Colchester Hospital University NHS
NHS Foundation Trust

Annual Report, Annual Accounts & Quality Report

1 April 2015 – 31 March 2016

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Colchester Hospital University NHS Foundation Trust

Annual Report
Annual Accounts
&
Quality Report

1 April 2015 – 31 March 2016

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

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Useful contact information

Comments
We welcome comments about this publication.

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We care, do you?
It's easy to show you care about the services we provide. Complete an application form and register to become a public member of the Trust. Visit our website or phone 0800 051 5143 (free).

Patient Advice and Liaison Service (PALS)
PALS offers confidential, on-the-spot advice and support, helping patients, relatives and other visitors to sort out any concerns they may have about their care.
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General information and inquiries
Email: info@colchesterhospital.nhs.uk

Full contact details and more information on our website:
www.colchesterhospital.nhs.uk

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Above: Georgina Keatley, clinical nurse specialist in the Emergency Department (A&E)

Welcome from the Chairman and Chief Executive

David White
Chairman

Nick Hulme
Chief Executive

The year 2015/16 was another difficult 12 months for all acute hospital trusts and a particularly challenging one for Colchester Hospital University NHS Foundation Trust. The National Health Service is striving to improve the quality and safety of its wide range of services in the face of ever-growing demand. This is constrained by the importance of meeting national waiting standards and the austerity of relatively static national funding.

The Care Quality Commission (CQC) made various inspections during the course of the year, all of which acknowledged improvements in some areas but shortfalls and inconsistencies in the delivery of care in others. The Trust worked tirelessly to address the issues with the aim of lifting us out of "Special Measures" through a comprehensive and tightly managed quality improvement plan. However, towards the end of the year, the CQC judged that the improvements made were not sufficiently significant or sustainable. The Board of Directors had previously agreed early in 2016 that the long-term viability of the organisation as a stand-alone, average-size district general hospital trust would be extremely difficult to attain and had started looking at a potential collaboration with Ipswich Hospital. As the Trust had not succeeded on its own to exit special measures, the first steps in the Colchester and Ipswich collaboration have now been taken, through our appointment as Chair and Chief Executive. This move fits sensibly with the medium-term planning area for the local health economy, which includes most of Suffolk and all of north east Essex. At Colchester, despite considerable cost efficiency actions, there is a structural financial deficit that the Trust managed to stabilise by year-end but which leaves us still requiring cash injections from the Department of Health. The long-term partnership with Ipswich will begin to address the financial shortfalls of both trusts, as well as driving for enhanced, consistent and demonstrable safety and quality of care in an organisation that will be of sufficient scale and scope.The Trust continues to benefit from superb support from the local population, the media, the third sector, our governors, volunteers, various "Friends" groups and many other stakeholders. Staff morale in general held up well under the intense scrutiny of regulators and others. The NHS national staff survey reports for the Trust published in February showed that 62% of Trust staff recommend the organisation as a place to receive treatment, compared with 48% in the survey published 12 months earlier. In addition, 55% recommend the Trust as a place to work compared with 43% last time. The efforts of staff to respond to regulatory criticism and to help keep our patients safe and cared for is epitomised in the Trust's motto of "Caring with Pride", the cultural sense of striving to be "At Our Best" in everything we do, and the organisation's vision – "We will make the Trust the most caring health care provider". We have worked hard to listen more to patient and support group concerns, learn from feedback and look outward for ideas, benchmarks and best practice.

Thanks should go to Lucy Moore, who, as interim Chief Executive, led the continued stabilisation of a troubled trust for the first half of the year and Frank Sims, who led on the Quality Improvement Plan from the September CQC inspection and started the Trust on its improvement journey. We would also like to thank Alan Rose, the Chair during 2015/16, whose commitment to quality and collaboration across Trusts, has given us a firm base to take this strategy forward. By stepping aside to allow us to take the first step towards a single leadership team, we are able to move this agenda forward more quickly. We believe that increasingly close clinical working between the Colchester and Ipswich Trusts will drive innovation and be successful in helping to build a sustainable set of services for the diverse communities served. In addition, we hope that the working relations of the hospitals, primary care, community care, mental health and social care, will become increasingly integrated and collaborative.

Thank you to everyone who has supported the Trust through another difficult year and we look forward to you continuing to do so as our services evolve.

Signed

David White
Chairman

Nick Hulme
Chief Executive

Performance Report

Purpose

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

Overview of Performance

This section provides a summary of the Trust's performance, the key risks to the achievements of its objectives and how it performed during the year.

Chief Executive's Review of the year

The Trust remained in special measures with the regulator Monitor (now NHS Improvement) throughout 2015/16. The CQC inspection in September 2015 confirmed the Trust's overall rating of "inadequate" which, although disappointing, was an honest evaluation that performance was not consistent across the organisation, despite progress in the areas which had originally prompted the regulator's intervention in November 2013.

The Trust remains challenged in all of the key national performance indicators and although the position at the end of March 2016 is better than it was in March 2015 in most cases and has been on an improving trajectory for most of the year, the pace of that improvement has not been fast enough and, in some cases, the Trust has failed to sustain those improvements.

Following the receipt of the CQC report in January 2016, the Trust established a comprehensive Quality Improvement Plan to deliver improvements in all of the areas highlighted as of concern.

It was encouraging that the CQC recognised that staff employed by the Trust were highly motivated and showed a notable desire to make changes and improvements in order to provide good care for patients and deliver the Trust's vision to be the most caring health care provider.

During the year, some parts of the Trust had already started to deliver on their improvement journey, most notably:

- services for children and young people improved their rating from "requires improvement" to "good", reflecting improvements in leadership, governance, performance and levels of staff engagement
- key patient safety indicators, such as VTE risk assessment, inpatient falls resulting in serious harm, discharge summaries within 24 hours and incidence of MRSA and Clostridium difficile were maintained or improved
- an increase in the number of nurses working for the Trust and a reduction in nursing staff turnover from 16.55% at the beginning of the year to 13.81% by its end.

Performance in a number of areas remained below that of the other trusts, though signs of improvement indicate that many of the changes made are making a difference. These include:

- improvements in key staff engagement indicators in the 2015 staff survey. There were important improvements in the scores for staff recommending the organisation as a place to work and for friends or relatives requiring treatment. The response to the statement "Care of patients / services users is my organisation's top priority" improved by 20% and was higher than the average for acute Trusts
- a reduction in the number of complaints being received and an improvement in responsiveness

The biggest challenge for the Trust remains in a number of key areas where the required

sustained improvements have not been delivered and where performance has deteriorated.

These are significant contributory factors to the CQC's rating of "inadequate" and include:

- outpatients
- end of life care
- surgery
- intensive/critical care.

The CQC's main concern about the Trust is its inability to sustain improvements and a view that the quality of care is inconsistent. We are focusing our attention on these areas to ensure they have the staffing, leadership, quality of care and governance in place and that improvements in standards of care and delivery of key performance indicators can be sustained. This includes urgent and emergency services, which improved their CQC rating from "inadequate" in February 2015 to "requires improvement" in September 2015. This resulted in the lifting of a Section 31 notice. However, it was difficult to sustain these improvements and a revisit by the CQC in April 2016 flagged a deterioration in the quality of care and resulted in the reinstatement of the Section 31 notice.

The Trust ended the year with a deficit of £38.3m, which was £8.1m adverse to plan and £16m worse than the previous year.

Whilst the Trust can be proud of what it has achieved and, in particular, the support and commitment that its staff have shown to make Colchester a caring Trust delivering high quality care, it is disappointing that it could not deliver a sufficient level of improvement to restore the confidence of the CQC following their re-visit in April 2016. There was never any doubt that achieving financial and operational sustainability would be a challenge but by linking its future with the Ipswich Hospital NHS Trust, we believe that both organisations can learn from the best that the other has to offer, improve and sustain quality across all parts of both organisations and develop a strategy for a long-term sustainable future for health care for the communities we both serve.

Above: Olga Aceituna, staff nurse

Statement of Purpose and Activities

Our vision and strategy

Our vision was updated in July:

"We will make the Trust the most caring health care provider"

This new vision was chosen by staff, created from 1,318 inputs from the At Our Best – It's Up To Us survey, vision workshops and leadership masterclasses held in June.

The objectives have three overarching strategic objectives:

- acting in the best interests of our patients
- valuing our workforce
- achieving financial sustainability and organisational resilience.

The new vision is underpinned by our corporate objectives (below) and is also aligned with Caring With Pride, our three-year nursing and midwifery strategy which we launched in May.

We use the NHS Friends and Family Test to measure this vision.

More on our website, including these posters below:
www.colchesterhospital.nhs.uk/about_us.shtml

The people we serve

Colchester is the largest town in north east Essex. It is a largely affluent area with relatively low unemployment and above average life expectancy. The Tendring peninsula is more rural and has a much higher concentration of elderly and economically less well-off people. Colchester is home to one of the largest UK garrisons. The Trust values its relationship with the garrison and has developed a number of collaborative arrangements to provide services to service personnel and their families and to integrate garrison clinical staff into service provision at the Trust.

The Trust has developed good relationships with members and officers at Essex County Council, Colchester Borough Council, Tendring District Council and MPs in the area it serves. The Trust serves a local population of about 370,000, predominantly from the local authority areas of Colchester, Tendring and part of Braintree.

Our services

The Trust provides a range of patient services, as detailed on our website under: A to Z of Our Services www.colchesterhospital.nhs.uk/patient_services.shtml

	2015/16	2014/15
Outpatient attendances*⅄	493,958	504,909
Accident & Emergency patients*	82,188	78,877
Inpatient and day case admissions*†	95,349	91,519
Babies born	3,723	3,774

** Source: figures taken from Trust commissioned activity*

⅄ Outpatient attendances include first, follow-up appointments and procedures carried out on an outpatient basis

† Inpatient and day case admissions include day cases, electives, non-electives and regular day attenders (RDAs)

Our staff

The Trust is one of the largest employers in north east Essex, employing 4,387 people on 31 March 2016.

History of the Trust

Our sites

The Trust owns and manages Colchester General Hospital, which opened in 1984, and Essex County Hospital, which was established in 1820. It has long been the strategy of this Trust and our predecessor organisations to centralise acute services at Colchester General Hospital.

Our pathology laboratory services are provided by the Pathology Partnership, a joint venture between six NHS trusts in the East of England, including Colchester, that have come together to modernise delivery of pathology services for hospitals, GPs and patients. Pathology services are located at the Severalls Hospital site, at Colchester General Hospital and in the microbiology department near Colchester General Hospital.

The Trust also provides some services, such as outpatient and maternity services, at the community hospitals in Clacton, Harwich and Halstead, community midwifery services and a limited range of other community services.

Our history as a Foundation Trust

The Trust became an NHS Foundation Trust in May 2008, when the former Essex Rivers Healthcare NHS Trust which had been in place since 1992 was authorised by Monitor, the regulator of NHS Foundation Trusts, as Colchester Hospital University NHS Foundation Trust.

Key Issues and Risks

Key Issues

Achieving our strategic objective of long-term financial sustainability and organisational resilience has been challenging. The Trust has not delivered the quality and safety standards demanded of it by the CQC, is not delivering its national performance standards and its long-term financial health is challenging.

In April 2016, the CQC's Chief Inspector of Hospitals issued a letter to the Secretary of State outlining continuing concerns about culture, practice and leadership, raising significant concerns regarding the lack of improvement and stating that he did not have confidence in the ability of the Trust's board to address the issues highlighted in the letter.

The Trust is actively working with NHS Improvement and Ipswich Hospital to seek a solution by way of a credible plan for a sustainable future for the services the Trust provides to the 370,000 population it serves.

Risks

The causes of the risks and the mitigating actions are described in more detail in the Annual Governance Statement on page 92, but in brief, the principal risks to the Trust's strategic objectives are as follows:

- a failure to maintain effective patient flow
- a failure to ensure patients who are near to the end of life are being supported adequately
- a failure to develop a realistic and achievable financial strategy that persuades the Trust's regulators and stakeholders that the Trust is able to be financially sustainable
- a failure to mitigate the variance and volatility in financial performance against plan
- a risk that the Pathology Partnership fails, leaving the Trust vulnerable to inadequate or absent pathology services
- a failure to deliver the necessary remedial action to exit special measures
- failure to ensure sufficient staff are recruited to meet the requirements of increased activity and acuity requirements.

Going Concern Disclosure

Going concern statement

The directors have made an assessment of the Trust's ability to continue as a going concern and have prepared the financial statements on a going concern basis. For the financial year commencing 1 April 2016 the Trust has forecast a deficit of £45.7m and within this forecast is a cost improvement programme requiring £9.1m of efficiencies and savings. In order to fund this deficit, the Directors are seeking interim financial support for 2016/17 of at least £50m from the Department of Health through NHS Improvement. An interim working capital loan facility of £29.2m has been provided and discussions are on-going with regard to the further support required.

Although these factors represent material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the NHS Foundation Trust Annual Reporting Manual 2015/16, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts and has not included the adjustments that would result if it was unable to continue as a going concern.

Above: Maria Massidda, senior physiotherapist

Performance Analysis

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

CQC Inspections

Background The CQC carried out a comprehensive inspection of the Trust in September 2015 and published its findings in January 2016.

Findings The inspection assigned an overall rating of "inadequate" for the Trust. There were concerns about capacity and staffing and a failure to have fully addressed the improvements identified at the previous comprehensive inspection in May 2014, particularly with regard to the maintenance of medical equipment. The inspectors also noted a deterioration in outpatient service provision and end of life care.

Action plan The Trust took immediate action to address the concerns raised, which included the development of a Preliminary Improvement Plan (PIP) before the publication of the final reports in January and a full Quality Improvement Plan (QIP) the following month. These actions included establishing robust board governance under the leadership of Frank Sims, who became Chief Executive in October 2015, to ensure effective oversight, accountability and assurance over the delivery of the improvement plans.

Section 29A and Section 31 letters The Section 31 notice served on the Trust in December 2014 in relation to the Emergency Assessment Unit at Colchester General Hospital remained in place throughout 2015/16. On 30 December 2015, the Trust was served with a Section 29A letter relating to the findings of the September inspection requesting significant improvements by 18 February 2016.

A CQC follow-up visit in April 2016, focusing on A&E, Surgery, Medical Care and End of Life care, concluded that the Trust had not made sufficient progress in a number of key areas and they continued to have significant concerns about the completion of the Five Steps to Safer Surgery checklist, a continuing lack of awareness over when to place a patient on the individual care plan for the last days of their life and leadership in A&E. Two Section 31 letters were issued, in relation to A&E and the Surgery checklist.

Due to the CQC's concern over the lack of consistent and safe practice, the Trust is working with NHS Improvement to establish a credible plan for a long-term partnership with Ipswich Hospital.

* The Trust's Quality Improvement Plan is updated regularly and is published on the organisation's website (www.colchesterhospital.nhs.uk/cqc_review.shtml) and NHS Choices.

Looking ahead to 2016/17 The Trust's priorities for 2016/17 are to continue to deliver the actions in the Quality Improvement Plan to establish and maintain consistent standards of care across the Trust and achieve the outcomes associated with such standards. This will ensure safe staffing levels, further improvements in governance and leadership, and the continuing implementation of measures to ensure all staff are aware of their responsibilities to deliver safe, effective, caring and responsive care.

Monitor Enforcement Undertakings

Background The Monitor Enforcement Notices issued to the Trust in 2014/15 remained in force during 2015/16. The requirements made in those notices were ongoing throughout the year and included the revised Quality Improvement Plan supported by a

governance framework and attendance at meetings or conference calls at regular intervals, as stipulated by Monitor, to discuss the Trust's progress on delivering the improvement plan. Monitor's duties transferred to NHS Improvement on 1 April 2016. NHS Improvement remains concerned about the Trust's performance against access targets, particularly A&E, and its scope for financial recovery.

Looking ahead to 2016/17

The Trust continues to meet the terms of the enforcement undertakings. Achieving financial sustainability remains one of the Trust's biggest challenges and, although we have demonstrated an improving position against most national access targets relative to other trusts, we are not yet achieving those targets across the board. The aim for the Trust during 2016/17 is to continue to make those improvements, supported by its leadership team and the involvement and engagement of staff.

Financial Outlook

Background

During 2015/16 the Trust remained in special measures imposed by Monitor (NHS Improvement from 1 April 2016) following recommendations from the CQC. The CQC's overall quality rating for the Trust remained "inadequate" following the formal inspection in September. To address the quality concerns the Trust planned to invest in an additional 137 staffing posts, the majority of which were nursing posts. This investment followed three previous years of investment in staff and services. However, the Trust has faced difficulties in recruiting permanent members of staff which has resulted in the use of agency staffing to cover vacancies at a premium cost.

A number of factors, including increased staff costs, reductions in tariff and the imposition of contractual penalties by the North East Essex Clinical Commissioning Group (CCG) for failing to meet targets, resulted in the Trust incurring a deficit of £38.3m (£22.3m in 2014/15). It faces a significant deficit in 2016/17. Based on current estimates of income and expenditure, if the Trust does not take any financial recovery measures, it will face a potential deficit of £55m.

Cost Improvement Plans

The Trust has budgeted for a planned deficit of £45.7m for 2016/17. To achieve this challenging target, it must, as a minimum, deliver a Cost Improvement Programme (CIP) of £9.1m.

In response to this and recognising the size of the deficit, the Trust has strengthened its governance and accountability framework for CIP delivery by establishing a Delivery Board. This meets fortnightly and consists of the Executive Team and is chaired by the Chief Executive. Its key responsibilities include ensuring delivery of the Trust's quality and cost improvement schemes; establishing the governing methodology and controls; ensuring robust processes are followed; and evaluating and signing-off quality and cost Improvement programmes and projects.

A range of measures has already been implemented to re-establish financial grip and financial controls over vacancies, establishment control, the use of interim and agency staff and business case approvals.

Looking ahead to 2016/17

There is no doubt that 2016/17 will be challenging on many levels. The Trust will remain under regulator and stakeholder scrutiny to deliver the quality, efficiency and transformation agenda. As the Trust embraces these challenges, it will be important to achieve a balance of quality, access and the financial position.

Due to the scale of the deficit from previous years and the planned deficit in 2016/17 of £45.7m, the Trust is now reliant on the Department of Health facilitating access to cash through a government loan arrangement. This means the Trust is under increased scrutiny financially and there are a number of constraints in its ability to incur significant costs or capital commitments. The Trust will not be able to invest to the same extent as in previous years.

The most significant areas of spending relate to investment in staffing, not only clinical staffing, but also non-clinical staffing. The Trust is reviewing all aspects of expenditure through the use of tools such as capacity modelling to ensure that all expenditure is aligned to income from a commissioned activity. This will be a key principle that the Trust will focus on as part of bringing together its capacity planning

with its financial and workforce strategies.

Due to the sustained deficit over the last three years, it is necessary for the Trust to seek external cash financing via the Department of Health. For 2016/17 the Trust requires £50m. NHS Improvement will review the plans of the Trust to ensure that financial support is provided only for necessary costs of running a safe organisation. Discretionary spending and investments will be reviewed as part of the conditions of the Trust accessing funding from the Department of Health. There are other conditions, such as the use of capital, which the Trust is required to abide by.

Whilst there continues to be workforce deficits and the population demand grows, it is not expected that the Trust will return to a surplus financial position for several years. Therefore over the coming year the Trust will look at ways in which sustainable clinical services can be afforded and the drivers of the deficit reduced. In 2016/17 the Trust is required to achieve a £9.1m cost improvement saving (in 2015/16 £8.7m was achieved). This saving just allows the Trust to stand still due to the reduction in national tariff each year.

From this financial year a clear 'Accountability Framework' has been adopted, which will hold budget holders and senior leaders much more to account in the management of resources that have been entrusted to them.

This aims to ensure that the Trust, in the long-term, is a financially sustainable and viable organisation which has:

- the ability to invest in safe patient care and facilities
- the ability to survive structural changes in the financial flows in the health economy
- the strength to be able to deliver efficiency savings on a medium to long-term basis; and
- the capacity to cope with short term financial shocks.

Longer term planning

Longer term, the Trust will need to do more than deliver cost improvement plans and efficiency savings to return to a financially sustainable position and improve standards of care. A longer term view is needed to ensure it has plans in place to address the demand pressure on services due to an increasing local population, with particular growth in the patient categories that rely most heavily on health services (such as young and old people) and service delivery and demand challenges due to increasing prevalence of long-term conditions. The challenges these present mean there will need to closer working with other health and care bodies.

Key to this is the establishment of Sustainability and Transformation Plans (STPs). National health and care bodies in England published details on 15 March of the 44 'footprint' areas that will bring local health and care leaders, organisations and communities together to develop local blueprints for improved health, care and finances over the next five years, delivering the NHS Five Year Forward View.

One of the footprints is Suffolk (with the exception of Waveney) and North East Essex and the Trust is an active member of this. The Trust will work closely with its commissioners and partners to ensure that service transformation objectives are aligned and will take a whole system view, while at the same time are compliant with national and regional clinical and governance policy developments.

Above: On 31 March, Colchester General Hospital was awarded top marks in the Food Standards Agency's national Food Hygiene Rating Scheme. Pictured in the kitchen at the hospital celebrating their success are Wa Gower, Catering Assistant; Pushpa Gauchan, Catering Assistant; Monika Zybala, Diet Chef; Carol Brown, Ward Host; Graham Chapman, Catering Assistant; David Dry, Chef; and Rabi Pun, Catering Assistant. *See page 46.*

Cost Improvement Programme

Cost Improvement

The Trust set itself a Cost Improvement Programme (CIP) target of £14m for the year. This was a sizeable challenge compared with the delivery of £7.6m in cost savings the previous year.

Recognising the size of the challenge, the Trust implemented a series of robust measures for monitoring and in particular escalation and recovery arrangements to mitigate slippage of delivery. A comprehensive financial recovery plan was approved by the Board in April 2015. The CIP was less transformational in nature, this being a priority moving forwards.

The £14m savings target included a "stretch" target of £5m from a review of all corporate areas. A consultation on revised corporate structures was carried out during the summer with implementation from September.

The Trust delivered overall cost savings of £8.7m, which are summarised below:

Workstream	Description	Achieved £m
Corporate restructure	Review of corporate structures	£3.5m
Length of stay and patient flow	Identify improvements to length of stay/ patient flow, to reduce bed base	£1.6m
Pharmacy	Realise benefits from pharmacy drug costs	£0.2m
Outpatients productivity	Improve clinic utilisation and reduce the number of Did Not Attends (DNAs)	£0.4m
Procurement and supply chain	Standardisation of clinical procurement items and contract negotiation	£0.6m
Workforce redesign	Clinical/Non-clinical productivity improvements (job planning)	£1.0m
Other	Various savings including non-recurrent	£1.4m
TOTAL		£8.7m

The outturn of £8.7m was less than plan and largely due to the non-delivery of schemes relating to the controls around temporary expenditure, theatre scheduling and utilisation and shortfalls from the corporate restructure, length of stay and patient flow, and workforce redesign.

Looking ahead to 2016/17

To deliver a deficit of no more than £45.7m in 2016/17, the Trust needs to achieve £9.1m of cost improvements which may be in the form of planned cost reductions, as set out at the start of the financial year, or through cost avoidance, which may be necessary to mitigate any under achievement of the plan during the year. While this target is consistent with the delivery in 2015/16, the challenge for the Trust remains the scale of the programme and to sustain the cost reductions.

Recognising the size of the cost reductions, the Trust has re-introduced a Project Management Office and established a Delivery Board, chaired by the Chief Executive, which will monitor and provide support and challenge. In particular escalation and recovery arrangements will be put in place to mitigate slippage of delivery.

A summary of divisional targets for 2016/17 is as follows:

Division	Target £m
Surgery Division	£2.43m
Medicine Division	£1.51m
Urgent Care Division	£1.67m
Women's & Children's Division	£1.03m
Cancer & Clinical Support Services Division	£1.41m
Corporate Division	£1.01m
TOTAL	£9.06m

In addition to the CIP, the Trust has a number of projects support by the Transformation Team, including transfer of care/length of stay and theatre productivity.

This programme is the beginning of the road to recovery by the Trust and it will take several more years of challenging programmes to bring the organisation's spending into line with the income achieved from commissioned activities.

Innovation and Excellence

Innovation in our portfolio of clinical services

Among the many developments, the following are of note:

£90,000 was spent on state-of-the-art equipment at Colchester General Hospital to enable cardiac physiologists to monitor patients and keep them safe while cardiologists carry out one of three invasive heart procedures – an angiogram, fitting a pacemaker or a transoesphageal echocardiogram (TOE).

Two new state-of-the-art CT scanners were installed at Colchester General Hospital in a £1.5m investment to replace machines that were more than 10 years old. The new scanners use significantly less radiation, scan more quickly and produce better images.

A new reception and waiting area for the main *outpatient department opened at Colchester General Hospital at the end of a £375,000 project which took more than four months to complete.*

Located in what had previously been a courtyard, the new facilities are bigger, lighter and more relaxing than those they replaced

Three wards at Colchester General Hospital – Birch, Langham and Layer Marney – were upgraded in a 15-week, £610,000 investment as part of an ongoing ward maintenance programme.

An open afternoon was held to celebrate the completion of a £1.2m package of improvements at the maternity unit at Colchester General Hospital. The project included creating a triage area where virtually all pregnant women are now assessed on arrival, building a second maternity operating theatre and improving the environment of the Delivery Suite and the Juno Suite (a midwifery-led unit).

A new online and phone service began for newly-pregnant women, sparing them the inconvenience of having to make an appointment to see their GP when they first find out they are expecting a baby. Instead, they can book with a midwife by phone or by completing a self-referral form available on the Trust website.

Plastic surgery and dermatology outpatient clinics were relocated to Colchester General Hospital as part of the ongoing project to transfer all services off the Essex County Hospital site. To create extra capacity at Colchester General Hospital, the number of consulting suites was increased from 20 to 23.

Colchester General Hospital became the first hospital in Essex to introduce a new radiotherapy technique called (DIBH) to minimise potential radiation damage to the heart during radiotherapy for patients with breast cancer.

Pictured are the team who implemented DIPH with Veronique Mackay, the first patient to benefit from the new technique

Colchester General Hospital became the first hospital in the NHS East of England region to carry out two new minimally-invasive operations – Endoscopic Pilonidal Sinus Treatment (EPSiT) and Video-Assisted Anal Fistula Treatment (VAAFT). These both result in less pain, a reduced risk of infection and faster recovery than traditional surgery which involves larger cuts.

Two walking gardens, located in courtyards next to Gainsborough Wing at Colchester General Hospital, were opened following the completion of a £59,000 scheme.

They are used to help patients who have been fitted with prosthetic legs learn to walk and also in the rehabilitation of many more types of patients, including patients recovering from stroke

A new outpatient dispensary opened at Colchester General Hospital at the end of a £125,000 project.

Located just inside the hospital's main entrance, it replaced a facility which had seen little investment since the hospital opened in 1985

After making a successful application to the NHS Litigation Authority, the Trust was awarded £372,000 from the Sign up to Safety fund. The money was used to make improvements, which included appointing three additional senior midwives, providing extra consultant obstetrician cover and buying a £60,000 ultrasound scanning machine.

A new cardiac service was established after the Friends of Clacton Hospital donated 10 heart monitors costing £12,652. It means that patients from Clacton no longer need to travel to Colchester General Hospital for this service.

A new role for pharmacists – "ward internship pharmacist" – was pioneered at Colchester General Hospital.

Created in response to the ongoing challenge of recruiting nurses, four junior pharmacists underwent induction training, in nursing skills as well as pharmacy skills, before joining two wards under the management of the ward sisters.

The four ward internship pharmacists are pictured outside Layer Marney Ward in their distinctive plum-coloured tunics

Wivenhoe Ward, a vascular ward at Colchester General Hospital serving the people of east Suffolk, north east Essex and the Colne Valley, underwent an eight-week £670,000 transformation. The work significantly improved patient accommodation and resulted in new facilities including a rehabilitation room, educational room and an operating theatre for minor procedures.

Above: Ben Seymour, physiotherapist

Financial Performance

Our financial performance

The Trust reported a deficit of £38.3m (excluding charitable funds).

Compared with the previous year, income increased by 0.8 %, from £267.6m to £269.8m. Expenditure rose by 6.6% from £275.2m to £293.5m. Pay costs made up the majority of this increase (£11.1m). The increase was partly planned investment but was also impacted by increased expenditure on temporary staff which made up 17.5% of the total pay bill. Another area of significant increase (£3.6m) was secondary commissioning where it was necessary for the Trust to outsource a number of services, such as dermatology and endoscopy, to provide the capacity needed.

	2015/16 £m	2014/15 £m
Operating income	269.8	267.6
Operating costs	(293.5)	(275.2)
EBITDA*	**(23.7)**	**(7.6)**
Non-operating costs	(14.5)	(14.6)
Impairment of non-current assets	(0.1)	(0.1)
Surplus/(deficit) for the year	**(38.3)**	**(22.3)**

*EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation

Consolidated accounts

In accordance with International Financial Reporting Standard 10, the Trust has included the Colchester Hospital University NHS Foundation Trust Charitable Funds as a subsidiary and has produced a set of consolidated accounts. Further details of the consolidation and the impact on the Trust's reported financial position can be found in note 1.3 of the Annual Accounts.

Colchester Hospital University NHS Foundation Trust Charitable Funds (Colchester Hospitals Charity or CoHoC) raises funds to provide additional equipment and amenities to enhance the care and treatment of patients.

The charity was created by the declaration of the Trust on 1 November 1995 and is an NHS umbrella charity. It includes funds in respect of Colchester General Hospital, Essex County Hospital and Clacton Hospital, and is registered with the Charity Commission under charity number 1051504.

The corporate trustee is Colchester Hospital University NHS Foundation Trust. The charitable funds are administered by the Charitable Funds Committee, which is a sub-committee of the Board of Directors.

Further details of the charity's annual report and accounts can be found on the Charity Commission's website at www.charitycommission.gov.uk

Operational Service Standards

A&E four-hour standard

The Emergency Department (ED) at Colchester General Hospital has faced some challenges in meeting performance targets due to various issues across the Trust, especially during the winter. The Trust was required to meet the standard of 95% of patients spending four hours or less from arrival to admission, transfer or discharge. We achieved 82.14%, compared with 87.08% the previous year.

Our performance against the challenging national access standards is shown in the table on the right:

	Standard	Performance
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspected cancer referrals	93%	92.17%
Two-week wait for symptomatic breast patients (cancer not initially suspected)	93%	92.87%
All cancers: 62-day wait for the first treatment from national screening service referral	90%	88.78%
All cancers: 62-day wait for the first treatment from urgent GP referral to treatment	85%	72.08%
All cancers: 31-day wait from diagnosis to first treatment	96%	94.80%
All patients who have operations cancelled for non-clinical reasons to be offered another binding date within 28 days	100%	80.36%
Percentage of patients on an incomplete pathway with a maximum of 18 weeks waiting time	92%	87.79%
MRSA	0	2
Incidence of Clostridium difficile Infection	-	24
Number of C.diff cases resulting from breaches in key policy (Latest data available September 2015)	18	3

** Source: Performance Framework*

Research & Development

Introduction

Research & Development (R&D) continues to promote research awareness and engagement within the clinical setting and looks to increase opportunities for patients to take part in clinical research, although research is still not core business at the Trust. Challenges persist in terms of giving all hospital patients the right to access research. The Trust's research teams continue to participate mainly in National Institute of Health Research (NIHR) portfolio studies as this is the main criteria for funding, but also take part in non-portfolio studies. R&D looks to develop Trust sponsored research onto the portfolio as well as supporting academic research. Our contribution is included in the overall publication and to the body of evidence of a disease area through research critique and evaluation.

The Trust remains committed to the integration of research in clinical practice to provide all patients access to research trials as legislated by the NHS Constitution.

All research is delivered in accordance within the Research Governance Framework for Health and Social Care (2005) to ensure research governance is one of the core standards that all organisations should apply to work managed in a formal research

context. R&D ensure that the research has undergone robust research governance processes and NHS permission is required before any research can start at this Trust.

The NIHR is the clinical research delivery arm of the NHS and operates nationally across England through a national co-ordinating centre and since 1 April 2014, through 15 local Clinical Research Networks delivering research in the NHS across all disease areas with boundaries based on the geographical footprints of the Academic Health Science Networks.

This Trust is a member of the NIHR Clinical Research Network: Eastern, hosted by Norfolk and Norwich University Hospitals NHS Foundation Trust. The host is responsible for ensuring the effective delivery of research in the trusts, primary care organisations and other qualified NHS providers throughout the Eastern area.

The Trust receives an annual workforce budget allocation of circa £862,000 from the host. Additional funding is received from the Department of Health's Research Capability Funding stream (£20,000) which is based on NIHR criteria for achieving 500 participants recruited in the previous financial year, commercial revenue and in 2015/16 a one-off, Industry Research Capability Funding of £35,000 for meeting performance targets.

Research funding has provided the Trust with an established research infrastructure that supports the clinical divisions to participate in research and through their contribution support research evidence in decision making about best practice, provide effective and novel treatments and potential cost savings.

Collaborations continue with the University of Essex and Anglia Ruskin University (The ICENI Centre) through their links with the Trust.

R&D also worked with Healthwatch Essex for a major research project on hospital discharge and publication is due out in 2016/17..

The Essex Biomedical Sciences Institute (EBSI) conference was held at the Trust on 1 July and highlighted successful on-going collaborations between academics and clinicians in EBSI and showcased emerging research areas where future collaborations can be formed.

The Trust's R&D team works with Health Enterprise East in the exploration of potential commercialisation of intellectual property and the Research Design Service to develop research ideas and support researchers with design, methodology, grant applications, statistics and NIHR portfolio adoption status.

In 2016/17, R&D will be known as Research & Innovation (R&I) with a remit to identify innovation, seek funding opportunities and recognition and to support the development of innovation projects.

Two working groups have been established to oversee R&I activity. They are the Research Group, chaired by the Director of Research, and the Innovation Group, chaired by the Clinical Lead for Innovation. These groups will report to the R&I Strategic Group chaired by the Medical Director.

Maximise engagement in research

Research at the Trust takes place in anaesthetics, cardiovascular, gastroenterology, haematology, Intensive Therapy Unit (ITU), obstetrics, oncology, ophthalmology, paediatrics, rheumatology, renal, breast unit, stroke and urology. However, there still remain areas that do not have research capabilities. Research activities are also supported by the Electro-Biomedical Engineering Department (EBME), the Mary Barron chemotherapy suite, nuclear medicine, cardio-respiratory, radiotherapy unit, pathology, pharmacy and radiology. Engagement within the Trust and with the public to continue to profile research takes place at specialty meetings, through internal communication and articles in the local press. As part of NIHR Patient and Public Involvement (PPI) initiatives, a Patient Research Ambassadors pilot programme was established to help achieve a patient-focused approach to research services. This is an evolving initiative and plans for the future include collaborative working with existing patient focus groups to establish a research item on their agenda. A Promoting Research event took place on 9 May 2016 to highlight research at the Trust. The R&D Manager is a committee member of CRNE Communications Strategy Group and of the PPI Steering Group, attends the regional R&D managers'

meeting and regional network events. The Clinical Research Nurse Manager is a regional Good Clinical Practice facilitator, and delivers GCP training in the Trust; is lead for the regional informed consent in research course working group; steering group member of the Advance Research Nurse Practice (ARIP) three residential training course; chair of the research team leaders group; and a member of the regional workforce development steering group.

The NIHR continues to publish outcomes against contract NIHR benchmarks. The Trust holds one of these contracts – NIHR: Performance in Initiating and Delivering (PID) Clinical Research. These outcomes include an initial benchmark of 70 days or less from the time a provider of NHS services receives a valid research application to the time when that provider recruits the first patient for that study (performance in initiating clinical research). It also includes the NHS providers' performance in recruiting to time and target for commercial contract clinical trials (performance in delivery of clinical research). These reports are available on the R&D page of the Trust website.The Operational Capability Statement is also available on the Trust website. It identifies the research activity and resources the Trust offers.

Raising the research profile in the Trust, encouraging clinical divisions to develop their research portfolio, embedding research in departments and highlighting patient engagement will continue to be a focus. The Trust is currently involved in 84 studies on the NIHR portfolio, of which 59 were open to participant recruitment and 25 studies closed to recruitment and are in participant follow-up status. Clinical research team managers are required to identify NIHR portfolio studies, engage with potential principal investigators and perform detailed site feasibility and the set-up of a research study alongside the R&D department.

Research governance

All research is delivered in accordance within the Research Governance Framework for Health and Social Care to ensure all research projects have been fully assessed to ensure compliance, capacity to deliver and address any risks and to ensure appropriate authorisations have been received from clinical and support departments.

The Trust has a trained facilitator to deliver International Conference Harmonisation – Good Clinical Practice (ICH-GCP) training for clinicians and research staff to ensure standards and best practices are maintained. The Trust ran four ICH-GCP refresher courses and intends to maintain this schedule in future years. ICH-GCP training is valid for two years with 104 researchers holding a current certificate and 40 updating their training in 2015/16.

NHS permissions median time

The NHS permission (R&D approval) target remains at 15-days as part of the overall benchmark of 70 days to recruit the first participant. This continues to be achieved by working with research managers in regards to the submission process to ensure that delays are avoided in issuing NHS permission.

Dashboard – Time to NHS permission in median calendar days											
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
10	6	7	6	6	1	2	5	2	9	9	9

Life sciences industry

The NIHR promotes industry studies adopted onto its portfolio via an Expression of Interests (EOIs) system and through consultant collaborations with pharmaceuticals. The Trust receives expressions of interest from CRN Eastern which are reviewed locally to determine feasibility. Additionally, through clinicians and research association with industry, the Trust has been pre-selected for industry studies.

Research income generated approximately £150,000 to contribute to Trust overheads, research infrastructure and re-investment into research activities.

Patients recruited into NIHR CRN Portfolio studies

There were 732 participants (local figures) recruited into portfolio studies compared to 1,016 participants recruited the previous year.

Environmental Sustainability

Commitment to sustainability

The Trust takes its responsibility as a major employer and consumer of energy and resources seriously and is committed to helping reduce the adverse effects of its operations on the wider environment and the health of the population it serves.

Sustainability strategy of the Trust

The Trust has a Sustainable Development Management Plan (SDMP), approved by its Board of Directors, which is broadly consistent with the NHS Sustainable Development Strategy 2014-2020. The SDMP provides a framework to address and reduce the Trust's carbon footprint while at the same time improving the organisation's overall corporate social responsibility.

During 2015, the Trust's innovative approach to reduction in energy continued. Our steam trap replacement programme maintained efficient steam system operation by preventing steam leaks which enhances both water and energy efficiency, improves heating system reliability and increases life expectancy of equipment. Investment took place in LED lighting, automatic lighting controls and improved waste handling facilities. Energy efficiency improvements will continue in 2016/17 and the Trust will seek opportunities for funding new schemes via Government grants and other invest-to-save capital opportunities.

Governance to support sustainability

Chris Howlett, Director of Estates and Facilities, is the Trust's executive lead for sustainable development and carbon reduction. The non-executive director lead for sustainability issues is Tom Fleetwood.

Social, Community and Human Rights Issues

Our place in the community.

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

The Trust operates within the NHS Constitution and has employment and service policies which address equality and human rights issues.

Information to, and consultation with, employees

The Trust has consulted with staff to implement organisational change where services have been re-designed or are being transferred to an external service provider. Where formal consultation is necessary, the Trust is very careful to ensure that communication takes place prior to the formal consultation period and once that period is closed informal communication and consultation continues towards the implementation of change. This methodology enhances and supports harmonious change for the staff affected and, ultimately, the service provided to patients. In partnership with the Trust and its trade unions, a fortnightly Consultation Sub-Group meets to progress formal consultations. Trust staff have access to the organisation's intranet and email system which are used as rapid methods of communication. Screensavers provide a simple continuous method of communication. The Trust regularly publishes an in-house magazine which is available to all staff and the public, both electronically and in a printed format. There is an established monthly briefing by the Chief Executive which is cascaded through the organisational management structure. A Staff Involvement Group meets regularly to discuss current issues and how relationships and services can improve. The Board encourages managers to engage with staff members in changing and improving the way in which services are provided.

Equality and diversity

The Trust is committed to a culture where those working for the Trust are valued and appreciated for the skills and talents they bring to the organisation, and where the needs of those using our services are understood and respected. The Trust is committed to treating everyone who visits or works in its services with respect and as individuals, taking into account individual differences, personal values and perspectives. The NHS Equality Delivery Scheme2 (EDS2) is a toolkit to help local NHS organisations, in discussion with local partners including local populations, review and improve their performance for people with characteristics protected by the Equality Act 2010. Following a review, the EDS has been refreshed and organisations

are being asked to adapt to the EDS2. The four EDS2 goals are:

1. Better health outcomes
2. Improving patient access and experience
3. A representative and supportive workforce
4. Inclusive leadership.

In May, the Trust re-established its Equality and Diversity Steering Group with one of its aims being to re-energise the work programme for equality and diversity at all levels across the organisation. Tom Fleetwood, a non-executive director, was appointed Chair of the Equality and Diversity Steering Group. It meets quarterly and its members include Janet Brazier, a public governor. The Workforce Race Equality Standard (WRES) has been developed as a tool to measure improvements in the workforce with respect to Black & Minority Ethnic (BME) staff. Following publication in February of the national NHS Staff Survey results, together with updated workforce information, we, like other NHS trusts, are considering the WRES information and comparing it to the previous year. This analysis will be discussed at the Equality and Diversity Steering Group and will be very helpful in developing and prioritising our workforce race equality objectives.

Disabled employees and equal opportunities

It can be difficult to dispense with preconceived ideas about the range or type of work disabled people can do, but it will be of mutual benefit to individuals and the Trust to make sure that disabled applicants are always fully and fairly considered on their merits. All disabled applicants who meet the minimum criteria for selection will normally be invited for interview. If an employee becomes disabled, the Trust will maintain regular contact with the employee to monitor progress and at an appropriate stage consider possible courses of action and the effect any disability might have on future employment. It is important for disabled people to have equal opportunities with others to develop new skills and advance their careers. Therefore, judgement about an employee's potential to undertake more demanding work or to carry out greater responsibilities should be based on realistic assessment of their aptitudes and abilities, disregarding any preconceived ideas about the nature of the disability or the limitations imposed. The Trust has developed its policy on disabled people in employment in order to maintain a working environment which is supportive and inclusive of current and prospective employees, whether they are currently disabled or may become disabled in the future. The Trust seeks to offer terms and conditions of service which will enable suitably qualified persons with a disability to seek and maintain employment with the organisation wherever practicable.

Recorded disability	2014/15	2015/16
Public members	472	426

The Electronic Staff Record (ESR) is used for storing staff payroll and other personal details. The Trust does not record staff disability on ESR.

Health and safety

The Trust has well-developed health and safety arrangements as part of its overall risk management strategy. The Trust's Health and Safety Policy has been reviewed and awaits staff side approval before board submission which is required by the end of June 2016. The policy has been inspected previously by the HSE and is compliant with section 3 (2) of the Health and Safety at Work Act 1974.

All ward/departments have:

- access to a hard copy of the Health and Safety Policy within the Health and Safety Folder. All ward/department risk assessments can also be located within this folder
- COSHH manuals which contain clear risk assessments of how to use the substance safely.

All reportable incidents to Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) have been controlled by the Patient Safety and Quality Team (PSQ). PSQ members have completed investigations where members of staff or visitors have been injured due to a health and safety issue. All reports have been

	uploaded onto the Trust electronic incident reporting system. All departments within the Trust including all satellite sites have been audited in compliance with HSG 65. Any safety failures were addressed immediately with the department or escalated to line managers. PSQ members have continued to deliver mandatory training which is at 86% compliance. All annual manual handling audits have taken place in clinical areas. Time bound action plans have been issued to areas where improvement is required. Follow-up audits will start in early April. Areas of concern included documented competency assessments, provision of an active link assessor in every clinical area/department and progress with action plans from 2014/15. Trust-wide compliance with Manual Handling Part 1 stands at 86% and Part 2 at 80%.
Health and wellbeing	The Health and Wellbeing Department continued to provide a full range of services to manage staff risks. It provided on-going support to staff experiencing both stress at work and personal stress.
Employee assistance	The employee assistance programme continued to offer a range of services to support staff and their family members on both work and private issues.
Zero tolerance policy against violence and abuse	The Trust will not hesitate to seek the prosecution of anybody who attacks members of staff while at work. The vast majority of assaults are verbal, and on rare occasions staff have been subject to assault which we take very seriously and will involve the police if required. The safety of the Trust's workforce is paramount and a number of procedures are in place to minimise any potential risk to members of staff. The Trust has an accredited security adviser who runs in-house training courses on how to deal with violent and aggressive situations and how to manage conflict successfully. These courses are mandatory for all frontline staff.
Fraud and corruption *Information on policies and procedures with respect to countering fraud and corruption*	The Trust supports the continued establishment and maintenance of a strong anti-fraud culture among all staff, contractors and patients. Fraud is taken seriously and staff are made aware of how to identify and report fraud correctly. The Trust endorses the right and duty of individual members of staff to raise any matters of concern they may have with the delivery of care or services to a patient or client of the Trust, or about financial malpractice, unlawful conduct, dangers to health and safety or the environment. It believes that a culture of openness and dialogue is in the best interests of patient care. However, this must be set in the context of the Trust's duty of confidentiality to patients. Our whistleblowing policy sets out the procedures put in place for staff if they wish to raise their concerns, and the responsibilities managers at all levels have to ensure these are dealt with thoroughly and fairly.
Overview and scrutiny	Essex County Council's Health Overview and Scrutiny Committee (HOSC) took a keen interest in the Trust throughout the year. Several senior staff, including the Chairman, Alan Rose; Chief Executives, Dr Lucy Moore and Frank Sims; the Director of Nursing, Barbara Stuttle and the Medical Director, Dr Angela Tillett; appeared before councillors. As well as wanting general updates about the Trust, the HOSC requested information about specific topics, including complaints, staffing and the CQC inspection. Colleagues also attended the Tendring District Council's Health and Wellbeing Board and Colchester Borough Council's Scrutiny Panel..
Public consultations	The Trust did not undertake any public consultations during 2015/16.
Other patient and public involvement activities	The Head of Patient Experience attends meetings of the North East Essex Health Forum Committee to engage with local service members and to listen to their experiences. Some committee members take part in Trust walkabouts.

Above: Dr Henry Marklew, FY1 Doctor

Principal Risks and Uncertainties

Managing risk

The Trust is committed to providing high quality patient services in an environment that is safe and secure. The Board of Directors monitors the key risks to the Trust through its review of the Board Assurance Framework, which maps the high-level risks associated with the achievement of our corporate objectives. Its principal aim is to provide a mechanism for the board to regularly assess the level of risk against the controls in place to mitigate the risks and to also consider the adequacy of the assurance that is in place.

Risk Management Strategy

The Trust is committed to delivering continuous improvement to its risk management arrangements. A new risk management strategy with a focus on improving ward-to-board risk escalation was launched in February, taking into account feedback from a follow-up review of risk management governance arrangements by Deloitte in July and feedback from the CQC's September inspection.

This is underpinned by the following:

- an assurance and escalation policy and framework. This sets out the principles to ensure there are effective communication lines from the frontline of service delivery right through to divisional leadership teams, the senior executive team and the board itself to improve organisational risk management from ward to board
- a strengthened executive governance structure from ward to board was reviewed and a new clinical governance committee structure with reporting lines to the Executive Team and assurance committees of the board clarified
- a board risk workshop was held in January to ensure the board had a shared understanding of the importance of effective risk management and was engaged in the development of and how to use the revised Board Assurance Framework. During this session, the board considered its tolerance for risk and, following a facilitated session, agreed its risk appetite. This was later drafted into a risk appetite statement that was incorporated into the Risk Management Strategy agreed by the Board of Directors at its February meeting
- a comprehensive review of the design and content of the Board Assurance Framework to ensure it is an effective tool for linking principal risks to the Trust's strategic objectives, identifying risk ownership and providing an overview of the key controls and sources of assurance regarding those risks so as to inform the board's agenda
- the establishment of a monthly Risk and Compliance Group reporting into a monthly Audit and Risk meeting of the Executive Team to ensure effective identification and escalation of risks at service level. It has improved oversight of divisional, directorate and corporate risks through to the Board Assurance Framework to ensure that the Executive Team and the Board are sighted on emerging and increasing risks. Appropriate mitigations and/or action plans are in place for risks that fall outside accepted tolerance levels.

The Quality and Patient Safety Assurance Committee routinely receives information on all Serious Incidents and the lessons learned from them.

This reinforces the Trust's approach to developing a safety and risk management culture across the organisation.

Staff are encouraged to report any incidents that occur so we learn from them and improve practice. All incidents identified as moderate, major or extreme undergo detailed investigation to establish their root cause and are written into a formal report with an action plan, which is reviewed by the Quality and Patient Safety Assurance Committee.

Principal risks as at 31 March 2016

The Trust's principal risks are summarised on page 14, with further detail in the Annual Governance Statement on page 92.

Effectiveness of systems of internal control

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

Contractual or Other Arrangements

Summary of contractual relationships

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

- North East Essex Clinical Commissioning Group (CCG) (healthcare commissioning)
- NHS England (specialised healthcare commissioning)
- Mid Essex Hospital Services NHS Trust (plastic surgery services)
- North Essex Partnership NHS Foundation Trust (mental health services)
- Anglian Community Enterprise (clinical services).

Overview of other procurement arrangements

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

- National Blood Service (blood products)
- Serco (Payroll)
- Alliance Medical (MRI services)
- Opcare (orthotic and prosthetic services)
- GE Capital (equipment leasing)
- Fresenius (renal services)
- Concordia (dermatology)
- Pathology Partnership.

Joint ventures and partnership arrangements

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

- a Section 31 partnership under the Health Act 1999 with Essex County Council, Mid Essex Hospital Services NHS Trust, NHS Mid Essex, NHS North East Essex, NHS South East Essex, NHS South West Essex and Thurrock Council for an integrated community equipment service
- partnership arrangements with Ipswich Hospital NHS Trust and Mid Essex Hospital Services NHS Trust for a range of clinical services
- partnership with Anglia Ruskin University for the development and management of The ICENI Centre for training and research and development in laparoscopic surgical techniques.

A more formal partnership with Ipswich Hospital is being pursued in 2016/17 as part of the Trust's plan with NHS Improvement to bring about changes to improve quality and financial sustainability.

Trust Business Model

The Trust operates a devolved management structure with five clinical divisions, each led by an experienced senior clinician. The divisions have delegated authority for governance, performance and expenditure/income and are accountable through the divisional directors to the Chief Executive.

Divisions are supported by a number of Trust-wide corporate functions including human resources, finance, information technology, estates and facilities. Within the delegated structure, professional clinical leadership is maintained through the Medical Director and Director of Nursing.

Post-Year End Events

Important events since the end of the financial year affecting the foundation trust.

On 25 April 2016, the CQC's Chief Inspector of Hospitals wrote to the Secretary of State outlining continuing concerns about culture, practice and leadership at the Trust, raising significant concerns regarding the lack of improvement and stating that he did not have confidence in the ability of the Trust's board to address the issues highlighted in his letter.

Between that date and the date of the publication of this report, the Trust has been actively working with NHS Improvement and Ipswich Hospital to develop a credible plan to secure a sustainable future for Colchester Hospital. The Chair, Alan Rose, and the Chief Executive, Frank Sims, stepped aside from their respective roles to enable the appointment of David White and Nick Hulme, the Chair and Chief Executive of Ipswich Hospital to fill those roles at both organisations.

Above: Jenny Edwards, Freedom To Speak Up Guardian, staff governor and UNISON branch secretary

Accountability Report

Purpose

The accountability report pulls together all of the statutory disclosures relating to NHS Foundation Trusts and comprises the directors' report, remuneration report, staff report, FT Code of Governance disclosures, regulatory ratings, statement of accounting officer's responsibilities and the annual governance statement.

Directors' Report

Introduction

The Directors' report comprises the details of the individuals undertaking the role of director during 2015/16 and the statutory disclosures required to be part of that report and information relating to quality governance.

The Directors' Report is presented in the name of the following directors who occupied Board positions since 1 April 2015 (it also incorporates the operating and financial review):

Name	Title
Susan Aylen-Peacock	Non-Executive Director (from 9 November)
Roger Baker	Non-Executive Director (to 30 April)
Jude Chin	Non-Executive Director
Jeff Crawshaw	Interim Director of Workforce and Organisational Development (12 May to 13 November)
Tom Fleetwood	Non-Executive Director
Julie Fryatt	Director of Workforce and Organisational Development (from 2 November)
Shane Gordon	Chief Operating Officer
Lynn Lane	Director of Human Resources and Organisational Development (until 15 May)
Diane Leacock	Non-Executive Director
Dr Lucy Moore	Chief Executive (until 16 October)
Julie Parker	Non-Executive Director
Alan Rose	Chairman
Dawn Scrafield	Director of Finance
Frank Sims	Chief Executive (from 19 October)
Jan Smith	Non-Executive Director (from 9 November)
Barbara Stuttle	Director of Nursing and Patient Experience
Angela Tillett	Medical Director

Statement as to disclosure to auditors

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

Planned developments at the Trust

The Trust agreed its Annual Plan for 2016/17 at its March 2016 board meeting and submitted it to NHS Improvement in April 2016.

The report provided an overview of the recommendations from the Carter Report and the Trust's progress in identifying cost improvement schemes and NHS Improvement's support to the delivery of 2016/17 financial plans.

The key points to note from the 2016/17 annual plan are as follows:

- Planned I&E deficit of £45.7m
- Interim planned support requirement from the Department of Health of £50m
- CIP plan of £9.1m
- Capital programme of £14.4m funded through internal resources, third parties and brought forward planned support.

Statutory Income Disclosures

Non NHS income

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

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

Other Public Interest Disclosures

Better payment practice code

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

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

The Trust aims to pay at least 95% of its invoices in accordance with these obligations, however, cash constraints caused by the Trust's in year deficit have necessitated that the Trust increase payment terms to 35 days wherever possible without causing a detrimental impact on the supply of goods and services it receives

HM Treasury cost allocation compliance

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

Fixed assets

Although there is no pre-determined frequency at which property, plant and equipment (PPE) assets must be re-valued, accounting standards require that asset values should be kept up-to-date. Therefore, the frequency of revaluation needs to reflect the volatility of asset values and, in Monitor's view, property assets are likely to require revaluation at least every five years.

The last full valuation of the Trust's land and building assets was undertaken as at 31 March 2015 by the DVS (the commercial arm of the Valuation Office Agency).

Political or charitable donations

The Trust made no political or charitable donations.

Interest rate or exchange rate risks

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

Accounting Policy for Pensions and details of senior employees'

The Accounting policy for pensions can be found in notes 1.5 and 4.1 of the accounts.

Details of senior employees' remuneration can be found on pages 68 to 69

remuneration	(Remuneration Report).

Quality Governance

Quality Governance Reporting	The Trust's approach to quality governance is outlined in the Annual Governance Statement (page 97) and its performance against its quality priorities and key quality metrics are shown in the Quality Report. The executive governance structure supporting the quality agenda was reviewed in 2015 and three executive groups (Risk and Compliance, Patient Safety and Patient Experience) report through to the Executive Team and the Quality and Patient Safety Assurance Committee, a sub-committee of the Board. Further details on the responsibilities of the Quality and Patient Safety Assurance Committee are shown on page 60-61 of this report.
Well-Led Framework	The Board carried out a self-assessment of the Trust's performance against the Monitor Well-led Framework in January. This was reviewed alongside an independent review by Monitor of the Trust's Ward to Board governance arrangements in February and identified that although the Board was confident about the way it had shaped culture, values and behaviour in the Trust and its activities relating to staff, patient and stakeholder engagement, it considered that there were areas of weakness in strategic planning, continuous learning and performance management. More work will be undertaken in 2016/17 to explore these findings further in order to strengthen leadership and governance going forward.
Consistency of Evaluation	The Trust has reviewed the consistency of its annual governance statement against other disclosure statements made during the year as required by the *Risk Assessment Framework*, the disclosure statements required as part of this report, the Quality Report and the annual plan and against the reports arising from the CQC planned and responsive reviews of the Trust, and we have identified no material inconsistencies to report.

Above: Gosia Prazmo, Operating Department Practitioner

Patient Safety

Patient safety

Our ultimate aim is to deliver the highest quality healthcare services to our patients. This is part of the Trust's commitment to be At Our Best for patients and colleagues and to be widely recognised as the Trust that patients, carers and staff would recommend 100% of the time to friends and family. The Trust continued to work with the national High Impact Actions. Each area is responsible for the setting and delivery of Trust-approved improvement targets. Performance against internal and external quality indicators is monitored by the Patient Safety Group. Assurance is provided to the Quality and Patient Safety Assurance Committee on a monthly basis.

Patient safety walkabouts

During 2015/16 the patient safety walkabouts underwent a review to ensure that the immediate actions required for maintaining patient safety were undertaken.

It was recognised that the Clinical Area Assessment Programme (CAAP) process was increasingly robust, but that the return from the visits was sometimes too prolonged. In addition, during 2015/16 the Trust was inspected on a number of occasions by a variety of external stakeholders, including the CQC, Monitor and North East Essex CCG, in addition to the General Medical Council and Health Education East of England.

Safety Improvement Team

In order to ensure that quick actions were taken to mitigate risks to patient safety, the Safety Improvement Team (SIT) was created, under the leadership of the Director of Strategy and Transformation, to review ward and department areas, with a set of actions identified to ensure that key areas relating to patient, health and environmental safety were improved and maintained. The SIT was composed of volunteers who met weekly and identified areas to visit, both at Colchester General and Essex County sites. The SIT included both clinical and non-clinical staff, which provided a more holistic view and mitigated against professional bias. The programme lasted for six months, with a successful return on practical actions to improve the environments of wards and departments, thereby mitigating risks to patient safety.

Peer reviews

It was accepted that the methodology utilised during CQC and Monitor reviews, with a focus on the five key domains (Safe, Effective, Caring, Responsive and Well-Led) was recognised best practice. Subsequent peer reviews and 'deep dives' into concerns raised internally and externally continue to be led by the Director of Quality Assurance and Compliance and the team. The creation of the Quality Assurance and Compliance Department in December has seen a shift in focusing on achieving assurance through evidenced and sustained quality improvements, with a clearer focus on ensuring that patient safety is maintained in all clinical areas.

Mortality

The Hospital Standardised Mortality Ratio (HSMR) and Summary Hospital-level Mortality Indicator (SHMI) give an indication of whether the mortality ratio of an organisation is higher or lower than expected when compared to the national (England) baseline. The Trust has had a high SHMI since the inception of the measure whilst the HSMR has been within the expected range since 2010/11. The high SHMI prompted the Keogh Review of the Trust in June 2013. The latest available SHMI (October 2014 to September 2015) for the Trust is 107 which is "as expected". The percentage of palliative care deaths as a percentage of SHMI within the latest available data set is recorded as 23% which is near to the national average. Recognition of the deteriorating inpatient remains a key concern for the Trust, as described on page 46 of the Quality Report. There continues to be improved reporting of incidents, and a commitment by the Trust to commit to its ongiong quality priority to ensure that sepsis is identified and treated in line with the Sepsis 6 programme. There remains continued training and education for all staff in the use of the National Early Warning Score (NEWS), roll-out of the Trust's Treatment, Resuscitation and End of Life Care Plan, which started its trial in December 2015.

Falls prevention

There were 1,066 inpatient falls, a 5.6% decrease on the previous year (63 fewer falls). In 2014/15, there were 32 serious harm falls, which was an increase on 2013/14 (18). Through the commitment of staff to ensure that patients did not come

to serious harm through falling, in 2015/16 there were only 24 serious harm falls (eight fewer), which equates to a 25% reduction. Confusion in frail-elderly patients leads to unpredictable behaviour which can be difficult to manage, and thereby increasing the risk of harm from a fall. The Trust remains committed to cohorting patients to minimise the risk within an inpatient ward environment, and increased staffing to reduce the risk to patients through monitoring.

