<b><u>148,635</u></b>	<b><u>147,238</u></b>
<b>Non-current liabilities</b>			
Borrowings	20	(8,290)	(8,990)
Provisions	22	(3,484)	(3,648)
<b>Total non-current liabilities</b>		<b><u>(11,774)</u></b>	<b><u>(12,638)</u></b>
<b>Total assets employed</b>		<b><u>136,861</u></b>	<b><u>134,600</u></b>
<b>Financed by</b>			
Public dividend capital		65,607	61,486
Revaluation reserve		36,458	31,347
Income and expenditure reserve		34,796	41,767
<b>Total taxpayers' equity</b>		<b><u>136,861</u></b>	<b><u>134,600</u></b>

The notes on pages 116 to 153 form part of these accounts.

Name: Professor Oliver Shanley

Position: Chief Executive

Date: 28/06/2021

Signature:



**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
<b>Taxpayers' and others' equity at 1 April 2020</b>	<b>61,486</b>	<b>31,347</b>	<b>41,767</b>	<b>134,600</b>
Deficit for the year	-	-	(9,294)	<b>(9,294)</b>
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	(400)	400	-
Other transfers between reserves	-	(1,923)	1,923	-
Net Impairments reversals	-	2,397	-	<b>2,397</b>
Revaluations	-	5,037	-	<b>5,037</b>
Public dividend capital received	4,121	-	-	<b>4,121</b>
<b>Taxpayers' and others' equity at 31 March 2021</b>	<b>65,607</b>	<b>36,458</b>	<b>34,796</b>	<b>136,861</b>

**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
<b>Taxpayers' and others' equity at 1 April 2019</b>	<b>60,375</b>	<b>27,987</b>	<b>36,524</b>	<b>124,886</b>
Surplus for the year	-	-	2,988	<b>2,988</b>
Other transfers between reserves	-	(2,255)	2,255	-
Net Impairments reversals	-	391	-	<b>391</b>
Revaluations	-	5,224	-	<b>5,224</b>
Public dividend capital received	1,111	-	-	<b>1,111</b>
<b>Taxpayers' and others' equity at 31 March 2020</b>	<b>61,486</b>	<b>31,347</b>	<b>41,767</b>	<b>134,600</b>

**Statement of Cash Flows**

		<b>2020/21</b>	<b>2019/20</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
Operating surplus / (deficit)		(6,126)	4,082
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	5	6,285	6,532
Net impairments	7	10,626	4,828
(Increase) / decrease in receivables and other assets		9,813	(2,750)
Increase / (decrease) in payables and other liabilities		6,534	(73)
Decrease in provisions		<u>(477)</u>	<u>(1,678)</u>
<b>Net cash flows from operating activities</b>		<u><b>26,655</b></u>	<u><b>10,941</b></u>
<b>Cash flows from investing activities</b>			
Interest received		13	385
Purchase of property, plant and equipment		(12,891)	(21,285)
Sales of property, plant and equipment		<u>-</u>	<u>6,012</u>
<b>Net cash flows used in investing activities</b>		<u><b>(12,878)</b></u>	<u><b>(14,888)</b></u>
<b>Cash flows from financing activities</b>			
Public dividend capital received		4,121	1,111
Capital element of finance lease rental payments		(263)	(230)
Capital element of PFI payments		(366)	(335)
Interest paid on finance lease liabilities		(264)	(258)
Interest paid on PFI		(668)	(699)
PDC dividend paid		<u>(2,526)</u>	<u>(2,358)</u>
<b>Net cash flows from / (used in) financing activities</b>		<b>34</b>	<b>(2,769)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>13,811</b>	<b>(6,716)</b>
<b>Cash and cash equivalents at 1 April</b>	17	<u><b>41,923</b></u>	<u><b>48,639</b></u>
<b>Cash and cash equivalents at 31 March</b>	17	<u><u><b>55,734</b></u></u>	<u><u><b>41,923</b></u></u>

**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.

**Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

**Going concern**

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

- It will provide the same level of services for the foreseeable future at the year-end 2020/21;
- It has achieved a Surplus of £1.3m before impairment in the year;
- It starts the new financial year with a healthy cash balance of £56m;
- Its current assets exceed its current liabilities both as at 31st March 2021 and in its operating plan;
- Its Financial Plan approved for 2021/22 by the Board will deliver a Continuing Operating total of breakeven position consistent with the agreed Control Total.

## **Note 1.2 Income Recognition**

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

### **Revenue from contracts with customers**

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

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

- NELFT does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- NELFT does also not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.

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

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

### **Revenue from NHS contracts**

The 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.

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 Transportation 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.

### **Reimbursements and top up funding**

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)**

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the

commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year. Where a patient care spell is incomplete, revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

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

### **Revenue from Local Authority Contracts**

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

### **Revenue from CQUIN**

As a result of the pandemic, NHS England has suspended the Commissioning for Quality and Innovation (CQUIN) obligation relating to performance. Accordingly, all income has been part of the block payment as stated under the NHS contract above.