Pressure ulcers

In 2014/15, although the number of hospital-acquired pressure ulcers dropped by 10%, the severity worsened, with an 18% increase in grades 2-4. In 2015/16 the total number of hospital-acquired pressure ulcers reduced by a further 3%, and the number of pressure ulcers graded 2-4 fell by 9%, which is a continued improvement. Pressure ulcers are an unwanted complication associated with healthcare. Estimates suggest they cost approximately 4% of the total annual NHS expenditure. They are costly in terms of prevention, management and human suffering. Work continues on the SSKIN Care Bundle (a five step model for pressure ulcer prevention) and initial patient assessment, thereby ensuring patients at risk of developing pressure ulcer damage are identified early and appropriate care interventions are implemented, including:, surface, skin inspection, keep patients moving, incontinence and moisture, nutrition and hydration.

Improvements in patient information

Our patient information strategy continued to ensure health care professionals were able to deliver accurate, up-to-date, easy-to-understand, informative and timely information to patients. Almost 1,000 different leaflets were available, which were compliant with Department of Health guidelines. Regular audits were carried out to ensure standards were maintained.

Infection Control

Overview

The Trust continued to perform well with regard to controlling and preventing hospital-acquired infections. Rigorous clinical hygiene measures, controls on the prescribing of antibiotics, isolation of infected patients and root cause analysis of cases, supported by learning and implementing changes, continue to have a significant impact. We will continue our vigilant approach in 2016/17.

Clostridium difficile

Clostridium difficile incidence is assessed as cases detected more than 72 hours after admission (these are considered to be attributable to an infection acquired in hospital). A new system of reviewing cases was introduced to determine whether cases were associated with or without breaches of local protocols, the latter being deemed unavoidable. The agreed maximum ceiling of cases with breaches for the Trust was 18 cases. Of the 24 cases reported, we had 10 cases with breaches and 14 cases with no breaches. Maintaining a low number of cases is testament to the vigilance of staff and compliance with best practice.

MRSA bacteraemia

MRSA incidence is assessed as cases detected more than 48 hours after admission which are considered to be attributable to an infection acquired in hospital. The Trust's target was to have no cases of MRSA bacteraemia. There was one case in an inpatient and one in an outpatient. Both were subject to thorough review and in neither case could any failures of care or process be identified.

Surgical site infection

Orthopaedic surgical site infection data reporting has been mandatory since 2005. The Trust has consistently achieved rates well below the national benchmark. A new Surgical Site Infection Group has been established to monitor surgical site infections across the Trust.

Hand hygiene monitoring

The Trust monitored hand hygiene compliance with best practice in all clinical areas every month. Compliance overall remained at 96%-98%.

Improving our Patients' Experience – At Our Best

Your experience is our responsibility

The Trust remains fully committed to improving patient experience and providing high quality, safe and effective services. We continue to put patients, relatives and carers

at the heart of everything we do. The Trust welcomes complaints as a tool for learning and making improvements. Additional staff were recruited into the Patient Advice and Liaison Service (PALS) to support local resolution of concerns and issues. In addition, the Trust is committed to learning from incidents. We ensure teams are aware of all learning lessons for their areas in order to minimise the risk of serious incidents, never events or serious complaints. The Trust continues to work in partnership with Healthwatch Essex and its commissioners, which are represented on the recently-formed Patient Experience Group. The Trust collects patient feedback from many sources and uses this information to inform service development and improvement programmes.

At Our Best

Continuous improvement

At Our Best remains an on-going programme of improvement to address concerns expressed by patients and carers about staff attitude and behaviour. It aims to inspire, develop and support every Trust team by listening to the experiences of patients and carers. The Trust strives to embrace the values of caring, consistency and communication to support the meaning and delivery of care. These values continue to influence how the Trust sets leadership behaviours and recruits staff.

Privacy and dignity

Maintaining patients' privacy and dignity remains a Trust priority. The electronic survey that is used on the wards includes the question: "Overall, did you feel you were treated with respect and dignity while you were in the hospital?" This allows areas to monitor their performance on a monthly basis. Between April and March, 94% of patients felt they were always treated with respect and dignity. Dignity training designed by the Royal College of Nursing is included on the extended Trust induction for nurses, midwives, healthcare assistants and allied health professionals.

Delivering same-sex accommodation

The NHS Constitution confirms a patient's right to dignity and respect. The Trust is committed to treating all patients with privacy and dignity in a safe, clean and comfortable hospital environment. The Trust is compliant with the Government requirement to eliminate mixed-sex accommodation, except when it is in the patient's overall best interest or reflects their personal choice. We have the necessary facilities, resources and culture to ensure that patients who are admitted to our hospitals will only share the room where they sleep with members of the same sex, and that same-sex toilets and bathrooms will be close to their bed area. Sharing with members of the opposite sex will happen only when clinically necessary (for example, where patients need specialist equipment such as in Intensive Care or when patients actively choose to share, eg Renal Unit). If our performance falls short of the required standard, this is reported to North East Essex CCG. We also have an audit mechanism to make sure we do not misclassify any of our reports. We record the results of that audit as part of our patient experience audits. There were no

breaches during the year and the Trust has declared full compliance with delivering same-sex accommodation. The Trust undertakes continuous monitoring.

Patient Experience Group

The recently-formed Patient Experience Group works on ensuring the patient voice is heard. A Public and Patient Involvement Group will be formed to support the needs of the public, patients, relatives and carers. It will be chaired by a Trust non-executive director and will include representatives from North East Essex Clinical Commissioning Group (CCG) and Healthwatch Essex.

How the Trust monitors the patient experience

Patient experience feedback is gathered in a many ways. The NHS Friends and Family Test (FFT) is well established across the adult inpatient, maternity and A&E pathways. Leaflets are the main collection method, but the FFT question is also included in the electronic surveys used on the wards. Public governors support patients in completing forms and also use these opportunities as a further way of engaging with the patients, relatives and carers. FFT reports are sent to the Trust's divisions and wards on a weekly and monthly basis. The information is reported to the Quality and Patient Safety Assurance Committee in the integrated quality and safety report which is also shared with the Trust's commissioners. Patient experience boards are on display in all clinical areas. They show the area's FFT results as well as "You said, We did" comments to demonstrate what actions have been taken in response to comments from patients. The Head of Patient Experience and Freedom to Speak Up Guardian undertake walkabouts of all wards and departments, speaking to patients and staff to learn about their experiences. This is also shared with the Quality and Patient Safety Assurance Committee.

Patient and public involvement

As an NHS Foundation Trust, we remain committed to the principle of public, patient and staff involvement. Public and staff members have elected governors to represent their views and to work with the Trust to ensure service user views are taken into consideration at all times. Governors have remained involved in many aspects of Trust monitoring to ensure there are adequate standards in place for their communities. Governor representation continues on the Patient-led Assessments of the Care Environment (PLACE). Governors participate in a schedule of visits and all staff governors feed back issues of immediate concern directly to the Chief Executive and the Director of Nursing for their attention and action. Furthermore, feedback from governor walkabouts is included in the integrated quality and safety report that goes to the Quality and Patient Safety Assurance Committee and to the Trust's commissioners, thereby ensuring services commissioned for the population the organisation serves are fit for purpose.

Engaging our staff in developing a patient experience approach

The Trust continued to engage staff in developing a personal approach that improves the patient experience. In recruitment, all job descriptions, person specifications, adverts and questions at interview reflected the attitudes, behaviours and standards the Trust expects of employees. All new staff attended a corporate induction where a half-day was dedicated to patient experience and what all staff must do in terms of behaviours to ensure the Trust is at its best consistently.

Patient-led Assessments of the Care Environment

Staff from the Trust's facilities management team, together with patient assessors (members of the public), carried out eight PLACE mini-assessments over the course of the year. The official PLACE assessment, which is reported at a national level, included patient assessors who must make up at least 50% of the teams who undertake the assessment of how well the environment supports patients' privacy and dignity, food and hydration needs, cleanliness and general building maintenance. It focuses entirely on the care environment and does not cover clinical care or how well staff are doing their job. For the first time in 2015, the PLACE assessment also included how dementia friendly the hospital environment is. Colchester General Hospital scored above the national average for "Cleanliness", "Food and Hydration", "Privacy, Dignity and Wellbeing" and "Condition, Appearance and Maintenance" but below average for the new "Dementia" category.

Food Hygiene Rating Scheme

On 31 March, Colchester General Hospital was awarded top marks in the Food Standards Agency's national Food Hygiene Rating Scheme. The hospital achieved the highest possible score of 5 following a rigorous inspection by an environmental health officer (EHO) from Colchester Borough Council. The visit included inspecting

freezers, chill rooms and store rooms, kitchens on the wards, checking all records from delivery to consumption, and making sure staff were up-to-date with food hygiene training. See picture on page 19.

"Got something to say?"

The Trust continued its "Got something to say?" campaign, which highlights to patients how they can raise a concern..

We want patients, relatives and carers to make sure they tell us if they have a comment, compliment or complaint.

Patient Advice and Liaison Service (PALS)

Our Patient Advice and Liaison Service (PALS) helps patients, carers, relatives and families resolve problems as quickly and easily as possible by putting them in touch with the appropriate member of staff. An additional PALS facility was opened inside the main entrance of Colchester General Hospital in January to make the service more visible and accessible. During the year a total of 1,845 PALS contacts were recorded.

Compliments

The Trust received 18,542 compliments. These are received in different ways including letters, cards, gifts, phone calls and through local press. During this period the ratio of compliments to complaints was 23:1.

Complaints

The Trust is committed to learning from experience to improve the service offered to patients and visitors. We encourage patients and visitors to help by telling us what they think of their experience.

Information on complaints handling

A total of 801 complaints were received by the Trust, compared with 1,031 the previous year, representing a 22% reduction. The Trust views the receipt of complaints positively because it is an opportunity to learn lessons and improve patient experience. The Trust re-opened 53 complaints because the complainants were not satisfied by the first response they received. This represents about 6% of all complaints.

Local resolution of complaints

Where complainants are not satisfied with the local resolution of issues and concerns, they are taken forward as formal complaints which receive a written response. The Trust has worked extremely hard on providing better responses. The reasons for complaints being re-opened are that complainants have concerns that were either not addressed completely the first time or because further questions are raised. The number of complaints that re-opened fell compared to the previous year, indicating an improvement in the information given to complainants.

Referrals to the Parliamentary Health Service Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) made contact with the Trust regarding 24 complaint cases in comparison to 33 the previous year, all requiring assessment and further investigation by the PHSO.

Acting to improve our complaints process

All complainants receive an acknowledgement of their complaint within 48 hours. This is followed up with a full acknowledgement detailing the concerns that are to be investigated and giving the complainant a time frame. The complaints process has been reviewed with a view to making it less onerous so that complainants can be assured they receive timely responses.

Service improvements following complaints

The Trust ensured that complaints were reviewed at local clinical governance meetings and that action plans were implemented and reviewed so that learning and changes in practice could be made.

Above: Nick Bailey, Estates Team Leader, and Staff Governor

Our Board of Directors

Board of Directors' responsibility

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

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

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

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

Appointment and composition of the Board of Directors

The Board of Directors comprises full-time executive directors and part-time non-executive directors, all of whom are appointed because of their experience, business acumen and/or links with the local community. The Trust considers all of its non-executives to be independent.

The board comprises a Chair, six further non-executive directors and six voting executive directors. During 2015/16, the Trust had five non-voting divisional directors (see pages 54-55 for more details) and two non-voting directors who are members of the Executive Team and attend board meetings. The Council of Governors appointed the Chairman and other non-executive directors in accordance with the constitution and in line with paragraphs 19(2) and 19(3) respectively of Schedule 7 of the National Health Service Act 2006. The non-executive directors were appointed by the Council of Governors following national recruitment. In line with the Trust's constitution, these appointments and reappointments were approved by the Council of Governors. Two new non-executive directors took up appointments: Susan Aylen-Peacock and Jan Smith on 9 November.

Disclosures of the remuneration paid to the Chairman, non-executive directors and executive directors are given in the Remuneration Report (pages 68-69).

The board is content that its balance, completeness and effectiveness meet the requirements of an NHS Foundation Trust. However, it operated with one non-executive director vacancy from 1 April to 30 April following the resignation of Peter Wilson on 31 March and two non-executive director vacancies from 1 May until 9 November following the resignation of Roger Baker. Both vacancies were filled on 9 November with the appointment of Susan Aylen-Peacock and Jan Smith.

Register of interests

All directors are asked to declare any interests on the register of directors' interests at the time of their appointment or election. This register is reviewed and maintained by the Foundation Trust Office, and is available for inspection by members of the public. Anyone who wishes to see the register should contact the Foundation Trust Office at the address on page 6.

None of the Trust's executive directors was released by the Trust to serve as non-executive directors elsewhere during the year.

About the Non-Executive Directors

Alan Rose

Chair

Appointed: 1 April 2015

Term of office: Left 5 May 2016

Chair of the Board of Directors, the Council of Governors, the Remuneration Committee and Appointments and Performance Committee. Trust non-executive director lead for end of life care.

Previously Chair of York Teaching Hospital NHS Foundation Trust, where he had been a non-executive director since 2006 and Chairman from 2010, Alan joined the Trust in April. After a management career with Shell and 12 years with strategy consulting firm Booz Allen, Alan retired from strategy consulting a year after being treated for cancer. He moved his family to York, where he ran his own landscaping business for seven years from 2003 which he largely wound-down after he became Chairman of the York trust in April 2010. Alan led the York trust through a complex programme of development, taking it from a relatively modest district general hospital with a revenue of £200m to a group of 10 hospitals with an annual revenue of £450m and 8,000 staff. Under his leadership, the York Board of Directors was awarded the title of "NHS Board of the Year" by the NHS Leadership Academy in December 2012. The Chairman's main role is to provide clear leadership of the Trust's Board of Directors and Council of Governors.

Susan Aylen-Peacock

Non-Executive Director

Appointed: 9 November 2015

Term of office: Expires 8 November 2018

Chair of the Patient and Public Involvement Committee, member of the Quality Improvement Committee, Quality and Patient Safety Committee, People and Organisational Development Committee, Charitable Funds Committee, Clinical Reference Group and the Remuneration Committee.

Susan, who lives in Great Bromley, has worked for the NHS for the past 13 years in project management, service improvement and various corporate governance roles. She is a qualified chartered secretary and has 30 years' experience as a governance and risk professional, spanning health, local government and work with the third sector.

Jude Chin

Non-Executive Director

Appointed: 13 September 2011
Reappointed: 13 September 2014

Term of office:
Expires 12 September 2017

Chair of the Audit and Risk Assurance Committee; member of the Finance and Perfomance Assurance Committee, Charitable Funds Committee and the Remuneration Committee.

Jude has extensive commercial and international experience gained from a 30-year career with the professional services firm KPMG, auditing and advising on mergers and acquisitions.

He also has extensive experience of the education sector as Chair of SSAT (The Schools, Students and Teachers Network) and a number of voluntary roles on school governing bodies.

Jude is a Fellow of the Institute of Chartered Accountants in England and Wales and a biochemistry graduate of Bristol University.

About the Non-Executive Directors

Tom Fleetwood

Non-Executive Director

Appointed: 12 October 2012

Reappointed: 12 May 2015

Term of office:
Expires 11 October 2018

Trust non-executive director lead for sustainable development and fire safety; Chair of the People and Organisational Development Assurance Committee until 30 September; member of the Quality and Patient Safety Assurance Committee and its Chair, member of the Charitable Funds Committee and the Remuneration Committee.

Tom's final appointment before retiring from the Army was as Commander of Colchester Garrison, his home town. As Garrison Commander he was responsible for the Colchester Garrison PFI scheme and facilities management, training, and the support and welfare of all the soldiers and their dependants in the Garrison area. His previous experience included responsibility as the Chief of Staff for one of the three regional Army Divisions in the UK as well as significant operational deployments working with NATO, the United States and the United Nations. He lives in West Mersea.

Diane Leacock

Non-Executive Director/Senior Independent Director

Appointed: 1 April 2014

Term of office: Expires 31 March 2017

Trust non-executive director lead for safeguarding and children. Chair of the People and Organisational Development Assurance Committee and member of the Audit & Risk Assurance Committee, Charitable Funds Committee and Remuneration Committee.

Diane, who lives in Colchester, served as a non-executive director at NHS North East Essex from July 2009 to November 2011, and is a Fellow of the Association of Chartered Certified Accountants.

Currently the Director of Finance of a regional law firm, she has considerable experience in senior finance roles within commercial organisations, most recently as Finance Director within the professional services and publishing arenas. In addition, Diane served as a school governor for over 10 years, retiring as Vice Chair in 2015.

Julie Parker

Non-Executive Director

Appointed: 1 April 2014

Term of office: Expires 31 March 2017

Trust non-executive director lead for eProcurement. Chair of Finance and Perfomance Assurance Committee. Member of Quality and Patient Safety Assurance Committee, Charitable Funds Committee and Remuneration Committee.

Julie, who has lived all her life in the area served by the Trust, is a qualified accountant. She has significant experience working as a director of resources and finance at three London councils over a period of 10 years.

She is currently a board member at Colchester Borough Homes; a member of the Joint Audit Committee of the Police and Crime Commissioner and Essex Police. Julie also serves on the audit committees of two national bodies (the Health & Care Professions Council and the Housing Ombudsman).

Jan Smith

Non-Executive Director

Appointed: 9 November 2015

Term of office: Expires 8 November 2018

Member of the Quality Improvement Committee, Audit and Risk Assurance Committee, Finance and Performance Assurance Committee and the Remuneration Committee.

Jan, who lives near Coggeshall, has run her own company since 1998 – a marketing consultancy and service provider – working either as a consultant or interim board director with a focus on strategy development, marketing and communication, sales and customer experience. She has been a non-executive director on a number of boards during the past 17 years in both the public and private sectors. For more than two years, between 2009 and 2011, she was a non-executive director at Mid Essex Hospital Services NHS Trust.

About the Non-Executive Directors

Roger Baker	**Non-Executive Director** Appointed: 1 September 2014	Roger stepped down on 30 April 2015

About the Executive Directors

Frank Sims

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@franksims9

Chief Executive

Appointed Board Director

19 October 2015

Term of office: Left 16 May 2016

Trust Accounting Officer. Responsible for corporate strategy, external relations, transformation plan, regulation and compliance, leadership.

Frank was the Chief Executive of Hounslow and Richmond Community Healthcare NHS Trust before joining the Trust.

Before that he was the Chief Officer at High Weald Lewes Havens Clinical Commissioning Group for two years and a director at Maidstone and Tunbridge Wells NHS Trust from 2004 to 2009.

He started in the NHS as a management accountant in 1989 and over the next 15 years held a range of managerial posts at NHS trusts.

Shane Gordon

follow us on twitter
@DrShaneGordon

Chief Operating Officer

Appointed Board Director

2 March 2015

Term of office: Permanent

Notice period:
Trust: six months
Employee: three months

Responsible for operational management, performance standards, financial and people management across all clinical services, emergency planning and business continuity, elective and emergency care standards, site teams, health records and clinical coding.

Shane has been a GP in Essex since 2002 and was Clinical Chief Officer of North East Essex Clinical Commissioning Group (CCG). He is vice-chairman of the East of England Clinical Senate.

He was Associate Medical Director of the East of England Strategic Health Authority and is a member of the Royal College of General Practitioners and the Royal College of Surgeons.

Dawn Scrafield

follow us on twitter
@DawnScrafield

Director of Finance

Appointed
2 February 2015

Term of office:
Permanent

Notice period:
Trust: six months
Employee: three months

Responsible for finance, IT procurement, marketing/contracting, capital, estates, facilities, commissioning and charitable funds.

With a reputation for problem solving and a track record of delivering effective turnaround, Dawn joined the Trust with over 18 years of NHS experience.

She is a Fellow of the Association of Chartered Certified Accountants and has significant senior NHS experience, including as Director of Finance and Deputy Chief Executive in her previous roles at the NHS England Essex Area Team (2013-2015) and in South Essex (2010-2013).

About the Executive Directors

Dr Angela Tillett

follow us on twitter
@angela_tillett

Medical Director and Deputy Chief Executive

Appointed Medical Director
9 March 2015

Term of office:
Permanent

Notice period:
Trust: six months
Employee: three months

Trust lead for quality and patient safety. Responsible for clinical strategy, medical workforce, medical appraisal and revalidation, job planning, clinical effectiveness and clinical audit, Caldicott Guardian, research, medical education, relationships with primary care and other acute trusts.

Angela trained at University College London and qualified in 1987. She trained as a GP but went on to complete paediatric training, starting as a consultant in Colchester in 2001. Roles include Lead Clinician for Paediatric Oncology Services and from March 2011 – December 2013 Divisional Director for Women's and Children's Services. She is an instructor for Resuscitation UK courses and supports life support training and the paediatric critical care group at the Trust.

As well as her Medical Director role, she continues with her specialty clinical work in paediatric oncology and paediatric cardiology.

Barbara Stuttle

follow us on twitter
@StuttleBarbara

Director of Nursing and Patient Experience

Appointed
3 November 2014

Term of office:
Permanent from 1 May 2015

Notice period:
Trust: six months
Employee: three months

Executive lead for risk, health and safety, child protection and infection control. Professional nursing adviser to the Board of Directors.

Responsible for nursing strategy and nurse management, clinical governance and quality improvement, integrated governance, complaints and litigation.

Barbara has a nursing background spanning over 43 years, working in the acute sector, community and primary care services. Before joining the Trust in November 2014, she was the Deputy Chief Executive/Chief Nurse at NHS South West Essex.

Barbara was awarded the CBE (Commander of the British Empire) by the Queen in October 2004 for her services to the NHS.

Julie Fryatt

follow us on twitter
@julesfryatt

Director of Workforce and Organisational Development

Appointed Board Director

2 November 2015

Term of office: Permanent

Notice period:
Trust: six months
Employee: three months

Oversees all aspects of the Trust's workforce, including leadership and management development, education, training and development, welfare and wellbeing, pay and reward, employee engagement, employee relations and workforce planning.

Julie was the executive lead for leadership and workforce supply at Health Education East of England. Before this, she spent seven years at Ipswich Hospital where she held the posts of HR Director and Foundation Trust Director.

About the Executive Directors

Rachel Webb

Director of Strategy & Transformation*

Appointed Board Director

May 2015

Term of office: Permanent

Notice period:
Trust: six months
Employee: three months

Previously, Rachel was the Director of Business Development at South Essex Partnership Trust for six years.

She leads on developing the Trust's clinical strategy with clinical teams and provide leadership for the delivery of the Trust's transformation programme. Rachel also works with a range of local and regional health and social care partners to redesign and develop new services for North East Essex.

Chris Howlett

Director of Estates & Facilities*

Appointed Board Director

June 2015

Term of office: Permanent

Notice period:
Trust: six months
Employee: three months

Chris started in the NHS as an engineering apprentice at the Norfolk and Norwich Hospital over 30 years ago. He has worked in estates management roles in mental health and community services in Dorset and East Sussex.

In 2010 Chris attained his first director role at South Essex Partnership Trust and has a track record of delivering high quality estates and facilities services and capital developments.

Ann Alderton

Company Secretary*

Appointed Board Director

June 2015

Term of office: Permanent

Notice period:
Trust: six months
Employee: three months

Ann was previously Company Secretary at Cambridge University Hospitals NHS Foundation Trust and Director of Audit Services of an NHS Internal Audit Consortium.

She is a qualified accountant and chartered secretary and is responsible for the corporate governance of the Trust and advising the Board of Directors and Council of Governors about their duties and responsibilities.

follow us on twitter
@Tredaran

Former Executive Directors

Lynn Lane	**Director of Human Resources and Organisational Development** **Appointed Board Director:** 7 May 2014	**Term of office:** Permanent Lynn stepped down on 15 May
Jeff Crawshaw	**Director of Workforce and Organisational Development** **Appointed Board Director:** 12 May 2015	**Term of office:** Interim Jeff stepped down on 13 November
Dr Lucy Moore	**Chief Executive** **Appointed Board Director:** 27 May 2014	**Term of office:** Interim Lucy stepped down on 16 October

* = non-voting member of the Board of Directors

About the Divisional Directors

Dr Charles Bodmer

follow us on twitter

@CharlesBodmer

Divisional Director Medicine

Appointed Divisional Director: December 2013

Charles trained in Liverpool and Cambridge. He was appointed as Consultant Physician and Diabetologist in north east Essex in 1996. He was the first specialty trained diabetologist in the district and was the clinical lead for diabetes until his appointment as Divisional Director. He has also been Clinical Director for General Medicine, Chair of the Medical Staff Committee and Local Negotiating Committee and chaired the District Diabetes Network. He continues with some of his specialty clinical work in endocrinology and diabetes.

Miss Jo Osborne

Divisional Director Women & Children's

Appointed Divisional Director: March 2015

Jo qualified from St Mary's Hospital Medical School, London, in 1990. She trained in obstetrics and gynaecology in London and Essex, completing her training at Colchester in 2001. She was appointed Consultant Obstetrician and Gynaecologist at Colchester the following year. Jo has special interests in colposcopy, vulval disorders and HIV in pregnancy. She held the position of Royal College of Obstetricians and Gynaecologists College Tutor from 2001 to 2006. Jo has been Lead Colposcopist at Colchester since 2002 and was appointed to the East of England Regional Colposcopy Quality Assurance (QA) team in 2006 where she was the Quality Assurance Lead Colposcopist until 2012. She became Clinical Lead in Obstetrics and Gynaecology in 2012 and held this position until taking up the role of Divisional Director for Women's and Children's Services in April 2015. Jo completed an NHS Senior Leadership Modular training programme in May 2014. She continues her clinical work in obstetrics and gynaecology alongside her role as Divisional Director.

Mr Chris Backhouse

Divisional Director Surgery

Appointed Divisional Director: March 2015

Chris trained at Charing Cross Hospital, qualifying in 1976. Having obtained the Fellowship of the Royal College of Surgeons, he returned to Charing Cross as a registrar, then lecturer in surgery before a senior registrar rotation in the West Midlands. He was appointed Consultant General and Vascular Surgeon in Colchester in 1992. He has held various positions over the years, including surgical tutor, Chairman of the Theatre Management Group, Vascular Lead Clinician and Associate Clinical Director in Surgery, before his appointment as Divisional Director. Chris continues his clinical role as a vascular and endocrine surgeon.

About the Divisional Directors

Dr Gillian Urwin

Divisional Director
Cancer and Clinical Support Services

Appointed Divisional Director:
December 2013

Gillian trained in medicine at St Thomas' Hospital Medical School and qualified in 1986. She undertook her microbiology training at the Royal London Hospital and was appointed as a consultant microbiologist in Colchester in 1997. She is a member of the Infection Control Team and the lead for antimicrobial prescribing. Gillian was Associate Medical Director of Patient Safety for four years. After six months as interim Divisional Clinical Director, she was appointed to the substantive post of Divisional Director for Cancer and Clinical Support Services. She continues to work as a consultant microbiologist while she is the Divisional Director.

Dr David Gannon

Divisional Director
Urgent Care (A&E, Emergency Assessment Unit)

Appointed Divisional Director
April 2015

David trained at the University of Dundee Medical School and qualified in 1996. He then specialised in general medicine, diabetes and endocrinology in a number of hospitals in Kent, London and the South West before being appointed as a Consultant Physician in general and acute medicine in Colchester in 2007. He worked as a Divisional Director until February when he stepped down due to the competing demands of clinical work in the Urgent Care Division.

Director Appointments in 2016/17

Mr David White

Chair

Appointed: 6 May 2016

Term of office: Expires 5 May 2019

Chair of the Board of Directors, the Council of Governors, the Remuneration Committee and Appointments and Performance Committee.

David has extensive leadership experience as both a chief executive and non-executive director in the public sector. He moved from Nottinghamshire to live and work in Suffolk in 1994 as Chief Executive of Suffolk Health Authority, a post he held until 2002. He was then Chief Executive of Thurrock Council for four years until 2006 followed by six and a half years as Chief Executive of Norfolk County Council. He retired in April 2013.

Mr Nick Hulme

Chief Executive

Appointed Board Director

17 May 2016

Term of office: Permanent

Trust Accounting Officer. Responsible for corporate strategy, external relations, transformation plan, regulation and compliance, leadership.

Nick Hulme has worked in the NHS for more than 30 years. He has an outstanding record of achievement in operational management and leadership in large, complex London acute Trusts. Nick successfully brought together community and hospital based care in his previous role as Chief Executive of Croydon Health Services NHS Trust. He has worked in health and social care throughout his career. His first management role was in sexual health services before being appointed to senior leadership roles in operational and general management. Nick spent 11 years as trustee of the Terrence Higgins Trust, most recently as Chairman for three years.

At the time of their appointment, all directors are asked to declare any interests on the register of directors' interests. They are asked to register any changes to their declarations and to confirm, in writing, on an annual basis that the declarations made are accurate. The register is maintained by the Trust's Company Secretary and is available to anyone who wishes to see it. Inquiries should be made to the Company Secretary at the address on page 6.

Above: Kate Adams, Healthcare Assistant in Critical Care

Evaluation of the Board of Directors' performance

The Board of Directors' meetings

The Board of Directors met monthly.

There were 12 general meetings of the Board, 11 of which were held in public (each with a private session to discuss confidential matters): 30 April, 21 May, 28 May, 25 June, 30 July, 27 August, 24 September, 29 October, 26 November, 28 January, 25 February, 31 March.

There was one extraordinary meeting of the Board, which was held in private: 22 January.

Name	Title	Attended
Susan Aylen-Peacock	Non-Executive Director (from 9 November)	4/5
Roger Baker	Non-Executive Director (until 30 April)	0/1
Jeff Crawshaw	Interim Director of Workforce and Organisational Development (12 May to 13 November)	5/5
Jude Chin	Non-Executive Director	12/12
Tom Fleetwood	Non-Executive Director	11/12
Julie Fryatt	Director of Workforce and Organisational Development (from 2 November)	5/5
Shane Gordon	Chief Operating Officer	11/12
Lynn Lane	Director of Human Resources and Organisational Development (to 15 May)	1/1
Diane Leacock	Non-Executive Director	10/12
Dr Lucy Moore	Chief Executive (to 16 October)	6/6
Julie Parker	Non-Executive Director	10/12
Alan Rose	Chairman	12/12
Dawn Scrafield	Director of Finance	10/12
Frank Sims	Chief Executive (from 19 October)	5/6
Jan Smith	Non-Executive Director (from 9 November)	3/5
Barbara Stuttle	Director of Nursing and Patient Experience	11/12
Dr Angela Tillett	Medical Director	11/12

Clinical Leaders

The Trust has in place a divisional structure with five divisional directors. Divisional directors are responsible for the delivery of all clinical services and performance in their division, as part of the Trust's strategy to become a predominantly clinically-led organisation. These roles are full members of the Executive Team and non-voting board members.

Board of Directors' meetings attended

Name	Title	Attended
Mr Chris Backhouse	Divisional Director – Surgery	10/12
Dr Charles Bodmer	Divisional Director – Medicine	8/12
Dr David Gannon	Divisional Director – Urgent Care	5/11
Miss Jo Osborne	Divisional Director – Women's and Children's Services	12/12
Dr Gillian Urwin	Divisional Director – Cancer and Clinical Support Services	10/12

Board development

Board development takes place in workshops and seminars on the days when the board meets. The board held two workshops on risk management, the first looked at the Board Assurance Framework and risk and escalation. The second gave a risk management update and focused on the Board's risk appetite. Other workshops and seminars covered patient experience (facilitated by Healthwatch Essex), patient flow, outpatients, and the acuity review.

On-going development

The Chairman holds team and one-to-one meetings with the non-executive directors and the Chief Executive and has frequent individual meetings with executive directors.

Appraisal process for the Chair and non-executive directors

The Chairman and Company Secretary worked with the Council of Governors to maintain the appraisal process for the Chairman and non-executive directors.

The Chairman is formally appraised by the Senior Independent Director in conjunction with the Council of Governors via its Appointments & Performance Committee. Appraisal of non-executive directors is carried out by the Chairman, advised by the Lead Governor, and reported to the Council of Governors via the Appointments & Performance Committee.

Appraisal process for executive directors

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

Board and committee effectiveness

As the Trust had not had a permanent and stable board for several years until November, the process of evaluation for Board and committee effectiveness did not start until the following month. A comprehensive self-assessment questionnaire on board governance, based on the Monitor "well-led framework" and similar questionnaires used in the private sector, was completed in January. An initial report was produced highlighting immediate actions for improvement and which will be followed up by an independent targeted evaluation in early 2016/17.

Governance arrangements

Further review and development of the Trust's governance arrangements took place with a view to strengthening assurance and escalation from the frontline to the Board of Directors and communication and accountability arrangements from the board back to the frontline.

The CQC inspection in September 2015 identified that existing arrangements were not effective enough to ensure risks were being systematically identified and escalated from ward and service-delivery level to the Executive Team and the Board.

To address this, further changes were made to Executive Team governance with a strengthened focus on risk, clinical governance and transformation through the

establishment of the following:

- three new executive committees focusing on risk and clinical governance: a Risk and Compliance Group meeting monthly, a Patient Experience Group meeting every other month and a Patient Safety and Clinical Effectiveness Group meeting monthly. These groups report to the Executive Team with a focus on the escalation of risks and overseeing the processes and outcomes for delivering patient safety, a positive patient experience and effective clinical outcomes
- a monthly risk and assurance meeting of the Executive Team, comprising the Executive Team, Deputy Director of Nursing, associate directors of operations and associate directors of nursing
- a monthly Quality Improvement Committee of the Board, with responsibility for oversight and assurance of the quality improvement workstreams
- a Patient and Public Involvement Committee reporting to the Board and with membership from Healthwatch Essex and other external stakeholders meeting bi-monthly with responsibility for oversight of patient experience and public involvement
- a clear line of reporting to the Executive Team and the board through a revised executive and committee structure.

Other arrangements have included a divisional board structure, where each division meets monthly to oversee the business of the division – focusing on ensuring the delivery of the corporate objectives. These meetings are chaired by the divisional directors. Core members include the associate directors of operations and nursing and human resource and finance business partners. Each division also has a governance committee which focuses on the quality and safety agenda and provides assurance to both the divisional board and the Quality and Patient Safety Assurance Committee. The Executive continues to formally review the performance of the clinical divisions and corporate directorates through monthly performance reviews chaired by the Chief Executive with appropriate Executive Team membership in attendance. Operational and financial performance and high risk issues highlighted at these meetings are reported to the Finance and Perfomance Assurance Committee. Service lines hold monthly business meetings – chaired by the clinical lead with membership which includes the service manager and head of nursing. The agenda covers safety, quality, operational and financial performance and review of the risk register.

The board finished the year with eight main committees. Seven are chaired by a non-executive director and take place regularly, based on an agreed business cycle, and report to the Board of Directors. The Quality Improvement Committee is chaired by the Chief Executive and is a task and finish committee that will meet monthly until the Quality Improvement Plan has been implemented and the Trust is delivering sustainable outcomes to its quality performance indicators. With the exception of the Remuneration Committee, governors have been assigned as observers to these committees and provide their feedback to the Council of Governors on their effectiveness.

The committees of the Trust Board are:

- Audit and Risk Assurance Committee
- Quality and Patient Safety Assurance Committee
- Finance and Performance Assurance Committee
- People and Organisational Development Assurance Committee
- Charitable Funds Committee
- Remuneration Committee
- Quality Improvement Committee
- Patient and Public Involvement Committee.

Audit and Risk Assurance Committee

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

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

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

The Audit and Risk Assurance Committee held five meetings: 8 May, 21 May, 31 July, 30 October and 5 February.

Members and meetings attended in brackets

Jude Chin, Committee Chair (5/5), Diane Leacock (5/5), Jan Smith (0/1).

Executive directors in attendance: Dawn Scrafield, Dr Lucy Moore (up to October), Lynn Lane (May only), Barbara Stuttle, Ann Alderton, Julie Fryatt (from November).

Internal auditors

The Trust's internal auditors are Mazars Public Sector Internal Audit Ltd. Their role is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

External auditors

In March 2011 the Council of Governors approved the appointment of Grant Thornton UK LLP for a period of three years from 1 April 2012. The Council of Governors agreed a two-year extension to that contract in May 2015 following a recommendation by the Audit Committee on the basis of the quality of the service they provide and a benchmarking of their costs.

The responsibility of the Trust's external auditors is to independently audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). They also provide independent assurance on the Quality Report.

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

Quality and Patient Safety Assurance Committee

This committee's main duties are to:

- oversee the development and implementation of a quality strategy with a clear focus on improvement, drawing on and benchmarking against ideas and best practice from external organisations
- review trends in patient safety, experience and outcomes (effectiveness) to provide assurance to the Board on performance against key quality performance indicators and undertake "deep dives" as appropriate
- receive reports on significant concerns or adverse findings highlighted by external bodies in relation to clinical quality and safety and the actions being taken by management to address them. These should include mortality outlier alerts
- oversee the implementation of improvement plans relating to reports of regulators and other external review bodies with responsibility for quality and safety
- oversee the development and implementation of action plans arising from both inpatient and other care related surveys with recommendations to the Board as appropriate

- consider the impact of Quality Impact Assessments of Cost Improvement Programmes on quality, patient safety and wider health and safety requirements
- oversee the effectiveness of the clinical systems established by the Trust to ensure they maintain compliance with the CQC's Essential Standards of Quality and Safety
- monitor and review the systems and processes in place in the Trust in relation to infection control and to review progress against identified risks to reducing hospital-acquired infections
- review aggregated analyses of adverse events (including serious incidents), complaints, claims and litigation to identify common themes and trends and gain assurance that appropriate actions are being taken to address them
- advise the board of key strategic risks relating to quality and patient safety and consider plans for mitigation as appropriate.

The Quality and Patient Safety Assurance Committee held 11 meetings: 24 April, 22 May, 19 June, 24 July, 3 September, 23 October, 20 November, 17 December, 22 January, 19 February and 24 March.

Members and meetings attended in brackets

Tom Fleetwood, Committee Chair (11/11), Julie Parker (10/11), Susan Aylen-Peacock (3/5).

Executive directors in attendance: Dr Lucy Moore (up to September), Barbara Stuttle, Dr Angela Tillett, Shane Gordon and Ann Alderton.

Finance and Performance Assurance Committee

This committee's remit is to:

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

The Finance and Performance Assurance Committee held 12 meetings: 22 April, 27 May, 17 June, 22 July, 10 August, 16 September, 21 October, 18 November, 16 December, 20 January, 17 February and 23 March.

Members and meetings attended in brackets

Julie Parker, Committee Chair (10/12), Jude Chin (10/12), Jan Smith (2/4).

Executive directors in attendance: Dr Lucy Moore (up to September), Dawn Scrafield, Shane Gordon, Rachel Webb, Jacqueline Brown (until April), Lynn Lane (until May)

and Ann Alderton.

People and Organisational Development Assurance Committee

This committee's main duties are to:

- oversee the Trust's strategy and plans on workforce issues, including the efficient deployment of staff to meet service requirements, including advising the board on strategic and operational risks and opportunities relating to workforce, staff engagement and employment practice
- oversee the Trust's strategy and plans for workforce education, learning and development, and provide assurance to the board that individual training and development approaches are fit for purpose
- receive details of workforce planning priorities that arise from the annual business planning process and to receive exception reports on any significant issues/risks
- ensure that effective workforce enablers are put in place to drive high performance and quality improvement
- review performance indicators relevant to the remit of the committee
- monitor and evaluate the Trust's compliance with the Public Sector Equality Duty
- mandate the scope of negotiations on changes to reward systems within the Trust and to keep oversight and impact of benefits management
- receive and review regular reports on organisational development, including leadership capability, workforce planning, cost management, regulation of the workforce and its health and wellbeing
- receive and review reports on the NHS Staff Survey and other staff engagement data and ensure that action plans support improvement in staff experience and services to patients
- advise the board of key strategic risks relating to workforce and employment practice and consider plans for mitigation as appropriate.

The People and Organisational Development Assurance Committee met 11 times: 6 May, 3 June, 8 July, 5 August, 9 September, 7 October, 4 November, 2 December, 20 January, 16 February and 23 March.

Members and meetings attended in brackets

Diane Leacock, Committee Chair (10/11), Tom Fleetwood (10/11), Susan Aylen-Peacock (2/4).

Executive directors in attendance: Dr Lucy Moore (to September), Lynn Lane (until May), Jeff Crawshaw (to October), Dr Angela Tillett, Ann Alderton, Barbara Stuttle and Frank Sims.

Charitable Funds Committee

The Board of Directors is the corporate trustee of the charities that are together registered with the Charity Commission under number 1051504

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

The committee includes representation from operational senior managers from across the Trust. Three formal meetings of the committee were held: 12 August, 5 November and 14 February.

Members and meetings attended in brackets

Alan Rose, Committee Chairman (3/3), Julie Parker (1/1), Tom Fleetwood (1/1) and Susan Aylen-Peacock (1/1).

Executive directors in attendance: Dawn Scrafield and Ann Alderton. The Committee Chairman also invited two nominated governors to attend.

Remuneration Committee

The Remuneration Committee also fulfils the role of a nomination committee and reviews the structure, size and composition of the Board of Directors and makes

recommendations for changes where and when appropriate. It also considers succession planning arrangements, taking into account the challenges and opportunities facing the Trust and the skills and expertise required on the Board of Directors. This committee is responsible for advising on the appointment and/or dismissal of the executive directors. It is also responsible for the approval of their remuneration and terms of service and the monitoring of their performance against delivery of organisational objectives.

The Trust Chairman is the Chair of the committee and the membership comprises all the non-executive directors. The Chief Executive, Director of Workforce and Organisational Development and the Company Secretary are routinely invited to attend these meetings except when their own terms and conditions are under discussion. An appointments panel of the Remuneration Committee is convened when permanent executive appointments are to be made. All appointments are by public advertisement. External assessors are part of the recruitment process.

The Remuneration Committee held six meetings: 6 May, 1 July, 22 July, 14 October, 15 December and 16 February.

Appointments panels were convened to appoint to the posts of Chief Executive and Director of Workforce and Organisational Development.

Members and meetings attended in brackets

Alan Rose, Committee Chairman (6/6), Jude Chin (4/6), Tom Fleetwood (6/6), Diane Leacock (4/6), Julie Parker (3/6), Susan Aylen-Peacock (2/2), Jan Smith (1/2).

Advice or services to the committee

The Trust commissioned Odgers Berndtson to assist in the organisation and facilitation of the recruitment process for the Chief Executive, and Hunter Healthcare for the recruitment of the Director of Workforce and Organisational Development. The total fee paid to these organisations for this support was £54,367.

Above: Mr Toby Pring, registrar, General Surgery

Remuneration Report (unaudited)

Introduction and purpose

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

Annual Statement on Remuneration

Statement of the Chairman of the Remuneration Committee

New appointments were made to the roles of Chief Executive and Director of Workforce and Organisational Development.

Decisions on their remuneration were based on available benchmarking information from the NHS Providers survey, the advice of the executive search firm supporting the appointments and other market intelligence relating to trusts in special measures.

Directors are employed on service contracts whose provisions are consistent with those relating to other employees within the Trust.

There are no components within the remuneration relating to performance measures, bonuses or benefits in kind.

Senior Managers' Remuneration Policy

Remuneration and performance conditions

The remuneration of the directors and non-executive directors does not include any individual performance-related component. Their remuneration is subject to an annual review which takes into account a benchmarking comparison with other similar organisations, general labour market conditions and the Board's collective achievement of organisational objectives. The Remuneration Committee reviewed benchmarked data provided at its meeting on 6 May.

A further review of benchmark data is planned for June 2016.

Service contracts for directors do not contain any obligations which could give rise to or impact on remuneration payments or payments for loss of office.

The remuneration of the Chairman and non-executive directors is decided by the Council of Governors following advice from its Appointments & Performance Committee. To determine the remuneration, that committee uses the data from an annual survey undertaken by NHS Providers. The level of remuneration for non-executive directors is based on an average expected workload of a minimum of four days a month and a minimum of three days a week for the Chairman. To determine executive directors' salary levels, the Remuneration Committee uses mainly the data from the annual NHS Providers survey along with the benchmarking information provided by external search organisations supporting Executive Director recruitment. Decisions relating to salary levels in the rest of the organisation are factored into the Remuneration Committee's discussion of executive salaries and the Appointments and Performance Committee's discussion of non-executive salaries. The committee does not consult with employees when considering its policy on senior managers' remuneration.

Other than the Trust's Medical Director, amendments to annual salary are decided by the Remuneration Committee. The annual salary of the executive directors is inclusive of all cash benefits other than business mileage. The medical director's salary is in accordance with the Medical and Dental Consultants' Terms and Conditions of Service. The special allowance for undertaking the role of Medical Director is approved by the Remuneration Committee. Four of the Trust's six executive directors are currently paid more than £142,500[1]. Three of these

[1] £142,500 is the threshold used in the Civil Service for approval by the Chief Secretary to the Treasury, as set out in guidance issued by the Cabinet Office. This currently equates to the Prime Minister's ministerial and parliamentary salary.

appointments pre-dated the requirement to seek approval, via Monitor, of the Chief Secretary to the Treasury but have been declared and explained to the Secretary of State as indicative of the challenges to recruit senior managers to a Trust in special measures. The Trust followed the approval procedure to offer remuneration of £185,000 per annum to Frank Sims on his appointment to the CEO position. The remuneration was benchmarked with all Trusts of similar size and complexity and reflected that as a Trust in special measures, there was a need to set a competitive salary to attract candidates of sufficient calibre. Ministers approved the proposed pay on 19 August 2015. There have been no substantial changes to report relating to other senior managers' remuneration. There were no payments made for loss of office or to past senior managers during the year.

Contractual compensation provisions for early termination of executive directors' contracts

There are no special contractual compensation provisions for early termination of executive directors' contracts. Early termination by reason of redundancy is subject to the normal provisions of the Agenda for Change: NHS Terms and Conditions of Service Handbook (Section 16); or, for those above the minimum retirement age, early termination by reason of redundancy is in accordance with the NHS Pension Scheme. Employees above the minimum retirement age who themselves request termination by reason of early retirement are subject to the normal provisions of the NHS Pension Scheme. Principles on which the determination of payments for loss of office, an indication of how each component will be calculated and whether, and if so how, the circumstances of the loss of office and the senior manager's performance are relevant to any exercise of discretion are considered on a case by case basis by the Remuneration Committee.

Annual Report on Remuneration

Duration of contracts, notice periods and termination payments

Details of directors' contracts and notice periods are summarised in the Board of Directors' profiles section (pages 49-55). With the exception of the Medical Director, executive directors are appointed to substantive contracts. During 2015/16, interim appointments to the Board were made to cover the roles of Chief Executive and Director of Workforce and Organisational Development.

Remuneration Committee

Details on the workings of the Remuneration Committee are provided on pages 52-53 The committee has a clear policy on the remuneration ranges for every executive director position. Any decisions that fall outside the parameters of the policy, eg due to exceptional circumstances, are subject to further discussion and approval by the committee.

Median salary as a multiple of highest paid director salary

The Trust is required to disclose the ratio of the highest paid senior manager to the median remuneration of its staff. This disclosure is based on the requirement to annualise the data requirements of whether this applies to the actual arrangements for the postholder. The figure below is therefore higher than the actual remuneration shown in the tables on pages 68-69. The median salary paid in the Trust is £21,909. This figure includes agency costs which cannot be separately identified. The annualised pay for the highest paid officer was £314,000 which is a multiple of 14.3 times the median. Following the appointment of a substantive Chief Executive in October 2015, the annualised pay for the highest paid officer has by the end of the year had gone down to £185,000, which is a multiple of 8.44 times the median.

Salary and pension entitlement of the Board of Directors

The Chief Executive has determined that "senior managers", being those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS foundation trust, are the executive and non-executive directors of the NHS Foundation Trust. Detailed on pages 68 to 70 are the remuneration, salary and pension entitlements of the Board of Directors. These disclosures have been audited.

Details of the length of time each of these exceptional engagements lasted

Dr Lucy Moore – Chief Executive
(27 May 2014 to 16 October 2015)

Barbara Stuttle – Director of Nursing
(3 November 2014 to 30 April 2015)

Jeff Crawshaw – Director of Human Resources and Organisational Development
(12 May 2015 to 13 November 2015)

Information on the expenses of directors is required by the Health and Social Care Act 2012

The Trust had a total of 18 directors eligible to claim expenses, compared with 16 in 2014/15.

Year	Number of Directors claiming expenses	Total claimed £
2014/15	9	17,470
2015/16	17	36,052

Information on the expenses of governors is required by the Health and Social Care Act 2012

The Trust had a total of 27 governors eligible to claim expenses. This was the same number as in 2014/15.

Year	Number of Governors claiming expenses	Total claimed £
2014/15	11	2,364.84
2015/16	10	2,387.30

Signed 

Nick Hulme

Chief Executive

26 May 2016

Salary and Pension Entitlements of Senior Managers (audited)

The Financial Reporting Manual requires NHS foundation trusts to prepare a remuneration report in their annual report and accounts which complies with:

- Sections 420 to 422 of the Companies Act 2006 (section 420(2) and (3), section 421(3) and (4) and section 422(2) and (3) do not apply to NHS foundation trusts);
- Regulation 11 and Parts 3 and 5 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) ("the Regulations");
- Parts 2 and 4 of Schedule 8 of the Regulations as adopted by Monitor in the Annual Reporting Manual; and,
- Elements of the NHS Foundation Trust Code of Governance.

		2015/16				2014/15			
Name	**Title**	**Salary** (bands of £5,000) £000	**Expense Payments** (taxable) total to nearest £100 £00	**All Pension Related Benefits** (bands of £2,500) £000	**Total** (bands of £5,000) £000	**Salary** (bands of £5,000) £000	**Expense Payments** (taxable) total to nearest £100 £00	**All Pension Related Benefits** (bands of £2,500) £000	**Total** (bands of £5,000) £000
Aylen-Peacock, R from 9 November 2015	Non-Executive Director	0 – 5	–	–	0 – 5	–	–	–	–
Baker, R to 30 April 2015	Non-Executive Director	0 – 5	–	–	0 – 5	5 – 10	–	–	5 – 10
Chin, J	Non-Executive Director	15 – 20	–	–	15 – 20	10 – 15	–	–	10 – 15
Crawshaw, J[1] interim from 12 May 2015 to 21 October 2015	Director of Human Resources and Organisational Development	125 – 130	–	–	125 – 130	–	–	–	–
Fleetwood, T	Non-Executive Director	10 – 15	–	–	10 – 15	10 – 15	–	–	10 –15
Fryatt, J from 2 November 2015	Director of Workforce and Organisational Development	50 – 55	–	57.5 – 60	110 – 115	–	–	–	–
Gordon, S from 2 March 2015	Chief Operating Officer/Deputy Chief Executive	185 – 190	–	10 – 12.5	195 – 200	10 – 15	–	42.5 – 45	55 – 60

Lane, L[2] interim from 7 May 2014 to 31 October 2014. Permanent from 1 November 2015 Left 15 May 2015	Director of Human Resources and Organisational Development	90 – 95	–	47.5 – 50	140 – 145	210 – 215	–	82.5 – 85	295 – 300
Leacock, D	Non-Executive Director	10 – 15	–	–	10 – 15	10 – 15	–	–	10 – 15
Moore, L[3] Interim from 27 May 2014 to16 October 2015	Interim Chief Executive	170 – 175	–	–	170 – 175	285 – 290	–	–	285 – 290
Parker, J	Non-Executive Director	10 – 15	–	–	10 – 15	10 – 15	–	–	10 – 15
Rose, A from 1 April 2015	Chair	40 – 45	–	–	40 – 45	–	–	–	–
Sims, F from 19 October 2015	Chief Executive	85 – 90	–	190 – 192.5	275 – 280	–	–	–	–
Smith, J from 9 November 2015	Non–Executive Director	0 – 5	–	–	0 – 5	–	–	–	–
Stuttle, B[4] interim from 3 November 2014 Permanent from 1 May 2015	Director of Nursing	165 – 170	–	–	165 – 170	110 – 115	–	–	110 – 115
Scrafield, D	Director of Finance	130 – 135	–	115 – 117.5	250 – 255	20 – 25	–	15 – 17.5	35 – 40
Tillett, A[5]	Medical Director	120 – 125	–	20 – 22.5	140 – 145	5 – 10	–	7.5 – 10	15 – 20

1. J Crawshaw, the amount disclosed represents payments in 2015/16 (including VAT) to Crawshaw Haynes Associates Limited for his services.
2. L Lane, from 16 May was seconded to provide HR services to another organisation until the termination of her employment contract with the Trust on 18 November 2015. Contractual terms and conditions of employment remained applicable throughout the period. Salary for the period of secondment in bands of £5,000 is £70,000 - £75,000
3. L Moore, the amount disclosed represents payments in 2015/16 (including VAT) to Lucy Moore Health Care Consulting Limited for her services.
4. B Stuttle, the amount disclosed represents payments in April 2015 of £20,768.95 (including VAT) to Barbara Stuttle Enterprises Limited for her services. B Stuttle has been employed by The Trust from 1 May 2015. On-going, salary from Trust for this period in bands of £5,000 is £145,000 – £150,000.
5. A Tillett receives a salary for her role as Medical Director. The salary for working as a medical consultant in this period in bands of £5,000 is £70,000 - £75,000.

Pension Benefits

Name	Real increase in pension at age 60* (bands of £2,500) £000	Lump sum at age 60 related to real increase in pension* (bands of £2,500) £000	Total accrued pension at 31 March 2016* (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2016* (bands of £5,000) £000	Cash equivalent transfer value at 1 April 2015* £000	Cash equivalent transfer value at 31 March 2016* £000	Real increase in cash equivalent transfer value* £000
Fryatt, J	0 – 2.5	0 – 2.5	10 – 15	0 – 5	137	175	15
Gordon, S	0 – 2.5	(5) – (7.5)	10 – 15	30 – 35	199	197	(5)
Lane, L	0 – 2.5	2.5 – 5	15 – 20	55 – 60	327	387	35
Scrafield, D	5 – 7.5	7.5 – 10	30 – 35	90 – 95	350	411	57
Sims, F	2.5 – 5	10 – 12.5	50 – 55	160 – 165	902	1060	66
Tillett, A	0 – 2.5	2.5 – 5	35 – 40	115 – 120	690	723	24

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual had transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension Scheme are based on the previous discount rate and have not been recalculated.

Real Increase in Cash Equivalent Transfer Values

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

Accounting policy for pensions can be found in notes 1.5 and 4.1 of the accounts.

Key management compensation can be found in note 4.3 of the accounts.

Above: Dr Kalyaan Devarajan, Consultant Paediatrician

Staff Report

About our staff

On 31 March the Trust directly employed 4,387 staff (3,792 full-time equivalents (FTE)). The number of FTE staff in post was 145 more on 31 March than 12 months earlier.

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

	Number of Trust staff		
	Headcount	Establishment (FTE)	Staff in Post (FTE)
31 March 2014	4,380	3,964	3,763
31 March 2015	4,229	4,154	3,647
31 March 2016	4,387	4,327	3,792

Summary of performance – NHS workforce statistics

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

Age	Staff members 2014/15	Staff members 2015/16	Public members 2014/15	Public members 2015/16
0 to 16 years	0	0	0	0
17 to 21 years	50	48	27	13
22+ years	4,492	4,751	5,384	5,212
Not specified	0	1	0	975
Total	4,542	4,800	6,421	6,200
Ethnicity				
Not specified	313	304	2,211	2104
White	3,628	3,857	3,983	3,872
Mixed	51	55	36	36
Asian or Asian British	403	396	116	114
Black or Black British	105	124	51	51
Other Ethnic Group	42	64	24	23
Other	0	0	0	0
Total	4,542	4,800	6,421	6,200
Gender				
Male	1,075	1,142	2,284	2,196
Female	3,467	3,658	3,882	3,758
Transgender	0	0	0	0
Not specified/ Prefer not to say	0	0	255	246
Total	4,542	4,800	6,421	6,200

Sickness absence data

Sickness absence was 3.65%, down from 4.01% the previous year and comparable with neighbouring acute trusts. The aim of monitoring is the reduction of absence levels to an acceptable minimum consistent with genuine illness. The Trust has successfully

implemented robust systems and processes to manage sickness absence at divisional and manager level with support from the HR and Health and Wellbeing teams.

Staff sickness absence	2015/16	2014/15
Total WTE calendar days lost	50,147	53,282
Total WTE days available	1,372,201	1,328,621
Total staff years lost (days lost/365)	137.01	145.98
Total staff years available	4,387	4,229
Total staff employed in period*	5,084	5,143
Total staff employed in period with absence*	2,889	2,628
Total staff employed in period with no absence*	2,195	2,515
Average working days lost per employee	11	13

* headcount, including starters and leavers *Source: Electronic Staff Record*

Gender Equality

The table below shows the breakdown of male and female staff. The non-executive directors and directors who were on interim off-payroll contracts as at 31 March are not classed as employees and are not therefore covered in the total number of staff employed by the Trust figure of 4,387.

Role	Female	Male	Notes
Non-executive directors	4	3	Includes Chair
Executive directors	4	2	Includes Chief Executive
Other senior managers	10	8	Bands 8d and above
Employees	3,332	1,024	
Total	**3,350**	**1,037**	

Staff Engagement

Staff engagement

Engagement with staff remained a priority. The human resources and health and wellbeing departments worked with the divisions to support engagement on both a local and Trust-wide level. Activities included listening sessions, departmental stress risk assessments, and various health and wellbeing initiatives, including open days.

At Our Best

A new series of At Our Best sessions was launched in the summer. About 1,000 staff attended either a Leadership Master Class or a Staff Vision Workshop. Feedback from participants was very positive, with considerable enthusiasm and energy displayed at all the sessions and high evaluation scores reported by the delegates. The benefit of this major intervention should eventually translate into fewer complaints about communication and attitude, and improvements in the results of the NHS Staff Survey and the NHS Friends and Family Test. The sessions were supported by an At Our Best communication campaign. Again, approximately 1,000 staff signed the pledge “never to walk by” if they see something that is not right. As can be seen from the NHS Staff Survey – Key Findings (page 78) the overall engagement score rose from 3.5 is 2014 to 3.72 in 2015.

Ask and Act

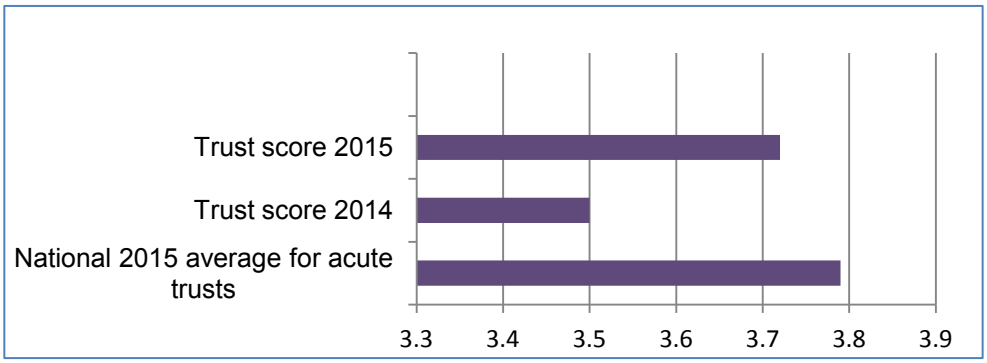
In the last quarter of 2015/16, a series of involvement sessions took place called “Ask and Act”. Open to any member of staff, these sessions form part of an on-going process of involving a wider range of staff, particularly those closest to the delivery of patient-focused services, in the changes we need to deliver to provide good care consistently for all patients at all times. The sessions are led by Chief Executive, the Director of Nursing or the Medical Director. Staff who attend have an opportunity to comment on the Quality Improvement Plan and also contribute new ideas to inform this going forward.

2015 staff survey

The overall indicator for staff engagement comprises three key findings in the NHS Staff Survey, as follows:

- staff members perceived ability to contribute to improvements at work
- their willingness to recommend the Trust as a place to work or receive treatment
- the extent to which they feel motivated and engaged in their work.

The Trust is still in the bottom 20% when compared to other trusts of a similar size. However, compared with 2014 there was an increase in the overall engagement score.



Priority outcomes and context

In February, a paper was presented to the Executive Team which described the range of tools to be used over the next 12-18 months to support the delivery of the organisational development and staff engagement strategy that was noted by the Board in August. It sets out a range of plans which have been revised to reflect the organisation's current priorities and challenges. The Trust continues to find itself in a challenging operating position although since November it has, for the first time in several years, an established and substantive Board of Directors and Senior Leadership Team. The significant challenges of regular changes in leadership and subsequent direction of travel led to a lack of sustained consistent focus on staff experience and development, both of which are areas in need of significant improvement. The September 2015 CQC inspection highlighted a number of deficiencies within the well-led domain.

The proposal outlined above centres on three main themes:

- culture
- leadership
- engagement.

Principles

Following discussions involving the Senior Leadership Team, the Trust identified a set of under-pinning principles we will use when developing our plans to improve organisation effectiveness. These include:

- multi-professional – all professions are required to deliver together to achieve our objectives. In order to build relationships and learning across the Trust, our plans will include access for all staff groups
- centrally organised – we will invest time, money and resources into developing individuals and teams to create a sense of one organisation/one team. This will mean that we will not invest resources in activities which are outside of this plan
- we recognise that leadership takes place at many levels within the Trust and our plans will include a broad cross section of staff at a range of levels
- organisations do not exist in a vacuum and we will work with others in our health economy to support system effectiveness and development
- when considering training and development a 70/20/10 principle will be adopted. This model calls for 70% of development to consist of on-the-job learning, supported by 20% coaching and mentoring and 10% classroom training.

Staff Partnership Forum

The Staff Partnership Forum, comprising management and staff side union representatives, meets every six weeks with an agenda that includes business updates, future strategy, a review of key performance indicators and a variety of Trust issues. The agenda is agreed jointly between staff side and management.

A complete redesign of how the Trust's key employee relations policies are created, managed and implemented took place in order that they meet current service needs and are simpler to use and understand by both staff and the Trust's managers. The Grievance Policy has been completely rewritten to place the focus on the effective and efficient resolution of issues. The Disciplinary Procedure has been divided into four separate policies: Performance Improvement, Investigations, Discipline, and Appeal. The Attendance and Absence Policy & Procedure has also been redesigned and new triggers and indicators have been introduced to enable the Trust to support staff back to work effectively.

Freedom To Speak Up

A key recommendation from Sir Robert Francis's *Freedom to speak up* report into the culture of raising concerns within the NHS, published in February 2015, was the introduction of Freedom To Speak Up Guardians with responsibility for ensuring staff feel confident about raising concerns.

Jenny Edwards (pictured on page 37) was appointed as the Trust's first Freedom To Speak Up Guardian in October. She is also UNISON branch secretary and a staff governor representing nursing and midwifery staff.

Initially, her focus as Guardian is:

- researching the role nationally and identifying local needs, meeting with internal and external stakeholders including trade unions and the CQC
- promoting the role locally and encouraging staff to feel confident about raising issues locally in their own working environment and with the Guardian
- signposting staff on how to raise concerns and also alternative procedures where these may be more appropriate
- reporting cases and trends to the Trust's Executive Team and relevant committees
- resolving and mediating cases.

The decision to appoint a Guardian was taken jointly by the Board of Directors and the Trust's Staff Partnership Forum, which includes representatives of various organisations including UNISON, Unite and the British Medical Association.

Staff Survey

Introduction

Since 2003, the Trust has surveyed staff as part of the annual national NHS Staff Survey. On 23 February the NHS published the results of the 2015 survey for all trusts in England.

Surveys were sent to 850 randomly selected staff and 260 questionnaires were returned (a response rate of 30.6%).

The results from the 2015 showed an increase in overall staff engagement compared to 2014, both internally and when compared to other acute Trusts.

The top and bottom ranking scores are shown on page 78.

The Trust's performance improved significantly compared with 2014 on 10 of the key findings, the greatest improvements being in:

- staff recommendation of the organisation as a place to work or receive treatment
- support from immediate managers
- effective use of patient/service user feedback
- fewer staff suffering work-related stress
- staff reporting good communication between senior management and staff.

Due to changes between the 2014 and 2015 surveys, not all key findings are comparable to the previous year but those where the change can be measured are shown below.

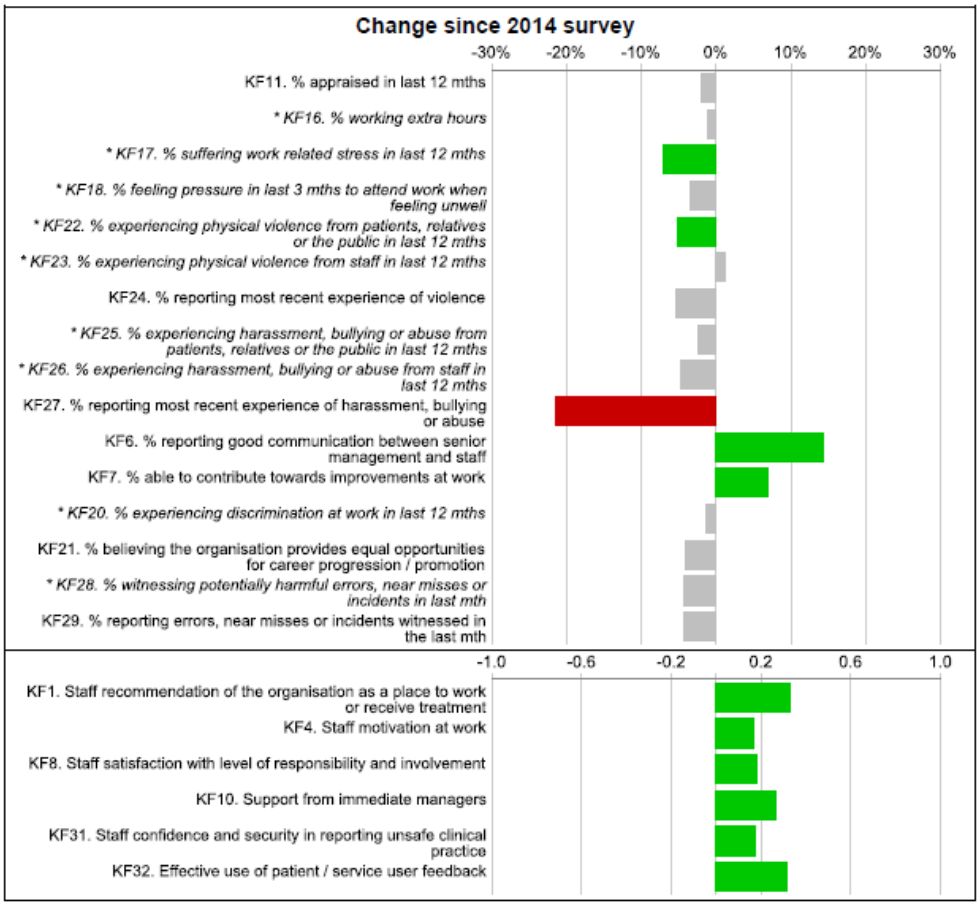
The Trust performed significantly worse than 2014 in one of the 32 key findings.

Compared to other acute trusts in the 2015 survey, Colchester was below average in 20 of the 32 key findings and was in the bottom 20% of acute trusts which included staff engagement.

Further explanation of what this comprises and the Trust's actions to address the underlying causes are given on page 73 (Staff Engagement).

	Change since 2014 survey	Ranking, compared with all acute trusts
OVERALL STAFF ENGAGEMENT	✓ Increase (better than 14)	! Lowest (worst) 20%
KF1. Staff recommendation of the trust as a place to work or receive treatment *(the extent to which staff think care of patients/service users is the trust's top priority, would recommend their trust to others as a place to work, and would be happy with the standard of care provided by the trust if a friend or relative needed treatment.)*	✓ Increase (better than 14)	! Below (worse than) average
KF4. Staff motivation at work *(the extent to which they look forward to going to work, and are enthusiastic about and absorbed in their jobs.)*	✓ Increase (better than 14)	! Below (worse than) average
KF7. Staff ability to contribute towards improvements at work *(the extent to which staff are able to make suggestions to improve the work of their team, have frequent opportunities to show initiative in their role, and are able to make improvements at work.)*	✓ Increase (better than 14)	! Lowest (worst) 20%

Comparison between 2014 and 2015 – key findings



KEY

Green = Positive finding, e.g. there has been a statistically significant positive change in the Key Finding since the 2014 survey.

Red = Negative finding, e.g. there has been a statistically significant negative change in the Key Finding since the 2014 survey.

Grey = No change, e.g. there has been no statistically significant change in this Key Finding since the 2014 survey.

For most of the Key Finding scores in this table, the higher the score the better. However, there are some scores for which a high score would represent a negative finding. For these scores, which are marked with an asterisk and in *italics*, the lower the score the better.

Key Findings	2014 survey		2015 survey		Trust Change on 2014 results
	Trust	National average	Trust	National average	
Top five ranking scores					
KF15 Percentage of staff satisfied with the opportunities for flexible working patterns *(the higher the score the better)*	N/A	N/A	55%	49%	N/A
KF19 Organisation and management interest in and action on health and wellbeing *(the higher the score the better)*	N/A	N/A	3.71	3.57	N/A
KF22 Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months *(the lower the score the better)*	18%	14%	12%	14%	Improvement 6%
KF28 Percentage of staff witnessing potentially harmful errors, near misses or incidents in the last month*(the lower the score the better)*	33%	34%	29%	31%	Not statistically significant change
KF 26 Percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months *(the lower the score the better)*	29%	25%	24%	26%	Not statistically significant change
Bottom five ranking scores					
KF29 Percentage of staff reporting errors, near misses or incidents witnessed in the last month *(the higher the score the better)*	87%	90%	83%	90%	Not statistically significant change
KF 27 Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse *(the higher the score the better)*	34%	39%	13%	37%	Deterioration 21%
KF21 Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion *(the higher the score the better)*	83%	86%	79%	87%	Not statistically significant change
KF 24 Percentage of staff/colleagues reporting most recent experience of violence *(the higher the score the better)*	50%	54%	45%	53%	Not statistically significant change
KF11 Percentage of staff appraised in the last 12 months *(the higher the score the better)*	81%	84%	79%	86%	Not statistically significant change

Review of Tax Arrangements of Public Sector Appointees

Review of tax arrangements of public sector appointees

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

For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months

Number of existing engagements as of 31 March 2016	8*
Number that have existed for less than one year at time of reporting	9**
Number that have existed for between one and two years at time of reporting	3
Number that have existed for between two and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	1
Number that have existed for four or more years at time of reporting	0

* 6 employed by recruitment agencies – including expressed obligation on agency to attest for tax and National Insurance (NI) obligations

** 4 less than six months

Note: Of the 8 off-payroll arrangements in place as at 31 March 2016, 6 are via recruitment agencies and formal contractual arrangements are in place which require the agency to confirm that NI and tax obligations are met. Eight new off-payroll arrangements exceeded six months' duration.

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	5
Number of the above which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	5
Number for whom assurance has been requested	9*
Of which:	
Number for whom assurance has been received	5
Number for whom assurance has not been received	5
Number terminated as a result of assurance not being received	0

* The figure of 9 above reflects only those individuals who are contracting directly with the Trust and have been in post for 6 months or more. It includes individuals sourced through an agency (NHS procurement contracts require agencies to seek assurance as to individuals tax obligations) and individuals who have not yet been in post for six months.

Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	3
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements	15

Details of the exceptional circumstances that led to each of these engagements

As a Trust subject to enforcement action by Monitor and the CQC, the explanation for the number of board members appointed on an off-payroll basis is two-fold. For most of the year the Trust was in a position that required it to have a leadership team with a track record of delivering effective improvement strategies in the immediate term. These appointments are more commonly sourced on an interim basis. Secondly, the Trust's position with the regulators made it more difficult to appoint substantively,

resulting in the extension of existing interim contracts or new interim appointments being made following a failure to appoint.

Details of the length of time each of these exceptional engagements lasted

Dr Lucy Moore – Chief Executive
(27 May 2014 to 16 October 2015)

Barbara Stuttle – Director of Nursing
(3 November 2014 to 30 April 2015)

Jeff Crawshaw – Director of Human Resources and Organisational Development
(12 May 2015 to 13 November 2015)

Expenditure on consultancy

Trust expenditure on consultancy during 2015/16 was £2.15m. down from £4.7m in 2014/15. Consultancy is commissioned when the Trust does not have its own internal resource or expertise to undertake the work in-house or when specific additional resource is required for a project. During the year, this included expenditure on operational management, organisational development, advice on HR issues (including legal and HR advice relating to the corporate restructure), recruitment support and specialist outsourcing.

Staff exit packages

Following a corporate restructure in 2015/16, the following costs were incurred:

Exit Package Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	5	5
£10,000-£25,000	2 (1)	2	4 (1)
£25,001-£50,000	0	1	1
£50,001-£100,000	4	1	5
£100,001-£150,000	0	0	0
£150,001-£200,000	0	0	0

Exit packages: non-compulsory departure payments

	Agreements	Value
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	9	150,000
Exit payments following employment tribunals or court orders	0	0
Non-contractual payments requiring HMT approval*	0	0
Total	9	150,000
Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	0	0

NHS Foundation Trust Code of Governance

Introduction

Colchester Hospital University NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The code, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

The board considers that it has complied with the provisions of the NHS Foundation Trust Code of Governance with the exception of the provision that at least half the board excluding the Chairman should comprise non-executive directors determined by the board to be independent (Code reference B.1.2). From 1 April to 30 April, there were six executive directors and six non-executive directors and from 1 May until 9 November, there were six executive directors and five non-executive directors until the appointment of Susan Aylen-Peacock and Jan Smith. As the Chair was new in post from April, it was decided to defer NED recruitment until he had completed an evaluation of the skill-mix and competencies of the existing NED team so as to ensure that any new appointments brought in complementary skills and experiences to the team.

Board of Directors and Council of Governors

Disclosures relating to the Board of Directors and its committees are in the Directors' Report, pages 60-63. Disclosures relating to the Council of Governors and its committees are in this section, pages 86-88.

Our Membership

Eligibility requirements for joining different membership constituencies

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

Public membership is falling and staff membership rising.

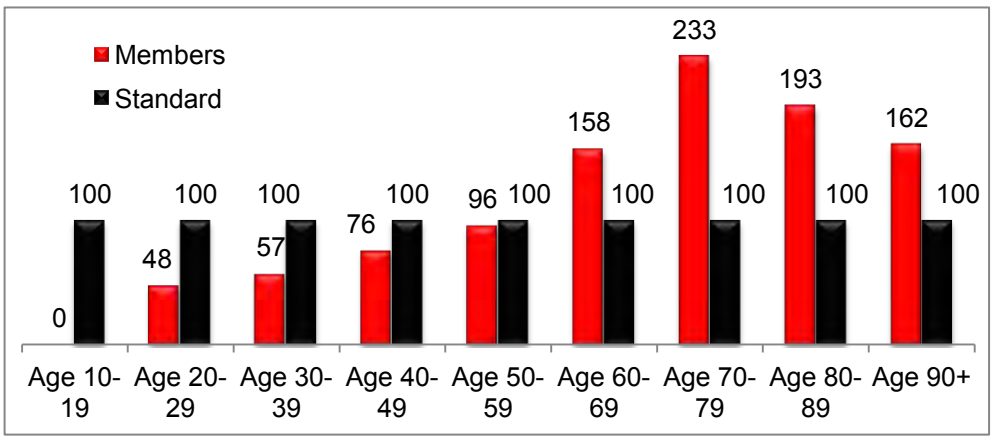
	2015	2016	New members	Leavers
Public	6,421	6,200	38	259
Staff	4,542	4,800	496	238

Information on the number of members and the number of members in each constituency

Public constituency	31 March 2015	31 March 2016
Colchester	2,962	2,863
Halstead & Colne Valley	741	700
Rest of Essex	342	340
Suffolk	265	263
Tendring	2,110	2,032
Catchment not found	1	2
Total	**6,421**	**6,200**

Staff constituency	31 March 2015	31 March 2016
Allied Health Professionals/Healthcare scientists	802	949
Medical or dental practitioners	486	520
Not known	8	7
Nurses/midwives	1,266	1,370
Support staff	1,980	1,954
Total	**4,542**	**4,800**

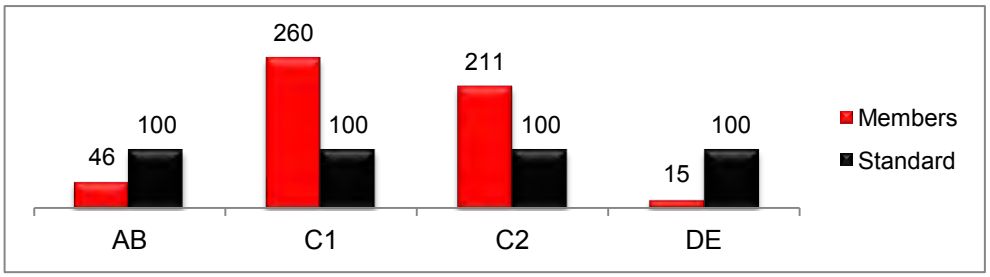
Age profile of our public members



As with many NHS foundation trusts, there is under-representation of public members between the ages of 16 and 49 years. Ideally, the columns in the chart would all be 100 to be truly representative of our population.

Public membership demography

According to population data, we have far more public members than is representative in middle class and skilled working class categories, and far too few in other classification groups. Ideally, the columns in the chart would all be 100 to be truly representative of our population. The National Readership Survey (NRS) social grades are a system of demographic classification.



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

Using social media to engage and communicate

The Trust's Communications Team uses social media, such as Facebook and Twitter, to further engage and communicate with service users.

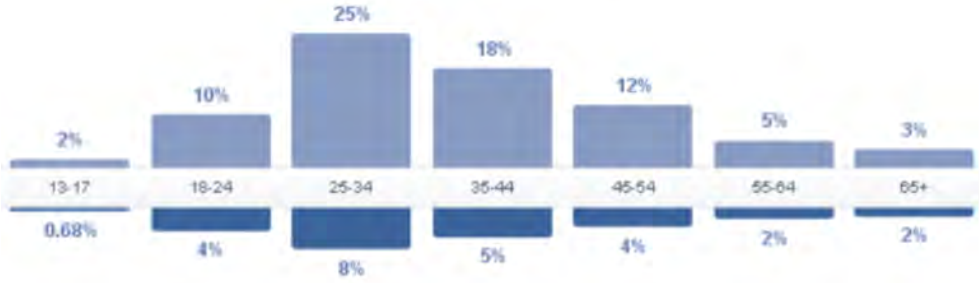
The Trust's Twitter page had 2,931 followers on 31 March (1,854 on 31 March 2015) and the team had tweeted 4,297 times since its launch (3,029).

At 31 March, our Facebook page for Colchester General Hospital had 3,679 likes – the number of unique people who have liked our page. There were 2,428 on 31 March 2015. Our Facebook for Essex County Hospital has 436 likes.

At 31 March there were 721 ratings for Colchester General Hospital (646 a year ago), with 307 (218) giving five stars (the highest) and 170 (159) giving one star.

You can read more about how the Trust's Communications Team uses social media on our website under News: www.colchesterhospital.nhs.uk/press_office.shtml

Age profile of people who "liked" our Facebook page



Seventy-five per cent of people liking the page are women (top row), 25% men (bottom row).

Contact procedures for members

People can contact governors or directors via the Membership Office on 01206 742347 during office hours or email ft.membership@colchesterhospital.nhs.uk

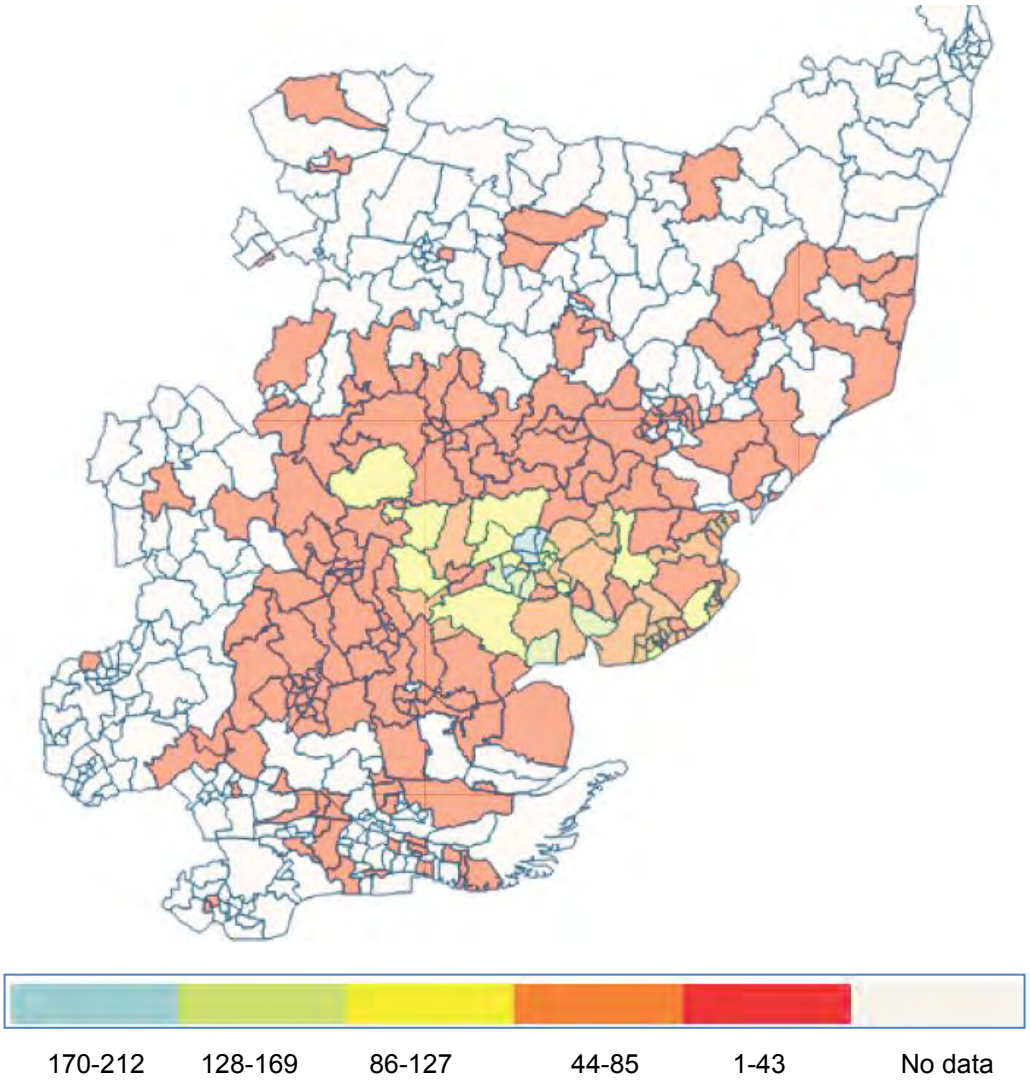
We also have a Membership Helpline, 0800 051 51 43, weekdays, 9.30am-5pm.

All of this information can be found on our website under About Us. See also page 6.

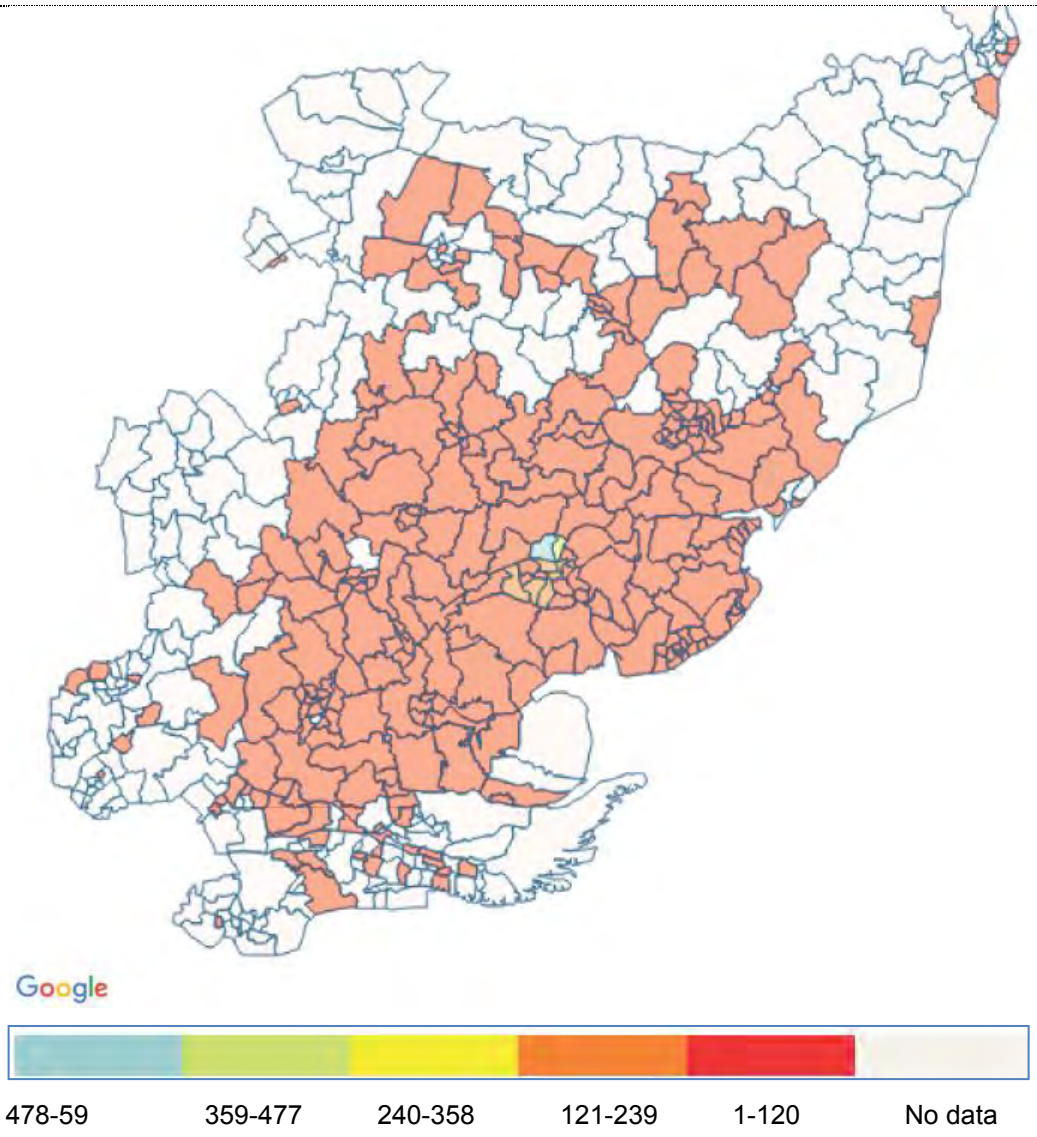
Location of members

More of our public members are clustered in north east Essex (shown in yellow and blue in the map), with a decline towards the boundaries of the catchment area of Essex and Suffolk. Areas without any members are shown in outline. Our staff members are more evenly spread across the catchment area, but with a high concentration in the Colchester area as shown on the map on page 84.

Map of Essex and Suffolk showing public member distribution



Map of Essex and Suffolk showing staff member distribution

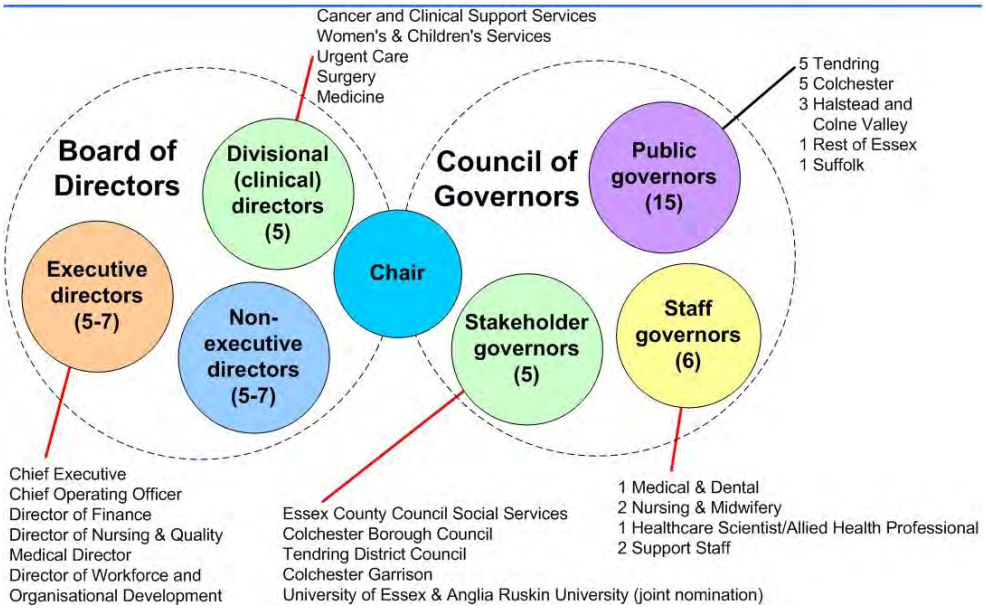


Council of Governors

Responsibility

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

The Council of Governors comprised 26 members:



Directors and Governors working together

Overview

The Council of Governors continues to provide an effective local accountability role for the Trust, ensuring that patients, service users, staff and stakeholders are linked in to the Trust's strategic direction. It has proved to be an effective and highly-valued critical friend of the organisation, working with the Board of Directors to develop plans for the Trust. The Council of Governors acts as a consultative and advisory forum to the Board of Directors. It provides a steer on how the Trust can carry out its business and helps it to develop long-term strategic plans consistent with the needs of the community it serves. The Council also acts as guardian to ensure that the Trust operates in a way that fits with its statement of purpose and is expected to hold the non-executive directors, individually and collectively, to account for the performance of the Board of Directors. The other statutory duties of the Council of Governors are:

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

The programme of joint non-executive director and governor hospital walkabouts

continued to evolve. Individual non-executive directors and governors accompany one another on tours which give an insight into the operational issues facing the Trust. Feedback is then documented and reported in the integrated quality report that goes to the Quality and Patient Safety Committee.

Membership engagement

A new Council was appointed in April 2014. Initially, following appointment, the Trust's forward planning process was driven by improvement notices from the regulators, providing minimal opportunity for governors to canvass the opinion of the Trust's members and the public on its objectives, priorities and strategy. Regulatory input continues to inform forward plans for quality improvement but the launch of the Governor and Membership Engagement Strategy in May 2015 and the development of a work plan to ensure that appropriate public and member engagement takes place have started to address this. Governors are encouraged to engage with the membership through participation in local health forums and patient groups and internally within the Trust through a programme of activities which includes ward walkabouts, assisting with the collection of NHS Friends and Family Test surveys, task and finish groups and links to staff engagement initiatives.

Committees and panels

There are two sub-committees of the Council of Governors: the Appointments and Performance Committee and the Standards Committee. Governors are invited to informal meetings with the Chairman and Chief Executive to discuss planning and operational issues and with the Chairman and non-executive directors to discuss governance and accountability arrangements relating to the Board of Directors. Along with attendance at Council of Governor meetings, this helps members of the board develop an understanding of the views of governors and members about the NHS Foundation Trust.The Lead Governor or, in his absence, his designated deputies, have an open invitation to attend the private as well as the public meetings of the Board of Directors, reporting back to the Council of Governors. In addition, two individual governor representatives attended the following board committees as observers:

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

Governors also meet regularly at the following working groups:

- Membership Engagement Panel
- Patient Care and Assurance Panel.

Governors continued to be members of the At Our Best Awards judging panels and two governors take part in monthly Patient-led Assessments of the Care Environment (PLACE) inspections.

Standards Committee

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

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

Members and meetings attended in brackets

Alan Rose (1/1), Janet Brazier (1/1), Ralph Nation (1/1), Andrew May (1/1), Barry Wheatcroft (1/1), Lynda McWilliams (1/1).

Appointments and Performance Committee

The Appointments and Performance Committee is responsible for advising the Council of Governors on the appointment, performance and remuneration of the non-executive directors (including the Chairman).

Non-executive director reappointment: Tom Fleetwood's reappointment to a second term of office was approved by the Council of Governors on 12 May on the recommendation of the committee.

New non-executive director appointments: The committee's main priority was the appointment of two new non-executive directors. The appointment process concluded with the appointment of Susan Aylen-Peacock and Jan Smith in November.

Non-executive director remuneration: The remuneration of the non-executive directors had not been reviewed since June 2008. At its May 2015 meeting, the committee carried out a benchmarking exercise against the results of a national survey of Foundation Trust non-executive remuneration, and approved increasing the remuneration of the non-executive directors from £11,000 to £12,568, bringing it into line with the median for acute Foundation Trusts.

Members and meetings attended in brackets

Alan Rose (4/4), David Linghorn-Baker (3/4), James Chung (3/4), Barry Wheatcroft (4/4), Lynda McWilliams (3/4), Janet Brazier (4/4), David Moore (1/4).

Advice or services to the committee

The Trust did not commission any search firms to assist in the organisation and facilitation of the recruitment process for the non-executive directors.

About the Governors

Elected public governors

Public governors: representing and elected by public members of the Trust for a period of three years, effective from 10 April 2014:

Colchester	Tendring	Halstead & Colne Valley
Janet Brazier (Deputy Lead Governor)	James Chung	Pauline Aldridge
Michael Horley	Lesley Clancy	David Gronland
Andrew May	Ken Guyton	Rosemary Hunt
Robin Rennie	David Rutson	
Elaine Smith	Barry Wheatcroft	
Rest of Essex	**Suffolk**	
David Linghorn-Baker (Lead Governor)	Jane Baylis (from 8 October 2015)	

Elected staff governors

Staff governors: representing and elected by staff members of the Trust for a period of three years, effective from 10 April 2014:

Medical & dental	Nursing & midwifery	Allied health professionals/ healthcare scientists	Support staff
David Moore	Jenny Edwards Anna Swan	Andy Nash	Ralph Nation (Deputy Lead Governor) Nick Bailey

Appointed stakeholder governors

Appointed governors do not have a fixed term.

Colchester Borough Council: Cllr Helen Chuah was appointed in August 2015 (replacing Cllr Annie Feltham).

Tendring District Council: Cllr Lynda McWilliams was appointed in September 2010.

Essex County Council: This post is vacant following the resignation of Cllr Anne Brown in November 2015.

Colchester Garrison: Major Simon Rothwell was appointed in August 2015 (replacing Major Fiona Lankester).

University of Essex and Anglia Ruskin University: Ruth Jackson was appointed in September 2015 to represent both universities, replacing Professor Lesley Dobree.

Register of interests

All governors are asked to declare any interests on the register of governors' interests at the time of their appointment or election. This register is reviewed and maintained by the Foundation Trust Office, and is available for inspection by members of the public. Anyone who wishes to see the register or communicate with a governor should contact the Foundation Trust Office at the address on page 6.

Council of Governors meetings

There were five formal meetings of the Council of Governors:

12 May, 9 July, 11 September, 19 November and 3 March.

Governor attendance at Council of Governors meetings

Name	Attended	Name	Attended
Pauline Aldridge	5/5	Ruth Jackson	2/3
Nick Bailey	4/5	Major Fiona Lankaster	1/2
Jane Baylis	1/2	David Linghorn-Baker	4/5
Janet Brazier	4/5	Andrew May	4/5
Cllr Anne Brown	2/3	Lynda McWilliams	5/5
Cllr Helen Chuah	1/3	David Moore	1/5
James Chung	4/5	Andy Nash	2/5
Lesley Clancy	3/5	Ralph Nation	4/5
Prof Lesley Dobree	0/2	Robin Rennie	5/5
Jenny Edwards	2/5	Major Simon Rothwell	1/3
Cllr Annie Feltham	1/2	David Rutson	2/5
David Gronland	4/5	Elaine Smith	4/5
Ken Guyton	5/5	Anna Swan	3/5
Michael Horley	4/5	Barry Wheatcroft	4/5
Rosemary Hunt	5/5		

Directors are not required to attend Council of Governor meetings routinely but do attend by invitation. During the year, Council of Governor meetings were attended by Julie Fryatt, Lucy Moore, Frank Sims, Dawn Scrafield, Tom Fleetwood and Ann Alderton.

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

Regulatory Ratings

Monitor Risk Assessment Framework

Since 1 April 2013 all NHS foundation trusts need a licence from Monitor stipulating specific conditions that they must meet to operate, including financial sustainability and governance requirements.

The Risk Assessment Framework constitutes Monitor's approach to overseeing NHS foundation trusts under these rules. The framework is used to assess an NHS foundation trust's compliance with two specific aspects of its work: the continuity of services and governance conditions in its provider licence. The Risk Assessment Framework for independent providers of NHS services is covered in a separate document available on Monitor's website.

The aim of a Monitor assessment under the Risk Assessment Framework is to show when there is:

- a significant risk to the financial sustainability of a provider of key NHS services which endangers the continuity of those services and/or
- poor governance at an NHS foundation trust.

These will be assessed separately using the risk categories set out in the Risk Assessment Framework: each NHS foundation trust will therefore be assigned two ratings.

The role of ratings is to indicate when there is a cause for concern at a provider. It is important to note that they will not automatically indicate a breach of its licence or trigger regulatory action. Rather, they will prompt Monitor to consider where a more detailed investigation may be necessary to establish the scale and scope of any risk.

Continuity of Services Risk Rating

The Continuity of Services Risk Rating (CoSRR) incorporates two common measures of financial robustness:

(i) liquidity – days of operating costs held in cash or cash-equivalent forms, including wholly committed lines of credit available for drawdown; and

(ii) capital servicing capacity – the degree to which the organisation's generated income covers its financing obligations. The overall score will inform Monitor's regulatory approach towards the Trust. The Trust finished the year with a CoSRR of 1, which is the lowest rating available under the Monitor scheme. For a CoSRR of 1, Monitor may:

- consider using its powers under the licence to initiate a contingency planning process, assessing the financial situation at the provider and the best options to address it in order to minimise disruption to patients; or
- maintain a closer degree of monitoring by collecting financial information on a monthly or more frequent basis. Where appropriate, Monitor may also consider formal enforcement action as well as specific requirements within the terms of the continuity of services licence conditions themselves, including co-operating with a Monitor appointed contingency planning team or other financial experts.

Looking ahead to 2016/17

The Trust is forecasting to remain within a CoSRR of 1 for 2016/17 but has in place a financial recovery plan which aims to show an improved position from 2017/18 onwards.

Governance Risk Rating

As a consequence of action taken in November 2013 to place the Trust in special measures, the governance risk rating for the Trust is "Red: subject to enforcement action". The Trust remains in special measures.

In August 2014, Monitor took further action after an inspection by the Care Quality Commission rated the Trust as "requiring improvement" overall and "inadequate" against its "well-led" domain. The report of the CQC inspection in September, published in January, confirmed that the Trust rating is unchanged at "inadequate" and will remain in special measures.

Looking ahead to 2016/17

The Trust will remain with a governance risk rating of "Red" until the actions in the Quality Improvement Plan show sustainable delivery against its key performance indicators and the regulators are satisfied that the organisation can come out of special measures.

Section 106 Enforcement Undertaking

On 5 February 2015 Monitor issued the Trust with a Section 106 enforcement undertaking, stating quality, financial and governance breaches – "a failure of governance arrangements"; "a failure…to establish and effectively implement systems and/or processes for effective financial decision-making, management and control,… including to manage through forward plans, material risks…". In response to this the Trust was required to, and did provide in April 2015, a financial recovery plan, addressing the points raised in the Section 106 enforcement undertaking to support its Annual Plan submission to Monitor for 2015/16.

Risk of any other non-compliance with terms of authorisation

The Trust was found to be in breach of the following conditions of the Foundation Trust's licence: FT4(2); FT4(5)(a),(c) and (f); FT4(6)(a),(c), (d), (e) and (f); and FT4(7). These terms are detailed in the licence which can be found at www.monitor-nhsft.gov.uk/about-your-local-nhs-foundation-trust/nhs-foundation-trust-directory-and-register-licence-holders/colchester-hospital-university The recovery programme and related activity are designed to address the deficiencies which led to the Trust being put into special measures and to return the organisation to full regulatory compliance. The ongoing review of risks did not identify any further significant risks to compliance with the Trust's terms of authorisation.

Mandatory service risk

The Trust's Board of Directors is satisfied that:

- all assets needed for the provision of mandatory goods and services are protected from disposal
- plans are in place to maintain and improve existing performance
- the Trust has adopted organisational objectives and is now measuring performance in line with these objectives
- the Trust is investing in change and capital estate programmes which will improve clinical processes, efficiency and, where required, release additional capacity to ensure it meets the needs of patients.

CQC compliance

Following a comprehensive inspection on 15-18 September, the CQC gave the Trust an "inadequate" rating overall, with individual services at Colchester General Hospital being rated as follows:

Overall rating for this hospital	Inadequate
Urgent and emergency services	Requires improvement
Medical care	Requires improvement
Surgery	Inadequate
Critical care	Requires improvement
Maternity and gynaecology	Requires improvement
Services for children and young people	Good
End of life care	Inadequate
Outpatients and diagnostic imaging	Inadequate

The Trust has developed a comprehensive Quality Improvement Plan to address the concerns raised and to improve the standards of the service to "good" or better for future

inspections.

Statement of the Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of Colchester Hospital University NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the 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 Monitor.

Under the NHS Act 2006, Monitor has directed Colchester Hospital University NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

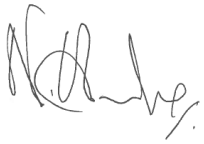
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual 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
- prepare the financial statements on a going concern basis.

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

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

Signed



Nick Hulme

Chief Executive (from 17 May 2016)

26 May 2016

Annual Governance Statement

Scope of responsibility

The Board is accountable for internal control. 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 Colchester Hospital University NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Colchester Hospital University NHS Foundation Trust for the year ended 31 March 2016 and up to the date of approval of the Annual Report and Annual Accounts.

Capacity to handle risk

The overall responsibility for risk management within the Trust rests with the Chief Executive, along with requirements to meet all statutory requirements and adhering to the guidance issued by Monitor and the Department of Health in respect of governance.

The Executive Team, which I chair, has established a Risk Management Group with a remit to ensure the adequacy of structures, processes and responsibilities for identifying and managing key risks facing the organisation prior to discussion at the Board. This includes oversight of the Board Assurance Framework (BAF), the Trust-wide risk register and divisional risk registers.

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

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

All staff members are trained in risk management at a level relevant to their role and responsibilities. Members of staff have had access to additional support and education to ensure they have the necessary skills and knowledge and are competent to identify, control and manage risk within their work environment. All

newly-appointed staff have received training at the compulsory corporate induction day. This included their personal responsibilities as well as the necessary information and training to enable them to work safely and to recognise risk.

All policies relating to risk management are accessible and available to staff on the Trust intranet policy section with supporting information available under the risk management department section. The Board Assurance Framework (BAF) and Corporate Risk Register (CRR) are in the public domain as part of the papers discussed in public board meetings, enabling public stakeholders to be sighted on potential risks which impact on them.

The Risk and Control Framework

The risk management strategy (ssee page 34) sets out the Trust's approach to managing risk, describes the structures for the management and ownership of risk and explains its risk management processes. Leadership for risk is driven by the Board of Directors through the BAF which keeps the board informed of the key strategic risks affecting the Trust. The BAF was reviewed in terms of its content and the way it is used in order to provide greater clarity to the board and the board's committees over the Trust's principal risks, key controls, gaps in control, gaps in assurance, movements in the risk profile and actions to reduce risks to an acceptable level. As a result of this review, there is now greater clarity over risk ownership, which assurance committee oversees each risk and the Trust's risk priorities.

The Board has considered and agreed the principles regarding the risk that the Trust is prepared to seek, accept or tolerate in the pursuit of its objectives and has captured these in a Risk Appetite Statement. This reflects a short-term position related to the Trust's position with the regulators (CQC and Monitor) and the immediate priorities in its Quality Improvement Plan. This statement will be reviewed no later than June 2016 or following the next regulator review of the Trust.

Quality

The Board will take minimal risks when it comes to patient safety, patient experience or clinical outcomes. Its tolerance for risk taking will be limited to decisions where the potential for consequent effects on patient safety, experience or outcomes are low and the potential for mitigating actions are strong.

Compliance/regulatory

The Board has a minimal risk appetite when it comes to compliance and regulatory issues. It will make every effort to meet regulator expectations and comply with laws, regulations and standards that those regulators have set, unless there is strong evidence or argument to challenge them.

Innovation

The Board's risk appetite for innovation is broad, depending on the nature of the innovation being proposed. It has a flexible view of innovation that supports quality, patient safety and operational effectiveness. This means that it will support the adoption of innovative solutions that have been tried and tested elsewhere, which challenge current working practices and involve systems/technology developments as enablers of operational delivery. Other innovations will be limited to only essential developments and with decision making held by senior management.

Reputation

The Board has a mainly cautious approach to the management of the Trust's reputation. Decisions with the potential to expose the Trust to additional scrutiny of its reputation will be considered carefully and progressed only with strong mitigations and careful management of any potential repercussions.

Financial

As a Trust in special measures due to issues relating to the quality of care and patient safety, the Board will adopt a flexible approach to financial risk and is prepared to invest in resources that deliver improvements in quality and patient

safety. Financial decisions impacting on quality and patient safety will be subject to rigorous quality impact assessments. The Trust has a more cautious approach to commitments other than those related to quality and patient safety.

Commercial

The Board has a predominantly cautious view of commercial risk. It will support low-risk opportunities in established business areas and markets and in areas where it has significant commercial strength over its competitors and/or wishes to secure continuity to the benefits and outcomes to the Trust's patients and the wider community it operates in.

The risk appetite statement was agreed in a public meeting of the board and is incorporated in the Trust's Risk Strategy. During 2015/16, the Trust saw its principal risks as follows:

- a failure to maintain effective patient flow as a result of insufficient bed capacity in the Trust and insufficient step-down and social care provision in the community
- a failure to ensure patients who are near to the end of life are being supported adequately as a result of lack of clarity over leadership, lack of a strategy, lack of appropriate policies and procedures and staff not having been trained to identify patients who may be at the end of life and how to develop appropriate care plans for them
- a failure to develop a realistic and achievable financial strategy that persuades the Trust's regulators and stakeholders that the Trust is able to be financial sustainable
- a failure to mitigate the variance and volatility in financial performance against plan as a result of:
    - poor cost reduction controls
    - poor execution of cost improvements
    - weak recording of care provided and associated diagnoses
    - activities provided not being aligned with income and costs
    - failure to achieve income targets and CQUINs
    - not controlling capital spend
- a risk that the Pathology Partnership fails, leaving the Trust vulnerable to inadequate or absent pathology services
- failure to deliver the necessary remedial action to exit special measures caused by lack of pace in the implementation of the Improvement Plan, provision of insufficient assurance evidence and failure to prioritise key actions in the wake of ongoing external scrutiny
- failure to ensure sufficient staff are recruited to meet the requirements of increased activity and acuity requirements, caused by a high turnover of staff, low morale and skills shortages in key specialties, may lead to low staff levels and a high dependency on interim and agency staff.

These risk issues, the key controls in place to manage them and the actions in hand to further reduce their likelihood and impact were discussed at the Trust's twice-weekly Executive Team meetings, monthly Board meetings and at every meeting of the assurance committees of the Board. Once a month, at the risk meeting of the Executive Team, the risk rating is reviewed and updated.

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

At Colchester Hospital University NHS Foundation Trust, we believe that every incident offers the opportunity to learn. The reporting of incidents is a fundamental

building block in achieving an open, transparent and fear-free way of achieving this aim. Our structures and frameworks promote learning, escalation, treatment and mitigation of, or from, risk.

Regulatory action

The foundation trust is not fully compliant with the registration requirements of the CQC and is in breach of conditions of its licence with Monitor, the foundation trust regulator, in 2015/16.

The Trust was first placed in special measures in November 2013 by Monitor as a result of alleged governance breaches relating to cancer services, Board effectiveness and governance. Monitor imposed discretionary requirements under Section 105 of the Health and Social Care Act 2012 ("the Act") to address concerns raised following an inspection of cancer services by the CQC. Monitor also imposed an additional licence condition under Section 111 of the Act to ensure that it established an effectively functioning board and board committees and sufficient and effective board, management and clinical leadership capacity and capability to enable it to successfully meet those discretionary requirements. Further Section 106 enforcement undertakings were imposed in August 2014 and February 2015 as a result of quality and governance breaches identified through CQC inspections and concerns about financial sustainability. These remained in force during 2015/16.

Following their inspection of A&E and the Emergency Assessment Unit (EAU) in December 2014, the CQC also served the Trust with two further conditions on our registration as a service provider – commonly known as a Section 31 warning notice – under the Health and Social Care Act 2008. A third Section 31 was issued in July following unannounced CQC inspections. Two Section 31s were lifted in October and the Trust is awaiting a decision as to the lifting of the Section 31 notice imposed in 2014 on the EAU. The CQC served a Section 29A notice on the Trust in December, following its inspection in September.

A CQC follow-up visit in April 2016, focusing on A&E, Surgery, Medical Care and End of Life care concluded that the Trust had not made sufficient progress in a number of key areas and they continued to have significant concerns about the completion of the Five Steps to Safer Surgery checklist, a continuing lack of awareness over when to place a patient on the individual care plan for the last days of their life and leadership in A&E. Two Section 31 letters were issued, in relation to A&E and the Surgery checklist. On 25 April 2016, the CQC's Chief Inspector of Hospitals wrote to the Secretary of State outlining continuing concerns about culture, practice and leadership at the Trust, raising significant concerns regarding the lack of improvement and stating that he did not have confidence in the ability of the Trust's board to address the issues highlighted in his letter. As a result of this letter, the Trust have been working with NHS Improvement and Ipswich Hospital to develop a plan to secure a sustainable future for the Trust and to avoid the Trust being placed in a failure regime that would involve Trust Special Administration (TSA).

Throughout the year, there were regular meetings between the Chair, the CEO and other members of the Executive Team with public stakeholders which included North East Essex CCG, Healthwatch Essex, committees of the district, borough and county councils and with partners in the local health care economy. Discussions in these meetings included the Trust's regulatory challenges and consideration of the risk to the organisation which impact on them and how to mitigate those risks, caused, for example, by lack of capacity. Our governors are also informed about the regulatory challenges and those risks which impact upon the public and members through regular meetings at which the Trust's performance is presented and discussed. Governors are also involved in the development of our Quality Report and Annual Plan.

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. This includes undertaking equality impact assessments to provide assurance that consultations relating to changes to any of our functions and services are not discriminatory. Where any remedial action is identified by the assessment, we develop and implement an action plan to address this.

The foundation trust has undertaken risk assessments, and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

Corporate Governance Statement

The Trust's risk and governance frameworks as described in this statement ensure that the Trust can confirm the validity of its corporate governance statement as required under NHS Foundation Trust condition 4(8)(b). The Trust Executive Team carries out regular risk assessments of its compliance with these conditions and flags for the board's attention those areas where action is required. The corporate governance statement itself, with a summary of the evidence supporting it, is reviewed by the Board of Directors at a public meeting. This was last reviewed by the board at its meeting on 30 April 2015. All remedial actions are incorporated in the CQC improvement plans and responses to the Monitor enforcement notices.

Never events

Never events are "serious, largely preventable patient safety incidents that should not occur if the available preventative measures have been implemented by the healthcare provider". The Trust reported four never events during the year, two in Medicine and two in Surgery. The Surgery never events related to a wrong-sided peripheral nerve block and a retained guidewire following central venous device insertion and occurred in May and June 2015. The Medicine never events related to the removal of an incorrect lesion and a misplaced naso-gastric tube and occurred in June and July. A key cause was failure to follow checking and counting processes consistently. The Trust responded by reinforcing the preventive measures already in place and increasing staff awareness and ensuring usage of the World Health Organisation (WHO) Safer Surgery Checklist through compliance monitoring. The Trust continues to report proactively on a monthly basis to the board and the Quality and Patient Safety Assurance Committee on its never events and compliance rates against the WHO Safer Surgery Checklist. There is also a never event framework used by the consultant body and divisions for review and training.

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

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

The Trust during the year was assessed as "inadequate" by the CQC. This tells us that although the organisation's systems and standards of governance have been designed to deliver an effective system of internal control, there remain weaknesses in compliance and in the escalation and flow of risk and compliance issues to the board and assurance committees. Although we are satisfied with the governance framework itself and the terms of reference of those committees, we have further reviewed and enforced the risk management strategy and the assurance and escalation framework from the executive to the board to ensure improved reporting and accountability.

The Trust has an agreed risk-based annual audit programme with its internal

auditors. These audit reports are aimed at evaluating the Trust's effectiveness in operating in an efficient and effective manner and are focused on reviewing its operational arrangements for securing best value and optimum use of resources in respect of the services the organisation provides.

In 2015/16 the Trust was in financial deficit of £38.3m. The plan for 2016/17 is a deficit of £45.7m, with a requirement of £50m in cash support from the Department of Health. To deliver the planned deficit a cost improvement programme of £9.1m needs to be delivered which may be in the form of planned cost reductions, as set out at the start of the financial year, or through cost avoidance, which may be necessary to mitigate any under achievement of the plan during the year. Recognising the size of the cost reductions, the Trust has geared up robust measures for monitoring and in particular escalation and recovery arrangements to mitigate slippage of delivery.

Due to the ongoing concerns by the CQC regarding the quality and safety of patient care at Colchester Hospital and the Trust's unsustainable financial position, the Board is not assured that the arrangements we have in place to secure economy, efficiency and effectiveness in the use of resources, particularly with regard to our decision making processes and sustainable resource deployment, are sufficient. This will be subject to further scrutiny and review in early 2016/17 when the feasibility of a long-term collaborative arrangement with Ipswich Hospital will be explored further.

Information governance

As part of NHS information governance rules, details of Serious Incidents involving data loss or a breach of confidentiality have to be reported. Patients and the public can be reassured that the Trust takes security and patient confidentiality very seriously. The Trust reported 59 level 1 and three level 2 incidents relating to breaches of patient confidentiality, compared with 39 in 2014/15. The majority of these incidents were caused by staff not checking that they have the correct patient details when dealing with patient information.

All level 2 incidents were reported to the ICO, who confirmed that no further action would be taken. All three incidents related to the inappropriate disclosure of patient confidential information.

The Trust carried out an assessment of its compliance with the Department of Health Information Governance toolkit for 2015/16, the outcome of which was a compliance score of 84%.

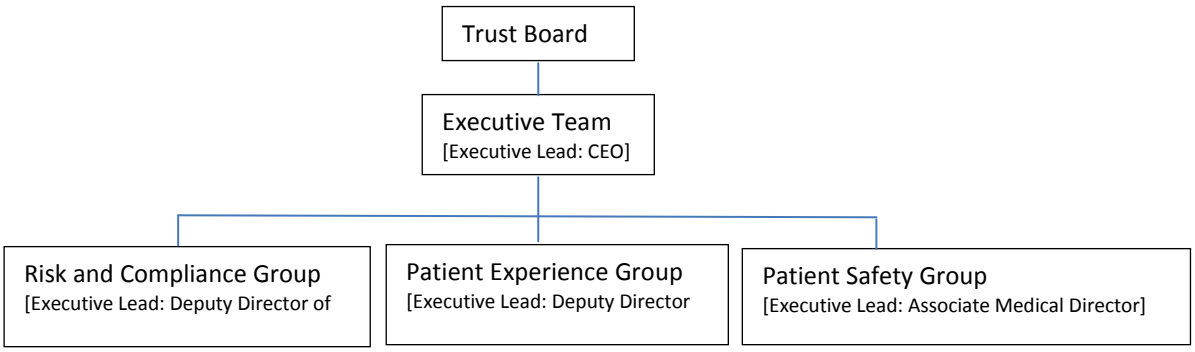
Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Reports for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual. The Trust set nine quality priorities for 2015/16, reflecting the areas of high risk implications and the impact of regulatory pressures. The delivery of these priorities was monitored monthly by the Board of Directors. Details on the Trust's performance against these priorities is analysed and reported in its Quality Report.

In setting its priorities, the Trust consulted with its Council of Governors and Board of Directors, and appropriate internal and external audit arrangements were put in place to ensure the accuracy of the data. The Director of Nursing is the Executive Director responsible for patient safety and patient experience and the Medical Director is responsible for clinical effectiveness. The remit of the Deputy Director of Nursing has been extended to provide further leadership and support for the quality and governance agenda. He reports to the Director of Nursing and is responsible for quality and clinical and non-clinical risk management across the Trust.

The executive governance structure supporting the quality agenda was reviewed during 2015, ensuring that all aspects of quality governance report through the Risk and Compliance Group, the Patient Safety and Clinical Effectiveness Group and the Patient Experience Group through to the Executive Team, the Quality and Patient Safety Assurance Committee and the board. This replaced the previous

structure and was in place by March 2016.



In addition to the above, the Trust Board approved a Quality Improvement Strategy in August 2015, performance against which is reported to the Board on a quarterly basis.

As reported in the Quality Report, other plans to improve quality have included the following:

- the Quality Improvement Plan, details of which are summarised in the Quality Report
- plans to deliver the key performance indicators (KPIs) in the CQUINs agreed with commissioners
- initiatives to reduce errors in surgery through improving compliance with the World Health Organisation (WHO) Safer Surgery Checklist
- ward-to-board leadership, staff engagement and communication programme
- actions to deliver improvements in the key national performance indicators, including RTT, cancer targets and the A&E waiting time.

The Trust reported an end of year position of 87.8% of patients waiting under 18 weeks on incomplete pathways against a target of 92%.

The Trust assures the quality and accuracy of its elective waiting time data through a regular validation process internally, with additional checks by the Business Informatics Team to ensure the data reported is accurate, which includes ensuring all 52 week breaches have been confirmed by the service, checks on large movements and triangulation with other recording systems. Further independent assurances are made through internal audits of data quality (reported in April 2016), national validation programmes and third party support from specialist organisations with validation expertise.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review 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 content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit and Risk Assurance Committee and other assurance committees of the board, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by:

- assessment of financial reports submitted to Monitor
- opinions and reports made by external auditors
- reports made by internal auditors, including specific audit reports on governance and risk management
- the Head of Internal Audit opinion
- clinical audit reports, as detailed in the Quality Report, used to change and improve clinical practice
- The report of the CQC's inspection of the Trust in September 2015 and April 2016, the associated improvement plans and the reports on their delivery status
- Clinical Pathology Accreditation (CPA) held for designated pathology services
- Infection Control Annual Report and associated monthly reporting
- other annual reports relating to statutory reporting requirements, which include radiation safety, safeguarding, health and safety etc.
- investigation reports and action plans following serious and significant incidents
- departmental and clinical risk assessments and action plans
- results of national patient surveys
- results of the national NHS Staff Survey
- information governance toolkit
- Patient-Led Assessment of the Care Environment (PLACE) inspections.

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

- the Board; through consideration of key objectives and the management of principal risks to those objectives within the Assurance Framework, and by reviewing all policies relating to governance and risk management and monitoring the implementation of arrangements within the Trust
- the Audit and Risk Assurance Committee; by reviewing and monitoring the opinions and reports provided by both internal and external audit
- the Quality and Patient Safety Assurance Committee; by implementing and reviewing clinical governance arrangements and receiving reports from all operational clinical governance related committees.
- external assessments of services including the reports of the CQC following its inspections, the Emergency Care Intensive Support Team (ECIST) to develop best practice models of care and various peer reviews including a review of the WHO checklist and Five Steps to Safer Surgery by Professor Jane Reid.

Head of Internal Audit Opinion

The Trust received a significant assurance statement in the Head of Internal Audit opinion on the basis of an assessment of the design and operation of the underpinning assurance framework and supporting processes and of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year.

In particular, the auditors raised concerns regarding the following operational processes:

- data quality;
- improvement plans;
- outpatient appointments;

- patient experience;
- safeguarding children and vulnerable adults;
- sickness absence management; and
- ward visits.