### **Comparative Period 2019/20**

The Trust receives income from commissioners under CQUIN schemes. The Trust agrees schemes with its commissioner, but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead, they form part of the transaction price for performance obligations under the contract. The Trust therefore accounts for the whole of this income in the relevant accounting year unless there is clear indication that the targets will not be met.

### **Revenue from Education and Training Contracts**

All training and education income is recognised as and when performance obligations are satisfied. Any income for which performance obligations has not been met is shown as deferred income.

## **Note 1.3 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 Cost**

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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

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

### **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 31st March 2021 is based on valuation data as at 31st 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.

### **National Employment Savings Trust**

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

NEST is a defined contribution, off Statement of Financial Position scheme. The number of employees auto enrolling into NEST in 2020/21 is 51 (2019/20 is 95). The value of employer’s contributions in 2020/21 is £66k (2019/20 is £3.8K)

### **Note 1.4 Expenditure on other goods and services**

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

### **Note 1.5 Property, plant and equipment**

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

#### **Note 1.5.1 Capitalisation**

Assets are capitalised:

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

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

**Note 1.5.2 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.

**Note 1.5.3 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, 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.

**Note 1.5.4 Revaluation**

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

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

Assets held at depreciated replacement cost have been valued based on prospect and viability of continued occupation and use for the provision of the relevant services. Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and where capitalised in accordance with IAS 23, borrowing costs. Assets are revalued and depreciation commences when the assets are brought into use.

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

A desktop review of Land and Buildings conducted by Gary Howes and Eleanor Cook both MRICS & Registered Valuers, on behalf of Montague Evans as at 31st March 2021, including three properties that they have inspected.

The valuation exercise was carried out with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has not declared a 'material valuation uncertainty' in the valuation report as irrespective of the pandemic and the measures taken to tackle COVID-19 property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.



### Note 1.5.5 Depreciation

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

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

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

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

### Note 1.5.6 Revaluation and Impairment

#### Revaluation Gains and Losses

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

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

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

#### Impairments

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

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

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

### **Note 1.5.7 De-Recognition of Non-Current Assets**

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

- The asset is available for immediate sale in its present condition subject only to terms, which are customary for such sales;
- The sale must be highly probable, which means that the criteria below have to be met:
  - Management are committed to a plan to sell the asset
  - An active programme has begun to find a buyer and complete the sale
  - The asset is being actively marketed at a reasonable price
  - The sale is expected to be completed within 12 months of the date of classification as 'held for sale'
  - The actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

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

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

### **Note 1.6 Intangible assets**

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

#### **Software**

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

#### **Measurement**

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

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

## **Amortisation**

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

### **Note 1.7 Private Finance Initiative (PFI) Transactions**

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

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

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

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

### **Note 1.8 Leases**

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

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

#### **Note 1.8.1 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 of 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 to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

##### **Operating leases**

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

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

### **Leases of land and buildings**

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

### **Note 1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at £3.5M cost. In line with the 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.

As the Trust does not recognise consumables on the ground of materiality, the same amount has been accounted for both as income and expenditure in the accounts.

### **Note 1.10 Cash and Cash Equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Note 1.11 Financial Assets and Financial Liabilities**

#### **Note 1.11.1 Recognition**

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

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

#### **Classification and measurement**

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

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

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

#### **Financial Assets and Financial Liabilities at amortised cost**

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

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 as a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

### **Impairment of Financial Assets**

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

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

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

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

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

#### **Note 1.11.2 De-recognition**

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

#### **Note 1.12 Provisions**

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

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 1.25% nominal terms (2019/20: positive 1.8% nominal terms).

#### **Note 1.12.1 Clinical negligence cost**

The 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 the 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 in the Notes to the Accounts at note 22.1.

**Note 1.12.2 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 1.13 Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

**Note 1.13.1 Critical Judgements in applying accounting policies**

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

**Impairments and estimated asset lives**

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

**Valuations of land and buildings**

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

**Provisions**

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

**Note 1.13.2 Key sources of estimation uncertainty**

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- The valuation basis used for specialised and non-specialised assets and the use of Gross Internal Area (GIA);
- The Trust has considered the uncertainty around the valuation of land and building relating to COVID-19 as already disclosed in note 1.5.4
- Non-specialised buildings are valued under an Existing Use Basis and specialised buildings are valued using a Depreciated Replacement Cost, considering the cost of a Modern Equivalent Asset. Valuations are based on a range of assumptions including optimal floor space and land size of a Modern Equivalent Asset. See Note 1.5 for further details.

**Note 1.14 Accounting Standards issued but not yet adopted**

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

Title	Subject	Effective date (IASB Dates)	Effect on Trust as at Effective date
IFRS 16 Leases	Implementation in the NHS	NHS: 1 <sup>st</sup> of April 2022	Not Yet Assessed
IFRS 17 Insurance Contracts	Implementation and amendments	1 <sup>st</sup> January 2023	No Effect

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

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

Contingent liabilities are defined as:

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

### Note 1.16 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance, which represents the Department of Health and Social Care's involvement in the Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

A charge, reflecting the actual cost of capital utilised by the Trust, is payable over as public dividend capital dividend. The charge is calculated, at the rate set by HM Treasury (currently 3.5%) on the actual average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

1. Donated assets and grant funded assets
2. Average daily cleared balances in GBS and National Loan Fund deposits, excluding cash balance held in GBS account that relate to a short-term working capital facilities
3. Any PDC dividend balance receivable or payable
4. Approved expenditure on COVID-19 capital assets
5. Assets under construction for nationality directed schemes

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

### Note 1.17 Taxation

#### Note 1.17.1 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or

included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**Note 1.17.2 Corporation Tax**

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

**Note 1.18 Third Party Assets**

North East London Foundation Trust held cash and cash equivalents which relate to monies held by the Foundation Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts. The Third Party Assets as at 31st March 2021 is £17k (£15K in the year ended 31 March 2020).