Conclusion

The foregoing statement identifies a number of significant internal control issues that have been identified both through internal reviews and through external scrutiny from Monitor, the CQC and other sources.

The actions in the Quality Improvement Plan, the financial recovery plan and workforce strategy and the governance framework established for assuring the board are addressing the underlying issues highlighted in this statement. This will be underpinned by the ongoing embedding of the risk management strategy and related assurance and escalation framework put in place to ensure all staff understand and fulfil their responsibilities for risk and internal control and that there are appropriate mechanisms in place for escalation and mitigation.

There remain significant uncertainties about the future of the Trust in the light of the CQC's letter of 25 April requiring NHS Improvement to establish a credible future plan for the organisation in order to address the ongoing concerns that both NHS Improvement and the CQC have regarding culture, practice and leadership at the Trust and to avoid a failure regime that would involve placing the Trust into Trust Special Administration (TSA). The Trust is co-operating with NHS Improvement and the Ipswich Hospital NHS Trust to ensure a plan is developed that meets this requirement and will ensure sustained improvements in quality and the development of a strategy for a long-term sustainable future for health care for the community we both serve. This, along with the Trust's significant deficit position of £38.3m for the year ended 31 March 2016 and budgeted deficit position of £45.7m for 2016/17, indicates the existence of a material uncertainty which may cast doubt on the Trust's ability to continue as a going concern.

Signed

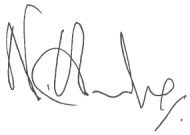
Nick Hulme

Chief Executive (from 17 May 2016)

26 May 2016

Signed

The directors consider that this Annual Report, Annual Accounts and Quality Report taken as a whole are fair, balanced and understandable and provide the information necessary for our patients, regulators and stakeholders to assess Colchester Hospital University NHS Foundation Trust's performance, business model and strategy.



Nick Hulme

Chief Executive (from 17 May 2016)

26 May 2016

Above: Kim Ness, Acting Matron, Children's Services

Independent auditor's report to the Trust's Council of Governors

Our opinion on the financial statements is unmodified

In our opinion the financial statements of the group and Colchester Hospital University NHS Foundation Trust (the "Trust"):

- give a true and fair view of the state of the financial position of the group's and the Trust's affairs as at 31 March 2016 and of the group's and Trust's expenditure and income for the year then ended; and
- have been prepared properly in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in the NHS Foundation Trust Annual Reporting Manual and the Directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 concerning the group's and the Trust's ability to continue as a going concern.

The Care Quality Commission wrote to the Trust on 25 April 2016 to inform the Trust that it would be placed into Trust Special Administration unless a credible plan for the future could be put into place. NHS Improvement is currently working closely with the leadership of both the Trust and Ipswich Hospital NHS Trust to set up a long term partnership which will see staff with clinical and leadership expertise work across both organisations. If no credible plans emerge following a short period of review and due diligence, the Care Quality Commission will consult on the process of appointing a Trust Special Administrator.

In addition to this, the Trust incurred a deficit of £38.3 million during the year ended 31 March 2016 (before the consolidation of charitable funds) and has set a budgeted deficit of £45.7 million for 2016/17. This budgeted deficit also includes the requirement to achieve savings of £9.1 million. In order to fund this deficit, the Directors are seeking additional support of at least £50 million from the Department of Health. At the time of writing, an interim working capital loan facility of £29.2 million has been provided and discussions are on-going with regard to the further support required.

These conditions, along with the other matters explained in note 1.1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the group's and the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the Trust was unable to continue as a going concern.

Who are we reporting to:

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them 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 Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

We have audited the financial statements of Colchester Hospital University NHS Foundation Trust for the year ended 31 March 2016 which comprise the group and Trust statements of comprehensive income, the group and Trust statements of financial position, the group and Trust statements of cash flows, the group and Trust statements of changes in taxpayers' equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, and as interpreted and adapted by the 2015/16 Government Financial Reporting Manual (the 2015/16 FReM) as contained in the NHS Foundation Trust Annual Reporting Manual (ARM) and the Directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006 issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

Overview of our Audit Approach

- Overall group materiality: £5.7 million, which represents 2% of the group's gross revenue expenditure;
- We performed a full-scope audit of the Colchester Hospital University NHS Foundation Trust and targeted audit procedures at Colchester Hospital University NHS Foundation Trust Charitable Fund;
- Key audit risks were identified as:
    - Financial support and going concern
    - Occurrence and valuation of healthcare income
    - Valuation of property, plant and equipment

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

AUDIT RISK	HOW WE RESPONDED TO THE RISK
Financial support and going concern The Trust has reported significant deficits for the last two years that have required support funding. A deficit budget has been set for 2016/17 and further support funding will be required next year. Management anticipate that it will take some time before the Trust can achieve financial balance on a sustainable basis. We therefore identified financial support and its impact on the going concern assumption as a significant risk requiring special audit consideration.	Our audit work included, but was not restricted to: • considering the setting of the 2016/17 budget and the associated funding requirements; • reviewing and concluding on whether management's information and processes for assessing the on-going financial support and going concern basis of preparation were adequate and covered and appropriate period; • performing our own assessment of the appropriateness of the going concern assumption, including reviewing future cash flow forecasts, the assumptions on which these forecasts were based and the scale of the risks faced by the group and the Trust; and • considering the adequacy and appropriateness of the Trust's disclosures within its financial statements and the Annual Governance Statement in relation to the financial situation. The Trust's accounting policy in respect of the going concern basis of preparation is shown in note 1.1 to the financial statements and related disclosures are also included in note 1.1.

Continues overleaf

AUDIT RISK	HOW WE RESPONDED TO THE RISK
Occurrence and valuation of healthcare income 90% of the group's income is from contracts with NHS commissioners. Income is recognised when the service has been performed. Throughout the year, there may be variations to agreed contracts to reflect changes in the services delivered. At the year-end income is accrued for services that have been performed but for which an invoice has not been issued. Given the scale of this income stream to the group and the extent of estimation applied by management in determining it, we considered this to be an area of heightened risk of material misstatement in the financial statements. We therefore identified occurrence of healthcare income as a significant risk requiring special audit consideration and valuation of healthcare income as a risk requiring particular audit attention.	Our audit work included, but was not restricted to: • evaluating the group's accounting policy for revenue recognition of healthcare income for appropriateness and consistency with the prior year; • gaining and understanding of the group's system for accounting for healthcare income and evaluating the design of the associated controls; • agreeing, on a sample basis, amounts recognised as healthcare income in the financial statements to signed contracts and invoices; • agreeing, on a sample basis, contractual adjustments to contract variations or supporting documentation; • reviewing and testing other healthcare income to supporting documentation to ensure in-line with agreed terms; and • using a summary of expenditure with the Trust accounted for by other NHS bodies provided by the Department of Health to identify any significant differences in income with contracting bodies. The group's accounting policy on healthcare income, including its recognition, is shown in note 1.4 to the financial statements and related disclosures are included in note 2.

Continues overleaf

AUDIT RISK	HOW WE RESPONDED TO THE RISK
Valuation on property, plant and equipment The valuation of property, plant and equipment involves estimates that require significant judgements and in total represents 89% of the total asset value on the group's statement of financial position. We therefore identified the valuation of property, plant and equipment as a risk requiring particular audit attention.	Our audit work included, but was not restricted to: • obtaining management's assessment of the valuation of property, plant and equipment and gaining an understanding of the valuation process including the design of key controls and significant assumptions; • reviewing the competence, objectivity and expertise of management experts used; • reviewing the instructions issued to the valuer and the scope of their work, including the completeness of the data provided to the valuer; • reviewing the valuations carried out by the group's valuer, including considering whether valuations were undertaken in accordance with the requirements of the appropriate accounting and professional standards; • reviewing and challenging the information used by the valuer to ensure it was complete, robust and consistent with our understanding; and • challenging and obtaining corroborative evidence of the assumptions made by management including the useful lives of property, plant and equipment and the resulting amount of depreciation charged in the year. The group's accounting policy on property, plant and equipment is shown in note 1.7 to the financial statements and related disclosures are included in note 8.

Our application of materiality and an overview of the scope of our audit

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be £5.7 million, which is 2% of the group's gross revenue expenditure. This benchmark is considered the most appropriate because we consider users of the group's financial statements to be most interested in how it has expended its revenue and other funding.

Materiality for the current year is set at the same benchmark level (2% of gross revenue expenditure) as that determined for the year ended 31 March 2015 to reflect our view that we had not identified any reason for users of the financial statements to change their view of the appropriate level of materiality.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the group financial statements.

We also determine a lower level of specific materiality for certain areas such as cash and senior officer remuneration in the Remuneration Report.

We determined the threshold at which we would communicate misstatements to the Audit Committee to be £0.3 million. In addition we communicated misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Executive as Accounting Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We conducted our audit in accordance with ISAs (UK and Ireland) having regard to the Financial Reporting Council's Practice Note 10 'Audit of Financial Statements of Public Bodies in the UK (Revised)'. Our responsibilities under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code) and those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- evaluation by the group audit team of the identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality;
- an interim visit to evaluate the group's internal control environment including its IT systems and controls over key financial systems;
- we carried out targeted audit procedures on the financial statements of the component, Colchester Hospital University NHS Foundation Trust Charitable Fund, focusing on investments and cash balances.

Overview of the scope of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016 and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Other reporting required by regulations

Our opinion on other matters required by the Code is unmodified

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in the NHS Foundation Trust Annual Reporting Manual; and
- the other information published together with the audited financial statements in the annual report is consistent with the audited financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

Under the Code of Audit Practice we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust ARM or is misleading or inconsistent with the information of which we are aware from our audit.

We have nothing to report in respect of the above matters.

Basis for adverse value for money conclusion

Our review of the Trust's arrangements identified a number of matters:

The Trust reported a deficit of £38.3 million in 2015/16 following significant deficits in previous years. The original planned deficit for 2015/16 was £30.0 million. The cash balance through the year was supported by the prepayment of monthly CCG income payments, alongside revenue funding of £32.1 million and capital funding of £1.3 million from the Department of Health. The Trust is also projecting a deficit of £45.7 million for 2016/17, and is seeking additional support of at least £50 million from the Department of Health;

- The Care Quality Commission wrote to the Trust on 25 April 2016 to inform the Trust that it would be placed into Trust Special Administration unless a credible plan for the future could be put into place. NHS Improvement is currently working closely with the leadership of both the Trust and Ipswich Hospital NHS Trust to set up a long term partnership which will see staff with clinical and leadership expertise work across both organisations. If no credible plans emerge following a short period of review and due diligence, the Care Quality Commission will consult on the process of appointing a Trust Special Administrator; and
- Sample testing performed on both the 'percentage of incomplete pathways within 18 weeks for patients on incomplete pathways' and the 'percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge' indicators reported in the Trust's Quality Report has identified significant data quality issues around both indicators for 2015/16.

These identify weaknesses in the Trust's arrangements for:

- setting a sustainable budget with sufficient capacity to absorb emerging cost pressures due to the current configuration of services;

- responding to service delivery issues including deployment of workforce and governance arrangements raised by regulators as required improvements to services have not been achieved; and
- overall governance around the production of the Quality Report, including the data indicators.

These issues are evidence of weaknesses in proper arrangements for informed decision making and sustainable resource deployment in:

- planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions;
- acting in the public interest through demonstrating and applying the principles of good governance to support informed decision making; and
- deploying the workforce effectively to support the delivery of the Trust's strategic priorities.

Adverse value for money conclusion

On the basis of our work under the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2015, because of the significance of the matters described in the Basis for adverse value for money conclusion paragraph above we are not satisfied that, in all significant respects, Colchester Hospital University NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Responsibilities for the financial statements and the audit

What the Chief Executive, as Accounting Officer, is responsible for:
As explained more fully in the Statement of Accounting Officers Responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Direction issued by Monitor and for being satisfied that they give a true and fair view.

The Accounting Officer is also responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We are also required under Section 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the financial statements of Colchester Hospital University NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Paul Dossett
Partner
for and on behalf of Grant Thornton UK LLP
London

Date: 27 May 2016

Above: Tash Tuck, A&E Matron

Annual Accounts

FOREWORD TO THE ACCOUNTS

Colchester Hospital University NHS Foundation Trust

These accounts for the year ended 31 March 2016 have been prepared by the Colchester Hospital University NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

The Trust's accounts for 2015/16 have recorded a deficit of £38.3 million (before the consolidation of charitable funds). The deficit represents a significant deterioration in the Trust's financial position compared to the prior reporting period. Significant variances contributing to this deficit include:

- NHS commissioned income has risen by £0.79m (0.3%). Whilst the Trust's Market Forces Factor was unchanged, there was a national tariff reduction of 1.6% in 15/16 relative to 14/15. The resultant reductions in income have in part been offset by growth in the volume of PbR (Payment by Results) activity (notably non-elective care), allied to significant increases in PbR excluded drug spend and activity. In a year when contractual penalties incurred by the Trust have increased (such as those related to 18 weeks, A&E 4 hour access target and ambulance handover), there have also been significant price increases in areas such as Accident and Emergency, maternity pathway payments and Trauma and Orthopaedic elective spells.

- The Trust's expenditure rose by 6.6% from £275.2m in 2014/15 to £293.5m in 2015/16. Pay costs made up the majority of this increase (£11.1m). The main drivers of this were the planned investment in an additional 137 staffing posts, the majority of which were nursing posts to support the Trust's quality agenda, alongside the 1% public sector pay award and 0.3% increase in the employer's pension contribution to the NHS Pension Scheme. Difficulties in recruiting permanent members of staff have also resulted in the increased use of agency staffing to cover vacancies at a premium cost, with 17.5% of the established staff base filled temporarily during 2015/16. Other areas of significant increase were secondary commissioning (£3.6m) where it was necessary for the Trust to outsource Dermatology services to provide the capacity needed and the Trust's contribution to the overspend of the Pathology Partnership (£2.3m).

In accordance with the NHS foundation trust Annual Reporting Manual 2015/16, management have assessed the organisation's ability to continue as a going concern for the foreseeable future. Significant work is ongoing with NHS Improvement, local commissioners and stakeholders to provide safe and sustainable services across the North East Essex area and no decision has been made to transfer services or significantly amend the structure of the organisation.

The Trust has developed a financial plan for 2016/17 which forecasts a deficit of £45.7million. Within this forecast is £9.1million of planned cost improvements and efficiency gains in addition to £50.7million of interim working capital support from the Department of Health.

Although contracts for 2016/17 have been signed with commissioners, the Trust has not yet received formal confirmation in respect of the interim financial support at the time of signing the accounts. These factors all represent material uncertainties for the Trust and there is a presumption that additional working capital support will be required in 2017/18. However, the Trust has made no decision to request dissolution from the Secretary of State and has no reason to believe that financial support will not be provided.

Whilst the Trust is facing some significant challenges, the Directors, having made appropriate enquiries, still have reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts.

The Auditor has issued an emphasis of matter paragraph in the course of his audit due to the significant reliance on interim financial support for 2016/17 and beyond.

Future Direction of the Trust

On 25 April 2016, the Care Quality Commission's (CQC) Chief Inspector of Hospitals, Professor Sir Mike Richards, wrote to the Secretary of State for Health outlining continuing concerns about culture, practice and leadership, raising significant concerns regarding the lack of improvement at the Trust and stating that he did not have confidence in the ability of the Trust's current board to address the issues highlighted in his letter.

Professor Richards concluded in his letter that the CQC had maintained a thorough inspection and regulatory enforcement regime at the Trust, and despite this, he still had significant concerns regarding the lack of improvement at the Trust.

As a result of this regulatory involvement, the CQC has the power to direct the appointment of a Trust Special Administrator, subject to the appropriate consultation requirements. However, the CQC conceded that this course of action could be avoided if an alternative solution with credible plans and timelines could be put in place in a more timely fashion than would be possible through the Trust Special Administrator process.

In order to meet this requirement, NHS Improvement has recommended that the Trust should enter into a long-term partnership with The Ipswich Hospital NHS Trust to develop a credible plan for a sustainable future. However, if no credible plans emerge following short period of review and due diligence, the CQC will be in a position where it will become necessary to consult on the process of appointing a Trust Special Administrator.

Further details can be found here:

http://www.cqc.org.uk/sites/default/files/20160425_CHUFT_SoS_Letter.pdf

https://improvement.nhs.uk/news-alerts/long-term-partner-needed-improve-services-colchester-hospital/

Nick Hulme, Chief Executive

26th May 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note		2015/16 £000		2014/15 £000
Operating Income	2		269,804		267,576
Operating Expense	3		(302,606)		(284,258)
Operating Deficit			**(32,802)**		**(16,682)**
Finance Costs					
Finance income	6	35		50	
Finance expense - financial liabilities	6.1	(799)		(584)	
Finance expense - unwinding of discount on provisions		(14)		(21)	
PDC dividends payable		(4,727)		(5,081)	
Net Finance Costs			**(5,505)**		**(5,636)**
Deficit from continuing operations			**(38,307)**		**(22,318)**
DEFICIT FOR THE YEAR			**(38,307)**		**(22,318)**
Other Comprehensive Income:					
Revaluation gains/(losses) and impairment losses property, plant and equipment			7,519		9,991
Other reserve movements			1		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**(30,787)**		**(12,327)**

The notes on pages 14 to 48 form part of these accounts.
All income and expenditure is derived from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	31 March 2016 £000	31 March 2015 £000
NON-CURRENT ASSETS			
Intangible assets	7	5,534	6,373
Property, plant and equipment	8.1	190,463	181,182
Total Non-Current Assets		**195,997**	**187,555**
CURRENT ASSETS			
Non-current assets held for sale	8.2	6,107	6,107
Inventories	10	5,019	4,984
Trade and other receivables	11.1	12,696	10,511
Cash and cash equivalents	18	2,025	9,774
Total Current Assets		**25,847**	**31,376**
CURRENT LIABILITIES			
Trade and other payables	12.1	(29,816)	(28,200)
Borrowings	15	(1,538)	(1,573)
Provisions	17	(409)	(286)
Other liabilities	13	(2,153)	(1,479)
Total Current Liabilities		**(33,916)**	**(31,538)**
Total Assets less Current Liabilities		**187,928**	**187,393**
NON-CURRENT LIABILITIES			
Borrowings	15	(57,359)	(25,540)
Provisions	17	(953)	(1,068)
Other liabilities	13	(2,931)	(3,257)
Total Non-Current Liabilities		**(61,243)**	**(29,865)**
TOTAL ASSETS EMPLOYED		**126,685**	**157,528**
TAXPAYERS' EQUITY			
Public Dividend Capital		76,764	76,820
Revaluation Reserve		66,485	59,188
Other Reserves		754	754
Income and Expenditure Reserve		(17,318)	20,766
TOTAL TAXPAYER'S EQUITY		**126,685**	**157,528**

The financial statements on pages 3 to 48 were approved by the Board and signed by:

Nick Hulme, Chief Executive

26th May 2016

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16	2014/15
	£000	£000
Cash flows from operating activities		
Operating deficit from continuing operations	(32,802)	(16,682)
Operating deficit	**(32,802)**	**(16,682)**
Non-cash income and expense:		
Depreciation and amortisation	9,006	8,907
Impairments	98	144
(Gain)/loss on disposal of property, plant and equipment	(1)	105
Non-cash donations credited to income	(89)	(17)
Amortisation of PFI credit	(326)	(326)
(Increase)/decrease in trade and other receivables	(2,171)	1,864
(Increase)/decrease in inventories	(35)	539
Increase/(decrease) in trade and other payables	1,949	3,692
Increase/(decrease) in other liabilities	674	(194)
Increase/(decrease) in provisions	(6)	(86)
Other movements in operating cash flows	-	(1)
Net cash generated from operations	**(23,703)**	**(2,055)**
Cash flows from investing activities		
Interest received	35	50
Purchase of intangible assets	(329)	(2,118)
Purchase of property, plant and equipment	(9,879)	(12,371)
Sales of property, plant and equipment	62	10
Net cash generated from/(used in) investing activities	**(10,111)**	**(14,429)**
Cash flows from financing activities		
Public dividend capital received	44	48
Public dividend capital repaid	(100)	-
Loans received from the Department of Health	47,286	4,000
Loans repaid to the Department of Health	(15,118)	(594)
Capital element of finance lease rental payments	(368)	(333)
Interest paid	(713)	(479)
Interest element of finance lease	(69)	(104)
PDC dividend paid	(4,897)	(4,954)
Net cash generated from/(used in) financing activities	**26,065**	**(2,416)**
Increase/(decrease) in cash and cash equivalents	**(7,749)**	**(18,900)**
Cash and Cash equivalents at 1 April	**9,774**	**28,674**
Cash and Cash equivalents at 31 March	**2,025**	**9,774**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2016

	Total	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve
	£000	£000	£000	£000	£000
Taxpayers' Equity at 1 April 2014	**169,807**	**76,772**	**49,639**	**754**	**42,642**
Surplus/(deficit) for the year	**(22,318)**	-	-	-	(22,318)
Revaluation gains and impairment losses property, plant and equipment	**9,991**	-	9,991	-	-
Transfers to the income and expenditure account in respect of assets disposed of	**-**	-	(442)	-	442
Public Dividend Capital received	**48**	48	-	-	-
Taxpayers' Equity at 31 March 2015	**157,528**	**76,820**	**59,188**	**754**	**20,766**
Surplus/(deficit) for the year	**(38,307)**	-	-	-	(38,307)
Revaluation gains and impairment losses property, plant and equipment	**7,519**	-	7,519	-	-
Transfers to the income and expenditure account in respect of assets disposed of	**-**	-	(223)	-	223
Public Dividend Capital received	**44**	44	-	-	-
Public Dividend Capital repaid	**(100)**	(100)	-	-	-
Other reserve movements	**1**	-	1	-	-
Taxpayers' Equity at 31 March 2016	**126,685**	**76,764**	**66,485**	**754**	**(17,318)**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016
CONSOLIDATED FOR CHARITABLE FUNDS *

	Note		2015/16 £000		2014/15 £000
Operating Income	2		270,651		267,714
Operating Expense	3		(302,858)		(284,670)
Operating Deficit			**(32,207)**		**(16,956)**
Finance Costs					
Finance income	6	39		55	
Finance expense - financial liabilities	6.1	(799)		(584)	
Finance expense - unwinding of discount on provisions		(14)		(21)	
PDC dividends payable		(4,727)		(5,081)	
Net Finance Costs			**(5,501)**		**(5,631)**
Deficit from continuing operations			**(37,708)**		**(22,587)**
DEFICIT FOR THE YEAR			**(37,708)**		**(22,587)**
Other Comprehensive Income:					
Revaluation gains/(losses) and impairment losses property, plant and equipment			7,519		9,991
Other reserve movements			1		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**(30,188)**		**(12,596)**

* The Trust is a corporate trustee of Colchester Hospital University NHS Foundation Trust Charitable Fund. In accordance with International Financial Reporting Standard (IFRS) 10 and the requirements of Monitor's Annual Reporting Manual, the Trust has consolidated the financial statements of the Charity with those of the Foundation Trust for the reporting period ending 31st March

A reconciliation of the impact of this consolidation on the Trust's surplus/(deficit) can be seen in note 1.3.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016 CONSOLIDATED FOR CHARITABLE FUNDS

	Note	31 March 2016 £000	31 March 2015 £000
NON-CURRENT ASSETS			
Intangible assets	7	5,534	6,373
Property, plant and equipment	8.1	190,463	181,182
Total Non-Current Assets		**195,997**	**187,555**
CURRENT ASSETS			
Non-current assets held for sale	8.2	6,107	6,107
Inventories	10	5,019	4,984
Trade and other receivables	11.2	12,917	10,504
Cash and cash equivalents	18	3,355	10,690
Total Current Assets		**27,398**	**32,285**
CURRENT LIABILITIES			
Trade and other payables	12.2	(29,885)	(28,226)
Borrowings	15	(1,538)	(1,573)
Provisions	17	(409)	(286)
Other liabilities	13	(2,153)	(1,479)
Total Current Liabilities		**(33,985)**	**(31,564)**
Total Assets less Current Liabilities		**189,410**	**188,276**
NON-CURRENT LIABILITIES			
Borrowings	15	(57,359)	(25,540)
Provisions	17	(953)	(1,068)
Other liabilities	13	(2,931)	(3,257)
Total Non-Current Liabilities		**(61,243)**	**(29,865)**
TOTAL ASSETS EMPLOYED		**128,167**	**158,411**
TAXPAYERS' EQUITY			
Public Dividend Capital		76,764	76,820
Revaluation Reserve		66,485	59,188
Other Reserves		754	754
Income and Expenditure Reserve		(17,318)	20,766
Charitable Funds Reserve		1,482	883
TOTAL TAXPAYER'S EQUITY		**128,167**	**158,411**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016 CONSOLIDATED FOR CHARITABLE FUNDS

	2015/16	2014/15
	£000	£000
Cash flows from operating activities		
Operating deficit from continuing operations	(32,207)	(16,956)
Operating deficit	**(32,207)**	**(16,956)**
Non-cash income and expense:		
Depreciation and amortisation	9,006	8,907
Impairments	98	144
(Gain)/loss on disposal of property, plant and equipment	(1)	105
Income recognised in respect of capital donations (cash and non-cash)	(42)	-
Amortisation of PFI credit	(326)	(326)
(Increase)/decrease in trade and other receivables	(2,183)	1,844
(Increase)/decrease in inventories	(35)	539
Increase/(decrease) in trade and other payables	1,949	3,701
Increase/(decrease) in other liabilities	674	(194)
Increase/(decrease) in provisions	(6)	(86)
NHS charitable funds - net working capital movements	(173)	(33)
Other movements in operating cash flows	-	(1)
Net cash generated from operations	**(23,246)**	**(2,356)**
Cash flows from investing activities		
Interest received	35	50
Purchase of intangible assets	(329)	(2,118)
Purchase of property, plant and equipment	(9,926)	(12,388)
Sales of property, plant and equipment	62	10
NHS charitable funds - investment income	4	5
Net cash generated from/(used in) investing activities	**(10,154)**	**(14,441)**
Cash flows from financing activities		
Public dividend capital received	44	48
Public dividend capital repaid	(100)	-
Loans received from the Department of Health	47,286	4,000
Loans repaid to the Department of Health	(15,118)	(594)
Capital element of finance lease rental payments	(368)	(333)
Interest paid	(713)	(479)
Interest element of finance lease	(69)	(104)
PDC dividend paid	(4,897)	(4,954)
Net cash generated from/(used in) financing activities	**26,065**	**(2,416)**
Increase/(decrease) in cash and cash equivalents	**(7,335)**	**(19,213)**
Cash and Cash equivalents at 1 April	**10,690**	**29,903**
Cash and Cash equivalents at 31 March	**3,355**	**10,690**

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2016
CONSOLIDATED FOR CHARITABLE FUNDS

	Total	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve	Charitable Funds Reserve
	£000	£000	£000	£000	£000	£000
Taxpayers' Equity at 1 April 2014	**170,959**	**76,772**	**49,639**	**754**	**42,642**	**1,152**
Surplus/(Deficit) for the year	**(22,587)**	-	-	-	(22,560)	(27)
Revaluation gains and impairment losses property, plant and equipment	**9,991**	-	9,991	-	-	-
Transfers to the income and expenditure account in respect of assets disposed of	**-**	-	(442)	-	442	-
Public Dividend Capital received	**48**	48	-	-	-	-
Other reserve movements in respect of charitable funds	**-**	-	-	-	242	(242)
Taxpayers' Equity at 31 March 2015	**158,411**	**76,820**	**59,188**	**754**	**20,766**	**883**
Surplus/(Deficit) for the year	**(37,708)**	-	-	-	(38,479)	771
Revaluation gains and impairment losses property, plant and equipment	**7,519**	-	7,519	-	-	-
Transfers to the income and expenditure account in respect of assets disposed of	**-**	-	(223)	-	223	-
Public Dividend Capital received	**44**	44	-	-	-	-
Public Dividend Capital repaid	**(100)**	(100)	-	-	-	-
Other reserve movements	**1**	-	1	-	-	-
Other reserve movements in respect of charitable funds	**-**	-	-	-	172	(172)
Taxpayers' Equity at 31 March 2016	**128,167**	**76,764**	**66,485**	**754**	**(17,318)**	**1,482**

COLCHESTER HOSPITAL UNIVERSITY NHS FOUNDATION TRUST CHARITABLE FUND

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2016

	2015/16	2014/15
	£000	£000
INCOME AND ENDOWMENTS FROM:		
Donations and legacies:		
Donations	974	305
Legacies	1	37
Grants received	8	1
Other trading activities:		
Fundraising events	31	32
Sponsorship and lotteries	5	4
Investment income	4	5
Other income	-	1
Total	**1,023**	**385**
EXPENDITURE ON:		
Raising funds:		
Fundraising costs	154	198
Charitable activities:		
Patients - welfare and amenities	114	250
Staff - welfare and amenities	33	53
Contributions to NHS	84	114
Governance costs	39	39
Total	**424**	**654**
Net Income/(Expenditure)	**599**	**(269)**
Reconciliation of Funds		
Opening funds brought forward	883	1,152
Total funds carried forward	**1,482**	**883**

COLCHESTER HOSPITAL UNIVERSITY NHS FOUNDATION TRUST CHARITABLE FUND

BALANCE SHEET AS AT 31 MARCH 2016

	31 March 2016 £000	31 March 2015 £000
CURRENT ASSETS		
Debtors	223	7
Cash	1,330	916
Total Current Assets	**1,553**	**923**
CURRENT LIABILITIES		
Creditors	(71)	(40)
Total Current Liabilities	**(71)**	**(40)**
TOTAL ASSETS EMPLOYED	**1,482**	**883**
THE FUNDS OF THE CHARITY		
Restricted income funds	475	85
Unrestricted income funds	1,007	798
TOTAL CHARITY FUNDS	**1,482**	**883**

Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust.

Revaluation Reserve

The revaluation reserve reflects movements in the value of property, plant and equipment and intangible assets as set out in the accounting policy. The revaluation reserve balance relating to each asset is released to the income and expenditure reserve on disposal of that asset.

Other Reserves

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

Income and Expenditure Reserve

The income and expenditure reserve is the cumulative surplus made by the Trust since its inception. It is held in perpetuity and cannot be released to the Statement of Comprehensive Income and Expenditure.

Charitable Funds Reserve

The charitable funds reserve represents those funds which are available to the Charity to be spent at the Trustees' discretion in furtherance of the Charity's objectives and which are not yet spent or committed.

NOTES TO THE ACCOUNTS

1. Accounting Policies

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual (FT ARM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts. Where the NHS Foundation Trust Annual Reporting Manual permits a choice of accounting policy, the accounting policy which 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 accounting policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In accordance with IAS 8, the most suitable accounting policies have been selected which provide the most relevant and reliable information in respect of the Trust's activities.

1.1 Accounting Convention and Going Concern

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

The financial statements have been prepared on a going concern basis. In accordance with IAS 1, management have made an assessment of the Trust's ability to continue as a going concern. For the financial year commencing 1st April 2016 the Trust has forecast a deficit of £45.7million and within this forecast is a cost improvement programme requiring £9.1million of efficiencies and savings. In order to fund this deficit, the Directors are seeking interim financial support for 2016/17 of at least £50million from the Department of Health. At the time of writing, an interim working capital loan facility of £29.2million has been provided to the Trust and discussions are on-going with regard to the further support required.

On 25 April 2016, the Care Quality Commission’s (CQC) Chief Inspector of Hospitals, Professor Sir Mike Richards, wrote to the Secretary of State for Health outlining continuing concerns about culture, practice and leadership, raising significant concerns regarding the lack of improvement at the Trust and stating that he did not have confidence in the ability of the Trust’s current board to address the issues highlighted in his letter.

Professor Richards concluded in his letter that the CQC had maintained a thorough inspection and regulatory enforcement regime at the Trust, and despite this, he still had significant concerns regarding the lack of improvement at the Trust.

As a result of this regulatory involvement, the CQC has the power to direct the appointment of a Trust Special Administrator, subject to the appropriate consultation requirements. However, the CQC conceded that this course of action could be avoided if an alternative solution with credible plans and timelines could be put in place in a more timely fashion than would be possible through the Trust Special Administrator process.

In order to meet this requirement, NHS Improvement has recommended that the Trust should enter into a long-term partnership with The Ipswich Hospital NHS Trust to develop a credible plan for a sustainable future. However, if no credible plans emerge following short period of review and due diligence, the CQC will be in a position where it will become necessary to consult on the process of appointing a Trust Special Administrator.

Although these factors represent material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the NHS Foundation trust Annual Reporting Manual 2015/16, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the accounts and has not included the adjustments that would result if it was unable to continue as a going concern.

1.2 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 the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Trust considers that the valuation of property, plant and equipment assets poses the largest risk relating to estimates and assumptions about their carrying value. To mitigate the risk of material misstatement, the Trust engages the professional services and advice of the Valuation Office Agency (VOA) to provide estimated values for these assets. The VOA is recognised as a suitable provider of a range of valuation and surveying services to public sector bodies and their estimates can be relied upon in

There are no other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.3 Consolidation

Subsidiaries

Subsidiary entities are those over which the Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Consolidated Accounts - NHS Charitable Funds

Where a foundation trust is a corporate trustee of an NHS charity, the foundation trust needs to consider whether that fund represents a subsidiary. This is likely to be the case where the NHS foundation trust both:

- has control of the NHS charitable fund (as determined by IFRS 10); and
- benefits from the NHS charitable fund.

The Trust is a corporate trustee of Colchester Hospital University NHS Foundation Trust Charitable Fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the 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 Annual Reporting Manual permitted the NHS foundation trust not to consolidate the charitable fund. Since 2013/14, the foundation trust has consolidated the charitable fund.

Reconciliation of Trust surplus/(deficit) to pre-consolidated accounts:

	2015/16 £000	2014/15 £000
Trust deficit for year	**(38,307)**	**(22,318)**
Less:		
Charitable contributions previously credited to Trust income	**(125)**	**(225)**
Receipt of donated assets previously credited to Trust income	**(47)**	**(17)**
Plus:		
NHS charitable funds income	**1,019**	**380**
NHS charitable funds investment income	**4**	**5**
Less:		
NHS charitable funds expenditure	**(249)**	**(409)**
NHS charitable funds audit fee	**(3)**	**(3)**
Consolidated deficit for year	**(37,708)**	**(22,587)**

1.4 Income

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. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

Partially completed clinical spells are valued using a methodology based on the estimated value of the proportion of the spell completed as a proportion of the total estimated spell value. These are recorded under income.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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

Lease income from operating leases is recognised in income on a straight-line basis over the lease term, irrespective of when the payments are due.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.5 Expenditure on Employee Benefits

Short-term Employee Benefits

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

Pension Costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme.

Employers pension cost contributions are charged to operating expenses as and when they become due.

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

National Employment Savings Scheme (NEST)

NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008.

1.6 Expenditure on Other Goods and Services

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

On 1st May 2014, the Trust entered into a consortium arrangement with six NHS trusts in the East of England that have come together to modernise delivery of pathology services for hospitals, GPs and patients. The arrangement was formed in response to changes driven by commissioners and NHS England to transform pathology services and follows the best practice recommendations set out in the Carter Report on Pathology 2008. There is no separate legal entity for the arrangement and the Trust does not exert significant power, control or influence over its management. All costs are therefore recognised in operating expenses as the purchase of pathology services.

1.7 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Property, Plant and Equipment is capitalised if it is capable of being used for a period which exceeds one year and it:

- individually has a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

The finance costs of bringing fixed assets into use are not capitalised.

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.

Capital expenditure on strategic schemes, i.e. those schemes which are of a longer-term nature such as building or large infrastructure projects, is initially charged to assets in the course of construction during the construction phase. Capital schemes are regularly assessed for progress, and once completed, costs are transferred from assets in the course of construction to the appropriate asset category and are recognised as coming into full use.

Measurement

Valuation

In accordance with IAS 16, all property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

IFRS 13 Fair Value is adopted in full; however, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context which limits the circumstances in which a valuation is prepared under IFRS 13.

All assets are measured subsequently at current value. All land and buildings are restated to current value using professional valuations at least every five years, with an interim valuation at 3 years. All plant and equipment is valued using a depreciated historical costs basis as a proxy for current value.

For land and building assets, professional valuations are carried out by the District Valuer Service of the Valuation Office Agency. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Professional Standards 2014 UK edition, in so far as these terms are consistent with the agreed requirements of HM Treasury, Monitor and the National Health Service.

A desktop valuation of land and buildings was prepared by the District Valuer Service as at 31 March 2016.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value. In accordance with Treasury guidance, all revaluations undertaken since 1 May 2008 have been based on "modern equivalent assets".

Assets in the course of construction are valued at current cost. These assets include any existing land or buildings under the control of a contractor.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic 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.

Assets in the course of construction are not depreciated until the asset is brought into use.

Equipment is depreciated on current cost evenly over the estimated life of the asset:

Medical Equipment and Engineering Plant and Equipment	5 to 15 years
Furniture & Fittings	10 years
Mainframe Information Technology Installations	8 years
Office and Information Technology Equipment	5 years
Software	5 to 10 years
Set-up Costs in New Buildings	10 years

Revaluation gains and losses

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Decreases in asset values and impairments 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 FT ARM, impairments that are due to a loss of economic benefits or 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 arising from a loss of economic benefit or 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 income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

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

De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable, i.e.:
    - management are committed to a plan to sell the asset;
    - an active programme has begun to find a buyer and complete the sale;
    - the asset is being actively marketed at a reasonable price;
    - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
    - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped 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 revalued, 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, Government Grant and Other Grant Funded Assets

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

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

Private Finance Initiative (PFI) Transactions

PFI transactions which meet the International Financial Reporting Interpretations Committee (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. The underlying assets are recognised as property, plant and equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The Trust's PFI arrangement for staff accommodation is accounted for as a service concession in accordance with IFRIC 12. The operator receives all of its income from individual users rather than in the form of unitary payments from the Trust. As such there is no service charge but the asset is recognised under non-current assets on the balance sheet with a corresponding deferred income balance.

The deferred income balance is released to operating income over the life of the concession.

1.8 Intangible Assets

Recognition

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

Intangible assets are capitalised when they are capable of being used in the Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset where expenditure of at least £5,000 is incurred, and are amortised over the shorter of the term of the licence and their useful economic lives.

Measurement

Intangible fixed assets held for operational use are valued at historical cost and are amortised over the estimated life of the asset on a straight-line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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 fair value. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

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

Amortisation

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

1.9 Inventories

Inventories are valued at current cost. Current cost is considered to be a reasonable approximation to the lower of cost and net realisable value due to the high turnover of stocks.

1.10 Financial Instruments and Financial Liabilities

Financial Assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Classification and Measurement

The Trust's financial assets are categorised as loans and receivables.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost less any impairment.

At the end of the reporting period, the Trust assess whether any financial assets, other than those held at 'fair value through profit and loss' are impaired.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Other Financial Liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly the estimated future cash payments through the expected life of the financial liability, or when appropriate a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of Financial Assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

The Trust holds a bad debt provision for potentially irrecoverable debts but does not write off amounts to the Statement of Comprehensive Income until there is reasonable certainty that the debt is irrecoverable.

1.11 Leases

Finance Leases

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

The asset and liability are recognised at the commencement of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

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. Leased land is treated as an operating lease.

1.12 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 1.37% (2014/15, 1.30%).

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 17 but is not recognised in the Trust's accounts.

Non-clinical Risk Pooling

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

1.13 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote. Contingent liabilities are disclosed at note 21.

1.14 Public Dividend Capital

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

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) average daily cash balances held with the Government Banking Services and (iii) any PDC dividend balance receivable or payable. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.15 Value Added Tax

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

1.16 Corporation Tax

Foundation Trusts currently have a statutory exemption from corporation tax on all of their core healthcare activities. No significant commercial activity on which corporation tax would be applicable is undertaken.

1.17 Foreign Exchange

The functional and presentational currencies of the Trust are sterling.

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

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

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

1.18 Cash at Bank, Overdrafts and Cash Equivalents

Cash, bank and overdraft balances are recorded at the current values of these balances in the Trust's cash books. Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within borrowings. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, "interest receivable" and "interest payable" in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

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.

1.19 Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. Where NHS foundation trusts are registered with the CRC scheme, they are required to surrender to the Government an allowance for every tonne of CO2 they emit during the financial year. Therefore, registered NHS foundation trusts should recognise a liability and related expense in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at 31 March will, therefore, reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances/tonnes required to settle the obligation.

1.20 Accounting Standards that have been Issued but have not yet been Adopted

The following changes to standards issued by the International Accounting Standards Board (IASB) have not yet been adopted in the NHS Foundation Trust Annual Reporting Manual. None of these are expected to impact upon the Trust financial statements.

IFRS 11 (amendment) - acquisition of an interest in a joint operation (May 2014)

IAS 16 (amendment) and IAS 38 (amendment) - depreciation and amortisation (May 2014)

IAS 16 (amendment) and IAS 41 (amendment) - bearer plants (June 2014)

IAS 27 (amendment) - equity method in separate financial statements (August 2014)

IFRS 10 (amendment) and IAS 28 (amendment) - sale or contribution of assets (September 2014)

IFRS 10 (amendment) and IAS 28 (amendment) - investment entities applying the consolidation exception (December 2014)

IAS 1 (amendment) - disclosure initiative (December 2014)

IFRS 15 Revenue from contracts with customers (May 2014

Annual improvements to IFRS: 2012-15 cycle (September 2014)

IFRS 9 Financial Instruments (July 2014)

1.21 Accounting Standards Issued that have been Adopted Early

No accounting standards that have been issued have been adopted early.

1.22 Segmental Reporting

The Trust has determined that the Chief Operating Decision Maker is the Board of Directors, on the basis that all strategic decisions are made by the Board. Segmental information is not provided to the Board of Directors and therefore it has been determined that there is only one business segment, that of Healthcare.

Further information on segmental reporting is presented at note 27.

2. Operating Income

2.1 Operating Income (by classification)	Foundation Trust		Consolidated	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
2.1.1 Income from Activities				
Elective income	**36,987**	**39,584**	**36,987**	**39,584**
Non-elective income	**80,028**	**73,546**	**80,028**	**73,546**
Outpatient income	**45,003**	**46,959**	**45,003**	**46,959**
A&E income	**10,431**	**8,915**	**10,431**	**8,915**
Other activity income	**71,471**	**76,594**	**71,471**	**76,594**
Additional income for delivery of healthcare services	**100**	**-**	**100**	**-**
Private patient income	**855**	**892**	**855**	**892**
Other non-protected clinical income	**3,657**	**1,394**	**3,657**	**1,394**
Total Income from Activities	**248,532**	**247,884**	**248,532**	**247,884**

2.1.2 Commissioner Requested Services and Continuity of Services

Commissioner Requested Services replaced "mandatory services" on 1 April 2013. These are the services that local commissioners believe must continue to be delivered to local patients should the provider be unable to carry on as a going concern.

	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Commissioner Requested Services	**243,920**	**245,598**	**243,920**	**245,598**
Other services	**4,612**	**2,286**	**4,612**	**2,286**
	248,532	**247,884**	**248,532**	**247,884**
	0.993			

2.1.3 Other Operating Income

	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Research and development	**1,175**	**1,020**	**1,175**	**1,020**
Education and training	**6,562**	**6,309**	**6,562**	**6,309**
Charitable and other contributions to expenditure	**127**	**285**	**2**	**60**
Receipt of donated assets	**89**	**17**	**42**	**-**
Non-patient care services to other bodies	**3,890**	**3,801**	**3,890**	**3,801**
Car parking	**968**	**862**	**968**	**862**
Staff recharges	**3,192**	**2,637**	**3,192**	**2,637**
Drug sales	**1,763**	**1,679**	**1,763**	**1,679**
Clinical Excellence Awards	**45**	**152**	**45**	**152**
Other	**3,006**	**2,513**	**3,006**	**2,513**
Rental revenue from operating leases	**106**	**89**	**106**	**89**
Amortisation of PFI deferred credits	**326**	**326**	**326**	**326**
Profit on disposal of tangible fixed assets	**23**	**2**	**23**	**2**
NHS charitable funds	**-**	**-**	**1,019**	**380**
Total Other Operating Income	**21,272**	**19,692**	**22,119**	**19,830**

2.1.4 Total Operating Income

	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Income from activities	**248,532**	**247,884**	**248,532**	**247,884**
Other operating income	**21,272**	**19,692**	**22,119**	**19,830**
Total Operating Income	**269,804**	**267,576**	**270,651**	**267,714**

2.2 Private Patient Income

	2015/16 £000	2014/15 £000
Private and overseas patient income	**855**	**892**
Total patient related income	**248,532**	**247,884**

The statutory limitation on private patient income in section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. The financial statements disclosures that were provided previously are no longer required.

2.3 Operating Lease Income

	2015/16 £000	2014/15 £000
Rents recognised as income in the period	**106**	**89**
Total	**106**	**89**

Future Minimum Lease Payments Due

-not later than 1 year	**85**	**66**
-later than 1 year and not later than 5 years	**281**	**260**
-later than 5 years	**13**	**20**
Total	**379**	**346**

The Trust's operating lease income is from the annual rents charged by the Trust for the use of its premises.

2.4 Income from Activities (by type)

	2015/16 £000	2014/15 £000
NHS Trusts	**255**	**-**
Clinical Commissioning Groups	**243,407**	**242,794**
Local Authorities	**2,768**	**2,849**
Private patients	**746**	**816**
Overseas patients (non-reciprocal)	**109**	**76**
Injury Cost Recovery*	**773**	**1,043**
Other	**474**	**306**
	248,532	**247,884**

*Injury cost recovery income is subject to a provision for doubtful debts to reflect expected rates of collection.

3. Operating Expenses

3.1 Operating Expenses (by type)

	Foundation Trust		Consolidated	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Services from NHS trusts	148	84	148	84
Purchase of healthcare from non-NHS bodies	8,197	4,559	8,197	4,559
Executive Directors' costs	1,701	1,870	1,701	1,870
Non-Executive Directors' costs	118	110	118	110
Staff costs*	189,542	178,517	189,542	178,517
Drug costs	28,585	26,796	28,585	26,796
Supplies and services - clinical	14,934	14,066	14,934	14,066
Supplies and services - general	3,251	3,135	3,251	3,135
Establishment	1,748	1,924	1,748	1,924
Research and development	1	-	1	-
Transport	1,113	1,138	1,113	1,138
Premises	8,411	9,090	8,411	9,090
Increase/(decrease) in bad debt provision	303	(93)	303	(93)
Increase in other provisions	99	44	99	44
Change in provisions discount rate	(5)	36	(5)	36
Inventories write down	122	166	122	166
Inventories consumed (excluding drugs)	15,927	15,092	15,927	15,092
Depreciation	9,006	8,907	9,006	8,907
Fixed asset impairments	98	144	98	144
Rentals under operating leases	2,513	2,741	2,513	2,741
Audit fees in respect of the statutory audit	50	54	50	54
Audit fees in respect of the charitable funds audit	-	-	3	3
Clinical negligence	11,227	8,253	11,227	8,253
Loss on disposal of other property, plant and equipment	22	107	22	107
Legal fees	194	123	194	123
Consultancy costs	2,150	4,728	2,150	4,728
Internal audit costs	66	63	66	63
Training, courses & conferences	570	733	570	733
Patient travel	31	38	31	38
Car parking & security	272	324	272	324
Redundancy	315	11	315	11
Insurance	304	272	304	272
Other services, e.g. external payroll	854	510	854	510
Losses, ex gratia & special payments	46	127	46	127
Other	693	589	693	589
NHS charitable funds	-	-	249	409
Total	**302,606**	**284,258**	**302,858**	**284,670**

* A note regarding the increase in staff costs is included in the Foreword to the accounts.

3.2 Arrangements Containing an Operating Lease

	2015/16 £000	2014/15 £000
Minimum lease payments	2,513	2,741
Total	**2,513**	**2,741**
Future Minimum Lease Payments Due		
-not later than 1 year	1,545	1,669
-later than 1 year and not later than 5 years	702	1,262
-later than 5 years	417	466
Total	**2,664**	**3,397**
Total of future minimum sublease lease payments to be received as at 31 March 2016.	-	-

The Trust's operating leases include rentals for the use of NHS premises, lease car contracts and the hire of medical and laboratory equipment. The leases have been reviewed and classified as operating leases in accordance with IAS 17.

3.3 Limitation on Auditor's Liability

The limitation on auditor's liability is £2,000,000 (£2,000,000 in 2014/15).

4. Staff Costs and Numbers

4.1 Employee Expenses

	2015/16 £000	2014/15 £000
Salaries and wages	**134,191**	**128,624**
Social Security costs	**10,167**	**9,918**
Employer contributions to NHS Pension Scheme*	**15,286**	**14,425**
NEST pension contributions	**4**	**5**
Termination benefits	**315**	**11**
Agency/Contract Staff	**31,713**	**27,525**
Total	**191,676**	**180,508**

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

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

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

b) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2016, is based on the valuation data as at 31 March 2015, updated to 31 March 2016 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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 the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase Additional Voluntary Contributions (AVC's) run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

4.2 Exit Packages Agreed During 2015/16

	2015/16		2014/15	
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Cost of compulsory redundancies £000**	**Number of compulsory redundancies**	**Cost of compulsory redundancies £000**
Less than £10,000	-	-	-	-
£10,001 - £25,000	2	30	1	11
£25,001 - £50,000	-	-	-	-
£50,001 - £100,000	4	296	-	-
£100,001 £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
>£200,001	-	-	-	-
Total	**6**	**326**	**1**	**11**

4.3 Key Management Compensation

The key management of the Trust are the Executive and Non-Executive Directors. The compensation paid or payable to key management for employee services is shown below:

	2015/16 £000	2014/15 £000
Salaries and other short-term employee benefits	1,074	1,431
Employer contributions to NHS Pension Scheme	79	48
Total	1,153	1,479

4.4 Average Number of Employees (WTE basis)

	2015/16 Total Number	2014/15 Total Number
Medical and dental	453	442
Administration and estates	776	744
Healthcare assistants and other support staff	822	805
Nursing, midwifery and health visiting staff	1,136	1,106
Scientific, therapeutic and technical staff	586	579
Bank and agency Staff	446	345
Total	4,219	4,021

4.5 Staff Benefits in Kind

	2015/16 £000	2014/15 £000
Subsidised travel permits	45	41
Total	45	41

4.6 Retirements Due to Ill-health

During 2015/16 there were 7 early retirements from the Trust on the grounds of ill-health (5 in 2014/15). The estimated additional pension liabilities of these ill-health retirements is £605,774 (2014/15, £280,190). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

5. Better Payment Practice Code

5.1 Better Payment Practice Code - Measure of Compliance

	2015/16		2014/15	
	Number	£000	Number	£000
Total non-NHS trade invoices paid in the year	78,757	144,281	78,061	128,993
Total non-NHS trade invoices paid within target	53,550	102,801	71,376	113,449
Percentage of non-NHS trade invoices paid within target	68%	71%	91%	88%
Total NHS trade invoices paid in the year	1,335	35,547	1,857	19,324
Total NHS trade invoices paid within target	905	32,125	1,592	16,662
Percentage of NHS trade invoices paid within target	68%	90%	86%	86%

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

5.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2015/16 £000	2014/15 £000
Amounts included within interest payable (note 6.1) arising from claims made under this legislation	7	-
Total	7	-

6. Finance Income

	2015/16 £000	2014/15 £000
Interest income on short-term bank deposits	35	50
NHS charitable funds - investment income	4	5
	39	55

6.1 Finance Costs - Interest Expense

	2015/16 £000	2014/15 £000
Finance Leases	69	104
Loans from the Department of Health	723	480
Other	7	-
	799	584

7. Intangible Assets

	Software Licences £000	Assets Under Construction £000	Total £000
Gross cost at 1 April 2014	4,980	4,113	9,093
Transfers from assets under construction	5,239	(5,239)	-
Additions purchased	9	1,126	1,135
Disposals	(105)	-	(105)
Gross cost at 31 March 2015	**10,123**	**-**	**10,123**
Amortisation at 1 April 2014	2,945	-	2,945
Charged during the year	910	-	910
Disposals	(105)	-	(105)
Amortisation at 31 March 2015	**3,750**	**-**	**3,750**
Net book value			
- Purchased at 31 March 2015	6,373	-	6,373
- Donated at 31 March 2015	-	-	-
- Total at 31 March 2015	**6,373**	**-**	**6,373**
Gross cost at 1 April 2015	10,123	-	10,123
Transfers from assets under construction/reclassification	24	-	24
Additions purchased	233	-	233
Disposals	(3)	-	(3)
Gross cost at 31 March 2016	**10,377**	**-**	**10,377**
Amortisation at 1 April 2015	3,750	-	3,750
Charged during the year	1,094	-	1,094
Transfers from assets under construction/reclassification	2	-	2
Disposals	(3)	-	(3)
Amortisation at 31 March 2016	**4,843**	**-**	**4,843**
Net book value			
- Purchased at 31 March 2016	5,534	-	5,534
- Donated at 31 March 2016	-	-	-
- Total at 31 March 2016	**5,534**	**-**	**5,534**

8. Property, Plant and Equipment

8.1 Property, Plant and Equipment at the Statement of Financial Position Date Comprise the Following Elements:

	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2014	30,257	127,337	11,926	33,083	8,186	295	211,084
Additions purchased	-	-	8,621	2,173	-	-	10,794
Additions donated	-	-	-	17	-	-	17
Impairments charged to operating expenses	-	(273)	-	-	-	-	(273)
Impairments charged to revaluation reserve	(47)	(7,795)	-	-	-	-	(7,842)
Transfers from assets under construction	-	9,901	(19,266)	8,221	1,144	-	-
Revaluation surpluses	4,981	1,031	-	-	-	-	6,012
Transfers to assets held for sale	(6,107)	-	-	-	-	-	(6,107)
Disposals	-	-	-	(4,647)	(2,964)	(77)	(7,688)
Cost or Valuation at 31 March 2015	**29,084**	**130,201**	**1,281**	**38,847**	**6,366**	**218**	**205,997**
Depreciation and impairments at 1 April 2014	47	7,796	-	22,462	5,868	168	36,341
Provided during the year	-	4,107	-	2,860	1,008	22	7,997
Impairments charged to operating expenses	-	(129)	-	-	-	-	(129)
Reversal of impairments credited to revaluation reserve	(47)	(7,795)	-	-	-	-	(7,842)
Revaluation surpluses	-	(3,979)	-	-	-	-	(3,979)
Disposals	-	-	-	(4,533)	(2,963)	(77)	(7,573)
Depreciation and Impairments at 31 March 2015	**-**	**-**	**-**	**20,789**	**3,913**	**113**	**24,815**
Net Book Value							
Owned at 31 March 2015	29,084	122,382	1,281	17,905	1,986	105	172,743
Finance Lease at 31 March 2015	-	1,784	-	-	445	-	2,229
On-balance-sheet service concession contracts	-	6,035	-	-	-	-	6,035
Donated at 31 March 2015	-	-	-	153	22	-	175
Total at 31 March 2015	**29,084**	**130,201**	**1,281**	**18,058**	**2,453**	**105**	**181,182**

8.1 Property, Plant and Equipment at the Statement of Financial Position Date Comprise the Following Elements (continued):

	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant and machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	29,084	130,201	1,281	38,847	6,366	218	205,997
Additions purchased	-	30	8,450	1,200	131	7	9,818
Additions donated	-	-	-	42	-	-	42
Impairments charged to operating expenses	-	(98)	-	-	-	-	(98)
Transfers from assets under construction	-	7,123	(9,435)	1,513	775	-	(24)
Revaluation surpluses	(614)	4,268	-	-	-	-	3,654
Disposals	-	-	-	(3,311)	(168)	(2)	(3,481)
Cost or Valuation at 31 March 2016	**28,470**	**141,524**	**296**	**38,291**	**7,104**	**223**	**215,908**
Depreciation and impairments at 1 April 2015	-	-	-	20,789	3,913	113	24,815
Provided during the year	-	3,865	-	3,099	926	22	7,912
Impairments charged to operating costs	-	-	-	-	-	-	-
Reversal of impairments credited to reserves	-	-	-	-	-	-	-
Reclassifications	-	-	-	(2)	-	-	(2)
Revaluation surpluses	-	(3,865)	-	-	-	-	(3,865)
Disposals	-	-	-	(3,245)	(168)	(2)	(3,415)
Depreciation and Impairments at 31 March 2016	**-**	**-**	**-**	**20,641**	**4,671**	**133**	**25,445**
Net Book Value							
Owned at 31 March 2016	28,470	133,305	296	17,482	2,146	90	181,789
Finance Lease at 31 March 2016	-	1,879	-	-	254	-	2,133
On-balance-sheet service concession contracts	-	6,340	-	-	-	-	6,340
Donated at 31 March 2016	-	-	-	168	33	-	201
Total at 31 March 2016	**28,470**	**141,524**	**296**	**17,650**	**2,433**	**90**	**190,463**

Of the totals at 31 March 2016, no land or buildings were valued at open market value.

8.2 Non-Current Assets Held for Sale

	Land £000	Total £000
NBV of non-current assets held for sale at 1 April 2014	-	-
Assets classified as available for sale in the year *	6,107	6,107
NBV of non-current assets held for sale at 31 March 2015	**6,107**	**6,107**
NBV of non-current assets held for sale at 1 April 2015	6,107	6,107
NBV of non-current assets held for sale at 1 April 2016	**6,107**	**6,107**

* In February 2010, the Board resolved to relocate services from Essex County Hospital to a new purpose-built radiotherapy centre on the site of Colchester General Hospital. The centre was completed in March 2014 and clinical services occupied the new facility shortly afterwards. As part of the Trust's overall exit strategy from the hospital site, Essex County Hospital was formally marketed for sale in the year. Accordingly, the land which forms part of the sale was revalued and reclassified as a non-current asset held for sale.

9.1 The Total Amount of Depreciation Charged to the Income and Expenditure Account in Respect of Assets Held Under Finance Leases:

	2015/16 £000	2014/15 £000
Buildings	**38**	**37**
Plant & equipment	**191**	**191**
Total	**229**	**228**

9.2 The Net Book Value of Assets Held Under Finance Leases Comprises:

	31 March 2016 £000	31 March 2015 £000
Buildings	**1,879**	**1,784**
Information technology	**254**	**445**
Total	**2,133**	**2,229**

9.3 The Net Book Value of Land and Buildings:

	31 March 2016 £000	31 March 2015 £000
Freehold	**167,880**	**157,501**
Total	**167,880**	**157,501**

9.4 Impairment of Assets

	2015/16 £000	2014/15 £000
Changes in market price	98	144
Total	**98**	**144**

In 2015/16 a desktop valuation exercise of the Trust's land and buildings was undertaken by the District Valuer Service, having regard to International Financial Reporting Standards (IFRS) as interpreted and applied by the NHS foundation trust Annual Reporting Manual, which is largely compliant with HM Treasury Financial Reporting Manual (FReM) guidance for the United Kingdom public sector.

The valuations also accord with the requirements of the RICS Valuation - Professional Standards 2014 UK edition (known as "the Red Book"), including the International Valuation Standards, in so far as these are consistent with IFRS and the above mentioned guidance; RICS UKVS 1.14 refers.