**Note 1.19 Losses and Special Payments**

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

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

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

**Note 2 Operating Segments**

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



**Note 3 Operating income from patient care activities****Note 3.1 Income from patient care activities (by nature)**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Mental Health services</b>		
Block contract income*	209,203	179,570
Clinical income for the secondary commissioning of mandatory services	-	3,242
Other clinical income from mandatory services	5,972	2,418
<b>Community services</b>		
Block contract income	150,406	144,294
Income from other sources	52,652	51,677
<b>All services</b>		
Private patient income	1	5
Additional pension contribution central funding**	12,828	11,460
Other clinical income	4,076	2,195
<b>Total income from activities</b>	<b><u>435,138</u></b>	<b><u>394,861</u></b>

\*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)**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Income from patient care activities received from:</b>		
NHS England	35,762	30,038
Clinical commissioning groups	338,168	311,829
Department of Health and Social Care	-	589
Other NHS providers	6,475	2,168
Local authorities	51,511	49,851
Non-NHS: private patients	1	5
Non-NHS: overseas patients (chargeable to patient)	95	42
Injury cost recovery scheme	106	178
Non NHS: other	3,020	161
<b>Total income from activities</b>	<b><u>435,138</u></b>	<b><u>394,861</u></b>

**Note 3.3 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:

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Income from services designated (or grandfathered) as commissioner requested services	425,089	387,006
Income from services not designated as commissioner requested services	10,049	7,855
<b>Total</b>	<b><u>435,138</u></b>	<b><u>394,861</u></b>

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	2,681	-	2,681	3,555	-	3,555
Education and training	9,598	96	9,694	9,189	200	9,389
Non-patient care services to other bodies	24	-	24	116	-	116
Provider sustainability fund (2019/20 only)	-	-	-	3,594	-	3,594
Reimbursement and top up funding	31,955	-	31,955	-	-	-
Charitable and other contributions to expenditure	-	3,520	3,520	-	-	-
Rental revenue from finance leases	-	180	180	-	180	180
Rental revenue from operating leases	-	384	384	-	413	413
Other income	3,168	-	3,168	5,852	-	5,852
<b>Total other operating income</b>	<b>47,426</b>	<b>4,180</b>	<b>51,606</b>	<b>22,306</b>	<b>793</b>	<b>23,099</b>

#### Note 4.1 Nightingale Income/ Expenditure

As a result of the Covid 19 pandemic, NEFLT was invited by the NHS England to host the Nightingale facilities from the beginning of Jan 2021 to 31 March 2021. As a consequence, the related income and expenditure of £5.9m was included in the account and shown within reimbursement and top up funding under other operating income (Note 4).

**Note 5 Operating expenses**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Purchase of healthcare from NHS and DHSC bodies	2,365	2,408
Purchase of healthcare from non-NHS and non-DHSC bodies	4,843	7,439
Staff and executive directors costs	362,768	313,980
Remuneration of non-executive directors	208	205
Supplies and services - clinical (excluding drugs costs)	16,141	8,961
Supplies and services - general	2,739	1,834
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	5,001	4,849
Consultancy costs	436	419
Establishment	6,155	6,049
Premises	36,264	29,418
Transport (including patient travel)	1,623	1,021
Depreciation on property, plant and equipment	6,031	6,278
Amortisation on intangible assets	254	254
Net impairments	10,626	4,828
Movement in credit loss allowance: contract receivables	(361)	1,412
Movement in credit loss allowance: all other receivables	804	337
Increase/(decrease) in other provisions	337	(1,607)
Audit fees payable to external auditor*		
Audit services - statutory audit	82	88
other auditor remuneration	-	9
Internal audit costs	62	65
Clinical negligence	912	652
Legal fees	421	2,180
Insurance	474	55
Education and training	2,769	2,757
Rentals under operating leases	18,282	14,139
Redundancy	71	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes	1,304	1,273
Losses, ex gratia & special payments	41	10
Other services, eg. external payroll	8,893	4,565
Other	3,325	-
<b>Total</b>	<b>492,870</b>	<b>413,878</b>

\*The audit fees quoted are inclusive of VAT

**Note 5.1 Employee benefits**

	<b>2020/21</b>	<b>2019/20</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	255,184	223,776
Social security costs	27,827	23,155
Apprenticeship levy	1,306	1,193
Employer's contributions to NHS pensions	42,188	37,795
Pension cost – other	-	65
Temporary staff (including agency)	36,263	27,996
<b>Total gross staff costs</b>	<b><u>362,768</u></b>	<b><u>313,980</u></b>

**Note 5.2 Retirements due to ill health**

During 2020/21 there were 4 early retirements from the trust agreed on the grounds of ill health (3 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements are £131k (£108k in 2019/20).