The valuation assumes that the properties valued will continue to be held for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

In accordance with IAS 16, the valuation of the Trust's land and buildings has been undertaken on a fair value basis, where fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

10. Inventories

10.1 Inventories

	31 March 2016 £000	31 March 2015 £000
Drugs	**2,320**	**2,434**
Consumables	**2,398**	**2,261**
Energy	**40**	**44**
Other	**261**	**245**
Total	**5,019**	**4,984**

10.2 Inventories Recognised in Expenses

	2015/16 £000	2014/15 £000
Inventories recognised in expenses	**43,189**	**40,762**
Write-down of inventories recognised as an expense	**122**	**166**
Total	**43,311**	**40,928**

11. Receivables

11.1 Trade Receivables and Other Receivables

	Total 31 March 2016 £000	Financial Assets 31 March 2016 £000	Non-Financial Assets 31 March 2016 £000	Total 31 March 2015 £000	Financial Assets 31 March 2015 £000	Non-Financial Assets 31 March 2015 £000
Current Trade and Other Receivables						
NHS receivables	**2,773**	2,773	-	**1,818**	1,818	-
Other receivables with related parties	**418**	418	-	**187**	187	-
Provision for impaired receivables	**(894)**	(361)	(533)	**(845)**	(380)	(465)
Prepayments	**1,860**	-	1,860	**1,557**	-	1,557
Accrued income	**5,810**	3,384	2,426	**5,490**	3,035	2,455
PDC receivable	**14**	-	14	**-**	-	-
Operating lease receivables	**-**	-	-	**4**	4	-
VAT receivable	**1,245**	-	1,245	**784**	-	784
Other receivables	**1,470**	1,470	-	**1,516**	1,516	-
Total	**12,696**	**7,684**	**5,012**	**10,511**	**6,180**	**4,331**

11.2 Trade Receivables and Other Receivables (consolidated)

	Total 31 March 2016 £000	Financial Assets 31 March 2016 £000	Non-Financial Assets 31 March 2016 £000	Total 31 March 2015 £000	Financial Assets 31 March 2015 £000	Non-Financial Assets 31 March 2015 £000
Current Trade and Other Receivables						
NHS receivables	**2,773**	2,773	-	**1,818**	1,818	-
Other receivables with related parties	**418**	418	-	**187**	187	-
Provision for impaired receivables	**(894)**	(361)	(533)	**(845)**	(380)	(465)
Prepayments	**1,860**	-	1,860	**1,557**	-	1,557
Accrued income	**5,810**	3,384	2,426	**5,490**	3,035	2,455
PDC receivable	**14**	-	14	**-**	-	-
Operating lease receivables	**-**	-	-	**4**	4	-
VAT receivable	**1,245**	-	1,245	**784**	-	784
Other receivables	**1,468**	1,468	-	**1,502**	1,502	-
NHS charitable funds: trade and other receivables	**223**	223	-	**7**	7	-
Total	**12,917**	**7,905**	**5,012**	**10,504**	**6,173**	**4,331**

11.3 Provision for Impairment of Receivables

	Total 31 March 2016 £000	Total 31 March 2015 £000
At 1 April	**845**	**944**
Increase in provision	**331**	**389**
Amounts utilised	**(254)**	**(6)**
Unused amounts reversed	**(28)**	**(482)**
At 31 March	**894**	**845**

11.4 Analysis of Impaired Receivables

	Total 31 March 2016 £000	Total 31 March 2015 £000
Aging of Impaired Receivables		
Up to 1 month	1	199
In 1 to 2 months	8	2
In 2 to 3 months	136	13
In 3 to 6 months	38	68
Over 6 months	711	563
Total	**894**	**845**

	Total 31 March 2016 £000	Total 31 March 2015 £000
Aging of Non-Impaired Receivables Past their Due Date		
Up to 1 month	1,849	1,933
In 1 to 2 months	672	401
In 2 to 3 months	347	564
In 3 to 6 months	599	146
Over 6 months	862	95
Total	**4,329**	**3,139**

12. Trade and Other Payables

12.1 Trade and Other Payables comprise the following:

	Total 31 March 2016 £000	Financial Liabilities 31 March 2016 £000	Non-Financial Liabilities 31 March 2016 £000	Total 31 March 2015 £000	Financial Liabilities 31 March 2015 £000	Non-Financial Liabilities 31 March 2015 £000
Current Trade and Other Payables						
Receipts in advance	**-**	-	-	**6**	-	6
NHS payables	**3,548**	3,548	-	**1,541**	1,541	-
Amounts due to other related parties	**3,617**	1,418	2,199	**3,729**	1,650	2,079
Trade payables - capital	**1,566**	1,566	-	**1,770**	1,770	-
Other trade payables	**6,128**	6,128	-	**7,339**	7,339	-
Other taxes payable	**3,210**	-	3,210	**3,181**	-	3,181
Accruals	**11,747**	11,747	-	**10,478**	10,478	-
PDC payable	**-**	-	-	**156**	-	156
Total	**29,816**	**24,407**	**5,409**	**28,200**	**22,778**	**5,422**

12.2 Trade and Other Payables (consolidated) comprise the following:

	Total 31 March 2016 £000	Financial Liabilities 31 March 2016 £000	Non-Financial Liabilities 31 March 2016 £000	Total 31 March 2015 £000	Financial Liabilities 31 March 2015 £000	Non-Financial Liabilities 31 March 2015 £000
Current Trade and Other Payables						
Receipts in advance	**-**	-	-	**6**	-	6
NHS payables	**3,548**	3,548	-	**1,541**	1,541	-
Amounts due to other related parties	**3,617**	1,418	2,199	**3,729**	1,650	2,079
Trade payables - capital	**1,566**	1,566	-	**1,770**	1,770	-
Other trade payables	**6,128**	6,128	-	**7,339**	7,339	-
Other taxes payable	**3,210**	-	3,210	**3,181**	-	3,181
Accruals	**11,747**	11,747	-	**10,478**	10,478	-
PDC payable	**-**	-	-	**156**	-	156
NHS charitable funds: trade and other payables	**69**	69	-	**26**	26	-
Total	**29,885**	**24,476**	**5,409**	**28,226**	**22,804**	**5,422**

13. Other Liabilities

	31 March 2016 £000	31 March 2015 £000
Current		
Deferred income	1,827	1,150
Deferred PFI credits	326	329
Sub Total	**2,153**	**1,479**
Non-Current		
Deferred PFI credits	2,931	3,257
Sub Total	**2,931**	**3,257**
Total	**5,084**	**4,736**

14. Finance Lease Obligations

14.1 Future Finance Lease Obligations

The Trust has future finance lease obligations for which the minimum payments at 31 March 2016 are £1,976k over a 20 year period of commitment (£2,218k over 21 years at 31 March 2015). These leases relate to the Trust's MRI Unit, the Iceni training facility and some network infrastructure equipment.

14.2 Finance Lease Obligations

			Present Value of Minimum Lease Payments	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Gross Lease Liabilities	**1,976**	**2,218**	**1,323**	**1,690**
of which liabilities are due				
not later than 1 year	437	437	291	368
later than 1 year and not later than 5 years	689	872	331	582
later than 5 years	850	909	701	740
Finance charges allocated to future periods	(653)	(528)	-	-
Net Lease Liabilities	**1,323**	**1,690**	**1,323**	**1,690**

14.3 PFI Obligations

The Trust's PFI arrangement for staff accommodation is accounted for as a service concession in accordance with IFRIC 12. The operator receives all of its income from individual users rather than in the form of unitary payments from the Trust. As such there is no service charge but the asset is recognised under non-current assets on the balance sheet with a corresponding deferred income liability (see note 13).

The deferred income is released to operating income over the life of the concession.

15. Borrowings

	31 March 2016 £000	31 March 2015 £000
Current		
Capital loans from Department of Health	1,247	1,205
Obligations under finance leases	291	368
Total Current Borrowings	**1,538**	**1,573**
Non-current		
Capital loans from Department of Health*	24,270	24,218
Working capital loans from Department of Health	32,057	-
Obligations under finance leases	1,032	1,322
Total Other Non-Current Liabilities	**57,359**	**25,540**

*In 2014/15 the Trust received a £4 million capital loan to assist with the relocation of services from Essex County Hospital. The loan provided working capital to allow replacement infrastructure to be built ahead of the sale. The loan is repayable no later than April 2017, or sooner if the cash receipt for the Essex County Hospital is received earlier.

Borrowings include five single currency term loans from the Secretary of State for Health.

The interest rate on the first loan (amount outstanding at 31 March 2016, £20,218k (31 March 2015, £21,423k) is 2.18% per annum, and the loan will be repaid in full by March 2033.

The interest rate on the second loan (amount outstanding at 31 March 2016, £4,000k (31 March 2015, £4,000k) is 0% per annum, and the loan will be repaid in full by April 2017.

The interest rate on the third loan (amount outstanding at 31 March 2016, £1,299k (31 March 2015, £nil) is 1.61% per annum, and the loan will be repaid in full by February 2038.

The interest rate on the fourth loan (amount outstanding at 31 March 2016, £18,700k (31 March 2015, £nil) is 1.5% per annum, and the loan will be repaid in full by September 2020.

The interest rate on the fifth loan (amount outstanding at 31 March 2016, £13,357k (31 March 2015, £nil) is 3.5% per annum, and the loan will be repaid in full by April 2020.

16. Prudential Borrowing Limit

The prudential borrowing code requirements in section 41 of the NHS Act 2006 were repealed with effect from 1 April 2013 by the Health and Social Care Act 2012. The financial statements disclosures that were provided previously are no longer required.

17. Provisions for Liabilities and Charges

	Current 31 March 2016 £000	Current 31 March 2015 £000	Non-Current 31 March 2016 £000	Non-Current 31 March 2015 £000
Pensions relating to former directors	2	2	12	14
Pensions relating to other staff	115	131	941	1,054
Other legal claims	33	83	-	-
Other	259	70	-	-
Total	**409**	**286**	**953**	**1,068**

	Pensions relating to former directors £000	Pensions relating to former staff £000	Legal claims £000	Redundancy £000	Other £000	Total £000
At 1 April 2014	17	1,244	102	-	56	**1,419**
Change in the discount rate	-	36	-	-	-	**36**
Arising during the year	1	24	51	-	14	**90**
Utilised during the year	(3)	(122)	(63)	-	-	**(188)**
Reversed unused	-	(17)	(7)	-	-	**(24)**
Unwinding of discount	1	20	-	-	-	**21**
At 31 March 2015	**16**	**1,185**	**83**	**-**	**70**	**1,354**
At 1 April 2015	16	1,185	83	-	70	**1,354**
Change in the discount rate	-	(5)	-	-	-	**(5)**
Arising during the year	-	14	23	-	218	**255**
Utilised during the year	(2)	(122)	(48)	-	(3)	**(175)**
Reversed unused	-	(30)	(25)	-	(26)	**(81)**
Unwinding of discount	-	14	-	-	-	**14**
At 31 March 2016	**14**	**1,056**	**33**	**-**	**259**	**1,362**
Expected timing of cash flows:						
Within one year	2	115	33	-	259	**409**
Between one and five years	7	398	-	-	-	**405**
After five years	5	543	-	-	-	**548**
	14	**1,056**	**33**	**-**	**259**	**1,362**

Other provisions relate to the new Staff and Associate Specialists contract. The provision was calculated on a person-by-person basis. Legal claims represent a number of miscellaneous legal claims. The Trust is defending these claims and expects agreement to be reached within the coming year based on the timing of court and other negotiation arrangements.

£118,023,349 is included in the provisions of the NHS Litigation Authority at 31 March 2016 in respect of clinical negligence liabilities of the Trust (£62,554,247 as at 31 March 2015).

18. Notes to the Statement of Cash Flows

18.1. Cash and Cash Equivalents

	At 1 April 2015	Other changes in year	**At 31 March 2016**
	£000	£000	**£000**
Cash with the Government Banking Service	9,472	(8,024)	**1,448**
Commercial cash at bank and in hand	302	275	**577**
NHS charitable funds cash and cash equivalents	916	414	**1,330**
	10,690	**(7,335)**	**3,355**

19. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2016 were £4,004k (£3,441k, 31 March 2015).

20. Events After the Reporting Period

The preliminary findings of a recent inspection by the Care Quality Commission show that services at Colchester Hospital, which has been in special measures for more than two years, are not of the required quality.

As a result of this inspection, it has been jointly recommended by the Care Quality Commission's Chief Inspector of Hospitals, Professor Sir Mike Richards, and the Chief Executive of NHS Improvement, Jim Mackey, that a long-term partnership between Colchester Hospital University NHS Foundation Trust and The Ipswich Hospital NHS Trust is the only way of securing services for patients long into the future.

On 17th May the Trust's Chief Executive and Chairman announced that they were standing down from the Trust Board and would be replaced with immediate effect by the Chief Executive and Chairman of The Ipswich Hospital NHS Trust who would also continue in those roles.

It is anticipated that the arrangement will offer Colchester Hospital a better route to bring about the improvements that patients urgently need to see, and without a long-term partnership with Ipswich, the Trust risks being placed under the Trust Special Administration process.

21. Contingencies

	31 March 2016 £000	31 March 2015 £000
Contingent liabilities	**(40)**	**(70)**

Contingent liabilities relate solely to claims for personal injury which are being handled by the NHS Litigation Authority.

22. Movement in Public Dividend Capital

	£000
Public Dividend Capital as at 1 April 2014	76,772
Public Dividend Capital received	48
Public Dividend Capital as at 31 March 2015	**76,820**
Public Dividend Capital as at 1 April 2015	76,820
Public Dividend Capital received	44
Public Dividend Capital repaid	(100)
Public Dividend Capital as at 31 March 2016	**76,764**

23. Related Party Transactions and Balances

Colchester Hospital University NHS Foundation Trust is a public benefit corporation authorised by the Independent Regulator for Foundation Trusts (Monitor) under the National Health Service Act 2006. NHS foundation trusts are deemed to be under the control of the Secretary of State, in common with other NHS trusts. The Department of Health is considered to be the Trust's parent organisation and other NHS bodies are therefore classed as related parties. During the financial period, the Trust had a number of material transactions with NHS bodies, all of which were at arms length. None of the Trust's balances with related parties are held under security or guarantee.

In addition, Colchester Hospital University NHS Foundation trust has had a number of transactions with other government departments and other central and local government bodies during the year.

During the period, none of the members of the Board of Directors, Board of Governors or members of the key management staff, or parties related to them, have undertaken any material transactions with the Trust.

The disclosure required by IAS 24 in relation to the compensation of key management can be found at note 4.3.

A table of material transactions with related parties can be found at note 23.1. All transactions described in this table arise from normal operating activities and amounts due or payable are payable in cash. No guarantees have been given or received and no securitisations exists. Related parties with transactions totalling less than £500,000 have not been included, excepting the following organisations:

Basildon and Thurrock University Hospitals NHS Foundation Trust, which is deemed a related party due to the secondment of a member of staff into the post of Deputy Director of Nursing; and,

North Essex Partnership University NHS Foundation Trust, where a marital relationship exists between the Finance Directors of each organisation.

Neither of these associations has resulted in transactions outside of the normal business of the Trust.

23.1 Material Related Party Transactions and Balances

The Trust had significant transactions (>£0.5m) with the following bodies:

	Revenue		Expenditure		Payables		Receivables	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
Basildon and Thurrock University Hospitals NHS Foundation Trust	217	217	52	4	-	5	39	21
Cambridge University Hospitals NHS Foundation Trust	1,651	39	6,781	3,827	2,960	1,458	1,586	532
Colchester Borough Council	17	20	1,087	1,042	-	1	5	9
Community Health Partnerships	-	-	285	1,048	135	549	-	-
Department of Health	133	77	4,730	5,084	27	-	14	-
Derbyshire and Nottinghamshire Area Team	-	729	-	-	-	-	-	206
East Anglia Area Team	-	27,855	-	-	-	-	-	1,195
Essex Area Team	-	4,682	-	-	-	-	-	19
Essex County Council	2,891	2,946	671	797	209	208	224	104
Health Education England	6,195	5,982	4	3	68	-	10	87
HM Revenue & Customs	-	-	10,167	9,918	3,210	3,181	1,245	784
Ipswich Hospital NHS Trust	26	(37)	926	560	376	827	17	4
Leicestershire and Lincolnshire Area Team	-	2,950	-	-	-	-	-	327
Mid Essex Hospital Services NHS Trust	946	1,197	437	332	158	86	286	68
NHS Blood and Transplant	22	24	1,439	1,481	20	127	-	-
NHS Ipswich And East Suffolk CCG	3,193	3,414	-	-	288	4	-	15
NHS Litigation Authority	-	-	11,416	8,429	241	-	-	26
NHS Mid Essex CCG	18,749	19,803	-	5	665	42	-	157
NHS North East Essex CCG	181,424	179,806	22	12	1,353	1,111	2,472	1,046
NHS Pension Scheme	-	-	15,286	14,425	2,165	2,044	-	-
NHS Professionals	1	-	15,687	7,964	2,891	2,375	19	-
NHS Property Services	-	-	767	765	63	30	-	-
NHS West Suffolk CCG	1,689	1,835	-	-	188	-	-	134
Norfolk and Norwich University Hospitals NHS Foundation Trust	998	847	14	38	8	8	34	1
North Essex Partnership University NHS Foundation Trust	488	240	2	1	-	-	164	13
Public Health England (PHE)	211	505	1	39	-	-	70	23
NHS England - East Local Office	5,150	-	-	-	15	-	38	-
NHS England - North Midlands Local Office	639	-	-	-	43	-	-	-
NHS England - Central Midlands Commissioning Hub	2,678	-	-	-	-	-	37	-
NHS England - East Commissioning Hub	27,391	-	-	-	701	-	3	-

24. Financial Instruments

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local clinical commissioning groups and the way those clinical commissioning groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which these standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Financial risk management

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

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. As such, the Trust does not undertake transactions in currencies other than sterling and is therefore not exposed to movements in exchange rates over time. The Trust has no overseas operations.

Credit risk

Due to the fact that the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2015 is in receivables from customers, as disclosed in the receivables note.

Liquidity risk

The NHS Trust's net operating costs are incurred under annual service contracts with local clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust is not, therefore, exposed to significant liquidity risks.

Interest-rate risk

The Trust borrows from Government for capital expenditure subject to affordability. The borrowings are for 1-25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. Alternatively, the Trust can borrow on a commercial basis and would only take such loans on a fixed rate basis. The Trust therefore has low exposure to interest rate fluctuations.

24.1a Financial Assets by Category

	Loans and receivables	
	31 March 2016	31 March 2015
Assets as per Statement of Financial Position	**£000**	**£000**
Trade and other receivables	7,682	6,165
Cash at bank and in hand	2,025	9,774
NHS charitable funds: financial assets	1,553	919
Total	**11,260**	**16,858**

24.1b Financial Liabilities by Category

	Other financial liabilities	
	31 March 2016	31 March 2015
Liabilities as per Statement of Financial Position	**£000**	**£000**
Obligations under finance leases	1,323	1,690
Borrowings	57,574	25,423
Trade and other payables	24,408	22,840
Provisions under contract	259	70
NHS charitable funds: financial liabilities	69	26
Total	**83,633**	**50,049**

25. Fair values

As at 31 March 2016 there are no significant differences between fair value and carrying value of any of the Trust's financial instruments.

The fair value for provisions is not significantly different from book value since in the calculation of book value the expected cash flows have been discounted by the Treasury discount rate of 1.37% in real terms.

26. Losses and Special Payments

Losses and special payments are transactions 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, and special notation in the accounts to draw them to the attention of Parliament. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings on an accruals basis (excluding provisions for future payments), including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums being included as normal revenue expenditure).

	2015/16		2014/15	
Losses	**Number**	**Value £000**	**Number**	**Value £000**
Cash losses	19	12	8	1
Bad debts	42	44	44	12
Stores losses	5	125	3	166
Total Losses	**66**	**181**	**55**	**179**
Special Payments				
Loss of personal effects	28	9	27	10
Personal injury claims	20	74	27	83
Ex gratia payments	68	8	22	14
Total Special Payments	**116**	**91**	**76**	**107**
Total Losses and Special Payments	**182**	**272**	**131**	**286**

27. Segmental Analysis

IFRS 8 prescribes the accounting and disclosures required for an entity's operating segments, products and services, and the geographical areas in which it operates and its major customers. It requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

IFRS 8 defines the term chief operating decision maker as a group or individual whose 'function is to allocate resources to, and assess the performance of, the operating elements of the entity'. For the Trust, the most appropriate interpretation is that the Board of Directors represents the chief operating decision maker.

The Trust has only one segment - the provision of healthcare. The Trust Board of Directors only receives information on this segment. Whilst the Trust has a number of divisions and departments, information on the financial performance of these individual elements is not received by the Trust Board. Financial information reported to the Board is compliant with IFRS.

A reconciliation between the published accounts and the information presented to the Board of Directors is shown below.

There is one major income stream for the Trust's activities: CCG funding for healthcare provision. This comprises 99% of the Trust's total income from activities, and 90% of its total operating income. Only one customer of the Trust, NHS North East Essex CCG, makes up more than 10% of the Trust's income from activities (73%, 181,424k).

Revenues from countries outside of England are small (£25k received from Welsh and Scottish Commissioners). The Trust received £109k in relation to overseas visitors.

		2015/16 £000		2014/15 £000
Income		**269,804**		**267,576**
Expenditure				
Pay	**(191,361)**		**(180,497)**	
Non-pay	**(102,141)**		**(94,710)**	
Total Expenditure		**(293,502)**		**(275,207)**
EBITDA		**(23,698)**		**(7,631)**
Depreciation, PDC dividend, etc.		**(14,511)**		**(14,543)**
Deficit before non-current asset impairments		**(38,209)**		**(22,174)**
Non-current asset impairments		**(98)**		**(144)**
Deficit after non-current asset impairments		**(38,307)**		**(22,318)**

Above: Gail Jenkins, Sister, Children's services

Quality Report

Colchester Hospital University NHS
NHS Foundation Trust

Quality Report 2015/16

1 April 2015 – 31 March 2016

Contents

Statement of Quality from the Chief Executive

Introduction

The Board's primary aim in 2015/16 was to create stability in the organisation and a focus on improving quality of care. By the end of the year we had demonstrated improvements in all areas but recognised the need to be consistent in how we deliver patient care. The Board also agreed during the year that long-term clinical quality and sustainability could be assured only through closer partnership working with another provider.

This Statement of Quality provides a comprehensive overview of what we have achieved and what we plan to do regarding quality improvements at Colchester Hospital University NHS Foundation Trust. Furthermore, it sets out plans for 2016/17 whilst understanding that the Trust currently remains in special measures with ongoing Care Quality Commission (CQC) enforcement notices and has only recently (November 2015) had a substantive Board in place for the first time in several years.

The Trust was visited by the CQC on two occasions during the year (July and September). As a result of the July inspection the organisation was issued with a Section 31 warning notice in relation to the induction of temporary workers (which was lifted in October after the Trust responded robustly by undertaking new practices to ensure patient safety).

In addition, the previous Section 31 warning notice in relation to the Emergency Department (A&E) at Colchester General Hospital, which was issued in December 2014, was lifted, also in October.

However, a Section 31 warning notice relating to the hospital's Emergency Assessment Unit (EAU), also issued in July, remained in place at the end of 2015/16. This has been reported on weekly and is expected to be lifted in 2016/17.

This shows progress and an improving trajectory and as a Trust we are working hard to embed good practice and deliver consistently high quality care.

On 30 December, the Trust was served with a Section 29A warning notice as a result of the second CQC visit, which was a comprehensive inspection, lasting four days (15-18 September). Although the CQC did not publish its reports from that visit until 19 January, the Trust acted immediately on a number of safety concerns the regulator shared in its initial feedback at the end of that inspection, the majority of which the organisation was already actively working to improve.

Those concerns included the service, maintenance and repair of medical equipment and the provision of end of life care. The Trust focused heavily in developing its Improvement Plan, which had been created following publication of the CQC's first comprehensive inspection reports in July 2014. Consequently, between the end of the September inspection and publication of the reports in January, when the Trust continued to be rated overall as "Inadequate", the organisation made improvements. These were acknowledged and accepted by the CQC and included:

- on 31 December, the Trust had more registered nurses in post (1,024.36 whole-time equivalents) than at any point in 2015, and 74.84 more than on 31 January 2015 (949.25), a rise of 7.9%, and since the CQC inspection, seven consultants had joined
- in the last three months of 2015, the Trust received a total of 5,239 plaudits (a compilation of all letters, emails, cards, gifts etc.) compared with 194 complaints – a ratio of 27:1
- on 2 November, the Trust's dermatology waiting list showed that 655 patients had been waiting longer than 18 weeks for treatment. By 15 January, that number was 123
- the Trust had developed and rolled out a mandatory e-learning module for all clinical staff as part of a package of improvements for end of life care
- the Trust had established a maintenance and safety inspection programme for all medical devices.

The national 2015 NHS staff survey, published in February 2016, showed that 62% of Trust staff recommended the organisation as a place to receive treatment, compared with 48% in the 2014 survey. The 2015 survey was based on the findings of questionnaires completed by staff in the autumn of 2015 after the CQC's September inspection. In addition, 55% of staff recommended the Trust as a place to work compared with 43% in the previous survey. This was an incredible improvement for the Trust, given our very low initial base and is testament to the commitment of staff.

On 4 December, Monitor made an unannounced visit to the Trust, which focused on our wards and EAU. While we were told there were still improvements to be made, which we fully accepted, the overwhelming tone of the

feedback was positive. Monitor remarked on the positive difference from their previous visit in the summer. One comment was that there was “a universe of difference”.

On most wards, there was a noticeable improvement in staffing and positive feedback from patients. There was good engagement of staff, including those from overseas who had just joined us, and staff were enthusiastic and wanted to demonstrate good work. Other positive comments recognised a good understanding of handover processes and management of risk during handover. The management and maintenance of equipment had improved.

Following the appointment of Frank Sims in October as the Trust’s first substantive Chief Executive in almost three years, the organisation reconsidered how best it could support staff to provide sufficient and sustained evidence of quality improvement. We were sent drafts of the CQC inspection reports on 18 December which were used to create a Preliminary Improvement Plan (PIP) which was submitted to the CQC on 6 January.

The Chief Executive led the work on developing the PIP with support from the Medical Director and the Director of Nursing and Patient Experience. The Trust was determined to have our quality improvement led by the most senior manager, doctor and nurse and this has been the commitment made by the leadership. The PIP outlined the key improvements that would be made over the following seven weeks and was built on six themes for immediate action, underpinned by measurable key performance indicators and robust governance and accountability.

In January, the Trust began to publish a weekly “Improvement Plan Performance Dashboard” on our website so that everyone, including staff and patients, could monitor progress in areas which includes the numbers of qualified nurses in post, A&E performance, the number of complaints, appraisal and mandatory training rates, and the percentage of high-risk medical devices that are up-to-date for safety testing and planned maintenance. The Improvement Plan Performance Dashboard is also published on the NHS Choices website and shared with the CQC, Monitor and other stakeholders.

This is part of the Trust’s commitment to being open and transparent with staff and the public in all aspects of what we do. We have actively shared our improvement journey; both where there has been progress and where we need to improve further. This, I believe, is a significant change in approach and attitude and something which I consider to be important.

The PIP was developed into a full Quality Improvement Plan (QIP), which is the Trust’s plan to deliver the best possible care for patients and which was submitted to the CQC on 23 February. Key actions for the QIP were approved at a quality summit held on 21 January, two days after the CQC’s September inspection reports were published, and which was led by the CQC and Monitor and attended by all of the Trust’s Executive Team.

The QIP, which was published on the Trust’s website, addresses all concerns about the safety and quality of care delivery within the CQC reports, enforcement actions and other regulator and commissioner actions. This single plan was signed off by regulators, stakeholders and the Trust’s board of directors.

Our staff, clinical and non-clinical, played an active role in the development of the QIP. The Trust knew that staff had solutions to many of the challenges we face and wanted their comments on the proposals in the QIP as well as for them to contribute new ideas. To facilitate this, a series of well-attended “Ask and Act” sessions were set up at different venues at different times of day to make them as accessible to as many staff as possible. These are carrying on as part of ensuring staff continue to be engaged and have the opportunity of voicing ideas and solutions as well as an ability to raise concerns as part of the drive for outstanding care.

As with the PIP, the QIP was Chief Executive led, with support from the Medical Director and Director of Nursing and Patient Experience, meaning that it was “owned” by the Trust’s most senior manager, most senior doctor and most senior nurse. Governance arrangements for quality improvement were strengthened by establishing a new quality improvement sub-committee of the board to oversee delivery of the QIP. This is supported by a weekly QIP working group. Membership includes two governors and a representative of Healthwatch Essex.

Towards the end of the year, the Trust published its end of life care strategy for 2016/17, *Good end of life care for all*, which sets our future direction and aims to improve end of life care for patients and those important to them. The strategy is based on the Trust’s values of caring, communication and consistency, developed by our patients and staff as part of the At Our Best programme. We recognise that our patients and their loved ones should be at the centre of everything we do and that end of life care is everyone’s responsibility. The strategy clearly supports this philosophy.

As part of our new approach, the Trust has actively sought help and advice from other organisations. For example, in the second half of the year we worked with the following organisations to drive forward quality improvement and seek best practice:

- Monitor – Improvement Director
- Monitor-led – Quality Improvement Review
- Monitor – governance review
- Monitor and the NHS Trust Development Authority (TDA) – end of life care review
- CQC – end of life care clinical event
- Frimley Health NHS Foundation Trust – end of life care benchmarking and clinical visits
- The Ipswich Hospital NHS Trust – operational and accountability review
- Emergency Care Improvement Programme (ECIP) – clinical engagement event
- ECIP – Jump Start January!
- ECIP – SAFER care bundle implementation.

The Trust would like to thank colleagues from all these organisations as well as those from our commissioners, North East Essex Clinical Commissioning Group (CCG) and Essex County Council who have been involved both in joint working and clear scrutiny.

The Trust is particularly grateful to colleagues from North East Essex CCG who, along with a wide number of external stakeholders, joined some of the Trust's own teams on 3 March to carry out a Quality Improvement Review, which touched virtually every part of the Trust in the same way as September's comprehensive inspection by the CQC.

The feedback session afterwards highlighted some areas which still needed to improve, but the overall message was that the Trust had made significant progress since the CQC inspection six months earlier. Staff were more engaged, more positive, more attentive and more caring. Many departments were said to be very calm, especially the Emergency Department (A&E), and the wards quiet and peaceful. Much evidence was found of clinical and nursing leadership.

The Trust Board remains committed to the primacy that patient safety, patient experience and clinical effectiveness hold within the organisation. The Trust has delivered improvement for patients since the findings of the CQC's September inspection, with a commitment to do whatever is required to ensure that high quality care is delivered to every patient on every occasion.

It is recognised that we have further to go to ensure we deliver consistent improvements that are embedded and we continue to work with stakeholders and partners to take this forward.

As part of this, the Board recognised before Christmas that we needed to find a partner organisation to work with if we were to become clinically and financially sustainable in the next 3-5 years. We opened up early dialogue with Ipswich Hospital and agreed that clinical collaboration was needed to enable both trusts to have a robust future.

The Board also agreed that we should accelerate the joint working to take us to the next step on our quality improvement journey. This work is taking place in 2016/17 with the support of NHS Improvement, which was created on 1 April 2016 bringing together Monitor and the TDA, and the CQC. To ensure we drive this quickly, we are looking to secure effective governance and single decision-making between the two boards.

As has been evidenced nationally, all provider organisations have been affected by increased demand on services. Without an increase in internal resource, this has proved to be challenging. However, the Trust worked hard over the winter to ensure that patients were treated in the right place, at the right time, by the right team, wherever possible. We did not declare an external serious incident this winter but used internal escalation processes to ensure that everyone working at the Trust came together to assure the safety of patients, in sometimes very challenging circumstances.

Recruitment and retention improved in 2015/16, particularly in the second six months, with turnover reducing from 18% to about 14%. On-going external recruitment strategies are helping us to develop into an employer of choice, despite the challenges that we currently face. We are committed to ensuring that once we recruit staff into post, we support them to remain through retention programmes, including a commitment to regular appraisals and development opportunities. Historical turnover in key operational and managerial roles has reduced, and staff have been appointed to deliver on key corporate functions, including workforce, education, clinical governance and quality assurance.

One issue that came up consistently throughout the year was the reluctance of staff to raise concerns. They either felt those concerns would not be listened to or that action might be taken against them for raising issues. As part of our commitment to engage with the concerns and frustrations of staff, we became one of the first 20 or NHS organisations nationwide to appoint a Freedom To Speak Up Guardian. This is a hugely influential step forward for the Trust because it is imperative that we listen and engage with staff, and act at all times on what they tell us.

The year 2015/16 was all about rebuilding confidence and quality, and creating a robust Quality Improvement Plan to help us deliver the best care for our patients. We know from talking to staff and patients and from spending as much time as possible walking the wards and departments that we are providing good care, but we have more to do to ensure that we are providing outstanding care, consistently for all patients at all times. This is the journey staff and I are on together and one which we will succeed at, because we have a committed workforce focused on getting it right for patients.

Progress with our quality priorities identified for 2015/16

Safe Care

- *Healthcare Associated Infections (HCAIs) – work continuously to reduce HCAIs, including:*

The Trust continued to make good progress with controlling and preventing hospital-acquired infections. Rigorous clinical hygiene measures, controls on the prescribing of antibiotics, isolation of infected patients and root cause analysis of cases, supported by learning and implementing changes, had a significant impact.

We will continue our vigilant approach to drive down the incidence of hospital-acquired infections in 2016/17. We will develop strategies for the challenges facing the Trust from emerging resistant gram negative organisms.

The Trust monitored hand hygiene compliance with best practice in all clinical areas every month. Compliance overall remained at 95%-98%.

  - *Achieve Trust target of zero cases of Methicillin Resistant Staphylococcus Aureus (MRSA)*

    MRSA incidence is assessed as cases detected more than 48 hours after admission which are considered to be attributable to an infection acquired in hospital. The Trust's target was to have zero cases. However, there were two cases apportioned to the Trust in the later part of 2015. In the preceding three-year period, there had been zero cases. A post-infection review was carried out for each case and actions taken with a particular focus on peripheral vascular device management which was risk factor identified in both cases

  - *Achieve Trust target of no more than 18 cases of Clostridium difficile*

    Clostridium difficile incidence is assessed as cases detected more than 72 hours after admission which are considered to be attributable to an infection acquired in hospital. The agreed maximum ceiling (based on historic performance) for the Trust was 18 cases. There were 24 cases overall compared to 32 the previous year. Following the Scrutiny panel process with North East Essex Clinical Commissioning Group (CCG), 14 of the cases have been appealed in that there were deemed to be no lapses in key policy which contributed to the acquisition and development of disease whilst in hospital. This has been achieved with the support of the Isolation Unit at Colchester General Hospital and the appropriate management of patients who acquire C. diff or who are in some cases identified as carriers of the organism.

- *Medication and missed doses – to reduce the incidence of medication missed doses by 50% by 31 March 2016*

  The Trust's Pharmacy Department collected data on missed doses in an audit in May 2015. Out of 5,331 doses prescribed over 24 hours, 126 doses (2.4%) were omitted and 98 doses (1.8%) had a blank box. The most recent audit in February 2016 provided the following results: 51 doses were omitted and 49 doses had a blank box. This shows an improvement of 60% on missed doses and 50% on blank boxes.

- *World Health Organisation (WHO) Checklist – achieve compliance with all the Steps for Safer Surgery (briefing, sign in, timeout, sign out and debriefing) using the WHO Checklist as per the 85% benchmark by March 2016*

  The Trust recently commissioned Professor Jane Reid, an eminent lead on safety and culture, to review its operating theatres. The review highlighted areas of exemplary practice and that "*overall the practices and performance engaged in at Colchester, exceeded all that the Reviewer has observed in other Trusts*''. However, it was clear from Professor Reid's report and the observations of CQC inspectors that more work needs to be done to change the culture in our theatres. The Trust put in place a programme to support the cultural changes required through engagement of staff and additional measures to improve the audit and monitoring systems.

Effective Care

- *Improve the process of discharging patients and engaging patients and carers fully in this process by:*

    - *Discharge communication; increase the practice of explaining the discharge summary to patients/carers being discharged by 50% by 31 March 2016*

        During 2015/6 the Trust embarked on implementation of the SAFER flow bundle. In October it was recognised that increased clinical multidisciplinary (MDT) focus was required. The 343 programme was launched, rolling out new practices across Care of the Elderly, Medicine and a surgical ward. A focus point was that of integrated discharge and the key points were:

        - employment of an Associate Director of Integrated Discharge by Anglian Community Enterprise (ACE), Colchester Hospital Trust and North East Essex CCG
        - single referral form combining all services
        - a social worker on every board round
        - senior nurse from ACE and the CCG undertaking "Grand Rounds" to look at complex discharges
        - combined medically fit Patient Tracking List (PTL), supported by daily integrated discharge meeting
        - patients' ticket home
        - using volunteers on Tiptree Ward, a care of the elderly ward, to support patients with their discharge
        - double up handling training delivered by St Helena Hospice, Colchester
        - patient stories introduced at team meetings, meetings of the Trust's board of directors and the North East Essex System Resilience Group
        - reduction in complaints relating to the discharge of patients from the Trust's care of the elderly wards.

    - *Review re-admission data: increase quarterly review with follow-up of agreed actions by all admitting specialties by 31 March 2016*

        A process is in place for a consultant-led weekly review of readmissions. Readmissions are also discussed at clinical governance meetings. Reviews have so far identified possible areas of targeted intervention including reducing elective cancellations and introducing new "semi-elective theatre" lists for patients that present as emergency cases but do not require urgent surgery. The Trust has plans to establish semi-elective lists to ensure that this cohort of patients receive treatment in a more timely manner.

- *Governance – embed clinical governance from ward to board level ensuring 100% compliance with monthly meetings in all divisions and with evidence that actions arising have been followed up after meetings by 31 March 2016.*

    Governance remained a focus for the Trust. It is recognised that the Trust has had challenges in achieving its requirements to consistently and sustainably ensure that risks have been identified and escalated in a timely manner for consideration and action to ensure patient safety in all wards on every occasion. This has been due to a variety of procedural and staffing issues over the year that has resulted in progress being slower than expected or desired.

    Action taken during the year to ensure that staff are clear of their responsibilities in relation to governance is detailed in this report. This will remain an ongoing focus for the Trust in 2016/17, with support provided by external partners.

Patient Experience

- *Cancer pathway – learn from the Retrospective Review of Cancer Care report published in December 2014; establish Trust-wide mechanisms for real-time feedback from cancer patients by 31 March 2016.*

    The Trust has established a Cancer User Group which works alongside staff at a strategic level in obtaining real-time feedback from cancer patients. One of its members is a patient representative on the Trust Cancer Board and Essex Cancer Forum, providing valuable contribution from service users.

    Patients have been involved in designing a new pre-treatment post-diagnosis supportive workshop offered to all newly-diagnosed cancer patients at the Trust. This ensures all patients and carers are aware of the supportive services available to help them throughout their cancer journey.

We held pathway mapping meetings for colorectal, lung, head and neck cancer, and end of life care. Patient representatives were actively involved.

Our Macmillan volunteers took part in a project that started on one of our care of the elderly wards to gain feedback from patients and carers which was fed back to the ward team. The ward is participating in the Macmillan Values Based Standard work to use patient and staff experience to shape the care they provide on the ward. This has resulted in another piece of work where a volunteer will be used to provide additional non-clinical care to patients.

- *Dementia – to demonstrate continuing compliance with the 90% target for each CQUIN measure by 31 March 2016.*

  The Trust has continued to consistently achieve its target of greater than 90% compliance with each CQUIN measured by 31 March 2016. We have already implemented a delirium pathway and developed a delirium training package for staff. The Trust continues to provide a dementia awareness training programme to improve the skills and understanding of clinical staff. The Nurse Consultant for Older People and the dementia care nurse specialists have completed a "train the trainer" course and have established an advanced two-day training workshop for staff which focuses on caring for patients with dementia in an acute health care setting.

  The Nurse Consultant for Older People became the Adult Safeguarding Lead, but retained line management responsibility for the dementia team. This ensured that the delivery of high quality care for dementia patients is integrated with adult safeguarding practice, as part of the Trust's commitment to ensure that vulnerable patients are safeguarded from harm.

- *Complaints – increase the annual percentage of complaint responses meeting agreed timescales by 10% by 31 March 2016*

  In March 2015, the compliance rate was 59.2% but 12 months later it was 70.5%. This demonstrates an increase of 11.3%.

  In November, the Deputy Company Secretary was seconded into the role of Head of Patient Experience. The number of complaints has fallen, responses have become more empathetic, compliance has increased and morale within the corporate teams has significantly improved.

Main priorities of the Trust's Improvement Plan and quality priorities for 2016/17

The more quantitative and specific quality priorities selected by the board for 2016/17 are given in full in the next section of this report. The highlights are below.

The actions the Trust has planned to take following inspections and reviews by Monitor (now NHS Improvement) and the CQC are integrated into an overarching Quality Improvement Plan.

Patient safety highlights

Essential Standards of Care have begun to be rolled out in all inpatient wards. Standards already released have been in relation to medicines management and nutrition and hydration, two areas raised as concerns both internally and by external regulatory review. The Standards focus on the expected minimum levels of quality to be provided so that risks to patient safety are mitigated. The third standard in a series of 12 will be launched early in 2016/17 related to the safe handover of care. In addition to these clinical standards, further patient safety work will include:

- mandatory training in high quality incident reporting and investigation. This will ensure all staff are provided with the knowledge to not only know how to report incidents via our Datix electronic incident reporting system, but also ensure they are reported in line with national best practice standards

- on-going training in risk management standards, with a migration of all risks onto the newly-upgraded risk management module that will allow for a more robust analysis of risks across the Trust. This will support robust action when risks are identified early

- continued commitment to ensuring the Trust meets its target in relation to healthcare-associated Infections (HCAIs) – zero for MRSA and 18 for Clostridium difficile

- zero tolerance for missed medication doses that do not have a clinical reason identified in line with the priorities set for 2016/17

- new training has begun in Root Cause Analysis that will reset the quality standard and be used across all investigation types.

Clinical effectiveness highlights

Following a review by Monitor in relation to governance practice, the Trust accepted all its recommendations to ensure that effective and efficient systems were in place to support staff in delivering their requirements in relation to quality. This has included:

- a review of governance structures to ensure that the three key domains for patient safety, patient experience and clinical effectiveness are at the forefront of delivery

- a quality assurance and compliance function has been developed within the Trust to ensure that activities related to the delivery of quality is assured internally through the review of evidence.

Additional activities which have started and will continue include:

- promulgation of the peer review programme (relaunched in March 2016) across the Trust, based on methodologies utilised by the CQC and NHS Improvement during their external reviews
- ongoing improvement related to discharge communication and explanation to patients to ensure they are fully aware of further plans of care
- review of re-admission data and actions to bring about improvements
- continued embedding of ward to board governance, which has not yet been realised. The focus will be on ensuring standardisation of agendas and the development of service level and ward level meetings.

Patient experience highlights

The Trust is committed to engaging better with patients and the public in the development of its services. We have already committed to a new governance structure, focused solely on patient experience, with a commitment for a new non-executive director led sub-committee to be formed – the Patient and Public Involvement Committee.

- a review of the Trust's complaints policy will ensure that patients and relatives receive ongoing communication in relation to investigations and continue to increase compliance with agreed timescales for completion.

- ensure the Dementia Strategy is implemented with ongoing improvement in seeking feedback from carers

- development of regular "In Your Shoes" events to help reinforce the values and behaviours set through the Trust's At Our Best programme.

Conclusion

The Trust has faced a challenging year in which we received two main visits from the CQC, the second of which was a full inspection, resulting in an overall rating of ''inadequate''. The Trust already had an overall "inadequate" rating and by the end of the year had been in special measures for nearly 2½ years.

Two Section 31 warning notices were removed during the year, showing improvement to care but two more were issued, representing a lack of consistency in our quality.

The Trust set out a clear plan for improvement and staff can proudly point to improvements in all areas. However, we recognise that to move to the next phase and embed improvements we need to work with a partner organisation. The Board, under the leadership of Frank Sims, recognised that to achieve clinical and financial sustainability we had to work in collaboration with other providers and the Trust has now entered into a formal process to take this forward.

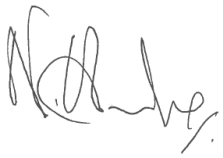
The Trust continues to benefit from superb support from the local population, the media, the third sector, our governors, volunteers, various "Friends" groups and many other stakeholders. Staff morale in general held up well under the intense scrutiny of regulators and others. The efforts of staff to respond to regulatory criticism and to help keep our patients safe and cared for is epitomised in the Trust's motto of "Caring with Pride", the cultural sense of striving to be "At Our Best" in everything we do and the organisation's vision – "We will make the Trust the most caring health care provider". We have worked hard to listen more to patient and support group concerns, learn from feedback and look outward for ideas, benchmarks and best practice.

We believe that increasingly close clinical working between the Trust and Ipswich Hospital will drive innovation and be successful in helping to build a sustainable set of services for the diverse communities served. In addition, we

hope that the working relations of the hospitals, primary care, community care, mental health and social care, will become increasingly integrated and collaborative.

Thank you to everyone who has supported the Trust through another difficult year and we look forward to you continuing to do so as our services evolve.

I can confirm that, to the best of my knowledge, the information in this document is accurate.



Nick Hulme

Chief Executive

26 May 2016

Priorities for improvement and assurance statements

Detailed reports against specific indicators for quality improvement for 2015/16 are on page 48 of this report.

Priorities for improvement 2016/17

The Trust plans to review the priorities for improvement identified below as part of the next phase of its Quality Improvement Plan. In order to provide greater assurance to support the ongoing work within the improvement programme and to provide a stronger link between "business as usual" and regulatory assurance work streams, including those priorities required to assure the Trust Board, the following priorities for improvement in 2016/17 have been identified. These are structured under the three main headings of patient safety, patient experience and clinical effectiveness.

Patient safety

- healthcare-related infections
  - No cases of MRSA bacteraemia
  - No more than 18 cases of C. diff
- reduction in missed doses of medication for non-clinical reasons by 50% by 31 March 2017
- WHO checklist – achieve compliance with all steps for safer surgery (briefing, sign in, timeout, sign out and debriefing) using the WHO checklist as per the 100% benchmark by 31 March 2017
- more than 95% of serious incident investigations will be completed within the correct timescale and 100% of serious incident investigations will evidence all aspects of the duty of candour having been undertaken.

Patient experience

- the percentage of admitted patients where My Care Choices is accessed will be more than 85%
- achieve results in upper quartile for the NHS Friends and Family Test across all services
- more than 90% of complaints will be responded to within time
- more than 95% of patients will receive information about their condition when they are discharged from hospital
- patients will wait no longer than six weeks for their first outpatient appointment.

Clinical effectiveness

- reduce HSMR to below 100
- mortality case review of all deaths by clinical teams
- VTE assessment: above 95% compliance
- quarterly review of readmissions by each specialty.

The priorities identified for 2016/17 will be monitored monthly by the Board of Directors, through reports from central governance groups (Patient Safety Group, Patient Experience Group and Risk & Compliance Group), Board Assurance Committees and also via the Quality Improvement Committee, with specific responsibility to provide assurance to the Board in relation to the delivery of the Quality Improvement Programme, of which these metrics form a part.

Statements of assurance from the Board

Provided or sub-contracted services

During 2015/16 The Trust provided and/or sub-contracted 68 relevant health services.

The Trust has reviewed all the data available on the quality of care in 68 of these relevant health services.

The income generated by the relevant health services reviewed in 2015/16 represents 100% of the total income generated from the provision of relevant health services by The Trust for 2015/16.

National clinical audits, national confidential enquiries

National clinical audits and national confidential enquiries are tools that NHS organisations use to assess the quality of services provided against the best available evidence-based guidance and standards.

At the Trust we undertake many clinical audits. We participate in all national audits which are applicable to the organisation. This allows us to benchmark against other hospital trusts in England. We also have a programme of local clinical audits to improve local areas of care.

In 2015/16, 45 national clinical audits and four national confidential enquiries covered relevant health services that the Trust provides.

We participated in 73% of the national clinical audits and 100% of the national confidential enquiries we were eligible to take part in. See Table 1 on the next page.

The national clinical audits and national confidential enquiries that The Trust was eligible to participate in during 2015/16 are as follows:

Table 1: A list of the national clinical audits that the Trust was eligible to participate in and did participate in.

No.	National Clinical Audit	Eligible	Participated
1	Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	Y	Y
2	Bowel cancer (NBOCAP)	Y	Y
3	Cardiac Rhythm Management (CRM)	Y	Y
4	Case Mix Programme (CMP)	Y	Y
5	Child health clinical outcome review programme	Y	Y
6	Diabetes (Adult) - National Diabetes Footcare Audit	Y	Y
7	Diabetes (Adult) - National Pregancy in Diabetes Audit	Y	Y
8	Diabetes (Adult) - National Diabetes Inpatient Audit	Y	Y
9	Diabetes (Paediatric) (NPDA)	Y	Y
10	Elective surgery (National PROMs Programme)	Y	Y
11	Emergency Use of Oxygen	Y	Y
12	Falls and Fragility Fractures Audit Programme (FFFAP)	Y	Y
13	Inflammatory Bowel Disease (IBD) programme	Y	Y
14	Major Trauma: The Trauma Audit & Research Network (TARN)	Y	Y
15	Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK)	Y	Y
16	Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Y	Y
17	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	Y	Y
18	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	Y	Y
19	National Comparative Audit of Blood Transfusion programme	Y	Y
20	National Complicated Diverticulitis Audit (CAD)	Y	Y
21	National Emergency Laparotomy Audit (NELA)	Y	Y
22	National Heart Failure Audit	Y	Y
23	National Joint Registry (NJR)	Y	Y
24	National Vascular Registry	Y	Y
25	Neonatal Intensive and Special Care (NNAP)	Y	Y
26	Oesophago-gastric cancer (NAOGC)	Y	Y
27	Paediatric Asthma	Y	Y
28	Renal replacement therapy (Renal Registry)	Y	Y
29	Procedural Sedation in Adults (care in emergency departments)	Y	Y
30	Rheumatoid and Early Inflammatory Arthritis	Y	Y
31	Sentinel Stroke National Audit Programme (SSNAP)	Y	Y
32	Vital signs in Children (care in emergency departments)	Y	Y
33	VTE risk in lower limb immobilisation (care in emergency departments)	Y	Y
34	*Adult Asthma*	Y	N
35	*Intra-thoracic transplantation (NHSBT UK Transplant Registry)*	Y	N
36	*Liver transplantation (NHSBT UK Transplant Registry)*	Y	N
37	*Lung cancer (NLCA)*	Y	N
38	*National Cardiac Arrest Audit (NCAA)*	Y	N
39	*National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme*	Y	N
40	*National Ophthalmology Audit*	Y	N
41	*National Prostate Cancer Audit*	Y	N
42	*Non-Invasive Ventilation - adults*	Y	N
43	*Paediatric Pneumonia*	Y	N
44	*UK Cystic Fibrosis Registry*	Y	N
45	*UK Parkinson's Audit (previously known as National Parkinson's Audit)*	Y	N
No.	**National Confidential Enquiries**	**Eligible**	**Participated**
1	Mental Health	Y	Y
2	Acute Pancreatitis	Y	Y
3	Sepsis	Y	Y
4	Gastrointestinal Haemorrhage	Y	Y

*NB.: Regarding PROMs programme - the Trust submission figures are reliant on patients completing and returning questionnaires.

The national clinical audits and national confidential enquires that the Trust participated in and for which data collection was completed during 2015/16 are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

No.	National Clinical Audit	Percentage of cases submitted against the number of registered cases required by the terms of that audit or enquiry
1	Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	100%
2	Bowel cancer (NBOCAP)	Unknown
3	Cardiac Rhythm Management (CRM)	100%
4	Case Mix Programme (CMP)	100%
5	Child health clinical outcome review programme	No submission required 15/16
6	Diabetes (Adult) - National Diabetes Footcare Audit	0%
7	Diabetes (Adult) - National Pregancy in Diabetes Audit	Unknown
8	Diabetes (Adult) - National Diabetes Inpatient Audit	100%
9	Diabetes (Paediatric) (NPDA)	100%
10	Elective surgery (National PROMs Programme)	Partial submission
11	Emergency Use of Oxygen	100%
12	Falls and Fragility Fractures Audit Programme (FFFAP)	66%
13	Inflammatory Bowel Disease (IBD) programme	25%
14	Major Trauma: The Trauma Audit & Research Network (TARN)	75%
15	Maternal, Newborn and Infant Clinical Outcome Review Programme (MBRRACE-UK)	100%
16	Medical and Surgical Clinical Outcome Review Programme, National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	85%
17	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme - secondary care	Unknown
18	National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme - Pulmonary rehabilitation workstream	Unknown
19	National Comparative Audit of Blood Transfusion programme	100%
20	National Complicated Diverticulitis Audit (CAD)	Unknown
21	National Emergency Laparotomy Audit (NELA)	100%
22	National Heart Failure Audit	100%
23	National Joint Registry (NJR)	100%
24	National Vascular Registry	34%
25	Neonatal Intensive and Special Care (NNAP)	100%
26	Oesophago-gastric cancer (NAOGC)	100%
27	Paediatric Asthma	100%
28	Renal replacement therapy (Renal Registry)	Unknown
29	Procedural Sedation in Adults (care in emergency departments)	100%
30	Rheumatoid and Early Inflammatory Arthritis	Unknown
31	Sentinel Stroke National Audit Programme (SSNAP)	50%
32	Vital signs in Children (care in emergency departments)	100%
33	VTE risk in lower limb immobilisation (care in emergency departments)	100%
34	*Adult Asthma*	Nil
35	*Intra-thoracic transplantation (NHSBT UK Transplant Registry)*	Nil
36	*Liver transplantation (NHSBT UK Transplant Registry)*	Nil
37	*Lung cancer (NLCA)*	Nil
38	*National Cardiac Arrest Audit (NCAA)*	Nil
39	*National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme*	Nil
40	*National Ophthalmology Audit*	Nil
41	*National Prostate Cancer Audit*	Nil
42	*Non-Invasive Ventilation - adults*	Nil
43	*Paediatric Pneumonia*	Nil
44	*UK Cystic Fibrosis Registry*	Nil
45	*UK Parkinson's Audit (previously known as National Parkinson's Audit)*	Nil

No.	National Confidential Enquiries	Percentage of cases submitted against the number of registered cases required by the terms of that audit or enquiry
1	Mental Health	80%
2	Acute Pancreatitis	80%
3	Sepsis	100%
4	Gastrointestinal Haemorrhage	80%

The reports of two national clinical audits were reviewed by the provider in 2015/16. The Trust intends to take the following actions to improve the quality of health care provided:

No.	National audit	Descriptions of actions
1	National Emergency Laparotomy Audit (NELA)	Disseminated to the clinical team
2	Case mix programme (CMP)	Presented at local governance meetings

The reports of 52 local clinical audits were reviewed by the provider in 2015/16 and the Trust intends to take the following actions to improve the quality of health care provided

Medical Division		
No.	**Audit**	**Description of actions**
1	Radio-iodine administration in benign thyroid disease	To regularly use beta-blockers in patients receiving radio-iodine. To arrange post- radio-iodine follow-ups to be within recommended 6-8 weeks. Plans for re-audit: 12 months.
2	Effective referrals	In case of referral changes within specialties, email to be sent to all concerned to notify of changes. If changing the fax number, even for a day, switchboard needs to be notified. Each specialty should make arrangements to ensure it tries and sees the Friday referrals on the same day. If not, an arrangement should be made to ensure these are seen on Monday and not Tuesday. Case specific/individual specialty specific needs to be discussed. In some cases advice can be given to change the referral to an outpatient referral. Transportation facilities to take patients to Essex County Hospital may prove cost-effective. Plans for re-audit: three months.
3	DVT pro forma completed and if anticoagulant needed, is it prescribed?	Continue with practice and re-audit. Ensure that computer access is given to everyone in EAU as the DVT pro formas are done online. Locum doctors should have a temp pass to be able to do the pro formas. Continue with junior doctors' education about the importance of DVT prophylaxis.
4	Diagnostic use of brush cytology during ERCP in the assessment of pancreatico-biliary stricture	No actions required
5	Giant cell arteritis pathway	Re audit following pathway implementation.
6	Catheter insertion in the elderly	Infection Control to determine feasibility of changes to catheter passport to have reminders for daily reviews. Remind doctors and nursing staff of catheter removal at daily board/ward rounds. Continue with junior doctors' education about the importance of DVT prophylaxis. Inform junior doctors and consultants of correct indications for catheter insertion and reviews.
7	Vascular access audit for dialysis patients	Presentation at the renal governance meeting
8	Assessing the impact of the Early Supported Discharge Team at Colchester Hospital Trust	Aim to present results at local/national meeting in one year
9	Mortality audit	No actions required
10	Oxygen prescribing in acute medical wards	Junior doctors education on oxygen prescribing. Oxygen compliance to be analysed at monthly ward governance meetings. Daily review of drug charts on ward rounds. Modify oxygen prescribing section on drug cards.
11	Acute upper GI bleed	Present findings at the next local audit meeting. Trial our pro forma in Emergency Assessment Unit (EAU) for two

		months and evaluate results again to see whether improvements have happened.
12	Prescribing of antipsychotics in patients with dementia- Re-audit	Communicate with GP on discharge letter re antipsychotics /benzodiazepines

Surgery Division		
No.	**Audit**	**Description of actions**
1	The use of TLSO (thoracolumbar sacral orthosis) bracing in non-operatively treated spinal fractures	Fast track TLSO brace (Physiotherapist). Start Clexane earlier (Clinical Team).
2	Retrospective study of peri-operative and post-operative complications of nephrectomies and clinical outcomes	Share findings at multidisciplinary team meeting
3	Day surgery rates for tonsillectomy	Circulate the day case guidelines to the admissions team so patients suitable for day case procedures are booked on morning theatre lists. Ensure clinicians in outpatient clinics are aware of day case guidelines so they are confident who can be listed for day case procedure. Ensure junior doctors and nursing staff are aware of the day case guidelines so they know who can be discharged and at what time.
4	Audit to see sepsis screening tool compliance in critical care admissions - and use of Sepsis Six interventions	Further education – completion of e-learning
5	The use and effect of anaesthetic agents used in theatre	To present findings. To educate ODPs on isoflurane
6	DVT prophylaxis in lower limb fractures	No actions required
7	Good medical note keeping in T&O	Medical team were updated about the importance of the above entries during the audit meeting
8	Radical prostatectomy in high-risk prostate cancer	Recruitment into radical trials
9	Routine post-operative bloods check in TURP (Transurethral Resection of Prostate) patients	Outcome of audit to be disseminated to all clinical staff. Laminated signs to be put up on the ward, doctors' office and theatres (Theatre 3 and Theatre 12).
10	Tonsillectomy haemorrhage audit	Introduction of local policy for cold steel to be the preferred tonsillectomy technique for specialist registrars and trainees. Consultant and associate specialists who use electro surgery to audit their individual haemorrhage rates, ensuring their rates are not higher than local cold steel haemorrhage rates.