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

**Note 6 Other auditor remuneration**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Other auditor remuneration paid to the external auditor:</b>		
Audit-related assurance services	-	9

**Note 6.1 Limitation on auditors' liability**

Our engagement letter with external auditors provide for a limitation of the auditor's liability to a maximum aggregate of £1 Million.

**Note 7 Impairment of assets**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Changes in market price	10,626	4,828
Net Impairments reversals credited to revaluation reserve	<u>(2,397)</u>	<u>(391)</u>
<b>Total net impairments</b>	<b><u>8,229</u></b>	<b><u>4,437</u></b>

**Note 8 Operating leases****Note 8.1 North East London NHS Foundation Trust as a lessor**

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

	2020/21 £000	2019/20 £000
<b>Operating lease revenue</b>		
Minimum lease receipts	384	413
<b>Total</b>	<b>384</b>	<b>413</b>
	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Future minimum lease receipts due:</b>		
- not later than one year	62	413
<b>Total</b>	<b>62</b>	<b>413</b>

**Note 8.2 North East London NHS Foundation Trust as a lessee**

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

	2020/21 £000	2019/20 £000
<b>Operating lease expense</b>		
Minimum lease payments	18,282	14,139
<b>Total</b>	<b>18,282</b>	<b>14,139</b>
	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	14,662	13,371
- later than one year and not later than five years;	56,192	47,059
- later than five years.	66,793	32,366
<b>Total</b>	<b>137,647</b>	<b>92,796</b>

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

**Note 9 Finance income**

Finance income represents interest received on assets in the period.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Interest on bank accounts	13	385
<b>Total finance income</b>	<b>13</b>	<b>385</b>

**Note 10 Finance expenditure**

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

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Interest expense:</b>		
Finance leases	264	258
Main finance costs on PFI obligations	668	699
<b>Total interest expense</b>	<b>932</b>	<b>957</b>
Unwinding of discount on provisions	48	71
<b>Total finance costs</b>	<b>980</b>	<b>1,028</b>

**Note 11 Gains on a disposal of assets**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Gains on disposal of assets	-	1,970
<b>Total Gains</b>	<b>-</b>	<b>1,970</b>

**Note 12 Better Payment Practice Code- Measure of Compliance**

<b>Better payment practice code</b>	<b>2020/21</b>		<b>2019/20</b>	
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b>Non NHS</b>				
Total bills paid in the year	27,847	221,757	23,282	162,983
Total bills paid within target	26,006	211,808	17,639	148,109
Percentage of bills paid within target	<b>93%</b>	<b>96%</b>	<b>76%</b>	<b>91%</b>
<b>NHS</b>				
Total bills paid in the year	1,775	34,952	1,050	26,174
Total bills paid within target	1,590	33,193	724	20,555
Percentage of bills paid within target	<b>90%</b>	<b>95%</b>	<b>69%</b>	<b>79%</b>
<b>Total</b>				
Total bills paid in the year	29,622	256,709	24,332	189,157
Total bills paid within target	27,596	245,001	18,363	168,664
Percentage of bills paid within target	<b>93%</b>	<b>95%</b>	<b>75%</b>	<b>89%</b>

**Note 13 Intangible assets - 2020/21**

	<b>Software licences £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2020</b>	<b>1,938</b>	<b>1,938</b>
<b>Amortisation at 1 April 2020</b>	<b>489</b>	<b>489</b>
Provided during the year	254	254
<b>Amortisation at 31 March 2021</b>	<b>743</b>	<b>743</b>
<b>Net book value at 31 March 2021</b>	<b>1,195</b>	<b>1,195</b>
<b>Net book value at 1 April 2020</b>	<b>1,449</b>	<b>1,449</b>

**Note 13.1 Intangible assets - 2019/20**

	<b>Software licences £000</b>	<b>Total £000</b>
<b>Valuation / gross cost at 1 April 2019</b>	<b>1,938</b>	<b>1,938</b>
<b>Amortisation at 1 April 2019</b>	<b>235</b>	<b>235</b>
Provided during the year	254	254
<b>Amortisation at 31 March 2020</b>	<b>489</b>	<b>489</b>
<b>Net book value at 31 March 2020</b>	<b>1,449</b>	<b>1,449</b>
<b>Net book value at 1 April 2019</b>	<b>1,703</b>	<b>1,703</b>