Cancer and Clinical Support Services		
No.	**Audit**	**Description of actions**
1	Open access follow-up service for breast patients	Alter workshop format along with working party. Ensure patients understand rationale for OAFU. Ensure all patients have the opportunity to discuss all topics relevant to them from their individualised holistic assessment and provide information as required.
2	Brachytherapy service	Formulate a new patient information leaflet for patients completing gynaecology brachytherapy. Request service manager to raise car park issues with Trust management. Women to be given a choice if practical as to whether to see the Brachytherapy Suite or plan and treat at first insertion. Sensitivity to patients' concerns about Colchester Hospital being in special measures by endeavouring to deliver treatment excellence to each patient in a manner that engenders confidence in the Trust.
3	Bereavement survey (care of the dying evaluation survey)	No actions required
4	Foundation doctors' knowledge of radiation legislation and exposure	Share the findings locally and present at a national conference
5	Review of coding practices of interventional procedures on the Radiology Information System	Staff education. Dissemination of findings within the department. Liaison with theatre and Coding Department

Women's and Children's Services Division		
No.	**Audit**	**Description of actions**
1	Reconciliation forms	Staff education
2	Postnatal VTE prophylaxis after vaginal delivery	Staff education
3	Post-partum haemorrhage	Redesign pro forma. Investigate provision of O negative blood on Delivery Suite
4	Re-audit (bronchitis admissions and statistics) RSV and Palivizumab	Continue present arrangement of providing Synagis immunisation, teaching parents on the Children's Ward, Children's Assessment Unit and Neonatal Unit. Modify the information leaflet. Abstract of the presentation to CCG
5	Paediatric sleep studies	No actions required
6	Paediatric sepsis audit	Adapting the paediatric sepsis pro forma
7	Management of jaundice on the postnatal ward	Pathway designed for midwives
8	Assessment and clinical management of children aged >2 yrs presenting with acute asthma to Colchester Hospital Trust	Risk analysis of compliance with NICE. Quality Standard 25
9	Neonatal jaundice	No actions required
10	Management of hypoglycaemia of the new-born	
11	Use of antenatal corticosteroids in pre-term labour	Re-audit following implementation of Medway
12	Use of antenatal corticosteroids in pre-term labour – Re-audit.	Continue with maternity Medway training
13	ADHD best practice audit	To look into the transition process
14	Are BHIVA guideline targets being followed at Colchester?	Plan to re-audit
15	Are BHIVA guideline targets being followed at Colchester Re-audit?	For local discussion

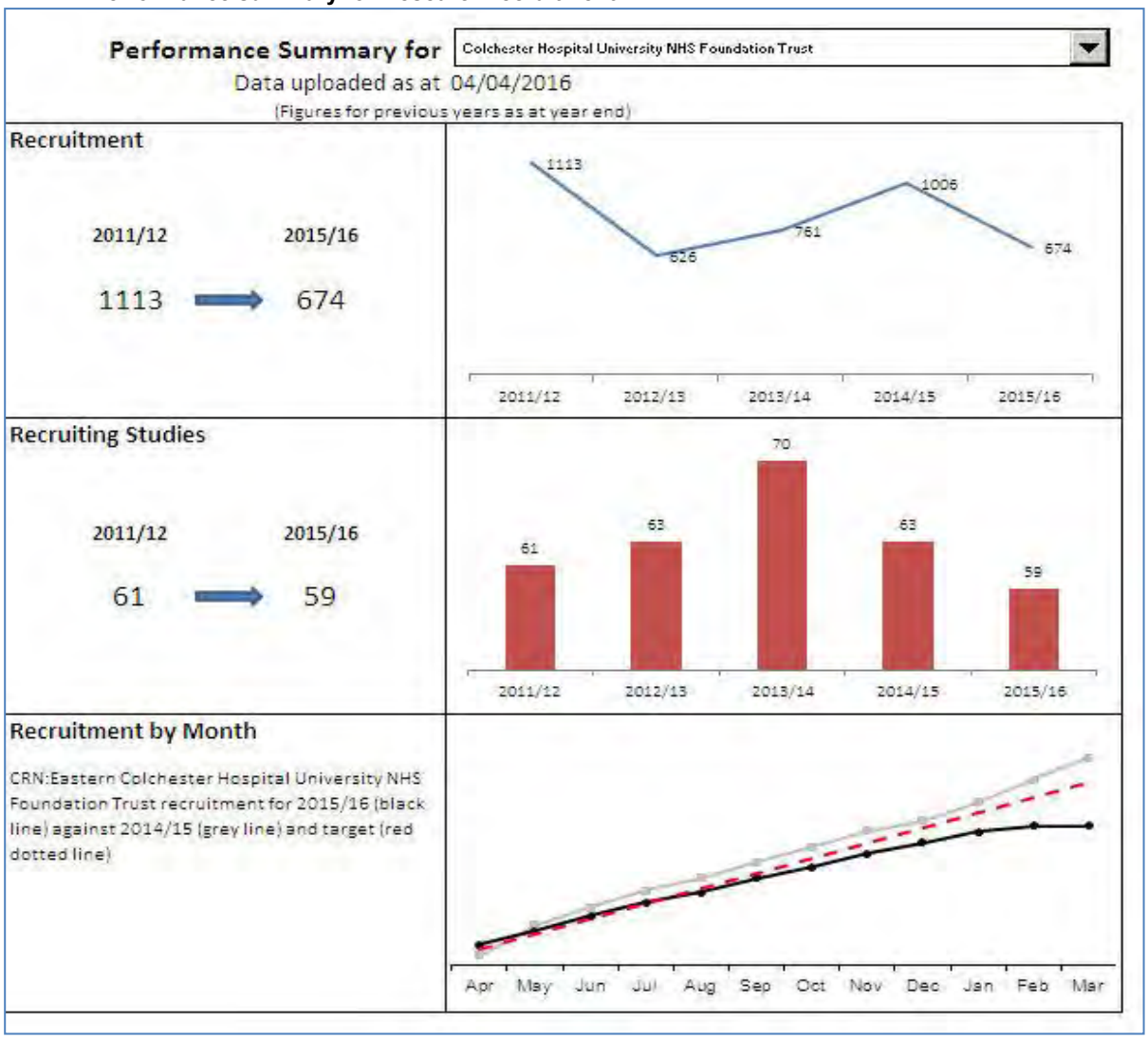
Urgent Care Division		
No.	**Audit**	**Description of actions**
1	Fractured neck of femur audit-meeting CEM clinical standards	A Multidisciplinary Team approach is needed - awareness of the time urgency with NOF patients must be increased among HCAs, nurses, porters, doctors and radiographers. NOF patients should be prioritised like septic patients. Haemodynamically stable patients should go straight to X-ray post analgesia and IV access. Teaching/email should be sent to all members of staff in Emergency Department before 28 August. Prospective re-audit for 10 patients in the first week of September to ensure targets are being met post email. If not, verbal reminders to be given at staff meetings. This should then be followed by a retrospective collection of data for 50 patients before December 2015
2	Management of suspected C-spine injuries in the ED	Ensure current juniors use head injury pro forma as prompt to assess c-spine injury – reminder at SHO teaching. Ensure c-spine injury assessment is part of the junior doctors' induction sessions. Encourage use of CEM c-spine flow chart in department by having laminated copies with guidelines in majors and minors
3	Management of COPD in the ED	No actions required
4	Re-audit analgesia times for paediatric patients in the ED	Raising awareness of audit results. Audit presentation emailed to paediatric nurses in charge. Raising awareness of clinical standards. Informed nurses in charge of clinical standards by RCEM - forwarded to staff
5	Clinical Decisions Unit audit	Protocol completion until re-audit. Protocol improvement until re-audit
6	Thromboprophylaxis in lower limb POP	Presentation of findings at audit meeting. Action completed. Posters in POP room.
7	VTE prophylaxis in EAU	Clarification needed from Haematology and expressed to prescribers regarding procedure for patients with CrCl<30ml/min and patients with weights <50kg and >100kg. All patients must be assessed and prophylaxis prescribed properly - consultant post-take ward round signature checklist and junior doctors induction training. Hospital screensavers//email regarding anti-embolic stocking prescriptions. Produce a patient information leaflet regarding VTE prophylaxis/mobilisation and hydration. EAU staff members to be informed of importance of weighing patients. Consider weighing scales in each bay
8	Biochemistry + haematology turnaround times in the ED	Re-location of biochemistry lab to onsite facilities. Pod system to expedite transfer of samples to lab
9	Abdominal USS in the ED	No actions required
10	Management of anaphylaxis/allergic reactions in ED and CDU	Increase awareness of anaphylaxis guidelines. Email to all ED staff, posters around ED

The number of patients receiving relevant health services provided or sub-contracted by the Trust and reported on the National Institute of Health Research (NIHR) Open Data Platform was 674*.

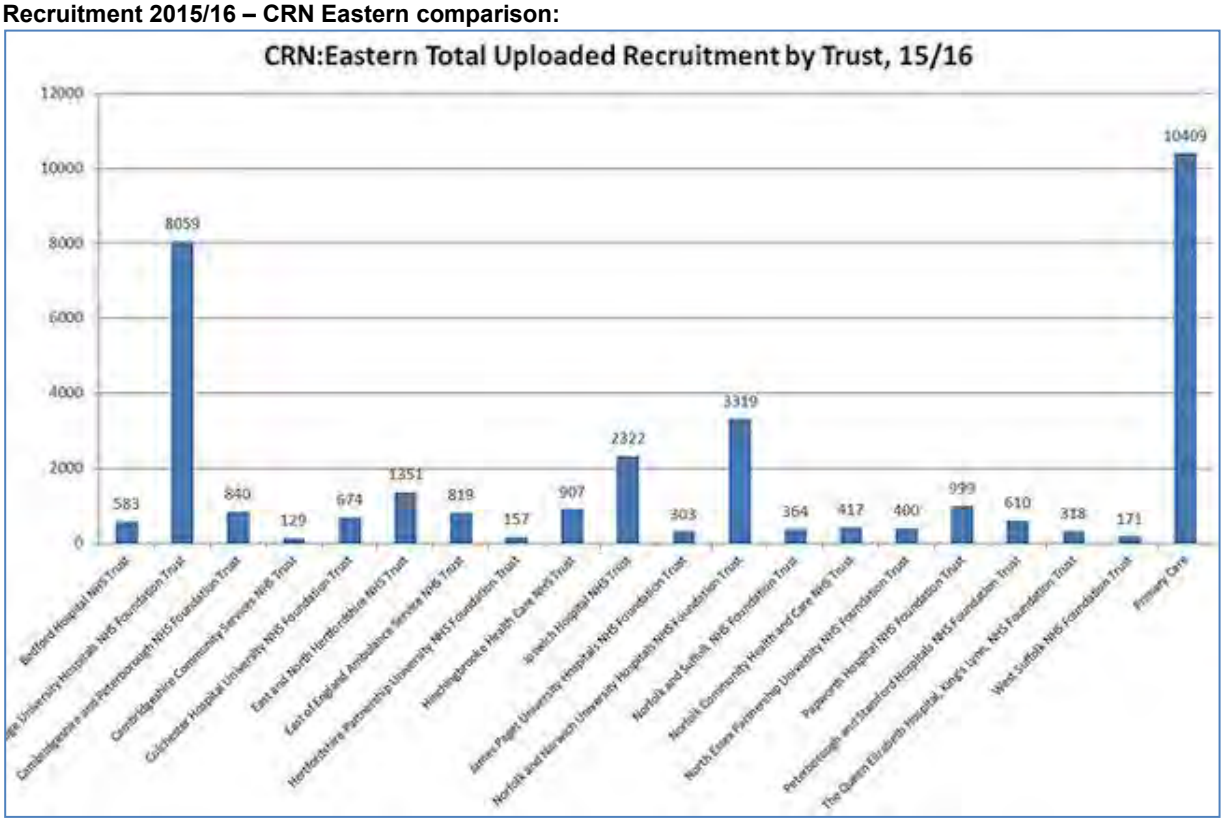
The Trust is reported as recruiting 674* (local figures report 732 participants) into portfolio studies for 2015/16. The Trust remains a member of Clinical Research Network (CRN) Eastern and is required to deliver research across the six clinical divisions as defined by the NIHR local clinical research network structure, comprising 30 specialties.

The Trust is committed to research activity in all specialties that have access to inpatients. An increase in recruitment activity can be achieved only once all clinical services and workforce embed research into their day-to-day duties.

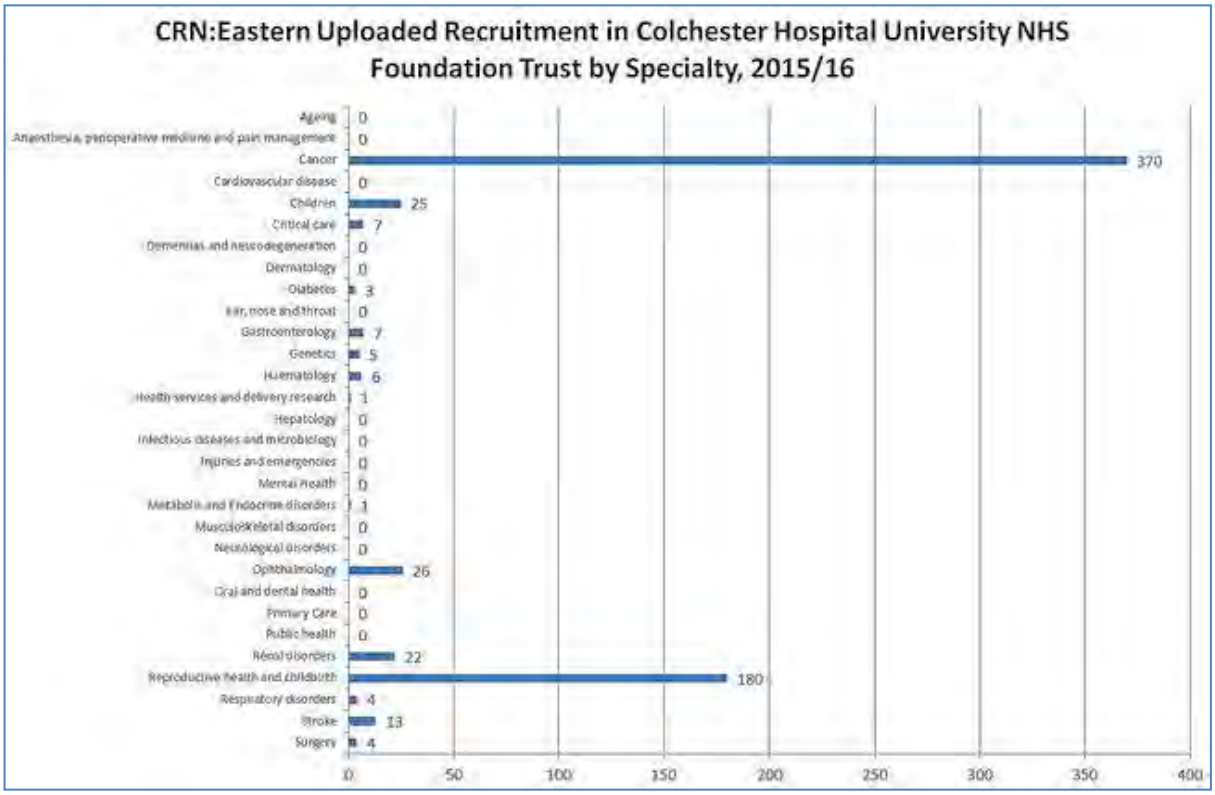
Performance summary for Research recruitment:



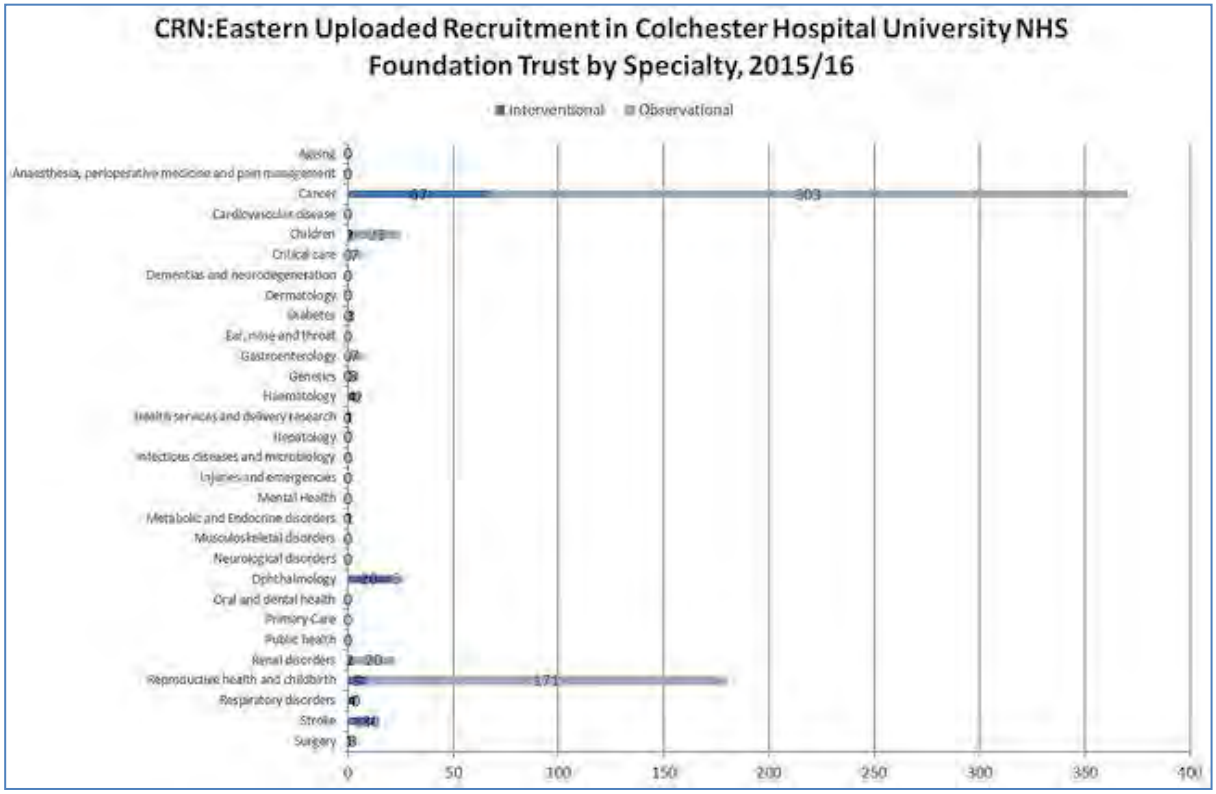
Recruitment 2015/16 – CRN Eastern comparison:



Recruitment 2015/16 – Breakdown by specialty:



Recruitment 2015/16 – Interventional vs. Observational:



CQUINS

A proportion of the Trust's income (approximately 2.5% of actual outturn) was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the commissioning of quality and innovation (CQUINS) payment framework.

The monetary total of income in 2015/16, based on plan and conditional on achieving CQUIN goals, was approximately £5.7m compared with about £5.5m the previous year. The national CQUINs for 2015/16 are available via www.england.nhs.uk/nhs-standard-contract/15-16 and were supplemented with locally defined schemes. The schemes were:

- acute kidney injury
- sepsis screening
- dementia and delirium
- urgent care
- workforce/organisational development
- perinatal mental health
- Safer Patient Flow Bundle
- clinical audit
- QIPP optimisation
- neonatal unit admissions
- NICE DG10 compliant test
- dental dashboard.

At the time of writing, the agreed schemes for 2016/17 are:

- sepsis
- staff health and wellbeing (option B)
- antimicrobial resistance
- end of Life
- perinatal mental health

- Consultant Connect
- dose banding
- Neonatal Intensive Care Unit (NICU) – hypothermia
- NICU – two-year follow-up
- armed forces health policy
- dental dashboard.

Trust registration status

The Trust is required to register with the CQC and its current registration status is registered with conditions.

As at the date of publication of this report, there are three Section 31 notices and a Section 29A warning notice against the Trust. The Trust has been in special measures since 2013. The Trust continues to work with the CQC and stakeholders to address the concerns raised by the CQC.

The Trust has the following conditions of registration:

S31 notice relating to EAU

This was issued in January 2015 following an unannounced visit and remained in force throughout 2015/16. This placed seven conditions on the Trust:

- the Trust must ensure that the EAU, which incorporates the GP triage referral area, is staffed by a sufficient number of suitably qualified, skilled and experienced staff. The organisation must carry out an assessment of the acuity of all patients using a nationally recognised acuity tool in order to determine the number of staff of suitable qualification, skill and experience to meet the needs of all patients and that assessment is undertaken at least once per shift
- patients attending the GP triage referral area are to remain there for no more than 12 hours
- the Trust may use some of the existing beds to cohort patients with a defined level of care of 2 in accordance with the Intensive Care Society's guideline Levels of Critical Care for Adult Patients (revised 2009) in an appropriately staffed area
- the Trust must ensure that the beds outlined above are staffed in accordance with the Intensive Care Society's guideline Core Standards for ICU 2013 to ensure that staffing levels in the cohorted area are safe
- the Trust is permitted to use these beds flexibly to meet demand on the EAU. Where the demand for level 2 beds is low, the organisation is permitted to use these beds for patients with a lower acuity and dependency need. However, the provider must ensure that patients with level 2 needs are cohorted in this area as a priority
- the Trust must ensure that only those beds remain open in respect of which the required level of staffing can be provided, and no further beds open if care at the appropriate level can no longer be provided for patients on the unit to ensure the safety of patients
- the Trust shall, as soon as is reasonably possible and in any event by 4pm on 28 January 2015, describe the system operated by the Trust is operating its EAU at Colchester General Hospital so as to comply with these conditions. The Trust must send the CQC twice weekly updates.

Section 31 notice relating to A&E

The notice originally served in January 2015 was removed in October 2015 when the CQC identified improvements. A visit by the CQC in April 2016, however, resulted in a new Section 31 notice being issued to the Trust, with eight conditions:

- the Trust must operate an effective system which will ensure that patients attending A&E are streamed to appropriate patient pathways
- "streaming" will be undertaken in such a manner as to comply with the guidance issued by the College of Emergency Medicine and others in their Triage Position Statement dated April 2011 or such other recognised professional processes or mechanisms as the Trust commits itself to
- the Trust will ensure that there are a sufficient number (based on demand) of suitably qualified, skilled and experienced nurses to support the streaming of patients into the pathways referred to above
- for all patients being assessed in the streaming process, the Trust will ensure that:
    - there is an accurate record of where the initial clinical assessment is commenced for each patient and by whom the assessment is being undertaken
    - there are recorded observational audits of the streaming and assessment process to ensure that the recording of times is accurate

- the Trust must operate an effective process to rapidly assess and treat (RAT) patients brought in by ambulances who are waiting in the corridors and in the ambulances and who are not able to be seen in the main A&E department designated RAT cubicles due to capacity constraints
- the Trust will ensure that there are a sufficient number (based on demand) of suitably qualified, skilled and experienced nurses and/or doctors placed in the corridor/ambulance area to ensure that patients receive care by a clinical decision maker at the earliest opportunity
- the Trust will ensure that there is an effective escalation process in place for staff in the streaming area at the front door of the A&E department, and in the ambulance waiting area to fast track patients who clinically present as unwell, are unstable or have a recognised early warning trigger score through to the main department to receive clinical intervention within an appropriate timeframe
- the Trust shall, as soon as is reasonably practicable and in any event by 5pm on 8 April 2016, describe the system operated by the Trust within its A&E Department at Colchester General Hospital so as to comply with the standards set out in conditions. The Trust must send the CQC twice weekly updates in this respect from week commencing 18 April 2016.

Section 31 notice in relation to theatres

This notice was also served in April 2016, following a CQC visit, and placed three conditions on the Trust:

- the Trust must operate an effective audit and monitoring system that provides accurate assurance that the safer surgery checklist is being consistently carried out in accordance with the recommendations of the World Health Organisation Safer Surgery Checklist (2016) and the NHS Central Alert System
- the Trust must ensure that there is a clearly identifiable executive lead, clinical lead, nursing lead and service manager lead for the implementation of the above system, so as to demonstrate lines of accountability and reporting
- the Trust shall, as soon as is reasonably possible and in any event by 5pm on 8 April 2016, describe the system operated above and send the CQC weekly updates in this respect from week commencing 18 April 2016.

Further and in relation to the above, the Trust has established a Quality Improvement Plan. This is monitored, managed and measured weekly by the executive and senior divisional teams, with a new sub-committee of the Board implemented to monitor and drive progress.

CQC inspections

The Trust has participated in special reviews or investigations by the CQC relating to the following areas during 2015/16 as evidenced below:

The CQC carried out an announced comprehensive inspection of the Trust 15-18 September 2015. The CQC rated the Trust as inadequate overall as there was a lack of management oversight and robust governance systems in place to address the concerns the regulator found during its inspection. The CQC did however report that the Trust-employed staff were highly motivated and were working through many issues to drive improvements locally.

The inspection was part of the regular CQC inspection programme to follow up on previous inspections of the Trust because it remained in special measures. The Trust was placed into special measures in November 2013 and was fully inspected in May 2014 when it was given an overall rating of requires improvement. The only inadequate rating was given for the CQC's well-led domain. Further inspections of Colchester General Hospital were undertaken in response to concerns raised by CQC in November and December 2014 and in July 2015 where urgent enforcement action was taken by the regulator. Following the November and December 2014 inspection, the rating for the Trust overall was downgraded from requires improvement to inadequate.

The ratings following the September 2016 inspection are given below:

Service level breakdown is below:

Overall rating	Inadequate	
Urgent and emergency services	Required improvement	
Medical care	Requires improvement	
Surgery	Inadequate	
Critical care	Requires improvement	
Maternity and gynaecology	Requires improvement	
Services for children and young people	Good	
End of life care	Inadequate	
Outpatients and diagnostic imaging	Inadequate	

Risk Summit – August

A Risk Summit was held with regulators, commissioners and partners to provide greater clarity about who was responsible for identifying and responding to failures in quality. This was to enable clarity of roles and responsibilities in order to drive the required quality improvements across the Trust.

Progress to date

Section 31 notices are warning notices informing an organisation that it is not complying with a condition of its registration. At the end 2014 the CQC imposed two such notices on the Trust following an inspection of the A&E department and EAU in November and December 2014. However, following its inspection in September 2015, the CQC reviewed the evidence and found our processes were safe and appropriate. The regulator recognised that improvements had been made which reduced the risk of harm to patients and the Section 31 notice that related to the A&E Department was removed on 29 October. The hard work continues in ensuring we remain fully compliant with the requirements of the Section 31 notice for EAU, which remains in place.

Following two further unannounced inspections in July, the CQC imposed a third Section 31 notice in relation to the induction of staff in clinical areas. The Trust responded promptly and robustly in undertaking new practices to ensure patients remain safe in addressing this area of concern. This Section 31 notice was removed on 6 October.

In December the Trust was issued with a further warning notice covering nine areas that require significant improvement. A CQC follow-up visit in April 2016, focusing on A&E, Surgery, Medical Care and End of Life care, concluded that the Trust had not made sufficient progress in a number of key areas and the regulator continued to have significant concerns about the completion of the Five Steps to Safer Surgery checklist, a continuing lack of awareness over when to place a patient on the individual care plan for the last days of their life and leadership in A&E. Two Section 31 letters were issued, in relation to A&E and the Surgery checklist.

Due to the CQC's concern over the lack of consistent and safe practice, the Trust is working with NHS Improvement to establish a credible plan for a long-term partnership with The Ipswich Hospital NHS Trust.

A Trust Quality Improvement Plan was developed and became effective from 23 February. This plan incorporates areas highlighted by the CQC that require significant improvement as well as other areas where the Trust recognises it needs to do better. The published CQC report can be found on its website: www.cqc.org.uk/location/RDEE4 .

Actions planned and improvement programme summary

The Trust had made the following progress by 31 March 2016 in taking such action:

The Trust-wide Quality Improvement Plan, which was effective from 23 February, incorporates the following:

- residual actions from the 2015 Trust-wide Improvement Plan
- actions carried forward from the Preliminary Improvement Plan (PIP)
- feedback from staff Ask and Act sessions

- feedback from internal peer review programmes
- feedback from the Trust-wide Monitor-led review on 3 March
- required actions from the CQC comprehensive inspection in September.

The Quality Improvement Programme addresses all areas that require improvement or have been rated as inadequate by the CQC. Every action has an expected completion date and a robust governance process is in place which involves a weekly Improvement Programme meeting led and chaired the Chief Executive.

This plan and the improvements made from September 2015 can be accessed via this link: www.colchesterhospital.nhs.uk/improvements.shtml

Next phase – further Trust improvement initiatives

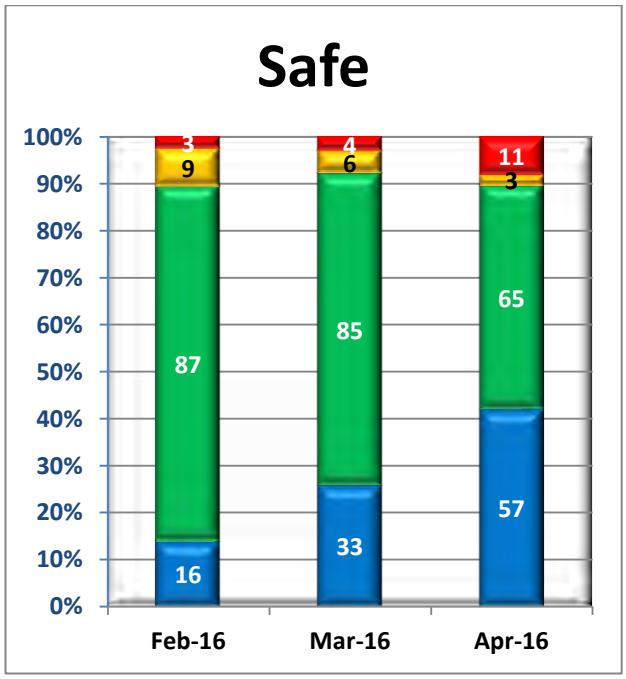
- the next phase for the organisation is to build on the success of the Trust-wide peer review programme, which involves non-executive directors, governors, Healthwatch Essex and North East Essex CCG
- build on the work we have already done in ensuring that actions from the Trust-wide plan are disseminated further down to each division and ward area. This will strengthen local clinical ownership to drive the required improvements
- strengthen the capacity of the Quality Assurance and Compliance Team to ensure the dedicated focus on driving improvement is maintained
- through the Head of Patient Experience, explore ways to involve service users in planning and reviewing the quality of our service provision and in future planning
- learn from other organisations areas where we can continue to improve.

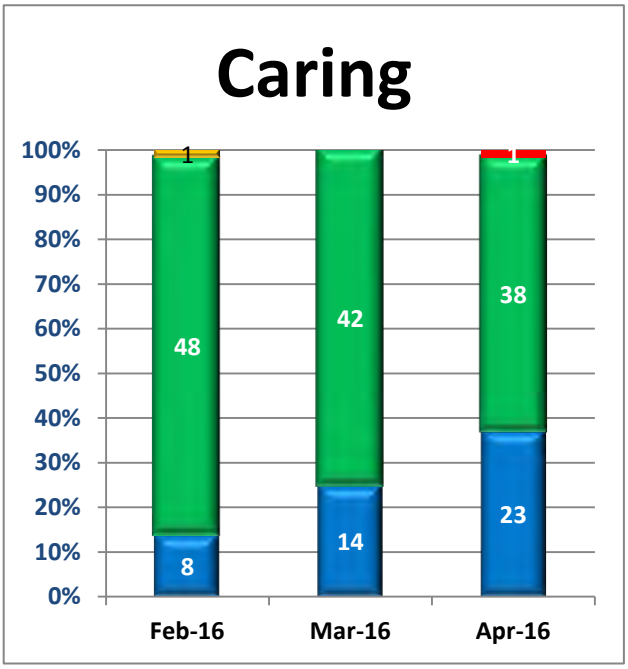
Progress made so far - improvement plan actions taken

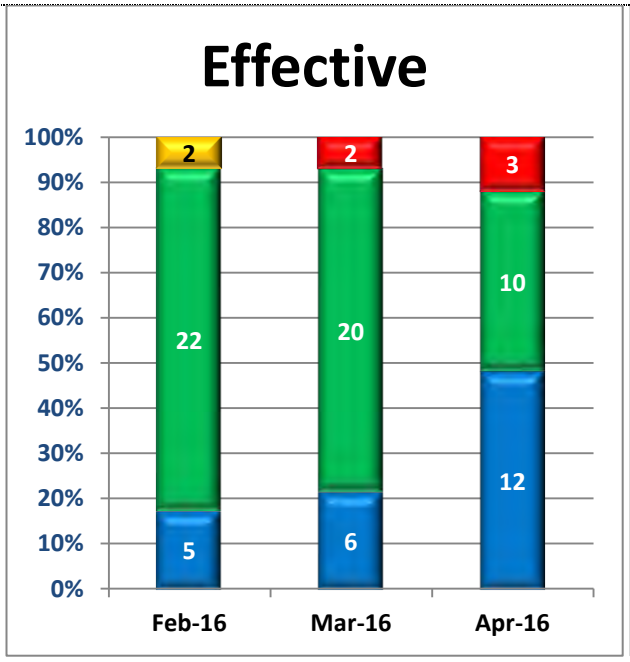
Weekly meetings take place as part of the robust governance process in monitoring progress in the Trust Quality Improvement Plan (QIP). Updates to the QIP and the key performing indicators are shared with the regulators and the public via the Trust website:

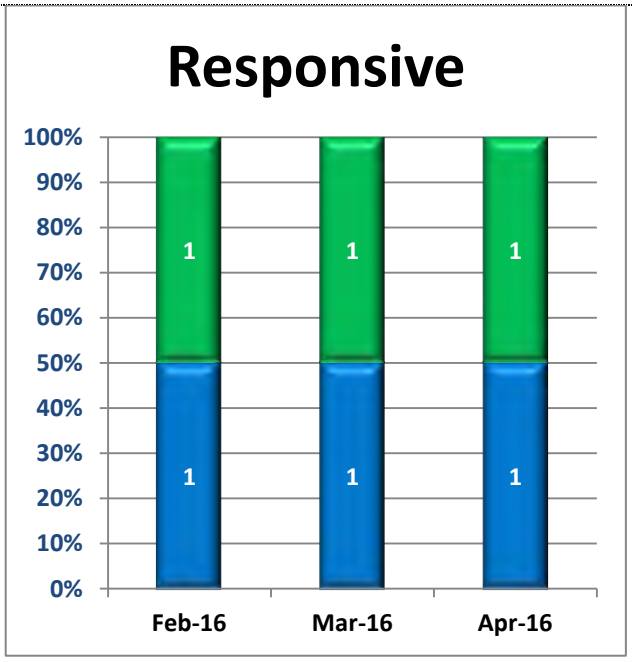
www.colchesterhospital.nhs.uk/improvements.shtml

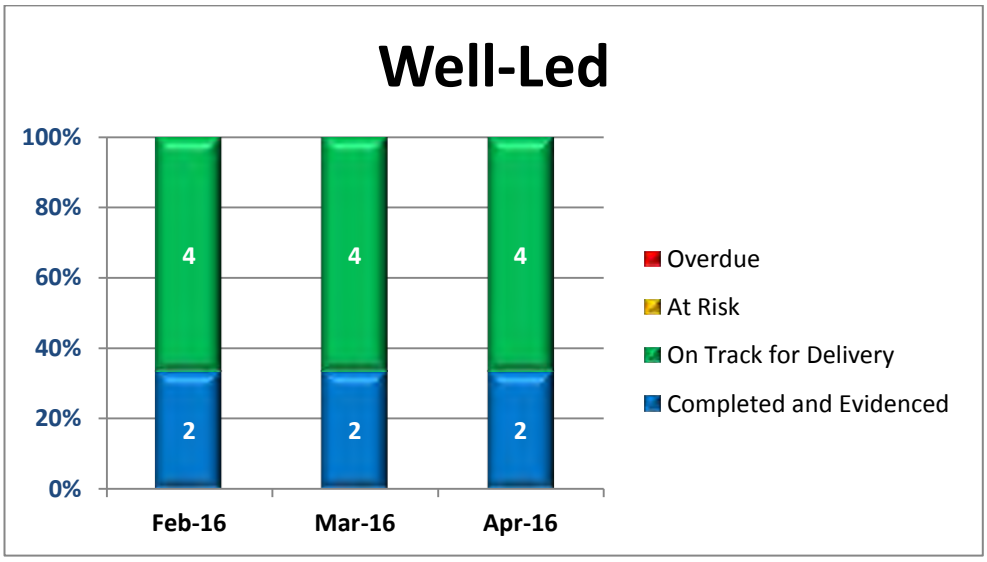
In line with the five CQC domains – Safe, Caring, Effective, Responsive and Well-Led – progress on the current actions are:











Secondary Users Service records

The Trust submitted records to the Secondary Users Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:

- 99.3% for admitted patient care
- 99.8% for outpatient care
- 97.9 % for accident and emergency care.

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

- 100% for admitted patient care
- 99.9% for outpatient care
- 100% for accident and emergency care.

Information governance assessment

The overall score for the Trust's information governance assessment report for 2015/16 was 87% and was graded satisfactory (green).

The published score in March 2016 of 87% maintains a high score for the Information Governance Toolkit submission. The Trust scored a minimum of Level 2 on all 45 requirements. Our final position was satisfactory (Green).

The Information Governance Toolkit is available on the HSCIC website: www.igt.hscic.gov.uk

The information/evidence is uploaded directly to the Information Governance Toolkit.

The Trust has taken or intends to take the following action to maintain this published score and therefore the quality of its services:

- an action plan is completed to maintain an evidenced Level 2 submission against all 45 requirements.

This is monitored by the Information Governance Steering Group, chaired by the Medical Director (Caldicott Guardian) or by the Director of Finance as Senior Information Risk Owner (SIRO).

Payment by Results

The Trust was not subject to the Payment by Results clinical coding audit during 2015/16.

The Trust carried out an internal mandatory yearly information governance audit for July 2015 and March 2016. The percentage of coding errors was 9.4% (national average= 9%).

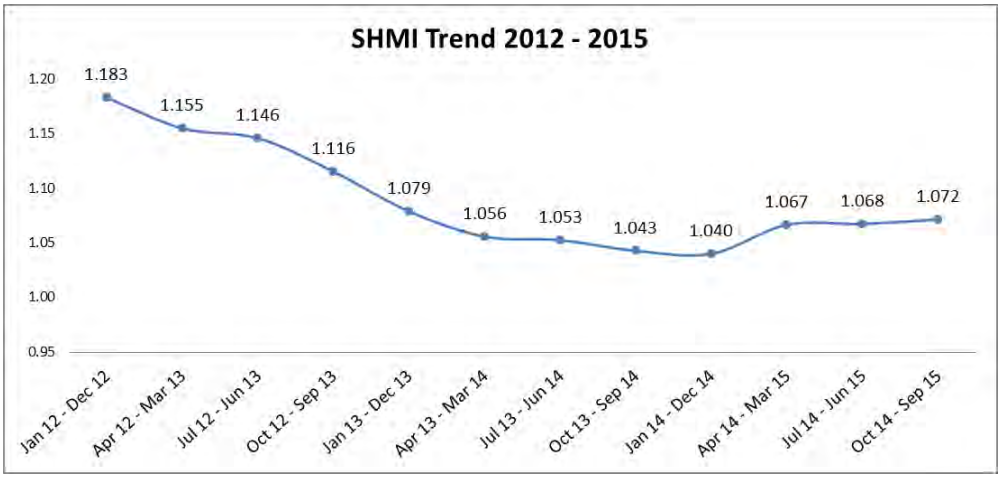
The results should not be extrapolated further than the actual sample audited. The services audited were general surgery (July) and Oncology, Maternity and Paediatrics (March).

The Trust will take the following actions to improve data quality:

An internal ongoing training programme has been established. It covers all aspects of coding and will continue to re-enforce issues such as improving the extraction of data, coding of mandatory co-morbidities etc. Operations sheets, where available, will be used to support coding. In addition, the identification and coding of co-morbidities will be reviewed and new codes introduced. Practice will be audited and results fed back to staff so that improvements can be made. There are established procedures in place for the regular assessment of clinical coding. The results of any clinical coding audits or clinicians' validations conducted during 20115/16 based on the requirements and standards within the Health Social Care Information Centre (HSCIC) methodology are noted and actioned.

Reporting against core indicators

Summary Hospital-level Mortality Indicator (SHMI)



The graph above shows the Trust's SHMI standardised values.

The chart below shows the figures for the graph on the previous page:

Period	SHMI value	Banding[1]
Jan 12 - Dec 12	1.183	1
Apr 12 - Mar 13	1.155	1
Jul 12 - Jun 13	1.146	1
Oct 12 - Sep 13	1.116	2
Jan 13 - Dec 13	1.079	2
Apr 13 - Mar 14	1.056	2
Jul 13 - Jun 14	1.053	2
Oct 13 - Sep 14	1.043	2
Jan 14 - Dec 14	1.040	2
Apr 14 - Mar 15	1.067	2
Jul 14 - Jun 15	1.068	2
Oct 14 - Sep 15	1.072	2

*** Please note that national average is not shown as this is a standardised indicator**

The Trust with the highest and lowest scores are shown below:

For the latest period (Oct 14 - Sep 15)	Trust name	SHMI value
Trust with lowest SHMI value	The Whittington Hospital NHS Trust	0.652
Trust with highest SHMI value	North Tees and Hartlepool NHS Foundation Trust	1.177

Data has been sourced from HSCIC publication

The Trust considers that this data is as described for the following reasons:

SHMI fell from 1.183 for the year ending December 2012 to 1.040 for the year ending December 2014. We have experienced a slight increase in 2015, with the value at September 2015 standing at 1.072. The SHMI has been within Band 2 – that is within expected ranges from the year ending September 2013. For the year ending September 2015, the Trust was ranked 106 out of 136 trusts (where 1 is the best performing Trust).

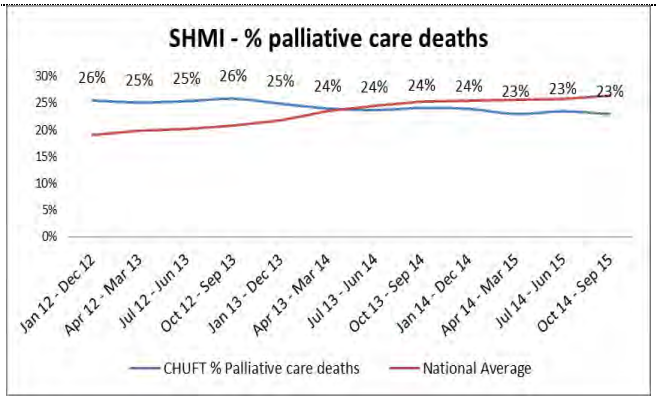
Colchester Hospital University NHS Foundation Trust has taken/intends

- The Trust holds mortality review meetings on a weekly basis, with a mortality review group held monthly with Divisional representation.
- All Divisions have been tasked to ensure that 100 per cent of deaths are reviewed.
- A database of all mortality reviews is held centrally to identify any emerging themes and to extract learning to improve the Trust's position
- When a CUSUM alert is triggered an investigation is launched via the mortality review group.
- The Trust is considering the implementation of a new mortality review tracker to enable clinicians to undertake early and effective reviews.
- The output of the Trust's Deteriorating Patient workstream also considers action required to minimise risks to patient safety that impact upon morbidity and mortality
- The Trust has launched the co-morbidities application on the Trust's intranet to improve the efficacy of co-morbidity identification for coding with increased awareness for all relevant staff.

Patient deaths with palliative care code

The graph below shows the percentage of patient deaths with palliative care coded

[1] A banding of 1 is "higher than expected" and a banding of 2 is "as expected".



The chart below shows the figures for the above graph

Period	Trust % palliative care deaths	National average
Jan 12 - Dec 12	26%	19%
Apr 12 - Mar 13	25%	20%
Jul 12 - Jun 13	25%	20%
Oct 12 - Sep 13	26%	21%
Jan 13 - Dec 13	25%	22%
Apr 13 - Mar 14	24%	24%
Jul 13 - Jun 14	24%	25%
Oct 13 - Sep 14	24%	25%
Jan 14 - Dec 14	24%	26%
Apr 14 - Mar 15	23%	26%
Jul 14 - Jun 15	23%	26%
Oct 14 - Sep 15	23%	26%

For the latest period (Oct 14 - Sep 15)	Trust name	SHMI value
Trust with least % palliative care deaths	The Whittington Hospital NHS Trust	0.2%
Trust with most % palliative care deaths	Imperial College Healthcare NHS Trust	53.5%

The Trust considers that this data is as described for the following reasons:

Patients who are coded as receiving palliative care are included in the calculation of the SHMI. The SHMI does not make any adjustment for patients who are coded as receiving palliative care. This is because there is considerable variation between trusts in the coding of palliative care.

The Trust has taken the following actions to improve this indicator and so the quality of its services by the following:

There has been considerable work between the Hospital Specialist Palliative Care Team (HSPCT) and the coders to ensure patients are correctly coded. We have formatted two recognised indicators:

- entries highlighted in yellow
- a specific stamp when recognised as “Specialist Palliative Care”.

We are developing work across the Trust to help support the recognition of patients deemed to be in the last days of life. Each day the wards are visited by the HSPCT to help support the identification of patients who are potentially in the last days of their life to ensure care is appropriately provided. Continued work in the recognition of accessing information through the My Care Choices Register is being embedded across the organisation to aid in facilitating patients’ wishes for their care.

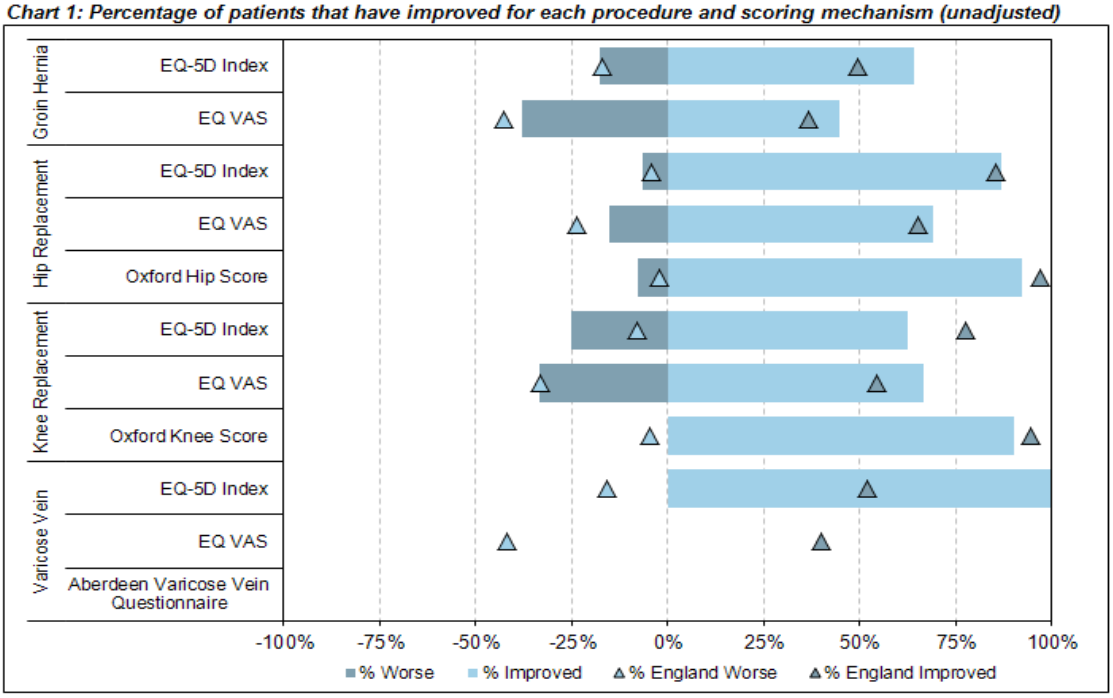
Patient Reported Outcome Measures (PROMs)

Key Facts

April 2015 to September 2015, provisional data (published 11 February 2016)

Organisation level	Organisation name
Provider	COLCHESTER HOSPITAL UNIVERSITY NHS FOUNDATION TRUST (RDE)

Chart 1: Percentage of patients that have improved for each procedure and scoring mechanism (unadjusted)



Percentage improving		EQ-5D Index	EQ VAS	Condition Specific
Procedure	Groin Hernia	64.3%	44.8%	N/A
	Hip Replacement	86.7%	69.2%	92.3%
	Knee Replacement	62.5%	66.7%	90.0%
	Varicose Vein	100.0%	*	*

Number improving		EQ-5D Index	EQ VAS	Condition Specific
Procedure	Groin Hernia	18	13	N/A
	Hip Replacement	13	9	12
	Knee Replacement	5	4	9
	Varicose Vein	2	*	*

Percentage getting worse		EQ-5D Index	EQ VAS	Condition Specific
Procedure	Groin Hernia	17.9%	37.9%	N/A
	Hip Replacement	6.7%	15.4%	7.7%
	Knee Replacement	25.0%	33.3%	0.0%
	Varicose Vein	0.0%	*	*

Number getting worse		EQ-5D Index	EQ VAS	Condition Specific
Procedure	Groin Hernia	5	11	N/A
	Hip Replacement	1	2	1
	Knee Replacement	2	2	0
	Varicose Vein	0	0	0

Adjusted average health gain for the Trust

Note: Table 1 and Table 2 display only data at England and provider level

Table 1: Pre-operative participation anlinkage

	Eligible hospital procedures	Pre-operative questionnaires completed	Participation rate	Pre-operative questionnaires linked	Linkage rate
All procedures	707	440	62.2%	331	75.2%
Groin hernia	187	116	62.0%	61	52.6%
Hip replacement	240	157	65.4%	133	84.7%
Knee replacement	229	161	70.3%	131	81.4%
Varicose vein	51	6	11.8%	6	100.0%

Table 2: Post-operative issue and return

	Pre-operative questionnaires completed	Post-operative questionnaires sent out	Issue rate	Post-operative questionnaires returned	Response rate
All procedures	440	162	36.8%	57	35.2%
Groin hernia	116	78	67.2%	30	38.5%
Hip replacement	157	44	28.0%	15	34.1%
Knee replacement	161	34	21.1%	10	29.4%
Varicose vein	6	6	100.0%	2	33.3%

The Trust considers that this data is as described for the following reasons:

EQ-5DTM Index (a combination of five key criteria concerning general health)
The adjusted average health gain on the EQ-5D Index for groin hernia respondents following their operation was 0.1 (0.081 in England).

The adjusted average health gain for hip replacement (primary) respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for hip replacement (primary) respondents in England was 0.442.

No modelled records for hip replacement (revision) exist for this measure. The average adjusted health gain for hip replacement (revision) respondents in England was 0.283.

The adjusted average health gain for knee replacement (primary) respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for knee replacement (primary) respondents in England was 0.328.

The England-level adjusted average health gain on the EQ-5D Index for knee replacement (revision) is not calculated as there are fewer than 200 modelled records.

The adjusted average health gain for varicose vein respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for varicose vein respondents in England was 0.1.

EQ VAS (current state of the patient's general health marked on a visual analogue scale)

The adjusted average health gain on the EQ-VAS for groin hernia respondents following their operation was 0.901 (0.4 in England).

The adjusted average health gain for hip replacement (primary) respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for hip replacement (primary) respondents in England was 12.2.

No modelled records for hip replacement (revision) exist for this measure. The average adjusted health gain for hip replacement (revision) respondents in England was 4.

The adjusted average health gain for knee replacement (primary) respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for knee replacement (primary) respondents in England was 6.4.

The England-level adjusted average health gain on the EQ VAS for knee replacement (revision) is not calculated as there were fewer than 200 modelled records. The adjusted average health gain for varicose vein respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for varicose vein respondents in England was -0.5.

Condition specific measures (a series of questions specific to the patient's condition)

The adjusted average health gain for hip replacement (primary) respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for hip replacement (primary) respondents in England was 21.9.

No modelled records for hip replacement (revision) exist for this measure. The average adjusted health gain for hip replacement (revision) respondents in England was 13.1.

The adjusted average health gain for knee replacement (primary) respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for knee replacement (primary) respondents in England was 16.7.

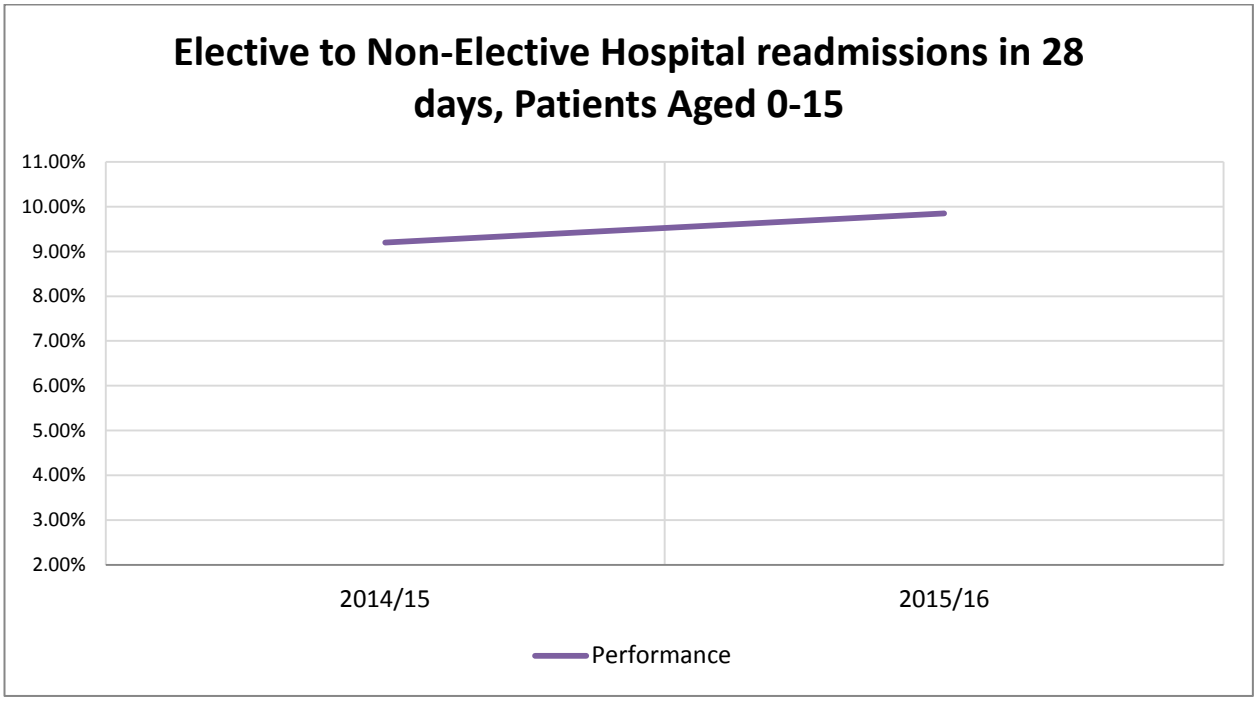
The England-level adjusted average health gain on the Oxford Knee Score for knee replacement (revision) is not calculated as there were fewer than 200 modelled records.

The adjusted average health gain for varicose vein respondents could not be calculated as there were fewer than 30 modelled records. The average adjusted health gain for varicose vein respondents in England was -9.5.

Colchester Hospital University NHS Foundation Trust intends to take and has taken the following actions to improve this performance, and so the quality of its services, by:

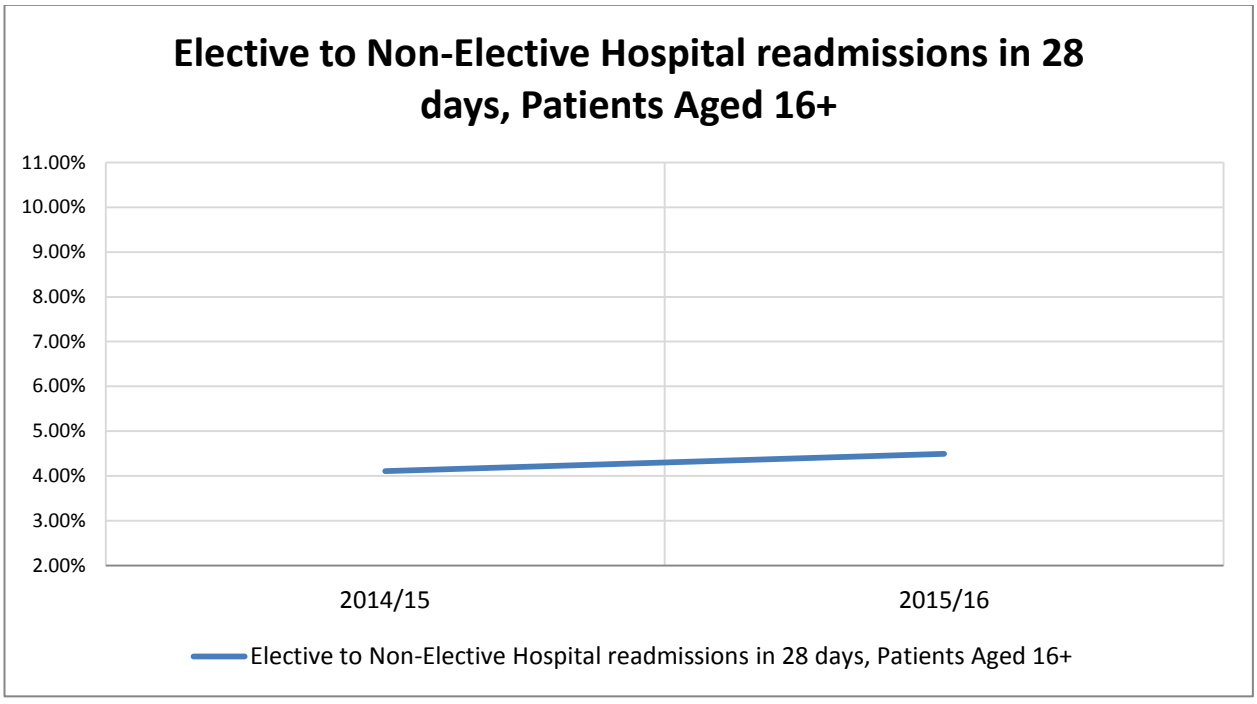
- Explore with clinicians and others within the division, the best venue for review for PROMS data
- Explore the inclusion of the monthly number of offered and completed PROMS questionnaires at the Trust's Risk & Compliance Group.

Readmissions within 28 days of discharge



Elective to Non-Elective Hospital readmissions in 28 days, Patients Aged 0-14	2014/15	2015/16
Performance	9.20%	9.85%

Source: QlikView Inpatients App, raw data from Portal



Elective to Non-Elective Hospital readmissions in 28 days, Patients Aged 16+	2014/15	2015/16
Performance	4.11%	4.49%

Source: QlikView Inpatients App, raw data from Portal

The Trust considers that this data is as described for the following reasons:

Readmissions being measured here are Non-Elective readmissions following an Elective admission, both spells of care occurring at Colchester Hospital University NHS Foundation Trust, within 28 days. These figures are based on the Month in which the original spell was discharged, and the specialty of this discharge - which resulted in a subsequent readmission*.

Readmissions for both 0-15 and 16+ age groups have increased between 2014/15 and 2015/16. Growth in the 16+ age group is low, with the readmission rate increasing from 4.11% in 2014/15 to 4.49% in 2015/16. Growth has been experienced in Pain Management, Ophthalmology and Gynaecology, while readmission rates for General Surgery, Breast Surgery, Vascular Surgery, Gastroenterology and Cardiology have fallen. Between 14/15 and 15/16 the number of spells decreased from 54,177 to 53,116 while the readmissions increased from 2,229 to 2,384.

Growth in the 0-15 age group for readmissions has increase slightly more, from 9.20% in 2014/15 to 9.85% in 2015/16. Main growth observed in ENT with an increase from 2.77% to 3.41% and Paediatrics from 11.32% to 12.48%. Urology and Neonatology have experienced slight decreases. Between 14/15 and 15/16 the number of spells increased from 5,850 to 5,962 while the readmissions increased from 538 to 587.

** Readmissions calculations look at discharges where the patient is then admitted non-electively within a given period of time (in the above example 28 days). It is not a guarantee that the readmission is actually linked to the original admission. Previous audits have found that a number of these readmissions are not linked/resultant of the original admission. The only way to confirm link is through the process of audit.*

Responsiveness to personal needs of patients

This indicator is based on data from the National Inpatient Survey and forms part of the NHS Outcome Framework (Domain 4 - Indicator 4.2)

Average weighted score of five questions relating to responsiveness to inpatients' personal needs (score out of 100)

Responsiveness to inpatients' personal needs	Trust score	England score
2012/13	64.8	68.1
2013/14	67.3	68.7

For the latest period (2013/14)	Trust name	Score
Trust with highest score	Queen Victoria Hospital NHS Foundation Trust, East Grinstead	85.0
Trust with lowest score	Croydon Health Services NHS Trust	54.4

The data above is sourced from HSCIC

The Trust considers that this data is as described for the following reasons:

- The CQC has confirmed that the publication date for the 2015 Inpatient Survey will be 8 June 2016
- The Trust has *taken and* intends to take the following actions to improve this indicator and so the quality of its services, by the following:
    - To support being responsive to inpatient needs, the Head of Patient Experience has been undertaking monthly night visits to the Trust. Here are some examples of ideas that have been suggested to reduce noise at night:
        - a nurse be designated to wear pyjamas to support dementia patients who are vocal at night
        - ear plugs to be given to patients disturbed by noise
        - all bins to have soft lids
        - every ward to have a supply of headphones for patients watching TV late at night.