**Note 14 Property, plant and equipment - 2020/21**

	Land	Buildings	Assets under construction	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1 April 2020</b>	<b>19,398</b>	<b>99,599</b>	<b>2,953</b>	<b>3</b>	<b>4,961</b>	<b>961</b>	<b>127,875</b>
Additions	-	-	12,868	-	-	-	12,868
Impairments	(532)	(11,911)	(2,169)	-	-	-	(14,612)
Reversals of impairments	2,740	4,043	-	-	-	-	6,783
Revaluations	775	(6,966)	-	-	-	-	(6,191)
Reclassifications	-	9,951	(13,586)	-	3,412	223	-
<b>Valuation/gross cost at 31 March 2021</b>	<b>22,381</b>	<b>94,716</b>	<b>66</b>	<b>3</b>	<b>8,373</b>	<b>1,184</b>	<b>126,723</b>
<b>Accumulated depreciation at 1 April 2020</b>	<b>-</b>	<b>8,095</b>	<b>-</b>	<b>1</b>	<b>1,711</b>	<b>458</b>	<b>10,265</b>
Provided during the year	-	4,904	-	1	1,030	96	6,031
Revaluations	-	(11,228)	-	-	-	-	(11,228)
<b>Accumulated depreciation at 31 March 2021</b>	<b>-</b>	<b>1,771</b>	<b>-</b>	<b>2</b>	<b>2,741</b>	<b>554</b>	<b>5,068</b>
<b>Net book value at 31 March 2021</b>	<b>22,381</b>	<b>92,945</b>	<b>66</b>	<b>1</b>	<b>5,632</b>	<b>630</b>	<b>121,655</b>
<b>Net book value at 1 April 2020</b>	<b>19,398</b>	<b>91,504</b>	<b>2,953</b>	<b>2</b>	<b>3,250</b>	<b>503</b>	<b>117,610</b>

## Note 14.1 Property, plant and equipment - 2019/20

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

**Note 14.2 Property, plant and equipment financing - 2020/21**

	<b>Land</b>	<b>Buildings</b>	<b>Assets under construction</b>	<b>Transport equipment</b>	<b>Information technology</b>	<b>Furniture &amp; fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net book value at 31 March 2021</b>							
Owned - purchased	17,341	77,726	66	1	5,632	630	<b>101,396</b>
Finance leased	915	2,106	-	-	-	-	<b>3,021</b>
On-SoFP PFI contracts	4,125	13,113	-	-	-	-	<b>17,238</b>
<b>NBV total at 31 March 2021</b>	<b>22,381</b>	<b>92,945</b>	<b>66</b>	<b>1</b>	<b>5,632</b>	<b>630</b>	<b>121,655</b>

**Note 14.3 Property, plant and equipment financing - 2019/20**

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

**Note 15 Receivables**

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Current</b>		
Contract receivables	12,345	25,896
Accrued Income	8,587	4,505
Capital receivables	-	73
Allowance for impaired contract receivables / assets	(2,995)	(3,356)
Allowance for other impaired receivables	(2,109)	(1,305)
Prepayments (non-PFI)	2,334	2,525
PDC dividend receivable	703	379
VAT receivable	1,107	1,001
Clinician pension tax provision reimbursement funding from NHSE	105	110
Other receivables	250	98
<b>Total current receivables</b>	<b><u>20,327</u></b>	<b><u>29,926</u></b>
<b>Non-current</b>		
Clinician pension tax provision reimbursement funding from NHSE	355	245
<b>Total non-current receivables</b>	<b><u>355</u></b>	<b><u>245</u></b>
Of which receivable from NHS and DHSC group bodies:	<b>10,662</b>	<b>12,996</b>

**Note 15.1 Allowances for credit losses**

	<b>2020/21</b>		<b>2019/20</b>	
	<b>Contract receivables £000</b>	<b>All other receivables £000</b>	<b>Contract receivables £000</b>	<b>All other receivables £000</b>
<b>Allowances as at 1 April - brought forward</b>	<b>3,356</b>	<b>1,305</b>	<b>2,429</b>	<b>968</b>
New allowances arising	-	804	3,357	1,304
Reversals of allowances	(361)	-	(1,945)	(967)
Utilisation of allowances (write offs)	-	-	(485)	-
<b>Allowances as at 31 Mar 2021</b>	<b><u>2,995</u></b>	<b><u>2,109</u></b>	<b><u>3,356</u></b>	<b><u>1,305</u></b>

**Note 16 Assets held for sale**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>NBV of assets for sale at 1 April</b>	<b>10,550</b>	<b>300</b>
Assets classified as available for sale in the year	-	10,250
Impairment of assets held for sale	(400)	-
<b>NBV of assets for sale at 31 March</b>	<b><u>10,150</u></b>	<b><u>10,550</u></b>

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

**Note 17 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.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April</b>	<b>41,923</b>	<b>48,639</b>
Net change in year	13,811	(6,716)
<b>At 31 March</b>	<b><u>55,734</u></b>	<b><u>41,923</u></b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	49	55
Cash with the Government Banking Service	55,685	41,850
Other current investments	-	18
<b>Total cash and cash equivalents as in SoCF</b>	<b><u>55,734</u></b>	<b><u>41,923</u></b>

**Note 17.1 Third party assets held by the Trust**

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Bank balances	17	15
<b>Total third party assets</b>	<b>17</b>	<b>15</b>

**Note 18 Trade and other payables**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Trade payables	15,855	18,023
Capital payables	1,337	1,360
Accruals	25,734	18,816
Receipts in advance and payments on account	2,645	2,509
Social security costs	7,868	6,582
Other payables	139	572
<b>Total current trade and other payables</b>	<b>53,578</b>	<b>47,862</b>
Of which payable to NHS and DHSC group bodies:	<b>7,220</b>	<b>5,253</b>