These ideas are being discussed by the Patient Experience Group.

Family or friends recommenders – staff

The percentage of staff employed by or under contract to the Trust during 2015/16 who would recommend the Trust as a provider of care to their family or friends.

The results from the annual and quarterly staff survey are shown below

Year	Trust % recommended	Acute trusts' average
2013	58%	64%
2014	48%	65%
2015	62%	69%

For latest period (2015)	Trust name	% recommended
Trust with highest staff recommendation	The Newcastle upon Tyne Hospitals NHS Foundation Trust	89%
Trust with lowest staff recommendation	Mid Yorkshire Hospitals NHS Trust	46%

Indicator methodology used as published by HSCIC - percentages added for options "agree"and "strongly agree"

The indicator methodology used is as indicated by HSCIC – percentages are added for options "agree" and "strongly agree".

		2015	Average (median) for acute trusts 2015	2014
Q21a	"Care of patients / service users is my organisation's top priority"	77%	75%	55%
Q21b	"My organisation acts on concerns raised by patients /service users"	72%	73%	57%
Q21c	"I would recommend my organisation as a place to work"	55%	61%	43%
Q21d	"If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation"	62%	70%	48%
KF1	Staff recommendation of the organisation as a place to work or receive treatment (Q21a, 21c-d)	3.64	3.76	3.30

Quarterly survey

Results from the quarterly surveys are shown below:

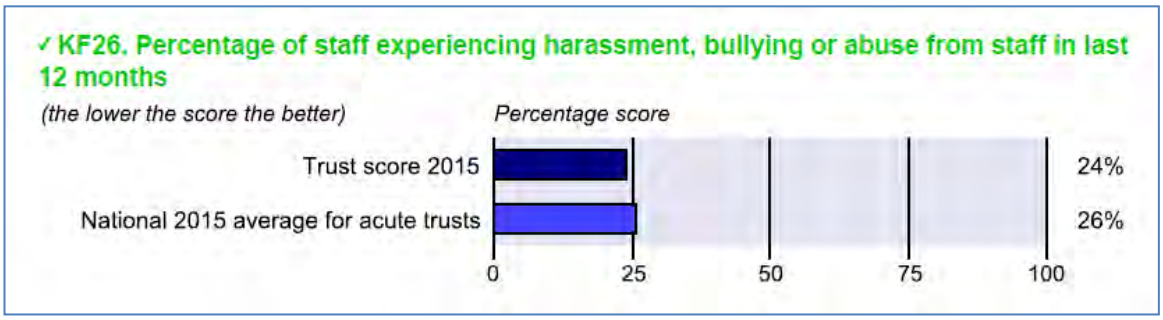
Quarter	Trust % Recommended - Work	England % Recommended - Work	Trust % Recommended - Care	England % Recommended - Care
2014/15 Q1	52%	62%	67%	76%
2014/15 Q2	88%	61%	88%	77%
2014/15 Q3	-	-	-	-
2014/15 Q4	43%	62%	58%	77%
2015/16 Q 1	49%	63%	68%	79%
2015/16 Q 2	47%	62%	66%	79%

Data has been sourced from www.england.nhs.uk/data

The Trust considers that this data is as described for the following reasons:

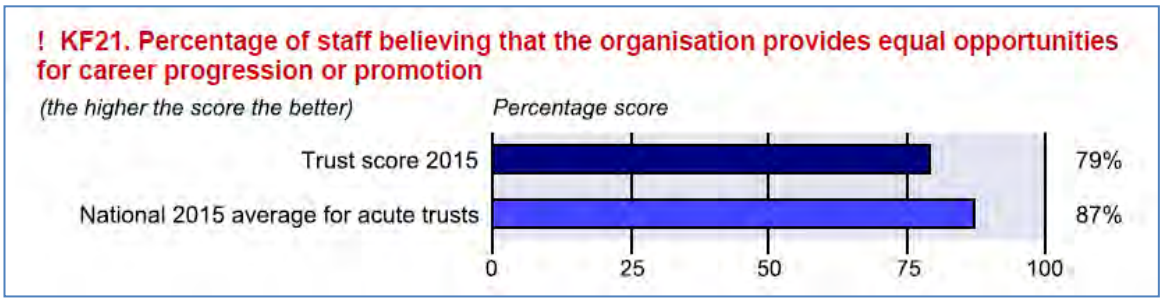
The 2015 annual staff survey, which was published in February 2016, shows an increase in staff recommending the Trust as a place to work and as a provider of care to their family or friends.

In relation to KF19 (percentage of staff experiencing harassment, bullying or abuse from staff in the last 12 months), the following data was presented, showing that the Trust is performing marginally better than the national average:



Data has been sourced from National Staff Survey 2015

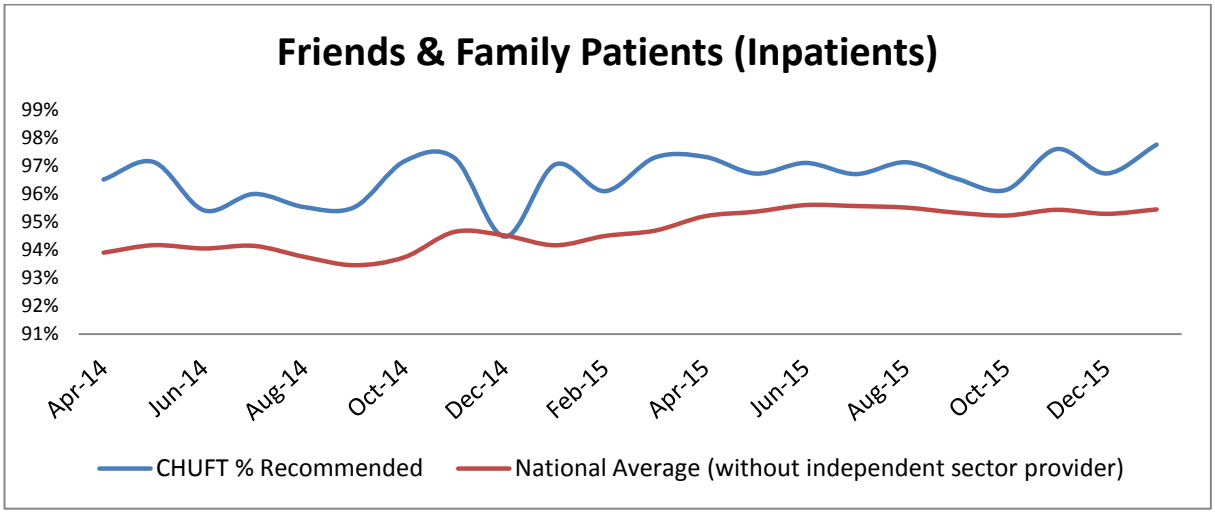
In relation to KF27 (percentage believing that the Trust provides equal opportunity for career progression or promotion), the following data was presented, showing that the Trust is not performing as well as the national average.



The Trust has taken and intends to take the following actions to improve this performance and therefore the quality of its services:

- a new series of At Our Best (AOB) sessions were launched. About 1,000 staff attended either a “Leadership Master Class” or “Staff Vision Workshop”. Feedback from participants was very positive with considerable enthusiasm and energy displayed at all the sessions and high evaluation scores reported by delegates
- the benefit of this major intervention should eventually translate into fewer complaints about communication, attitude and improvements in the annual NHS Staff Survey and the NHS Family and Friends Test. The sessions were supported by a comprehensive At Our Best summer communication campaign. Approximately 1,000 staff signed the pledge “never to walk by” if they see something that is not right
- in early 2016 a series of involvement sessions took place called “Ask and Act”. Open to any member of staff, these sessions form part of an ongoing process of involving a wider range of staff, particularly those closest to the delivery of patient-focused services, in the changes we need to deliver to provide good care consistently for all patients at all times
- the sessions are led by Chief Executive, Director of Nursing or Medical Director. Staff attending have the opportunity to comment on the Quality Improvement Plan and also contribute new ideas to inform this going forward
- in 2016/17 this programme will continue with both generic and specific divisional focus. There will also be sessions to capture specific staff groups, e.g. those who joined the Trust in the previous six months
- in February 2016 a paper was presented to the Trust Executive Team which described the range of tools to be used over the following 12-18 months to support the delivery of the organisational development strategy that was approved by the Board in August 2015. The plan sets out a range of plans which have been revised to reflect the organisation’s current priorities and challenges
- a Staff Involvement Group met monthly throughout 2015/16 and continues to meet in 2016/17. Led by the Director of Finance, it seeks to find solutions to issues that affect staff and patients.

Family or Friends Recommenders – patients

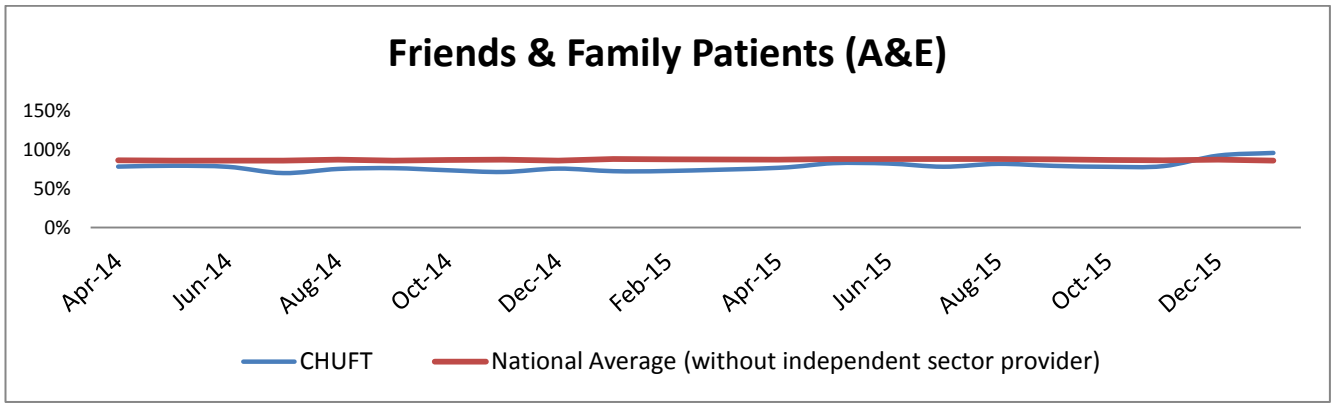


	2014/15		2015/16	
Friends & Family Patients (Inpatients)	**Trust % recommended**	**National average (without independent sector provider)**	**Trust % recommended**	**National average (without independent sector provider)**
April	96.52%	93.91%	97.32%	95.21%
May	97.14%	94.18%	96.73%	95.37%
June	95.42%	94.06%	97.11%	95.61%
July	96.00%	94.15%	96.71%	95.57%
August	95.53%	93.76%	97.13%	95.52%
September	95.53%	93.46%	96.55%	95.34%
October	97.17%	93.75%	96.14%	95.23%
November	97.28%	94.65%	97.60%	95.44%
December	94.48%	94.52%	96.73%	95.29%
January	97.04%	94.17%	97.76%	95.45%
February	96.10%	94.51%	-	
March	97.30%	94.70%	-	
Year-to-date	**96.29%**	**94.15%**	**96.98%**	**95.40%**

* % recommended calculated adding percentages for “extremely likely” and “likely”

For the latest period (Jan 2016)	Trust name	Value
Trust with highest % recommended	Great Ormond Street Hospital For Children NHS Foundation Trust	99.5%
Trust with lowest % recommended	Sheffield Children’s NHS Foundation Trust	72.75%

Friends & Family Patients (A & E)



	2014/15		2015/16	
Friends & Family Patients (A&E)	Trust % recommended	National average (without independent sector provider)	Trust % recommended	National average (without independent sector provider)
April	78.51%	86.54%	76.95%	87.46%
May	79.62%	86.05%	82.85%	88.29%
June	78.20%	86.11%	82.47%	88.35%
July	70.24%	86.22%	78.35%	88.16%
August	75.52%	87.48%	82.04%	88.43%
September	76.51%	86.37%	79.50%	87.85%
October	73.83%	86.87%	78.27%	87.20%
November	71.63%	87.43%	79.11%	86.74%
December	75.94%	86.19%	92.59%	87.34%
January	72.67%	88.13%	96.00%	86.31%
February	72.93%	87.95%	-	-
March	73.62%	86.97%	-	-
Year-to-date	**74.94%**	**86.86%**	**82.81%**	**87.61%**

* % recommended calculated adding percentages for “extremely likely” and “likely”

For the latest period (Jan 2016)	**Trust name**	**Value**
Trust with highest % recommended	Liverpool Women’s NHS Foundation Trust	100%
Trust with lowest % recommended	North Middlesex University Hospital NHS Trust	52.49%

The Head of Patient Experience has been working with every ward to help improve the response rate to the NHS Friends and Family Test. This has included making contact with relatives of patients with dementia to receive their feedback on behalf of the patient.

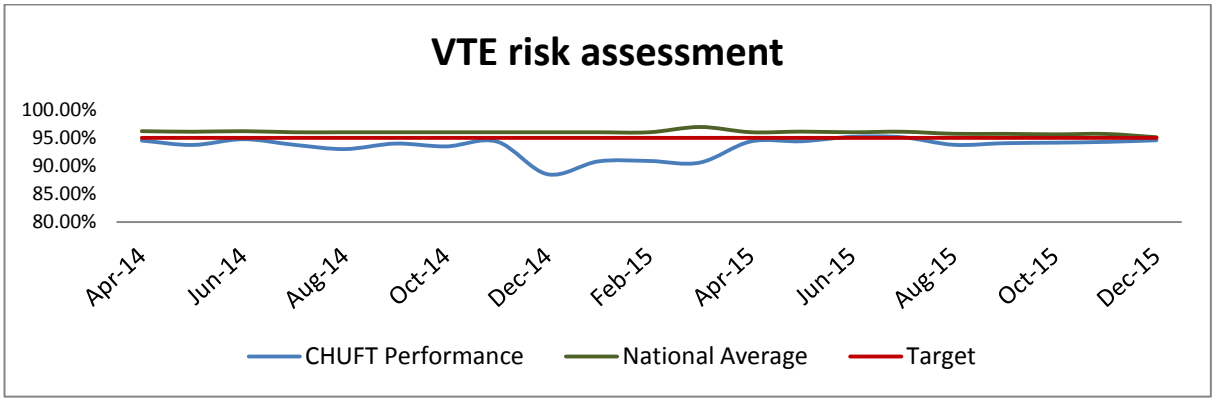
Posters have been displayed on exit routes from wards asking if the Friends and Family form has been completed and sent back to the ward.

Walkabouts with the lead for the NHS Friends and Family Test at North East Essex CCG have been successful and ideas and suggestions have been implemented.

“You said, We did” displays are on all wards and updated frequently to inform patients, relatives and carers.

The Director of Nursing and Patient Experience discusses response rates at the weekly meeting she holds with Sisters and Matrons.

Venous Thromboembolism (VTE) risk assessment



		2014/15		2015/16	
	Target	**Trust performance**	**National average**	**Trust performance**	**National average**
April	95%	94.54%	96.20%	94.37%	96.01%
May	95%	93.75%	96.10%	94.41%	96.12%
June	95%	94.77%	96.20%	95.20%	96%
July	95%	93.78%	96%	95.12%	96.10%
August	95%	93.02%	96%	93.78%	95.73%
September	95%	94%	96%	94.06%	95.72%
October	95%	93.49%	96%	94.16%	95.63%
November	95%	94.35%	96%	94.30%	95.70%
December	95%	88.52%	96%	94.59%	95.11%
January	95%	90.82%	96%	-	-
February	95%	90.90%	96%	-	-
March	95%	90.60%	96.95%	-	-
Year-to-date	**95%**	**92.78%**	**96.10%**	**94.45%**	**95.80%**

For the latest period

Trusts with highest performance	Kettering General Hospital NHS Foundation Trust The Clatterbridge Cancer Centre NHS Foundation Trust Basildon and Thurrock University Hospitals NHS Foundation Trust Blackpool Teaching Hospitals NHS Foundation Trust The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust Bridgewater Community Healthcare NHS Trust Lincolnshire Community Health Services NHS Foundation Trust Queen Victoria Hospital NHS Foundation Trust Royal National Orthopaedic Hospital NHS Trust South Essex Partnership University NHS Foundation Trust West Suffolk NHS Foundation Trust	100%
Trust with lowest performance	Medway NHS Foundation Trust	75%

Improvement priority for 2015/16

- to consistently achieve >95% risk assessments (RA) carried out for relevant patients and appropriate VTE prophylaxis is provided for all adult patients
- to ensure that root cause analysis (RCA) is undertaken for all patients identified as having possible hospital-associated VTE and that this is carried out in a timely way
- to ensure that learning/actions from the RCAs are discussed within divisional governance meetings and shared across the Trust and with commissioners.

The Trust considers that this data is as described for the following reasons:

VTE risk assessment

The Trust has continued to use its in-house electronic risk assessment procedure for VTE RA. This includes "cohort assessment" for patients in low-risk groups – agreed with commissioners. In 2014/15 the Trust struggled to achieve the 95% target (monthly average = 92.78%). This has been addressed through increased awareness and education, together with a review of the cohort assessment process to ensure that all patients are being captured. This focus has resulted in a steady improvement, achieving a monthly average for Q1-3 in 2015/16 of 94.45% and performance consistently above 95% for Q4. Improved performance is continuing so far in 2016/17.

Root Cause Analysis outcomes

A total of 135 patients were identified as requiring RCA for possible hospital-associated VTE (a monthly average of 11 patients). Many of these patients had more than one admission during the preceding 90 days, leading to multiple RCAs being required. There are 61 outstanding for the year - 11 in Q1, 12 in Q2, 6 in Q3 and 32 in Q4.

- no avoidable events identified in Q1
- Q2 - 1 avoidable event, a pulmonary embolism (PE), investigated as a Serious Incident by the care of the elderly specialty. The outcome is awaited
- Q3 - 1 possible avoidable event. Recent RCA return, currently being investigated
- Q4 - 1 possible avoidable event, a PE. RCA return currently being investigated by the medical team.

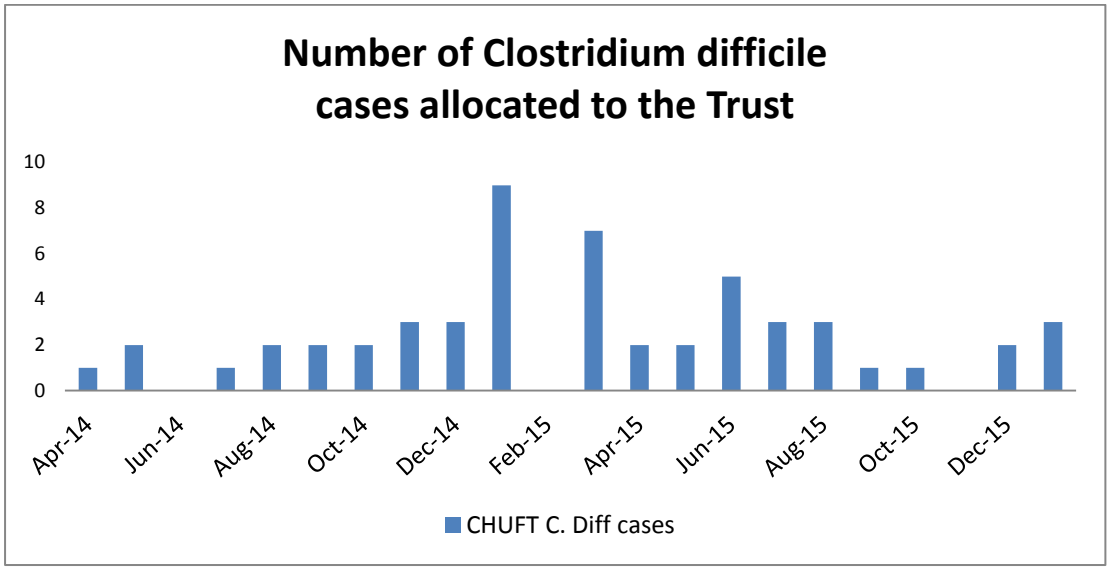
The Trust has taken and intends to take the following actions to improve this indicator and so the quality of its services:

- continue to provide twice daily (including the weekend) feedback to ward staff regarding complete and missing risk assessment forms
- identify staff who are having difficulty in completing the RA forms and, working through the Clinical Directors, find a solution to any problems they may be encountering
- further re-draft of the RCA form to assist in completion. Report to divisional governance groups regarding completion rates
- establish Trust Thrombosis Management Board for review of all related issues and RCA reports.

How will improvement be measured and monitored?

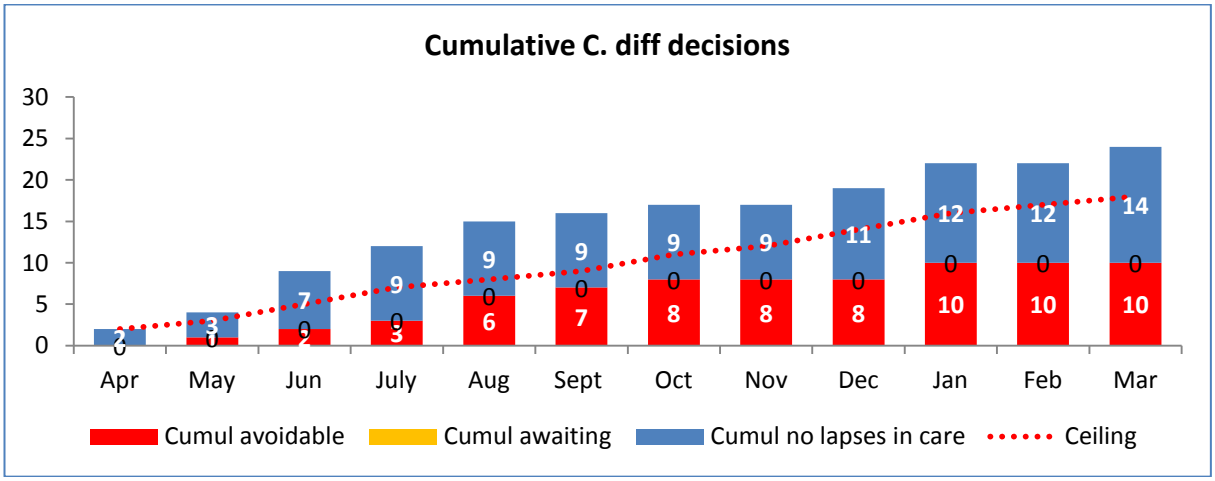
- quarterly feedback to the Clinical Quality Review Group and commissioners
- completion of a remedial action plan (RAP) for VTE
- feedback from governance meetings to demonstrate learning and change of practice.

Clostridium difficile



	2014/15		2015/16	
C. diff cases	**CHUFT C. diff cases**	**National average**	**CHUFT C. diff cases**	**National average**
April	1	2	2	3
May	2	3	2	3
June	0	3	5	3
July	1	3	3	3
August	2	3	3	3
September	2	3	1	3
October	2	3	1	3
November	3	3	0	3
December	3	3	2	3
January	9	3	3	3
February	0	3	0	-
March	7	3	2	-
Year-to-date	**32**	**33**	**24**	**28**

The Trust had 24 cases of C. diff infection during 2015/16 against a ceiling of 18. Of this number, 10 were deemed to be due to breaches in care and 14 were not.



C. diff												
Month	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Ceiling	2	3	5	7	8	9	11	12	14	16	17	18
Total C.diff cases	2	4	9	12	15	16	17	17	19	22	22	24
In-month no lapses in care	2	1	4	2	0	0	0	0	2	1	0	0
In-month awaiting	0	0	0	0	0	0	0	0	0	0	0	2
In-month avoidable	0	1	1	1	3	1	1	0	0	2	0	0
Cumul no lapses in care	2	3	7	9	9	9	9	9	11	12	12	12
Cumul awaiting scrutiny panel review	0	0	0	0	0	0	0	0	0	0	0	2
Cumul avoidable	0	1	2	3	6	7	8	8	8	10	10	10

The Trust considers that this data is as described because data has been sourced from www.gov.uk/statistics

The Trust has taken the following actions to improve this indicator and so the quality of its services by building on what has been successful in supporting a reduction in the number of C. diff cases.

- 25% of patient accommodation is located in side rooms. The Trust took the opportunity to further increase its side room capacity during the refurbishment of Wivenhoe Ward, a vascular unit
- prompt isolation and management of patients with MRSA and C. diff in the Isolation Unit at Colchester General Hospital
- the Isolation Unit supported the ability to isolate patients with Gram-negative resistant organisms and it is planned to further develop this to assist in reducing these emerging resistant organisms in the wider hospital
- continuing the use of hydrogen peroxide vapour (HPV) for rooms which have been occupied by patients with C. diff and other alert organisms
- mandatory infection prevention and control training, the content of which is updated annually and always includes C. diff management
- infection prevention is factored into all new builds, refurbishments and service developments
- continuing programme for bi-annual infection prevention policy and when new evidence or guidance changes
- monthly programme for the deep cleaning of equipment with HPV, including commodes and drip stands
- panel reviews are completed with clinical team involvement for each C. diff case
- antibiotic compliance (antibiotic appropriate, course length/review date, indication) audits are completed quarterly and the results fed back to relevant clinical teams. In addition, there is an ongoing programme to audit the antibiotic prophylaxis administered to patients in all surgical specialties
- the Trust has a CQUIN in which antibiotic prescriptions are being audited to measure if antibiotic prescriptions are reviewed at 72 hours
- the mandatory infection prevention and control e-learning package for clinical staff now includes a section relating to antimicrobial management
- the introduction of the MicroGuide antimicrobial app to allow ease of access to Trust antimicrobial guidelines
- patient information leaflets have been updated to include explanation for C. diff Glutamate Dehyrdrognase (GDH) positive as well as C. diff infection (CDI)
- C. diff positive information care cards (passport) are given to each patient found to be positive when they leave hospital. This is to support patients to pass on this information to health care providers who they come into contact with after discharge in order to support prudent antibiotic prescribing
- there has been significant investment in fitting radiators - which can become reservoirs for C. diff spores and other organisms - with easy to remove covers which makes cleaning easier.

Patient safety incidents reported as Serious Incidents

In this section, the latest nationally published data (March 2015) is shown as well as the most recent hospital data reported via Datix, the electronic incident reporting system.

The charts below show the latest nationally published data on the Trust's performance - rate per 1,000 bed days

Number and rate of patient safety incidents reported
Incidents, rate per 1000 bed days

Rate of patient safety reported	Trust number of incidents	Trust rate per 1,000 bed days	England rate
Apr 14 - Sep 14	3,108	3.0	3.5
Oct 14 - Mar 15	3,326	3.2	3.6

England average calculated using data for acute trusts only

For the latest period (Oct 2014-Mar 2015)	Trust name	Number of incidents	Rate
Trust with highest incidents rate	Wye Valley NHS Trust	3225	8.22
Trust with lowest incidents rate	The Dudley Group NHS Foundation Trust	443	0.4

Number and rate of patient safety incidents that resulted in severe harm or death
Incidents, rate per 1,000 bed days

Rate of patient safety reported	Trust number of severe harm or death incidents	Trust rate per 1,000 bed days	England rate
Apr 14 - Sep 14	13	0.01	0.02
Oct 14 - Mar 15	10	0.01	0.02

England average calculated using data for acute trusts only

For the latest period (Oct 2014-Mar 2015)	Trust name	Number	Rate
Trust with highest incidents rate	South Warwickshire NHS Foundation Trust	128	0.2
Trust with lowest incidents rate	Poole Hospital NHS Foundation Trust	2	0.002

The above tables reflect the number of patient incidents reported per 1,000 bed days.

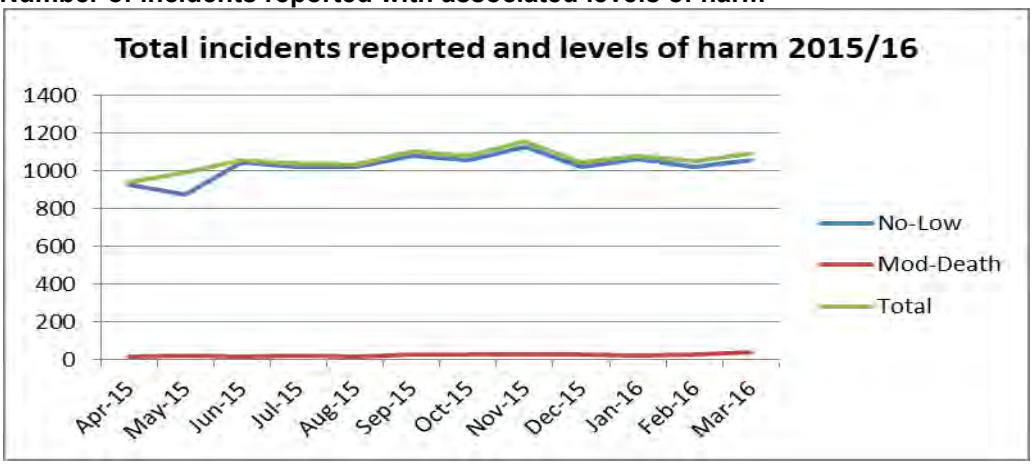
What we did in 2015/16

All reported incidents were reviewed by a member of the Patient Safety Team. The team checks the clarity of the report and in particular:

- correct investigator
- level of harm
- what and if required level of support to the reporter or investigator of the incident
- if in the opinion of the team this is possibly a serious incident – request of a 24-hour review is undertaken.

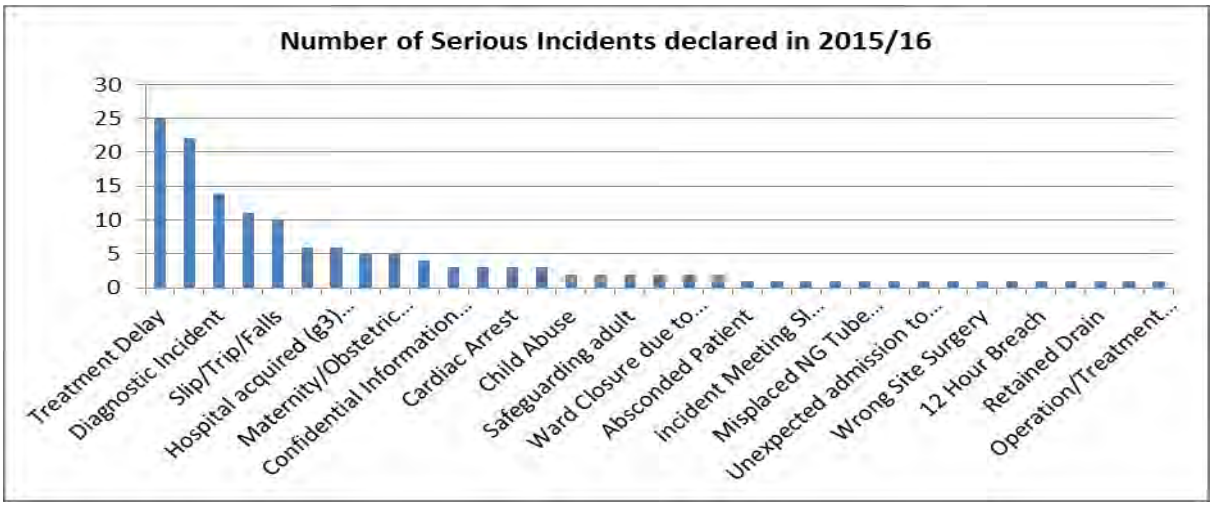
The total number of patient incidents reported was 11,255, compared with 9,582 the previous year, a rise of 17.45%. Medicine, Surgery and Urgent Care had the highest numbers. The numbers reported per division were relatively consistent each month, although incidents reported for Urgent Care rose overall in the second half of the year.

Number of incidents reported with associated levels of harm



Incidents were collated into 85 categories. Tissue viability and inpatient falls continued to be very highly reported. There were 1,066 falls reported, compared with 1,129 the previous year, a decrease of 5.6%.

Every tissue viability incident is reviewed and any hospital-acquired grade 2, 3, and 4 pressure ulcer undergoes an RCA investigation, which are ratified by the Tissue Viability Operational Group. A Learning From Experience Action Plan (LEAP) for hospital-acquired grade 3 or 4 ulcers is produced to ensure learning and action is taken to mitigate the risk of a similar incident occurring again. A LEAP may also be produced where a particular area is reporting high volumes of tissue viability incidents. The tissue viability panel review will determine the status of the pressure ulcer in terms of the incident being deemed “avoidable” or “unavoidable”. Where the pressure ulcer is deemed avoidable, a learning action plan is completed. A total of 1,280 tissue viability incidents were reported (the figure includes skin breaks and moisture lesions and is not confined solely to pressure ulcers), compared with 956 the previous year – a rise of 33.9%



The table above reflects the number of Serious Incidents by category. Treatment delay, sub-optimal care of the deteriorating patient and diagnostic incidents were the Trust’s top three SI categories. The data shows a significant decline in hospital-acquired grade three ulcers (6).

The Trust considers that this data is as described for the following reasons:

The data has been sourced from the Trust’s electronic incident reporting system. New incidents reported each day are closely followed up to ensure appropriate recording and harm grading.

The Trust has taken or intends to take the following actions to improve this performance and so the quality of its services:

- roll-out of mandatory training for all staff in incident reporting and risk assessment to ensure that staff are provided with the knowledge to determine best practice in relation to incident reporting and grading that will support robust internal quality assurance processes

- continue to check all patient incidents every working day by patient safety managers, completing the mandated section within the Trust's integrated governance system (Datix), with analysis to identify any areas that require additional support and/or training

- checks are made on clarity, appropriate harm and investigator allocation and whether the incident requires escalation as a possible Serious Incident

- continue the Serious Incident Panel which meets three times a week and is chaired by an Executive Director. Its membership includes representatives from the divisions and the corporate governance team

- embed the review of incidents, at least monthly, in all wards through the "2 at the Top" meetings (involving consultant leads and ward sisters) and team meetings with all staff, and ensure appropriate escalation to specialty level governance meetings, with clear divisional oversight

- focus on horizontal learning through the Trust's Patient Safety Group by exception reporting and "deep dives" into specific Serious Incidents that support learning across the Trust

- roll-out of updated RCA training based on National Patient Safety Agency best practice methodologies

- continue Chief Executive Scrutiny Panels when similar SIs in clinical areas or divisions are identified to provide an additional level of challenge and support in ensuring actions are taken to mitigate against similar incidences recurring.

Duty of candour compliance

During 2015/16 The Trust ensured that its staff were provided with multiple training opportunities to ensure that there was clarity in relation to its ethical, legal and professional responsibilities related to the duty of candour. Training is provided either face-to-face, within the body of Root Cause Analysis training, and also via e-learning modules.

In addition, the Trust ensured that policies and procedures were written to provide easy reference points for staff involved in the completion of the duty of candour, in addition to tracking compliance with standards through the integrated governance software (Datix).

Monitoring has been increased in year with reporting of duty of candour compliance through the divisional governance route, and also corporately at the Patient Safety Group and Executive Team. This is also referenced through the divisional integrated performance meetings, held monthly and chaired by an Executive Director.

The Serious Incident Executive Review Panel also tracks compliance with Duty of Candour three times a week, with support provided to divisions by the central governance team.

Sign Up to Safety and Freedom to Speak Up

During 2015/16 The Trust ensured that the funding provided from the NHS Litigation Authority was utilised following a successful bid to support quality improvements related to maternity care. An update is being provided to the NHSLA in the outcomes following investment to ensure safe services within maternity.

In addition, the Trust's Safety Improvement Plan focused on the reduction of harm related to the deteriorating patient through effective handovers of care, reduction in harm related to patient falls and also a reduction in harm through medication errors and missed doses. This work has been led through specific workstreams and operational delivery groups, with oversight provided through the monitoring of metrics at the Patient Safety Group and via the Quality and Patient Safety Assurance Committee.

The Trust's commitment to Sign Up to Safety has been further enhanced through the Freedom to Speak Up report written by Sir Robert Francis QC and published in February 2015. The Trust is currently working on ensuring that the principles and recommendations outlined within the report become actions. One key action has been the appointment of the Trust's Freedom to Speak Up Guardian who has already had a positive impact on supporting staff in being able raise concerns related to patient safety. The postholder will continue to work closely with staff, the Chief Executive and Chairman to ensure that an open and transparent culture exists within the organisation and that staff continue to feel confident to report and speak out safely if any issues are identified.

Other information

Rationale for selection of quality priorities for 2016/17 against 2015/16 priorities

Observations on the previous Quality Improvement Priority indicators for 2015/16 included the following:

- targets in some of the priorities were not that stretching (i.e. 10% improvement in response to complaints)
- priorities did not relate to some of the urgent priorities in the Trust and build on progress made the previous year
- it was not clear how the Trust measured progress against the 2015/16 priorities as there were no correlating metrics defined that would give the Board of Directors insight into progress
- some of the measures did not link meaningfully to the goals in the Quality Improvement Strategy
- they would benefit from clearer articulation in a SMART (Specific, Measurable, Attainable, Relevant, Timely) way to enhance accountabilities and support, evidencing progress and outcomes against these goals
- the priorities could not be seen to be tracked through to the divisions either through the reports to their governance boards, review of the quality dashboards or through the information discussed at their finance and performance meetings.

Current position

In selecting quality priorities for 2016/17, the Trust sought to address the above concerns and chose indicators which reflected the Quality Improvement Strategy, balanced the old and the new and reflected the main priority areas in the Quality Improvement Plan. We also aimed to ensure that the indicators selected were SMART.

These priorities were presented to a meeting of the Council of Governors as part of the process of consultation with stakeholders. The final quality priorities were confirmed through the Quality and Patient Safety Assurance Committee.

There follows an overview of the quality of care offered by the Trust based on performance in 2015/16 – Quality Indicators 2015/16:

Safe care

Healthcare Associated Infections (HCAIs)

Work continuously to reduce HCAIs, including achieve Trust target of zero for MRSA cases in 2015/16

	2014/15		2015/16	
MRSA cases	**Trust MRSA cases**	**National average**	**Trust MRSA cases**	**National average**
April	0	0.2	0	0.2
May	0	0.2	0	0.2
June	0	0.2	0	0.1
July	0	0.2	0	0.1
August	0	0.1	0	0.2
September	0	0.2	0	0.1
October	0	0.1	0	0.1
November	0	0.1	0	0.1
December	0	0.3	2	0.2
January	0	0.2	0	0.2
February	0	0.2		
March	0	0.2		
Year-to-date	**0**	**2**	**2**	**2**

Achieve Trust target of no more than 18 cases of Clostridium difficile in 2015/16

	2014/15		2015/16	
C Diff cases	**Trust C. diff cases**	**National average**	**Trust C. diff cases**	**National average**
April	1	2	2	3
May	2	3	2	3
June	0	3	5	3
July	1	3	3	3
August	2	3	3	3
September	2	3	1	3
October	2	3	1	3
November	3	3	0	3
December	3	3	2	3
January	9	3	3	3
February	0	3	0	-
March	7	3	2	-
Year-to-date	**32**	**33**	**24**	**28**

The Trust serves a population with an increasingly elderly demographic. Infection prevention and control is recognised as a vital component in the delivery of safe and high quality care to patients.

What did we do in 2015/16?

The proportion of side rooms with en-suite facilities increased and will be considered as part of each ward refurbishment programme going forward to support appropriate and timely isolation for patients.

The Isolation Unit has supported the ability to isolate patient with Gram negative resistant organisms, ESBL producing organisms and it is planned to further develop this to help reduce these emerging resistant organisms in the wider hospital.

The Trust's Surgical Site Infection Surveillance Programme expanded to include continuous surveillance of vascular surgery via the Public Health England surveillance system.

There was a Grand Round presentation in August relating to C. diff which was well attended.

Two cases of MRSA bacteraemia were apportioned to the Trust. The root cause of one case may have related to peripheral line management so there is a focus on education about invasive device management.

Each ward and unit has clinical link staff who continue to promote infection prevention and control at a local level. The Infection Control Team run quarterly educational and networking meetings.

Infection prevention and control policies are updated at least every two years and in line with changes in national guidance. The Carbapenemase Producing Enterobacteriaceae (**CPE**), Extended-Spectrum Beta-Lactamases **(**ESBLs) and MRSA policies in particular have been reviewed and updated in the past year.

Bug News, a bi-monthly newsletter relating to infection control, continued to be used as one way of getting infection control messages across the Trust.

The Trust's annual infection control conference was held in November which covered a number of relevant topics. This is free to staff and is a full-day event which also supports revalidation and continuing professional development (CPD). The mandatory IP&C e-learning package for clinical staff now includes a section relating to antimicrobial management.

What actions are we planning to improve our performance?

Bug News will continue and may become monthly. A leaflet for staff will continue to be updated annually and released in time for the peak norovirus season.

Participation in the 4th point prevalence study in November 2016 to look at HCAI infections and antimicrobial prescribing will enable the Trust to benchmark itself against the national outcomes. The Trust's 16th annual Infection Prevention Conference is scheduled for the same month.

The Isolation Unit will continue to support the ability to promptly isolate patients with Gram negative resistant organisms, ESBL producing organisms and it is planned to further develop this in the future to assist in reducing these emerging resistant organisms in the wider hospital.

A Grand Round is being planned that will relate to MRSA, including bacteraemia.

Three wards which are areas of higher risk for C. diff infection - two Care of the Elderly and one Medical - will be refurbished.

There are plans to look at further new equipment and environment decontamination technologies, in particular the use of ultraviolet systems.

How will improvement be measured and monitored?

Compliance will be monitored on a monthly basis by the Infection Control Team and will also be monitored bi-monthly at the Trust's Infection Control Committee. Compliance will continue to be monitored monthly through the divisional governance reporting and review processes.

The table below shows the numbers of the two important healthcare associated infections (HCAIs) MRSA bacteraemia and C. diff - over the past six years. These infections are monitored nationally through Public Health England with all hospital trusts submitting their information monthly.

Infection	Number attributable 2010/11	Number attributable 2011/12	Number attributable 2012/13	Number attributable 2013/14	Number attributable 2014/15	Number attributable 2015/16
MRSA bacteraemia	1	0	1	0	0	2
C. diff	28	28	29	17	32	24

Medication and missed doses

To reduce the incidence of medication missed doses by 50% in 2015/16

Omitted and delayed doses audit – overall Trust data

	Aug15	Sep-15	Oct-15	Nov-15	Feb-16
Drug administration code 6	**51**	**67**	**27**	**72**	**51**
Blank boxes	**71**	**146**	**83**	**74**	**49**
Drugs however given	**51**	**52**	**43**	**44**	**48**
Documentation "code 6"	**1**	**7**	**7**	**2**	**14**
Documentation "blank box"	**2**	**2**	**1**	**4**	**0**
Percentage overall	**2.3%**	**4.0%**	**2.1%**	**2.7%**	**1.9%**

To reduce the number of missed doses and blank boxes, the Pharmacy Department regularly reviews stock on wards and the out-of-hours emergency drug cupboard and adjusts stock lists. In case a drug cannot be accessed outside of "office" working hours, an on-call pharmacist is available to provide advice on alternatives or to supply urgent medicines. In addition, the Pharmacy Team undertook monthly missed doses audits from August through to November and then quarterly.

The Trust also participates in the monthly data collection of the Medication Safety Thermometer on four dedicated wards. This data is discussed at monthly Medication Safety Group meetings, which are attended by the associate directors of nursing and disseminated to the matrons.

A Trust-wide procedure has been written on missed doses. All wards were issued with an updated Critical Medicines List in September and March (one of the action points of the NPSA 2010 Rapid Response Report on omitted and delayed medicines) to raise awareness of missed doses among nursing staff.

During drug rounds, nurses wear red tabards to avoid disturbances and the newly-established Medicines Management Link Nurses are promoting the importance of patients getting their drugs on time and what to do if a drug is unavailable.

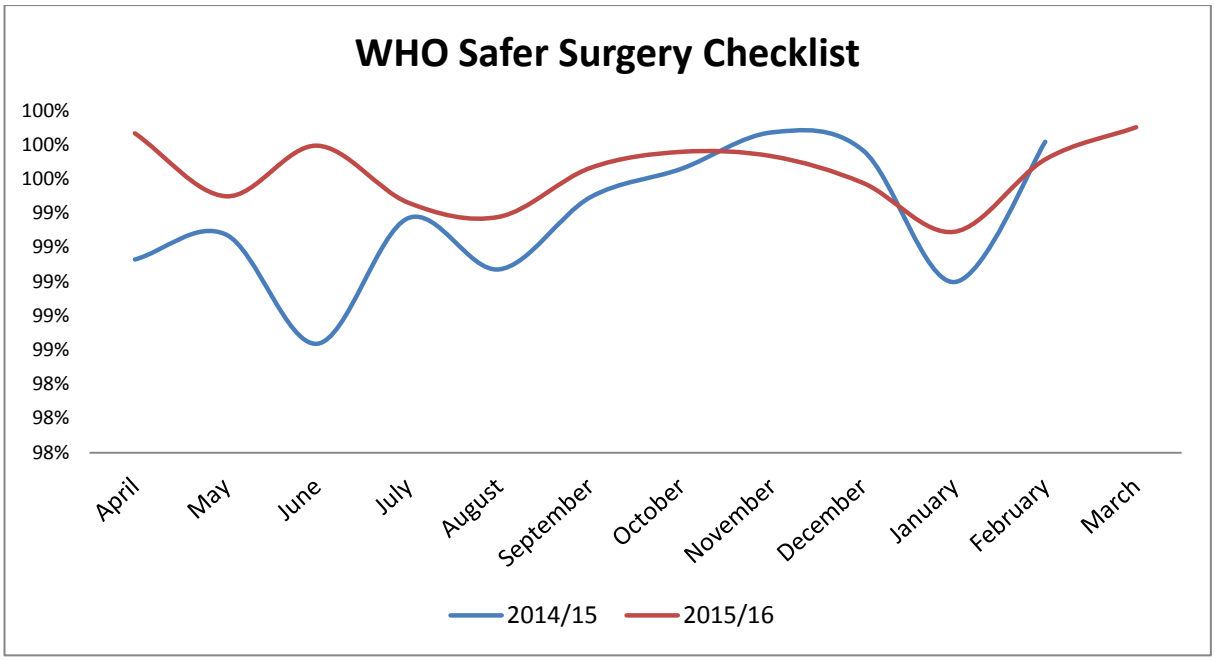
All new nurses have to attend corporate induction training and complete e-learning on "The safe storage, handling and self-administration of medicines".

Divisional breakdown										
	Delayed doses					**Blank Boxes**				
	Aug-15	Sep-15	Oct-15	Nov-15	Feb-16	Aug-15	Sep-15	Oct-15	Nov-15	Feb-16
Surgery										
Mersea	1	7	1	3	3	2	5	0	1	11
Wivenhoe	2	1	0	1	1	0	0	0	0	4
Brighlingsea	N/A	7	0	11	4	N/A	8	2	0	6
Aldham	2	4	1	8	1	7	9	2	9	1
Great Tey	N/A	0	0	3	3	N/A	9	7	4	1
Fordham	1	0	4	3	1	9	14	9	4	2
Critical Care	0	0	0	0	0	0	0	0	0	0
	6	19	6	29	13	18	45	20	18	25
Women's and Children										
Stanway	0	0	1	1	8	2	9	12	3	2
SCBU	0	0	0	0	0	0	0	3	0	0
CIPU	1	0	0	0	0	3	9	2	0	2
	1	0	1	1	8	5	19	17	3	4
Medicine										
Urgent Care										
EAU	18	5	6	3	1	5	0	0	0	1
General Medicine										
Dedham	4	6	6	0	0	1	10	2	3	0
Langham	3	0	0	3	0	0	4	0	1	2
Layer Marney	12	5	0	3	3	3	2	6	10	0
Easthorpe	0	4	0	0	0	12	5	13	3	0
Isolation Unit	0	0	0	0	5	0	2	0	0	0
Copford - Escalation Unit					3					1
	19	15	6	6	11	16	23	21	17	3
Care of the Elderly										
Birch	2	15	1	3	4	11	5	1	5	0
D'Arcy	0	1	1	3	3	2	13	0	4	0
Peldon	2	3	1	6	3	5	9	1	2	2
Stroke Unit	2	0	1	8	6	3	15	0	11	1
Tiptree	1	0	0	1	1	6	12	19	8	7
	7	19	4	21	17	27	51	21	30	10
Cancer and Support Services										
West Bergholt	N/A	9	4	12	1	N/A	6	4	6	5

The Trust formulary is available on the internet and provides prescribers with choice available on first-line treatments. New doctors receive training during their induction week by members of the clinical pharmacy team. Also, patients are encouraged by the ambulance service to bring in their own drugs, using the green bags to minimise missed and delayed doses.

World Health Organisation (WHO) Checklist

Achieve compliance with all the Steps to Safer Surgery using the WHO Checklist as per the 85% benchmark by 31 March 2016



WHO Safer Surgery Checklist*	2014/15	2015/16
April	99.13%	99.87%
May	99.28%	99.50%
June	98.64%	99.79%
July	99.37%	99.46%
August	99.07%	99.38%
September	99.49%	99.66%
October	99.66%	99.76%
November	99.87%	99.73%
December	99.77%	99.58%
January	99.00%	99.29%
February	99.82%	99.71%
March	**	99.90%
YTD	**99.35%**	**99.64%**

**Data source: Performance Framework - Detailed audit published on Trust Intranet*

The Trust has reported compliance with the WHO Checklist and Five Steps to Safer Surgery. However, the accuracy of the data was questioned by the CQC.

Professor Jane Reid, an eminent lead on safety and culture, was commissioned by Trust Medical Director Dr Angela Tillett to review the organisation's theatres. The review concluded that: "*The energy and commitment to conducting the Five Steps (in the manner intended) as observed was meaningful and engaging, in ways that adds value, optimises information exchange and supports positive team relations. The Reviewer observed some exemplary practice*."

''*Throughout the site visits the Reviewer observed exemplary commitment to pre list briefings and the 3 steps of the WHO Surgical Safety Checklist; there was noted reluctance on the part of some of the surgeons to engage and compensatory behaviour on the part of some perioperative teams was evident – but overall the practices and performance engaged in at Colchester exceeded all that the Reviewer has observed in other Trusts*''.

Subsequent CQC inspection found the Trust did not have "*an effective audit and monitoring system that provides accurate assurance that the Safer Surgery Checklist is being consistently carried out.*"

What are we doing to continue to improve performance?

Improvements have been made but there remains more work to change the culture in our theatres. The Trust put in place a programme to support the cultural changes required through engaging staff and additional measures to improve audit and monitoring systems. These include:

- producing a daily compliance report
- at least weekly, reviewing and acting on the number of incidents relating to non-compliance
- collating, monitoring and acting on an audit of medical records of at least 20 post-operative ward patients
- undertaking a weekly observational audit in theatres that will be monitored, reviewed and acted on to inform change in staff behaviour.

Effective care

Improve the process of discharging patients and engaging patients and carers fully in this process

Discharge communication

Increase the practice of explaining the discharge summary to patients/carers being discharged by 50% by 31 March 2016

The Trust embarked with the support of the Emergency Care Intensive Support Team (ECIST) on a transformational project to review the whole emergency pathway. The programme, called Reforming Non-elective Pathways (RNEP), is supported by an executive-led steering board with workstreams reporting in.
RNEP includes members of North East Essex CCG and its reports feed into the North East Essex System Resilience Group (SRG).

ECIST gave support to the SRG to focus the system on developing smooth pathways to discharge. This resulted in significant improvement in partnership working which in turn led to better discharge communication for patients. Teams now work together and not in silos, ensuring consistent communication to patients and relatives. The schemes outlined below have supported this improvement.

The Trust embarked on implementation of the SAFER flow bundle. In October it was recognised that increased clinical MDT focus was required. The launch of the 343 programme occurred, which involved rolling out new practices across Care of the Elderly, Medicine and a surgical ward. The project had many aspects. However, a focus point was integrated discharge, which formed a workstream of the RNEP programme.
https://youtu.be/H9Igz0fkd0U

Key points:

- employment of an Associate Director of Integrated Discharge - employed by the Trust, North East Essex CCG and ACE
- single referral form combining all services
- social worker on every board round
- senior nurse from ACE and CCG undertaking Grand Rounds to look at complex discharges
- reduction in outliers, so that more patients are treated on wards appropriate to their clinical needs
- combined medically fit Patient Tracking List (PTL), supported by daily integrated discharge meeting
- Patients Ticket Home
- introduction of volunteers to support patients with their discharge on Tiptree Ward
- double-up handling training delivered by St Helena Hospice, Colchester
- patient stories introduced at team meetings, Board meetings and North East Essex SRG
- fewer complaints about the discharge of patients from care of the elderly wards.

Review re-admission data

Increase quarterly review with follow-up of agreed actions by all admitting specialties by 31 March 2016.

A process for weekly review of readmissions by consultants is in place. Readmissions are also discussed at clinical governance meetings. Reviews have identified possible areas of targeted intervention including reducing elective cancellations due to lack of available beds and introducing new semi-elective theatre lists for patients who present

as emergency cases but who do not require an urgent operation. The Trust has plans to establish semi-elective lists to ensure that this cohort of patients receive treatment in a more timely manner.

Governance

Embed clinical governance from ward to board level ensuring 100% compliance with monthly meetings in all divisions and with evidence that actions arising have been followed up after meetings by 31 March 2016

The Trust has focused on delivering ward-to-board governance through ensuring that cross-divisional representation occurred in monthly meetings, with evidence of action undertaken.

The Trust was inspected on a number of occasions which highlighted ongoing concerns in relation to risk identification and subsequent mitigation when problems were identified and had not been recognised. In addition, staffing in the corporate governance team was re-organised to provide subject matter expertise within its leadership. These changes occurred throughout the year as additional areas of development were identified.

What did we do in 2015/16?

As part of the Trust's commitment to improving governance across the organisation, we actively sought to seek independent advice in relation to governance practice. With support from Monitor, Basildon and Thurrock University Hospitals NHS Foundation Trust was identified as a buddy trust. Senior staff from Basildon visited the Trust to review governance arrangements as part of a wider support programme.

The review identified the potential for streamlining governance processes to support staff and the leadership team in being able to deliver and seek assurance of evidence of action through a clear focus on governance outputs being reported through three key meetings – the Patient Safety, Patient Experience and Risk & Compliance groups.

Further work undertaken included training divisional senior leadership teams (3 at the Top) in risk management practice. Mandatory training for all Trust staff focused on the quality of incident reporting and local risk assessments. To support training and frontline staff in efficient governance activity, Trust policies and procedures were reviewed in line with national best practice and streamlined.

In order to ensure there was sufficient support to the divisions in delivering all aspects of the governance agenda, the Trust also worked with Monitor to undertake a more in-depth governance review to highlight other areas for quality improvement. This review identified key areas for consideration, including:

- an increase in corporate resource
- a standardisation of roles and responsibilities for governance leads across all divisions
- quality assurance of incident reporting and grading
- improvements in the quality of serious incident investigations
- outcomes-focused reporting, linking with audit results and associated actions
- further embedding of standardisation of governance processes below divisional level.

The Trust embraced all the recommendations provided by the Basildon and Monitor reviews, which resulted in the streamlining of governance meetings, improved quality assurance of incident reporting and the formation of exception reporting practice within key governance meetings, and rapid escalation of concerns to the Executive Team and assurance committees. In addition the Trust started work on developing from ward to divisional level governance frameworks to support a meaningful and useful way in which to report concerns and best practice.

In order to ensure any area of concern related to patient safety is cascaded and shared widely, the Trust developed a new medium – "Hot Spots". Through this medium the Trust has been able to share widely immediate areas of practice that require review to ensure patient safety and a positive patient experience.

However, there is further work to do to ensure the organisation can evidence sustained and consistent improvement in the delivery of all governance functions and provide robust assurance to the Trust board, stakeholders and regulators.

What actions are we planning to improve our performance?

As part of the ongoing work to improve governance practice, the following actions will be taken in 2016/17:

- redesign governance meeting agendas to focus on outcomes and learning
- finalisation of communication and escalation framework from wards to divisions

- strengthen specialty level governance meetings
- enhanced training for divisional governance leads to support skills development and delivery of objectives
- standardisation of job descriptions, reporting frameworks and agendas at specialty and divisional level
- development of sharing fora for governance (clinical governance symposia)
- strengthening of reporting formats to focus on the delivery of evidence-based assurance
- development of triangulation reports to enhance identification of thematic concerns as potential risks to patient safety
- continued recruitment into corporate governance roles to provide sufficient support to clinical divisions in delivering governance outcomes
- development of quality improvement methodologies to support sustainability and consistency in delivering high quality, safe and effective clinical services
- re-review by NHS Improvement, with support from improvement coaches, to ensure initial momentum is sustained across the Trust.

Patient experience

Cancer pathway

Learn from Retrospective Review Audit; establish Trust-wide mechanisms for real-time feedback from cancer patients by 31 March 2016

What did we do in 2015/16?

The Healthwatch Essex report *Cancer Services in Colchester: A Study of Patient and Carer Experience* (2014) highlighted the importance of listening to patients' stories and using them to identify areas which may need changing or improving.

The Trust was successful in becoming a pilot site to embed the Macmillan Values Based Standards (VBS) project. This is a project where clinical areas work together with patients and carers to improve cancer patient experience. This is now underway on Tiptree Ward with an appointed named champion. We have sourced a trained Macmillan volunteer to obtain feedback from staff and patients on the ward and also to undertake an observational study. The first phase of the project was completed at the end of January with a feedback session provided to all of the ward staff in February.

What will we do to continue to improve performance?

Macmillan Cancer Support has informed the Trust that we have been successful in embarking on the electronic holistic needs assessment (eHNA) as a pilot site. In summer 2016, we will test tablet devices for patients to undertake a concerns checklist. This should help empower patients to highlight their concerns with the support of a healthcare professional to generate a care plan dependent on their needs.

We have applied to Macmillan to secure funding for two tablet devices to be used by our Macmillan volunteers in the Macmillan Information Centre, Colchester General Hospital, to collate real-time feedback from people affected by cancer on a ward or in an outpatient clinic.

Members of the North East Essex Urology Cancer Support Group detailed the good and negative experiences of their patient journey, which was fed back to the urology governance group.

The Macmillan Information Manager and Macmillan Head of Cancer Nursing undertook a post-diagnosis pre-treatment pilot session for new patients and carers. This was to address the uncertainty which is commonly experienced during the period between diagnosis and the start of treatment.

The Trust's Cancer User Group's vision for 2016 is to gain feedback from patients to improve the cancer patient experience.

We have hosted a series of cancer pathway mapping meetings which have involved healthcare professionals, patients and carers. The aim is to ensure we are working towards the ideal patient pathway. Patient and carer input has been invaluable and has provided powerful messages about what really matters for our patients and their loved ones.

Dementia

To demonstrate continuing compliance with the 90% target for each CQUIN measure by 31 March 2016

Improve the way we communicate and ensure that respect, dignity and compassion are at the heart of our relationships with service users. This will be measured by achieving the 90% target of compliance with each CQUIN measure by 31 March 2016.

This indicator was previously identified as a Trust quality indicator as part of our review and rationalisation of quality goals. It was chosen because this vulnerable group of patients require particular communication, respect and dignity standards.