**Note 19 Other liabilities**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Deferred income: contract liabilities	2,484	1,689
<b>Total other current liabilities</b>	<b>2,484</b>	<b>1,689</b>

**Note 20 Borrowings**

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
Obligations under finance leases	300	263
Obligations under PFI	400	367
<b>Total current borrowings</b>	<b>700</b>	<b>630</b>

**Non-current**

Obligations under finance leases	1,577	1,878
Obligations under PFI	<u>6,713</u>	<u>7,112</u>
<b>Total non-current borrowings</b>	<b><u>8,290</u></b>	<b><u>8,990</u></b>

**Note 21 Finance leases****Note 21.1 North East London NHS Foundation Trust as a lessee**

Obligations under finance leases.

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Gross lease liabilities</b>	<b><u>2,504</u></b>	<b><u>3,032</u></b>
of which liabilities are due:		
- not later than one year;	527	527
- later than one year and not later than five years;	1,977	2,110
- later than five years.	-	395
Finance charges allocated to future periods	<u>(627)</u>	<u>(891)</u>
<b>Net lease liabilities</b>	<b><u>1,877</u></b>	<b><u>2,141</u></b>
of which payable:		
- not later than one year;	300	263
- later than one year and not later than five years;	1,577	1,496
- later than five years.	<u>-</u>	<u>382</u>
	<b><u>1,877</u></b>	<b><u>2,141</u></b>

There has been no significant new lease arrangements during the year end 31 March 2021

**Note 22 Provisions for liabilities and charges analysis**

	<b>Pensions: early departure costs</b>	<b>Legal claims</b>	<b>Redundancy</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2020</b>	<b>3,713</b>	<b>2,029</b>	<b>161</b>	<b>2,029</b>	<b>7,932</b>
Arising during the year	82	1,279	71	784	<b>2,216</b>
Utilised during the year	(306)	(366)	(153)	(94)	<b>(919)</b>
Reversed unused	(102)	(1,664)	(8)	-	<b>(1,774)</b>
Unwinding of discount	48	-	-	-	<b>48</b>
<b>At 31 March 2021</b>	<b>3,435</b>	<b>1,278</b>	<b>71</b>	<b>2,719</b>	<b>7,503</b>
<b>Expected timing of cash flows:</b>					
- not later than one year;	306	1,278	71	2,364	<b>4,019</b>
- later than one year and not later than five years;	1,224	-	-	355	<b>1,579</b>
- later than five years.	1,905	-	-	-	<b>1,905</b>
<b>Total</b>	<b>3,435</b>	<b>1,278</b>	<b>71</b>	<b>2,719</b>	<b>7,503</b>



**Note 22.1 Clinical negligence liabilities**

At 31 March 2021, £2,354k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of North East London NHS Foundation Trust (31 March 2020: £4,922k).

**Note 23 Contingent assets and liabilities**

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Value of contingent liabilities</b>		
NHS Resolution legal claims	(37)	(58)
<b>Net value of contingent liabilities</b>	<u><u>(37)</u></u>	<u><u>(58)</u></u>

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

**Note 24 Contractual capital commitments**

There were no Capital Commitments for year ended 31 March 2021. (£360k in 2019/20).

**Note 25 Events after the reporting period**

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

**Note 26 On-SoFP PFI arrangements****Note 26.1 On-SoFP PFI arrangement obligations**

The following obligations in respect of the PFI are recognised in the statement of financial position:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Gross PFI liabilities</b>	<b>11,371</b>	<b>12,405</b>
<b>Of which liabilities are due</b>		
- not later than one year;	1,034	1,034
- later than one year and not later than five years;	4,135	4,135
- later than five years.	6,202	7,236
Finance charges allocated to future periods	(4,258)	(4,926)
<b>Net PFI obligation</b>	<b>7,113</b>	<b>7,479</b>
- not later than one year;	400	367
- later than one year and not later than five years;	2,004	1,834
- later than five years.	4,709	5,278

**Note 26.2 Total on-SoFP PFI commitments**

Total future commitments under these on-SoFP schemes are as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Total future payments committed in respect of the PFI</b>	<b>39,119</b>	<b>42,067</b>
<b>Of which payments are due:</b>		
- not later than one year;	3,023	2,949
- later than one year and not later than five years;	13,294	12,834
- later than five years.	22,802	26,284

**Note 26.3 Analysis of amounts payable to service concession operator**

This note provides an analysis of the unitary payments made to the service concession operator:

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Unitary payment payable to service concession operator</b>	<b><u>2,949</u></b>	<b><u>2,877</u></b>
<b>Consisting of:</b>		
- Interest charge	668	699
- Repayment of balance sheet obligation	366	335
- Service element and other charges to operating expenditure	1,304	1,273
- Addition to lifecycle prepayment	611	570
<b>Total amount paid to service concession operator</b>	<b><u><u>2,949</u></u></b>	<b><u><u>2,877</u></u></b>

**Note 26.4 Total future payments committed in respect of PFI (Service Element)**

	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Consisting of:</b>		
- not later than one year;	1,338	1,305
- later than one year and not later than five years;	6,120	5,836
- later than five years.	10,621	12,244
<b>Total amount paid to service concession operator</b>	<b><u><u>18,079</u></u></b>	<b><u><u>19,385</u></u></b>

**Note 27 Financial instruments****Note 27.1 Financial risk management**

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

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

**Currency Risk**

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

**Credit Risk**

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the receivables note.

**Liquidity Risk**

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

**Interest Rate Risk**

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

**Note 27.2 Carrying values of financial assets**

<b>Carrying values of financial assets as at 31 March 2021</b>	<b>Held at amortised cost</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	16,122	16,122
Cash and cash equivalents	55,734	55,734
	<b>71,856</b>	<b>71,856</b>

<b>Carrying values of financial assets as at 31 March 2020</b>	<b>Held at amortised cost</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>
Trade and other receivables excluding non financial assets	26,266	26,266
Cash and cash equivalents	41,923	41,923
	<b>68,189</b>	<b>68,189</b>

**Note 27.3 Carrying values of financial liabilities**

<b>Carrying values of financial liabilities as at 31 March 2021</b>	<b>Held at amortised cost</b>	<b>Total book value</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases	1,877	1,877
Obligations under PFI contracts	7,113	7,113
Trade and other payables excluding non financial liabilities	43,065	43,065
	<b>52,055</b>	<b>52,055</b>

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

**Note 27.4 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.

	<b>31 March 2021</b>	<b>31 March 2020 restated*</b>
	<b>£000</b>	<b>£000</b>
In one year or less	44,626	33,818
In more than one year but not more than five years	6,112	9,836
In more than five years	6,202	10,553
	<u><b>56,940</b></u>	<u><b>54,207</b></u>

\* This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

**Note 27.5 Fair Value of financial assets and liabilities**

The book value (carrying value) is a reasonable approximation of fair value.

**Note 28 Losses and special payments**

	<b>2020/21</b>		<b>2019/20</b>	
	<b>Total number of cases Number</b>	<b>Total value of cases £000</b>	<b>Total number of cases Number</b>	<b>Total value of cases £000</b>
<b>Losses</b>				
Cash losses	32	36	10	9
Stores losses and damage to property	6	-	-	-
<b>Total losses</b>	<u><b>38</b></u>	<u><b>36</b></u>	<u><b>10</b></u>	<u><b>9</b></u>
<b>Special payments</b>				
Ex-gratia payments	1	5	-	-
	<u><b>39</b></u>	<u><b>41</b></u>	<u><b>10</b></u>	<u><b>9</b></u>

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

**Note 29 Related parties**

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

During the Year ended 31 March 2021, none of the Board Members or members of the key management staff or parties related to them have undertaken any material transactions with the Trust. The Trust has engaged in transactions with Provide CIC but immaterial in value.

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

	Receivables		Payables	
	31-Mar-21 £000	31-Mar-20 £000	31-Mar-21 £000	31-Mar-20 £000
<b>Related parties as defined by NELFT are as follows:</b>				
Barking & Dagenham CCG	-	3,335	250	-
Havering CCG	-	766	350	-
Redbridge CCG	51	1,555	227	32
Waltham Forest CCG	-	462	196	-
Basildon & Brentwood CCG	101	439	150	3
Thurrock CCG	55	195	30	23
BHR University NHS Trust	406	196	474	318
Care City	-	126	-	-
Other NHS Bodies	7,253	3,474	2,841	2,754
<b>Total</b>	<b>7,866</b>	<b>10,548</b>	<b>4,518</b>	<b>3,130</b>
	Income		Expenditure	
	31-Mar-21 £000	31-Mar-20 £000	31-Mar-21 £000	31-Mar-20 £000
Department of Health	1,383	588	-	-
Barking & Dagenham CCG	72,476	61,060	-	-
Havering CCG	61,696	58,443	-	-
Redbridge CCG	54,290	50,547	205	32
Waltham Forest CCG	73,606	71,119	5	205
			-	
Basildon & Brentwood CCG	14,843	14,665	27	2
Thurrock CCG	9,001	8,713	3	67
BHR University NHS Trust	1,797	1,240	1,110	1,685
Care City	-	1,370	-	-
Other NHS Bodies	114,231	75,437	14,147	14,565
<b>Total</b>	<b>403,323</b>	<b>343,182</b>	<b>15,443</b>	<b>16,556</b>

	Receivables		Payables	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	£000	£000	£000	£000
<b>Local Authority Bodies is as follows:</b>				
Barking & Dagenham Council	1,586	758	252	-
Havering Council	411	198	141	6
Redbridge Council	1,449	2,027	323	-
Waltham Forest Council	3,088	2,951	178	10
Essex County Council	52	1,809	-	-
Thurrock Council	11	399	49	55
Others	300	143	419	89
<b>Total</b>	<b>6,897</b>	<b>8,285</b>	<b>1,362</b>	<b>160</b>

	Income		Expenditure	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	£000	£000	£000	£000
<b>Local Authority Bodies is as follows:</b>				
Barking & Dagenham Council	6,085	6,085	43	2
Havering Council	3,428	3,225	112	27
Redbridge Council	7,137	6,987	931	325
Waltham Forest Council	5,718	5,259	174	38
Essex County Council	12,895	12,738	86	10
Thurrock Council	16,225	15,348	145	185
Others	291	208	560	213
<b>Total</b>	<b>51,779</b>	<b>49,850</b>	<b>2,051</b>	<b>800</b>

### Note 30 Non-Consolidation of Charitable Fund Accounts

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

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

The charitable fund account for the year ended 31 March 2021 has income of £271K, expenditure of £166K and net assets of £276k at this date. As these values are not material to the Trust's overall results, the Trust has opted not to consolidate the accounts under IAS 27. Further information on the charity and its accounts can be found at the Charity Commission website at: <http://www.charity-commission.gov.uk/>



## **Independent auditor's report to the Council of Governors of North East London NHS Foundation Trust**

### **Opinion on financial statements**

We have audited the financial statements of North East London NHS Foundation Trust (the Trust) for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as interpreted and adapted by the 2020-21 Government Financial Reporting Manual as contained in the Department of Health and Social Care's Group Accounting Manual 2020-21, and the NHS Foundation Trust Annual Reporting Manual 2020-21 issued by the Regulator of NHS Foundation Trusts ('NHS Improvement').

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2020-21; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

### **Basis for opinion on financial statements**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Accountable Officer with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on the Remuneration Report and Staff Report**

#### ***Qualified opinion on the Remuneration Report and Staff Report***

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

Except for the matter referred to in the Basis for qualified opinion on information in the Remuneration Report paragraph of our report, in our opinion the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020-21.

#### ***Basis for qualified opinion on information in the Remuneration Report***

The Remuneration Report does not include the required pension benefit disclosures for one senior manager who became a deferred member of the NHS pension scheme during the year and for whom no contributions were made for part of 2020/21. The Trust has been unable to obtain the required information in respect of this individual from NHS Pensions, the administrator of the scheme, and is unable to obtain this information from other sources. In addition, whilst the senior manager was an active member of the NHS pension scheme in the prior year, the Remuneration Report does not include the required pension benefit disclosures as the Trust was also unable to obtain the required information in respect of this individual from NHS Pensions for that year. This matter results in the information included in all the columns of the 'Pensions Benefits' table for 2020/21 and the pension related benefits in the 2020/21 and 2019/20 'Salary entitlements for Board members' tables being incomplete for the senior manager in question.

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

#### ***Matter on which we are required to report by exception***

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

#### ***Responsibilities of the Accountable Officer***

As explained in the Statement of Accountable Officer's responsibilities, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

#### ***Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

#### **Other matters on which we are required to report by exception**

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

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

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

We have nothing to report in these respects.

#### **Responsibilities the Accounting Officer**

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

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures included the following:

- enquiring of management, Internal Audit, the Local Counter Fraud Specialist, and those charged with governance, including obtaining and reviewing supporting documentation in respect of the Trust's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- ✓ discussing among the engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and cut off of expenditure around year end;
- ✓ obtaining an understanding of the Trust's framework of authority as well as other legal and regulatory frameworks that the Trust operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Trust. The key laws and regulations we considered in this context included the National Health Service Act 2006, as amended by the Health and Social Care Act 2012. Other relevant laws and regulations identified include, VAT legislation, PAYE legislation, the NHS Group Accounting Manual and the NHS Foundation Trust Annual Reporting Manual.

In addition to the above, our procedures to respond to identified risks included the following:

- ✓ reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- ✓ enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- ✓ reading minutes of meetings of those charged with governance and the Trust Board;
- ✓ in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- ✓ Substantively testing an increased sample of expenditure around the year end.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

#### **Auditor's other responsibilities**

As set out in the Other matters on which we report by exception section of our report there are certain other matters which we are required to report by exception.

### Certificate - delay in completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the North East London 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 until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Use of our report

This report is made solely to the Council of Governors of North East London NHS Foundation Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the Council of Governors of North East London NHS Foundation Trust those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the NHS Foundation Trust and the Council of Governors as a body, for our audit work, for this report or for the opinions we have formed.

DocuSigned by:  
*Janine Combrinck*  
16CCE8A02416453...

**Janine Combrinck**, Director  
For and on behalf of **BDO LLP**, Statutory Auditor  
London, UK

1 July 2021

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

**Audit Completion Certificate issued to the Council of Governors of North East London NHS Foundation Trust for the year ended 31 March 2021**

In our auditor's report dated 1 July 2021 we explained that the audit could not be formally concluded until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

This work has now been completed and we have reported the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report.

No matters have come to our attention since 1 July 2021 that would have a material impact on the financial statements on which we gave our unqualified opinion.

***The Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources***

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in this respect.

**Certificate**

We certify that we have completed the audit of North East London NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 and Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

DocuSigned by:  
*Janine Combrinck*  
16CCE8A02416453...

**Janine Combrinck**, Director  
For and on behalf of **BDO LLP**, Statutory Auditor  
London, UK

15 September 2021

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







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

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

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

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

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

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

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

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

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

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

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

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

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

Tel: **0300 555 1200**

**[www.nelft.nhs.uk](http://www.nelft.nhs.uk)**