Month	CHUFT % patients asked dementia case finding questions	National average - % patients asked	CHUFT % patients with delirium or known dementia	National average - % patients with delirium or known dementia
Apr-14	99.80%	85.50%	100%	91.60%
May-14	99.60%	86.10%	100%	92.70%
Jun-14	99.80%	87.10%	100%	92.90%
Jul-14	100.00%	88.20%	100%	93.60%
Aug-14	99.60%	88.20%	100%	92.80%
Sep-14	100.00%	88.70%	100%	93.20%
Oct-14	99.60%	89.10%	100%	93.60%
Nov-14	99.60%	89.70%	100%	93.40%
Dec-14	97.80%	88.20%	100%	93.50%
Jan-15	98.60%	89.40%	100%	94.40%
Feb-15	98.90%	90.20%	100%	94.70%
Mar-15	99.40%	90.70%	100%	90.70%
2014/15	**99.4%**		**100%**	
Apr-15	99.80%	89.50%	100%	89.50%
May-15	99.00%	90.30%	100%	90.30%
Jun-15	100.00%	90.90%	100%	90.90%
Jul-15	99.40%	91.20%	100%	91.20%
Aug-15	99.40%	90.80%	100%	90.80%
Sep-15	98.90%	90.70%	100%	90.70%
Oct-15	99.30%	90.40%	100%	90.40%
Nov-15	99.60%	90.40%	100%	90.40%
Dec-15	99.20%	89.40%	100%	98.40%
Jan-16	97.53%	90.20%	100%	95.20%
Feb-16	99.07%	90.24%	100%	95.43%
Mar-16	99.61%	-	100%	-
2015/16	**99.21%**		**100%**	

Data source: www.england.nhs.uk/statistics/statistical-work-areas/dementia/

What did we do in 2015/16?

The Trust consistently achieved above 90% in dementia screening. The dementia care nurses specialists have trained senior ward staff to undertake screening in Orthopaedics, Care of the Elderly and Medical wards.

The Trust had already implemented a delirium pathway and developed a delirium training package for staff. We continue to provide a dementia awareness training programme to improve the skills and understanding of clinical staff. The Nurse Consultant for Older People and the dementia care nurse specialists completed a train the trainer course and established an advanced two-day training workshop which focuses on staff who care for patients with dementia in an acute health care setting.

All carers of patients with dementia receive a questionnaire following discharge from hospital. The aim is to seek the views and experiences of carers to see if they feel supported. The findings continue to help shape changes to the delivery of dementia care services.

The Trust worked with voluntary sectors (the Alzheimer's Society and Age UK) to establish weekly dementia carer drop-in sessions at Colchester General Hospital to provide essential information and support. The Trust has a carers' leaflet which outlines what a carer can expect when a relative comes into hospital. It signposts carers to

where they can obtain help and support on discharge. The Trust has developed an *Information All About Me* patient information document which enables information to be shared on the needs of the patient.

How did we perform in 2015/16?

- 99.14% of all eligible patients over the age of 75 were asked the dementia case finding questions
- 100% of all identified patients were screened for signs of dementia
- 97.92% of all patients identified as requiring specialist referral for further diagnostic assessment and advice.

All clinical roles have been aligned to the dementia awareness training which is provided through e-learning and classroom sessions. Three nurses have completed an accredited national dementia train the trainer course. They have developed and provided a more in-depth training programme for staff to improve their skills and knowledge of caring for patients with dementia.

An average of 10 questionnaires are sent every month to carers of patients discharged from the Trust, generating a response rate of 30%.

The following learning themes were identified:

- carers felt confident in staff caring for their relative and ability to meet their needs while in hospital
- carers felt likely to recommend our Trust to friends and family if their relative required similar care or treatment
- carers were not always encouraged to share information with staff about their relative during the admission
- carers felt unsupported at times to care for their relative at home.

What actions are we planning to improve our performance?

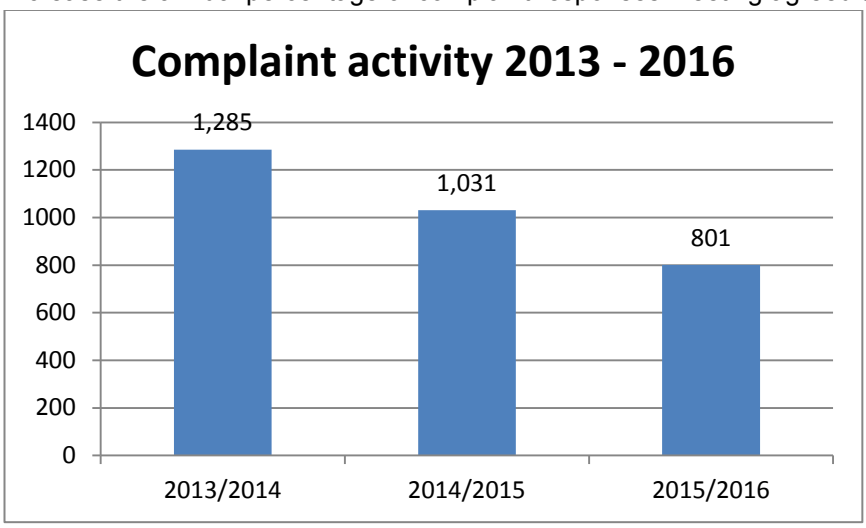
- work will continue to sustain the performance relating to the dementia screening, assessment and referral process
- dementia awareness training will continue to be provided and monitored
- delirium training will continue to be provided and monitored
- themes and trends captured as part of the carers' questionnaire will be reviewed and actions agreed
- the Trust-wide implementation of *Information All About Me* document to support person-centred care.

How will improvement be measured and monitored?

- monthly review of performance outcomes for the screening, assessment and referral of patient with signs of dementia
- monthly reporting of training figures against agreed training trajectories
- seek feedback from carers through a carer's questionnaire
- organise a forum to ensure that we are providing person-centred care initiatives to improve dementia care.

Complaints

Increase the annual percentage of complaint responses meeting agreed timescales by 10% by 31 March 2016



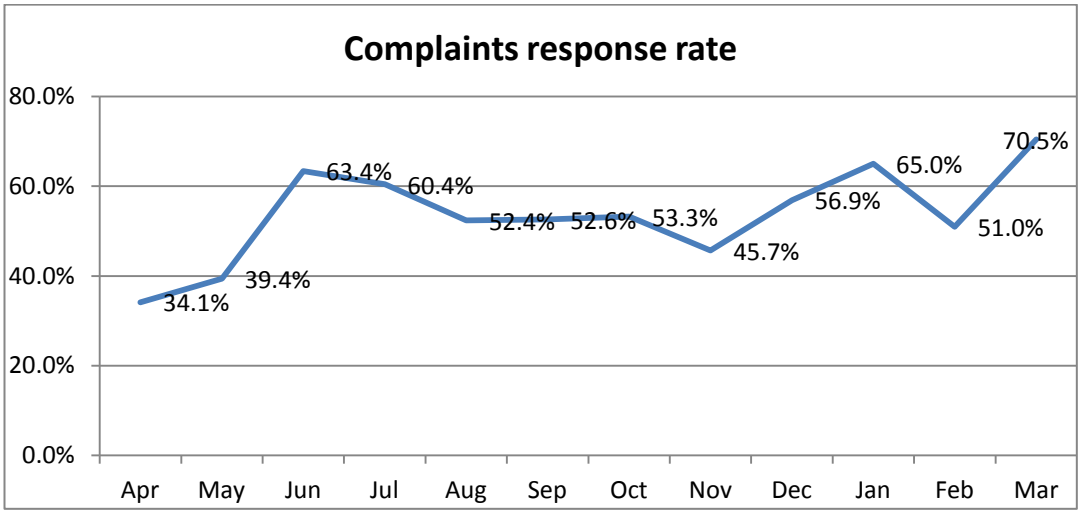
The Trust continues to encourage and welcome patient feedback. There has been a continuing focus to ensure we effectively and efficiently answer complaints and concerns in a timely way and use this rich information to improve our services.

	2013/14	2014/15	2015/16
Number of complaints	1,286	1,031	801

Over the last three years, there has been a steady fall in the number of formal complaints received by the Trust. A significant factor has been the Complaints Team working more collaboratively with the divisions.

The most significant changes have been the introduction of complaints co-ordinators, PALS officers being aligned to the divisions and making personal contact with complainants to discuss the complaint, what outcome they are seeking and maintaining contact throughout the investigation to keep them better informed.

Divisions took better ownerships of complaints to ensure learning was embedded. The Chief Executive worked closely with the Complaints Team to ensure they provide more empathetic and supportive response letters. Complaints help the Trust to make changes and to learn for the benefit for future patients.



In the second half of the year, the Complaints Team worked more effectively and efficiently to ensure complainants were responded to in the agreed timeframe and that they were kept fully informed throughout the investigation. For 2015/16, 100% of complaints were acknowledged by the Complaints Team within three working days of receipt.

Re-opened complaints

What did we do in 2015/16?

Complaints are reopened when a complainant is not satisfied with the response provided by the Trust or they have new issues relating to their original complaint.

Every complaint indicates that the service user, their relative or carer did not receive the high quality care they quite rightly expected. We want to be the most caring health care provider and by listening to our patients' needs through PALS enquiries or complaints ensure we learn from our mistakes and make improvements.

All complaints were seen and signed by the Chief Executive who scrutinised the quality of responses to ensure they were empathetic, addressed and answered the concerns raised and that the Trust learned from them.

The Complaints Team kept complainants fully informed throughout the investigations and managed the deadlines for complaint responses. Contact details for the Trust's Head of Patient Experience and Healthwatch Essex were given to all complainants to address any immediate concerns whilst the complaint is being investigated.

Complaints and PALS staff worked more effectively with the divisions through weekly meetings and regular updates with each division's associate director of nursing.

Regular meetings took place between complainants and the divisions to hear the concerns raised and to implement and share learning.

The Head of Patient Experience attended meetings with complainants in their homes to assure them that complaints were taken extremely seriously.

The PALS hub moved to the main entrance of Colchester General Hospital to be the first point of contact for any complaints or enquiries.

Fifty-three complaints needed to be reopened, compared with 73 the previous year – a reduction of 27% against a target of 20%.

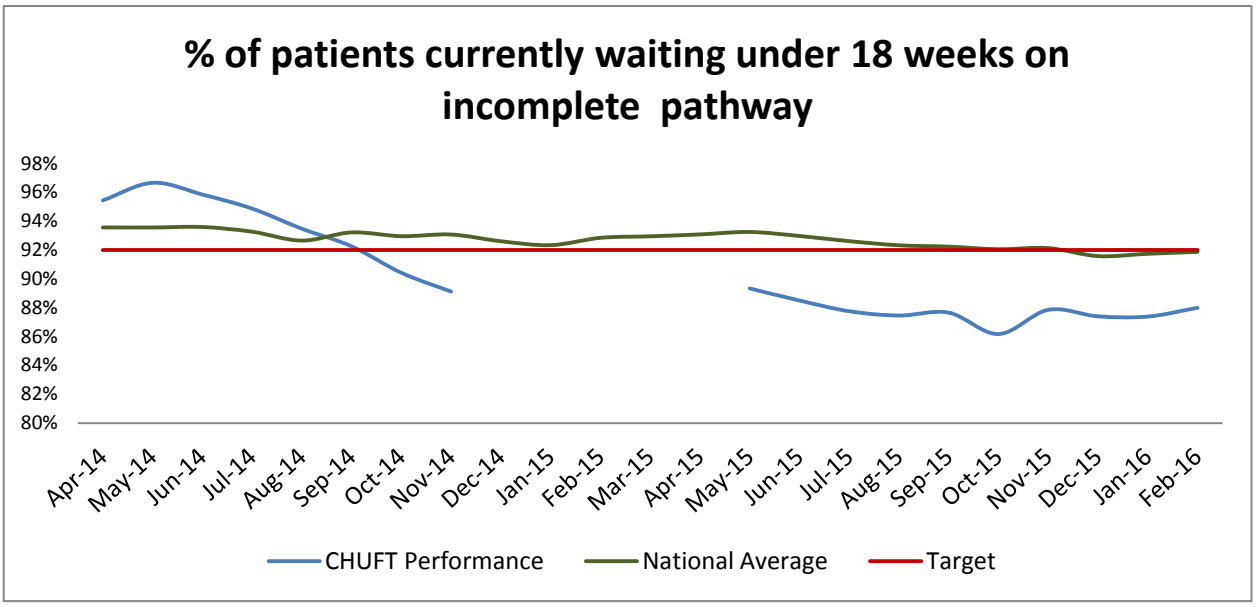
What are we planning to improve our performance in 2016/17?

- first-class service training with all ward and outpatient clerks
- introduce the Cleveden Clinic story into training and staff induction. This helps develop better empathy by encouraging staff to think about what the other person is experiencing
- engage more with the local community, working with the community collaboratively, listen and seek views for improvement
- a further 20% reduction in reopened complaints.

Monitor risk assessment framework

RTT performance

Incomplete pathways



		2014/15		2015/16	
% of patients currently waiting under 18 weeks on incomplete pathway	**Target**	**Trust performance**	**National average**	**Trust performance**	**National average**
April	92%	95.45%	93.58%	*	93.09%
May	92%	96.67%	93.57%	89.35%	93.26%
June	92%	95.85%	93.60%	88.51%	92.98%
July	92%	94.88%	93.28%	87.76%	92.62%
August	92%	93.48%	92.66%	87.47%	92.33%
September	92%	92.27%	93.23%	87.67%	92.24%
October	92%	90.43%	92.97%	86.18%	92.06%
November	92%	89.13%	93.08%	87.86%	92.14%
December	92%	*	92.62%	87.41%	91.59%
January	92%	*	92.34%	87.40%	91.75%
February	92%	*	92.85%	88.00%	91.88%
March	92%	*	92.96%	-	-
End-of-year position	**92%**	**93.46%**	**93.07%**	**87.78%**	**92.35%**

*The Trust did not submit RTT data between December 2014 and April 2015

Trust performance against standard

NHS England introduced a new single measure of the time it takes for patients to start consultant-led treatment following referral by their GP. The new standard identifies the patients waiting to start treatment at the end of each month and came into effect on 1 October. The standard is that 92% of those still waiting to start treatment have been waiting less than 18 weeks.

In November 2014, the Trust replaced the TotalCare Patient Administration System (PAS) with the new System C Medway PAS in order to provide a platform to support the progressive development of an Electronic Patient Record (EPR). The Medway system gives the normal PAS functionality and reporting, with additional clinical modules for A&E, Maternity, Theatres and Critical Care. It also has functionality that will support Order Comms (electronic requesting and reporting of radiology and pathology tests) and the electronic prescribing. The new PAS is Windows-based and will in due course be linked to other clinical systems to provide a single portal through which clinical staff access patient information. It will over time, and subject to further investment in the digitisation of paper records, form an electronic patient record.

The change to the new PAS involved the migration of about 37 million records. While the transfer of records was successful the move to the new system highlighted inconsistencies with data analysis of key waiting time indicators when compared to the previous system. In discussion with Monitor it was agreed that the data was insufficiently robust for reporting and a recommendation was made to defer reporting to allow any issues to be rectified. Full reporting of these data indicators recommenced in May 2015

The Medway PAS is Windows-based and will in due course be linked to other clinical systems to provide a single portal through which clinical staff access patient information. It will over time, and subject to further investment in the digitisation of paper records, form an electronic patient record. The change to the new PAS involved the migration of about 37 million records. Due to unexpected challenges which became apparent after the transition, the Trust did not have the confidence that the data coming out of the new system was robust enough for reporting and a recommendation was made to defer reporting for five months to allow any issues to be rectified.

Overall the Trust did not comply with this standard although significant improvements were made in some key specialties. Surgery and Dermatology delivered the standard in the last two months of the year and are set to sustain this improved performance. However, performance for some specialties, e.g. Neurology and Respiratory, deteriorated in the last few months.

The mains reasons for failure to deliver RTT standard were:

- inadequate number of clinics and operating theatre sessions
- increase in referrals
- difficulties in recruiting the medical and nursing staff required to deliver elective activity
- lack of beds for elective patients, exacerbated by winter pressures
- significant loss of inpatient and outpatient elective activity due to industrial action by junior doctors.

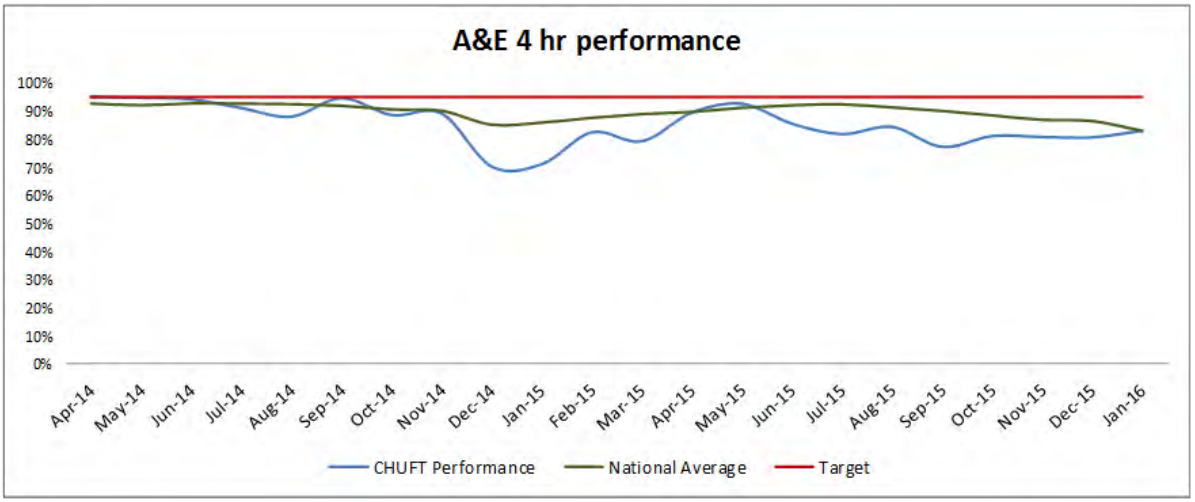
The Trust has taken actions to mitigate these losses, including:

- providing extra clinics and additional operating sessions at weekends. This has helped significantly but the capacity is limited by staff availability because it is voluntary
- working with other hospital trusts (including Ipswich and Mid Essex) and with the independent sector to treat patients on behalf of the Trust. We spent a significant amount of money supporting these outsourcing arrangements. However, the impact was limited by the capacity available from these providers and the unwillingness of our patients to travel to them
- recruiting to consultants and nursing posts. There is an ongoing plan to recruit to vacant consultant posts and for an international drive to recruit to nursing vacancies. Some services have advanced plans to expand their establishment to match demand
- the Trust is working on plans to increase clinic capacity with the proposed move of outpatient services from Essex County Hospital to Colchester Primary Care Centre in 2017/18
- the Trust is currently implementing plans to increase operating theatre capacity which will help reduce waiting times for some large specialties, such as Trauma & Orthopaedics (T&O)
- services are continually collaborating with local health economy partners to develop new ways of working based on ensuring that patients are seen in the community when it is appropriate and safe to do so and do not get referred to hospital unnecessarily

- the Trust is investigating new ways of working which would mean that, where appropriate, patients may be seen by nurses or other qualified healthcare professionals instead of waiting long periods to be seen by a consultant. These models have already been rolled out to good effect in medical and surgical specialities.

The Trust is working with North East Essex CCG to agree a recovery plan which will deliver RTT compliance during 2016/17.

A&E 4 hr performance



		2014/15		2015/16	
	Target	CHUFT Performance	National Average	CHUFT Performance	National Average
April	95.00%	95.2%	92.78%	89.6%	89.84%
May	95.00%	94.9%	92.22%	92.7%	91.27%
June	95.00%	94.3%	92.83%	85.6%	92.19%
July	95.00%	91.2%	92.80%	81.9%	92.52%
August	95.00%	88.1%	92.57%	84.5%	91.41%
September	95.00%	94.7%	91.99%	77.3%	90.16%
October	95.00%	88.7%	90.69%	81.2%	88.57%
November	95.00%	89.2%	90.20%	80.9%	87.02%
December	95.00%	70.3%	85.27%	80.8%	86.56%
January	95.00%	71.2%	86.01%	83.1%	83.03%
February	95.00%	82.6%	87.71%		
March	95.00%	79.3%	89.02%	-	-
YTD	**95.00%**	**87.4%**	**90.41%**	**83.73%**	**89.22%**

For the latest period (Jan-2016)	Trust Name	A&E Performance
Trust(s) with highest performance	SHEFFIELD CHILDREN'S NHS FOUNDATION TRUST	98%
Trust(s) with lowest performance	UNIVERSITY HOSPITALS OF NORTH MIDLANDS NHS TRUST	64%

A&E faced some challenges in meeting performance targets due to various issues across the Trust, especially during the winter.

The Trust was required to meet the target of 95% of patients spending four hours or less from arrival to admission, transfer or discharge.

It achieved 83.73% compared with 87.4% the previous year.

The following reasons have been identified as the main causes for under-performance of urgent and emergency care operational targets:

- Lack of patient flow through the rest of the hospital, resulting in blocked patient pathways from Urgent and Emergency Care
- High bed occupancy rate of 97.2%
- A 30% increase in majors attendance since November
- Continuous challenge in recruitment and retention of clinical staff leading to gaps in the medical/nursing rotas.

Key actions to address performance issues

Action	Key milestones
1. CCG-led admission avoidance schemes	• reduce the number of potentially avoidable admissions through a range of schemes: • high intensity users • review of ambulatory care pathways • maximise use of Rapid Assessment Service
2. Ambulance Assessment/ RAT process	To streamline ambulance arrivals through a dedicated pathway and process to ensure all ambulance patients have early assessment, treatment and streaming. Reduce noise and overcrowding in majors base
3. Mapping medical staffing level with ED activity	Ensure senior clinical decision-making to match demand To ensure increased support to junior medical and nursing staff
4. Proactive use of ED trigger tool	The aim is to ensure timely escalation of ED status on a 24/7 basis with a view to proactively alerting divisional teams for any support required to mitigate risks to patients due to overcrowding
5. Strengthening clinical leadership	To ensure collaborative working between medical, nursing and senior operational staff To reinvigorate departmental ownership, drive and motivation for all staff to improve the quality of patient care and performance To ensure effective shift co-ordination
6. Expansion of Medical Day Unit functionality and review of hours of operation	The aim is to expand MDU capacity with a view to: • change the way in which medical patients are admitted into the Trust where patents are treated as ambulatory until clinically proven otherwise. • injecting capacity in the urgent care pathway at the start of the day to support patient flow through the Trust • support flow out of ED and sustain the delivery of the ambulance assessment pathway • improve patient experience, reducing the number of incidents raised regarding patient care
7. Expand short-stay assessment beds on EAU	Working with the COTE to release short-stay capacity by offering a Virtual Frailty Service rather than one that is hindered by geographical location

Action	Key milestones
8. Bed modelling	Review overall bed capacity and demand to ensure specialties have the right profile to manage demand
9. Review of frail elderly pathway	Launch a COTE project to review the site and function of COTE/Frail Elderly Unit (FEU), articulate findings and recommendations including: • increase performance against recommended FEU standards • establish direct pathways from ED to FEU • develop screening tool for EAU/ED to identify patients suitable for FEU • fully implement and audit the Complex Geriatric Assessment (CGA) tool
10. Safer Flow bundle	ECIST engagement to re-launch SAFER w/c 16 May and a Multi-Agency Disciplinary Event (MADE) 25/26 May, involving system partners to re-set the system
11. Delayed transfer of care – Integrated discharge	There will be a truly integrated discharge team under a single line management structure for a pilot period. Two additional discharge nurses will join the Team from 16 May. Community Matron already started, linking to the Urgent Care Pathway (1 May)
12. Strengthening site management team	Ensure sustainable staffing level for admin and clinical staff within site team Ensure substantive site matron role covered 24/7 Revision of job description to encompass revised roles and processes supporting SOP Ensure continued support to on-call management and clinical teams
13. Winter Contingency Plan	Resilient winter plan in progress

62-day cancer wait times

Issues affecting performance and actions underway.

Four cancer indicators are reported on the next few pages. The Trust's 62-day cancer wait data was qualified in the Quality Report for last year.

Background

Some of the issues behind the cancer performance pressures are not unique to Colchester. Nationally there is an unmet demand for diagnostics and therefore an urgent need to increase capacity, specifically in Endoscopy and CT scanning. Target referrals continue to increase generally but this is more apparent following national changes made to referral criteria for many of the tumour sites which came into practice in July.

The Trust's position regarding the cancer standards and the actions being taken through the Cancer Remedial Action Plan are detailed below.

Governance arrangements and actions underway to improve the cancer performance

The Cancer Management Team is addressing the performance issues across the Trust as follows:

Cancer PTL meeting

The Cancer Management Team meet the service managers and MDT co-ordinators for each cancer speciality every Tuesday in timetabled slots to review each specialty's cancer performance across all targets and at patient level detail. This meeting looks at the tracking of patients on the Somerset Cancer Registry (SCR) to ensure the patients are being tracked efficiently in the cancer pathway and that any actions that need to be escalated are actioned. Escalation can be to a service manager, Diagnostics, treating consultant, clinical nurse specialist or divisional associate director of operations.

This meeting also reviews capacity issues within individual specialties (using data from the Somerset Cancer Registry and QlikView) to ensure that the service teams are aware of potential issues and have a plan to treat patients within the cancer waiting time targets.

Reforming Cancer Care (RCC) meeting

The Assistant Director of Operations (ADO) for Cancer and Clinical Support Services chairs a weekly meeting where the service management teams for all specialties meet to present their cancer performance.

The teams present a weekly report. Any patients who have exceeded the cancer waiting time targets are discussed in detail and are required to confirm treatment plans are in place for each patient. As part of that meeting, additional information and updates are required from the service managers in relation to patients waiting more than 90 days. These patients are identified separately and each tumour site that has a 90 day plus patient is expected to have a clear and robust treatment plan in place.

100 day plus RCA meeting

The Cancer Management Team supports the Chief Operating Officer at a weekly meeting with each of the tumour site service managers to review every 100 day breach that has occurred in the preceding week. The service manager is required to produce a detailed RCA that clearly identifies each stage of the patient's pathway and investigates incidents, issues and events that occurred that prevented the patient receiving their treatment in a timely manner and within the 62-day target period. The RCA should be discussed with the clinical lead for that specialty and signed off as agreed, including further actions required and lessons learnt.
A report on the 100-day breaches and common themes occurring is reported at the monthly Cancer Board.

Cancer performance

Cancer performance against the constitutional standards is reported and discussed monthly at executive level at the divisional finance and performance review meeting. In addition, it is discussed at the monthly Cancer Board which includes representatives from all divisions with a responsibility for cancer pathways (Surgery, Medicine and Cancer Services). Monthly performance meetings were in place with North East Essex CCG where issues or concerns can be discussed as part of the RAP process. However, these did not take place for a number of months and need to be re-established in 2016/17.

Trust-wide actions to improve performance

Cancer Remedial Action Plan (RAP)

In August the Trust was asked to submit a RAP that identified the main problems relating to the delivery of the 62-day standard by tumour site and the mitigation required to resolve the issues. The RAP, which included a planned trajectory to recovery, was signed off by the CCG, NHS England and Monitor as the agreed process for ensuring compliance by January. The standard was not achieved and the RAP has been updated with a new trajectory which shows that compliance will be achieved in July 2016 once the outstanding actions are in place and the impact of those actions are reflected in overall performance.

Pathway reviews

The Cancer Management Team has also undertaken a number of multidisciplinary, multi-stakeholder pathway reviews in Lung, Colorectal, Head & Neck, Chemotherapy and End of Life Care. Changes made to pathways following these events, such as introducing the Lung Straight to Test Pathway for patients with incidental findings on routine x-ray, will significantly reduce waiting times for first treatment.

Data and information

The Trust continues to use the SCR (Somerset Cancer Registry) as the main system for tracking patients through their diagnostic and treatment pathway. However, to further enhance and improve the information flow relating to patients on a target pathway, the assistant service manager for cancer services and the Trust business informatics team have jointly devised a cancer dashboard on the organisation's QlikView system.

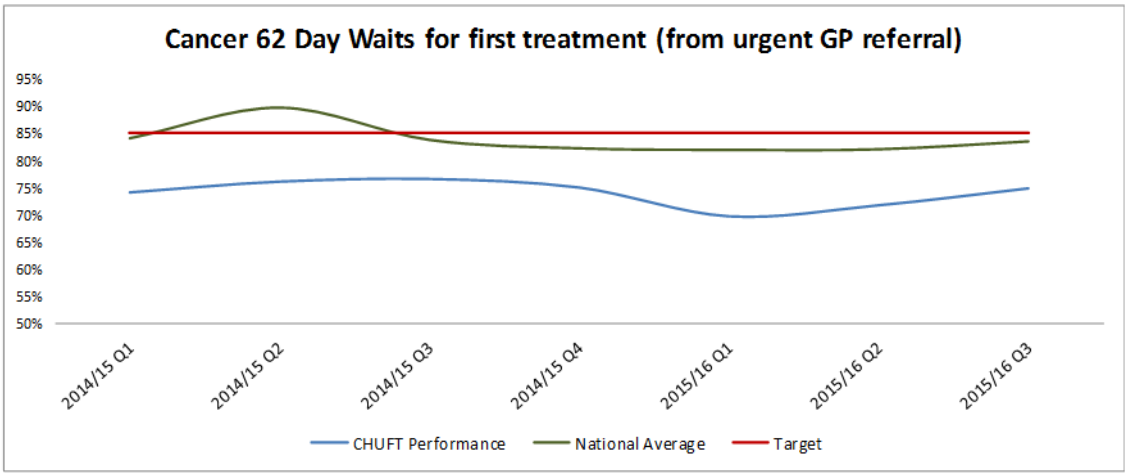
The cancer PTL dashboard extracts live data every hour from the Somerset Cancer Registry and presents all of the patients who are on an active cancer pathway into the a PTL for each of the cancer standards. The patients are split by wait time groups (e.g. 100+ days, 90+ days and 62 day+) and each group can be drilled down to give patient level data, including the number of days waited and breach dates. This PTL can be filtered by tumour site and also by consultant, enabling services to monitor each of their PTLs in great detail at their own convenience.

Each cancer specialty also holds weekly multidisciplinary team (MDT) meetings when they review the management and timing of their patients' treatments, using the SCR system to do so. SCR is also accessed by other Trust staff including the Cancer Referral Team (referred to as the Hub) and relevant members of each specialty, such as the clinical nurse specialists and the service managers.

Each specialty also has a Multidisciplinary Team co-ordinator (MDTC) who updates and enters information into the SCR and provides other administrative support to the Cancer Team. The MDTC received extensive training in the use of SCR. This training is regularly updated as new staff members join the Trust. The Cancer Management Team are also in the process of compiling a Standard Operating Procedure (SOP) that relates to a programme of extended training which will be accessed via the e-learning system that will ensure that MDT and other relevant administrators have the skill set required to manage their tumour sites effectively.

Further comments are made below under specific standards to provide further information on the actions underway to make improvements

Cancer 62-day waits for first treatment (from urgent GP referral)



Cancer 62 Day Waits for first treatment (from urgent GP referral)	Target	2014/15		2015/16	
		CHUFT Performance	National Average	CHUFT Performance	National Average
Q1	85%	74.15%	84.10%	69.75%	81.98%
Q2	85%	76.12%	89.73%	71.77%	82.08%
Q3	85%	76.61%	83.80%	74.88%	83.52%
Q4	85%	75.04%	82.25%	-	-
YTD	**85%**	**75.53%**	**83.71%**	**72.08%**	82.53%

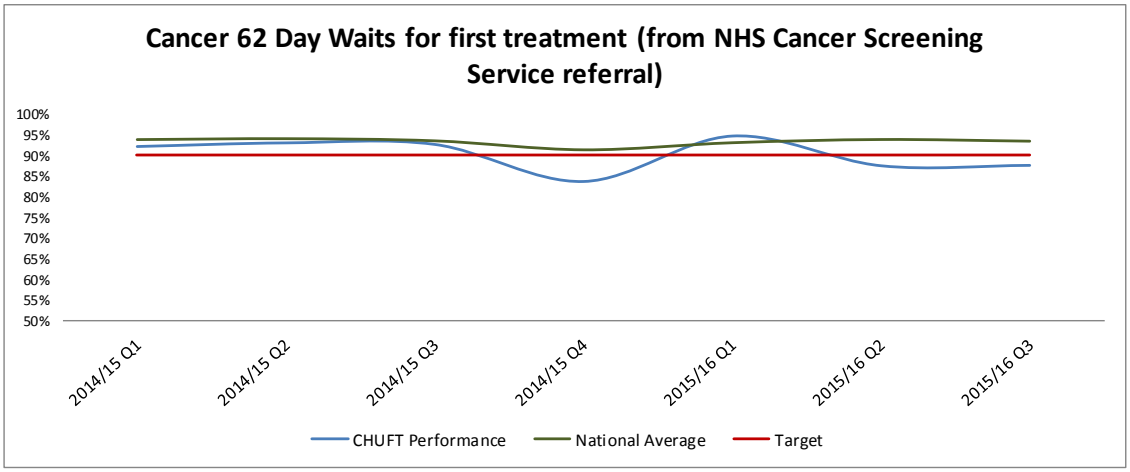
Please note– Q4 data for cancer was not available for inclusion in this Quality Account at time of external auditing and reporting

The Trust, overall, has not met the 85% target for 62-day wait for first treatment since Q1 2013, despite a high number of vigorous interventional plans and schemes to address the areas of main concern and under performance.

Some of these specialties (Gynaecology, Haematology and Head & Neck) treat small numbers of patients, making it difficult to achieve the 85% target. The specialties that have larger patient numbers (Lung, Upper GI, Urology and Lower GI) have experienced problems with capacity, either at the beginning of the 62-day pathway (two-week wait capacity) or at the end of the 62-day pathway (surgical capacity). The Cancer RAP has acted as an enabler to bring a number of issues to resolution. However, due to continued problems with access to Endoscopy the Trust has not been able to deliver against the planned trajectory.

Work is ongoing within Cancer Services and the service management teams to identify capacity and pathway improvements with those specialties in order to achieve the 62-day target. This work is being managed through the Cancer PTL, RCC and 90 day plus meetings already described.

62-day wait for first treatment (from NHS Cancer Screening Service referral)

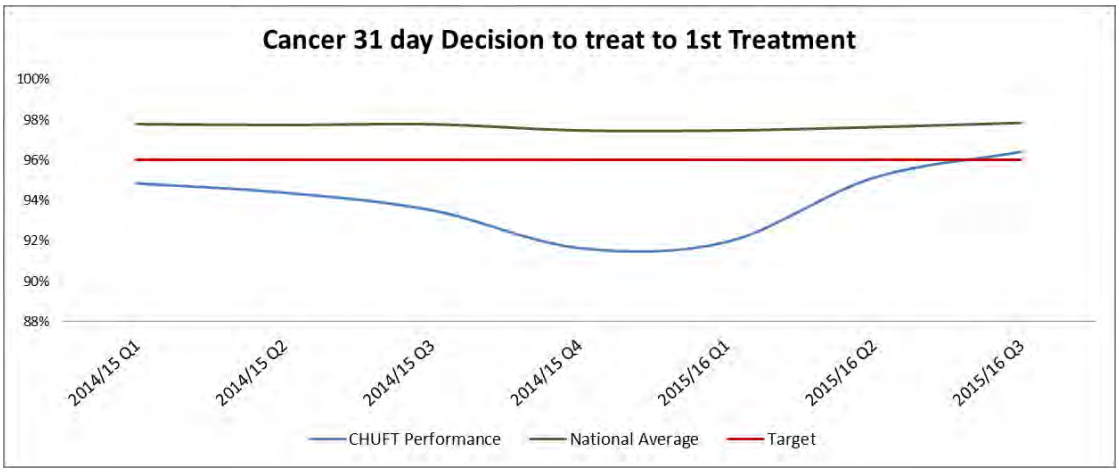


Cancer 62 Day Waits for first treatment (from NHS Cancer Screening Service referral)	Target	2014/15		2015/16	
		CHUFT Performance	National Average	CHUFT Performance	National Average
Q1	90%	92.16%	93.84%	94.69%	93.07%
Q2	90%	93.04%	94.05%	87.50%	93.86%
Q3	90%	92.67%	93.53%	87.60%	93.45%
Q4	90%	83.70%	91.36%	-	-
YTD	**90%**	**91.14%**	**93.22%**	**89.83%**	**93.47%**

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

In this specific standard, screening performance was above the target of 90% for the first quarter of the year but dropped slightly below standard in Q2 and Q3. This is because of a small number of patients on either a breast or lower GI pathway who were identified as having complex diagnostics or treatment delayed for other reasons.

31-day wait from decision to treat to treatment



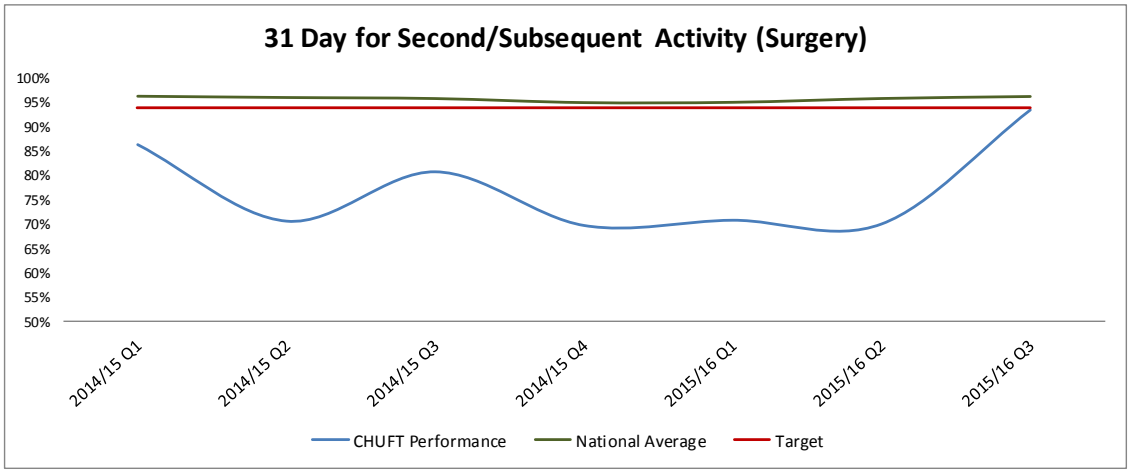
		2014/15		2015/16	
Cancer 31 day Decision to treat to 1st Treatment	**Target**	**CHUFT Performance**	**National Average**	**CHUFT Performance**	**National Average**
Q1	96%	94.85%	97.79%	91.95%	97.47%
Q2	96%	94.40%	97.74%	95.14%	97.64%
Q3	96%	93.53%	97.78%	96.42%	97.85%
Q4	96%	91.65%	97.47%	-	-
YTD	**96%**	**93.59%**	**97.70%**	**94.46%**	97.65%

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

Although compliant in Q3, the 31-day target (diagnosis to treatment) has been affected by the Trust's surgical capacity, in particular in Urology, but also the problems relating to the delivery of dermatology service locally, which has had significant impact on the skin pathway, and timely access to surgery for those patients referred on to a plastics pathway.

In addition, it has been affected by patients who are treated at tertiary centres (Lung and Upper GI). These are patients who receive specialist surgery at specific hospitals. For lung patients, this mainly relates to patients referred to the Royal Brompton Hospital and for upper GI patients this is St Bartholomew's Hospital. Cancer Services is working with the service management teams for Urology, Lung and Upper GI to improve the 31-day target (diagnosis to treatment), both at the Trust and by developing closer working relationships with our partners at the tertiary centres.

31-day for second/subsequent treatment (surgery)

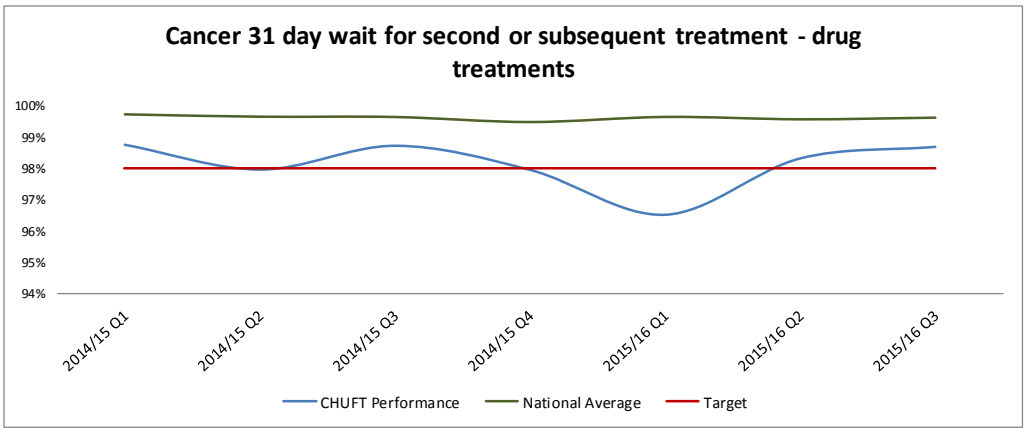


		2014/15		2015/16	
31 Day for Second/Subsequent Activity (Surgery)	**Target**	**CHUFT Performance**	**National Average**	**CHUFT Performance**	**National Average**
Q1	94%	86.30%	**96.25%**	70.77%	95.00%
Q2	94%	70.59%	**95.98%**	70.00%	95.78%
Q3	94%	80.72%	**95.77%**	93.42%	96.19%
Q4	94%	69.70%	**94.94%**	-	-
YTD	**94%**	**76.87%**	**95.73%**	**77.92%**	**95.67%**

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

The 31-day target for subsequent surgery was affected by surgical capacity within Urology and Skin in the first half of the year. Plans that were identified as part of the RAP delivered significant improvement in Q3 and progress towards compliance is expected to continue in Q4.

31-day wait for second/subsequent treatment (drugs)

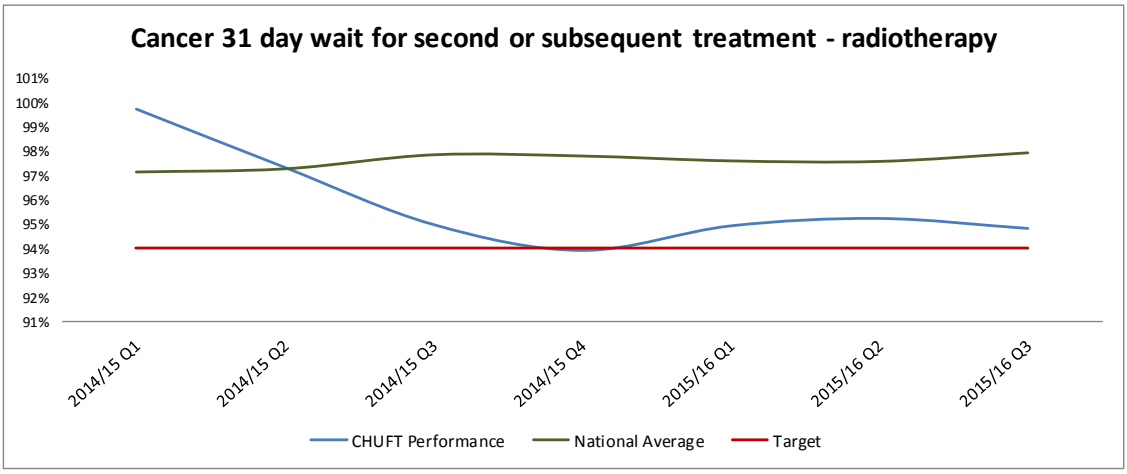


		2014/15		2015/16	
Cancer 31 day wait for second or subsequent treatment - drug treatments	**Target**	**CHUFT Performance**	**National Average**	**CHUFT Performance**	**National Average**
Q1	98%	98.75%	99.72%	96.52%	99.64%
Q2	98%	97.96%	99.65%	98.31%	99.56%
Q3	98%	98.72%	99.64%	98.68%	99.61%
Q4	98%	97.95%	99.48%	-	-
YTD	**98%**	**98.33%**	**99.62%**	**97.86%**	**99.60%**

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

The Trust was compliant with the 31-day subsequent treatment (drugs) standard in both Q2 and Q3.

31-day wait for second/subsequent treatment (radiotherapy)

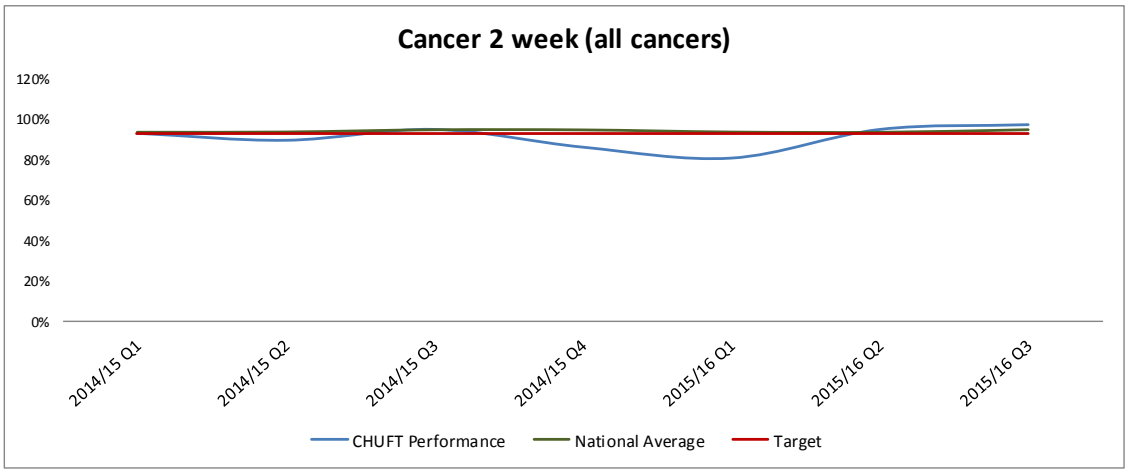


		2014/15		2015/16	
Cancer 31 day wait for second or subsequent treatment - radiotherapy	**Target**	**CHUFT Performance**	**National Average**	**CHUFT Performance**	**National Average**
Q1	94%	99.73%	**97.15%**	94.93%	97.60%
Q2	94%	97.33%	**97.28%**	95.24%	97.58%
Q3	94%	94.99%	**97.85%**	94.83%	97.94%
Q4	94%	93.92%	**97.80%**	-	-
YTD	**94%**	**96.47%**	**97.52%**	**95.00%**	**97.71%**

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

The Trust remained compliant with the 31-day subsequent treatment (radiotherapy) standard.

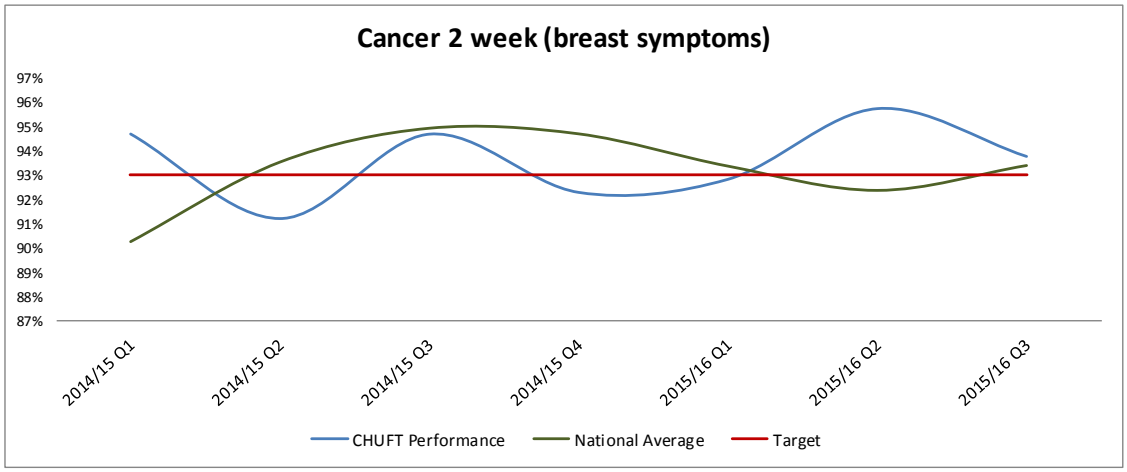
2 week wait (all tumour sites)



Cancer 2 week (all cancers)	Target	2014/15		2015/16	
		CHUFT Performance	National Average	CHUFT Performance	National Average
Q1	93%	93.00%	93.53%	80.72%	93.62%
Q2	93%	89.54%	93.64%	94.90%	93.48%
Q3	93%	94.92%	94.74%	97.26%	94.76%
Q4	93%	86.15%	94.67%	-	-
YTD	**93%**	**91.07%**	**94.15%**	**90.76%**	**93.96%**

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

The Trust made significant improvement against the two-week wait standard and achieved overall compliance in both Q2 and Q3.



Cancer 2 week (breast symptoms)	Target	2014/15		2015/16	
		CHUFT Performance	National Average	CHUFT Performance	National Average
Q1	93%	94.70%	90.26%	92.83%	93.37%
Q2	93%	91.21%	93.54%	95.74%	92.37%
Q3	93%	94.69%	94.93%	93.77%	93.40%
Q4	93%	92.29%	94.70%	-	-
YTD	**93%**	**93.30%**	**93.30%**	**94.10%**	**93.05%**

Please note – Q4 data for cancer was not available for inclusion in this Quality Report at time of external auditing and reporting

The two-week wait target for symptomatic breast patients was compliant in both Q2 and Q3 and only narrowly missed compliance in Q1. In Q2 and Q3, the Trust's performance was above the national average.

Annex 1 – Statements from commissioners, local Healthwatch organisations and Overview and Scrutiny Committees

Health and Scrutiny Committee (Statement not received May 2016)

A draft version of the Quality Account was sent to the Health Overview and Scrutiny Committee on 6 May 2016. No feedback had been received in time to be included within the published document.

Response to CHUFT Quality Account 2015/16 from Healthwatch Essex

Healthwatch Essex is an independent organisation that works to provide a voice for the people of Essex in helping to shape and improve local health and social care services. We believe that health and social care services should use people's lived experience to improve services. Understanding what it is like for the patient, the service user and the carer to access services should be at the heart of transforming the NHS and social care as it meets the challenges ahead of it.

We recognise that Quality Accounts are an important way for local NHS services to report on their performance by measuring patient safety, the effectiveness of treatments that patients receive and patient experience of care. They present a useful opportunity for Healthwatch to provide a critical, but constructive, perspective on the quality of services, and we will comment where we believe we have evidence – grounded in people's voice and lived experience – that is relevant to the quality of services delivered by CHUFT.

The Quality Account for 2015-16 shows how consistency of quality of care remains an issue for CHUFT, a fact reflected in the Trust's lengthy period of time in special measures and in the recent changes of leadership at the Trust (which fall outside the time period covered by this Account). There are commendable areas of good practice, as well as areas of improvement, but sustained improvement is not always evident within the data or in the interpretation of the data.

Performance as measured by a number of different indicators is varied, presenting a mixed picture. For example, responses to the staff survey show an increasing percentage of staff recommending CHUFT as place to work, but a static or declining percentage recommending CHUFT as a place to receive care. In both cases, CHUFT is below the national average. In many instances, too, the Trusts performance against key standards shows an equivocal trend or even a lack improvement – such as in A&E 4hr performance and cancer 62 day waits. From these indicators, it is evident that performance remains below target, below national average and showing no obvious improvement trend.

This picture is complicated by the fact that the presentation of data in the Account, and the Account's representation of the findings of external reviews of service performance, illustrates an often divergent or conflicting view of the Trust's performance. It is notable, for example, that an expert review of surgery commissioned by the Trust reported 'exemplary practice', and yet the CQC report surgery as 'inadequate' and without effective auditing and monitoring systems. This underlines the importance of good data, good governance and assurance processes as being integral to the Trust's aim of overall improvement – so as to bring clarity and certainty to the strategic and operational tasks required. Healthwatch Essex has been a member of the Trust's Improvement Board, Quality Oversight Group and other forums and meetings, and recognises that getting a grip on the Quality Improvement Plan has been difficult, and this must remain a priority for the Trust as it moves forward. Triangulating data and insight wherever possible, to generate an accurate picture of performance, should be a priority also.

Healthwatch Essex's own evidence of service quality at CHUFT is mixed. Callers to our Information Service, people who have submitted reviews on our Feedback Centre, and people who have participated in our study of hospital discharge, report a mixed picture – of both good and bad experiences. Caring staff are often reported, although it is also observed by patients that staff are working under pressure. We are pleased to report that the Trust generally responds and acts positively to our feedback of information, and we look forward to continuing to support the Trust on its improvement journey.

We note the commendable effort of the Trust around patient experience, which has delivered a rapid reduction in the number of formal complaints. This is positive, but it is important that that Trust ensures that there is an effective and robust process in place for identifying both good and bad practice from patient feedback, and ensuring that lessons are identified and implemented effectively and in a sustainable way. A reduction in the number of complaints hopefully indicates that there has been a positive shift in the culture and practice of handling feedback, meaning that patients are less likely to seek recourse to formal complaints in order to have their feedback heard.

We also note the priorities for improvement in 2016-17, and fully support the efforts around care planning (use of My Care Choices) and information around discharge. Healthwatch Essex hopes to continue working with the Trust on these and other matters, not least as the findings of our two year research study on hospital discharge will be published in early summer 2016.

Listening to the voice and lived experience of patients, service users, carers, and the wider community, is a vital component of providing good quality care and by working hard to evidence that lived experience we hope we can continue to support the work of CHUFT.

Dr Tom Nutt
Chief Executive Officer, Healthwatch Essex

26 May 2016

North East Essex Clinical Commissioning Group response to the Trust Quality Report 2015/16

North East Essex Clinical Commissioning Group (CCG) welcomes Quality Accounts from commissioned providers as this demonstrates their commitment to an open and honest dialogue with the public regarding the quality of care in those commissioned services. Assurance of the document from the CCG is required to ensure that the information in the Quality Accounts is accurate, fairly interpreted, and representative of the range of services delivered.

This CCG commentary is based on review of a draft version of the Colchester Hospital University Foundation NHS Trust (CHUFT) Quality Account 2015-16, and as such we are unable to fully assure the accuracy of the content that may be in the final published version. We have fed back our comments on accuracy in the draft report and anticipate that these changes will be made to the final published version.

In general, the CCG found that the document would be difficult for members of the public to interpret in its current form. There were some issues with the formatting and flow of the document which impacted on its readability, and it contained some very complex terminology which would benefit from a glossary of terms, or acronyms explained when first introduced, and tables/graphs clearly explained to assist lay reader understanding. Several statements within the document indicated further information or updates to follow, particularly for the latter part of the reporting period, and some data required confirmation of accuracy. It was not therefore possible to fully assess the document at that stage of its development.

The CCG felt that there were some significant omissions from the draft document that if included would demonstrate a more open account of the considerable quality challenges faced by CHUFT in 2015-16. For example, the open referrals incident, complaints management, an update on the World Health Organisation Surgical Safety Checklist compliance following the Care Quality Commission (CQC) report and the difficulties encountered in delivery of the Commissioning for Quality and Innovation incentive scheme, which resulted in inability to deliver those agreed improvements. The CCG would also have liked to see further information in your account in relation to the safeguarding of both children and adults with regard to concerns raised and challenges faced in the reporting period.

For balance, the CCG feel that it would also have been beneficial to include recognition of the work commissioned through the System Resilience Group; Safer Flow; Good Lives work with Social Care, harnessing the work of the voluntary sector, work with Healthwatch, and other positive initiatives that have been undertaken in-year.

The report has a strong focus on Regulator-related action plans, but does not include the concurrent and ongoing contractual Performance Notices from the CCG, as the commissioner of CHUFT services, in relation to serious quality concerns relating to patient care issues. As the Quality Remedial Action Plan (RAP) and the Constitutional Target RAP

both relate to the experience and safety of patients, recognition of the contract notices and CHUFT's accountability in relation to those would present a more balanced picture of the improvements required by regulators and commissioners, and of the work being undertaken to implement changes to recover quality performance and to measure the resulting impact.

The quality priorities you had suggested for 2016-17 are mainly core contractual requirements. Although the CCG recognise that it is a greater priority to achieve core basic standards rather than seeking to innovate further at this stage, it will be necessary to clearly articulate in the final published Quality Account why pursuing these essential deliverables as priorities would add value and further improve quality, safety and the experience of patients.

The conclusion of North East Essex CCG is that the draft Quality Account for Colchester Hospital University NHS Foundation Trust for 2015-16 provided an incomplete picture of your quality performance, improvements and future ambitions for improving quality and safety in your services.

The CCG remain committed to working with CHUFT in addressing the significant quality challenges faced, and in implementing improvements to guarantee a safe and high quality acute hospital service for the local population.

Lisa Llewelyn
Director of Nursing and Clinical Quality
NHS North East Essex Clinical Commissioning Group

26 May 2016

The Trust acknowledges the points raised within the feedback and will discuss them with the commissioners, but that updates to the final document have not been made to the final document due to time constraints

Statement from the Council of Governors on the Quality Report 2015/16

The governors of Colchester Hospital University NHS Foundation Trust are pleased to have the opportunity to comment on the draft Quality Account for 2015/16.

We support the Trust's focus on patient safety and quality and take this opportunity to reinforce our view that safety of patients is paramount. We were particularly encouraged by the emphasis made on the patient experience and placing patients and their loved ones at the centre of everything the Trust does, as we believe this is key to achieving consistent and high quality care.

As a Trust that has been frequently criticised for having a culture that prevents staff from raising concerns, we were also encouraged that Colchester became one of the first Trusts in the country in 2015/16 to establish the role of Freedom to Speak Up Guardian, in line with the recommendations of the Francis Report. As governors, we were instrumental in drafting the Trust's response to the Francis recommendations and are delighted to see the Trust taking a lead in implementing this action.

Our members continue to be concerned that the Trust's performance remains below the standards it aspires to. As governors, we are concerned and disappointed that the Trust has not done enough to restore the confidence of the CQC. We have witnessed at first hand improvements in standards of care through our participation in walkabouts and PLACE visits and recognise the comments made about the dedication, enthusiasm and commitment shown by staff. We are also aware from our interactions with the Trust that there are many more improvements that have been made, for example in dementia care and End of Life Care, than just those that are mentioned in the report.

We are pleased to report that governors have played more of a role over the last year in supporting the organisation to drive for quality and improvement of the patient experience through observing Board Assurance Committees and undertaking walkabouts and getting to know the Board in more depth, including having two governors as observers on the Quality Improvement Committee, which provides assurance on the delivery of the Quality Improvement Plan. We have always found the Board to be open and transparent about its challenges and the 2015/16 Quality Report also reflects that transparency and honesty. We support the actions being taken to further improve quality and look forward to working closer with the Board over the coming year and continue to support them in making the Trust a caring and compassionate provider for healthcare.

26 May 2016

Annex 2 – Statement of directors' responsibilities for the Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) regulations to prepare Quality Accounts for each financial year.

Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support data quality for the preparation of the Quality Report.

In preparing this Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
    - board minutes and papers for the period April 2015 to May 2016
    - feedback from North East Essex CCG dated 26 May 2016
    - papers relating to quality reported to the Board over the period April 2015 to 6 May 2016
    - feedback from governors dated 20 May 2016
    - feedback from Healthwatch Essex dated 25 May 2016
    - the Care Quality Commission reports published 19 January 2016
    - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Regulations 2009
    - the 2015 national inpatient survey results dated 8 June 2016
    - the 2015 national staff survey published February 2016
    - the Head of Internal Audit's annual opinion over the Trust's control environment dated April 2016
    - CQC Intelligent Monitoring Report dated May 2015.

The Quality Report presents a balanced picture of Colchester Hospital University NHS Foundation Trust's performance over the period covered.

The performance information reported in the Quality Report is reliable and accurate.

There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice.

The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions and is subject to appropriate scrutiny and review.

The Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts Regulations) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

Mr Nick Hulme
Chief Executive

26 May 2016

Mr David White
Chair

26 May 2016

Annex 3 – Independent Practitioner's Limited Assurance Report to the Council of Governors of Colchester Hospital University NHS Foundation Trust on the Quality Report

We have been engaged by the Council of Governors of Colchester Hospital University NHS Foundation Trust to perform an independent limited assurance engagement in respect of Colchester Hospital University NHS Foundation Trust's Quality Report for the year ended 31 March 2016 (the "Quality Report") and certain performance indicators contained therein against the criteria set out in Annex 2 to Chapter 7 of the 'NHS Foundation Trust Annual Reporting Manual 2015/16 (the 'Criteria').

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to the limited assurance engagement consist of those national priority indicators as mandated by Monitor:

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways
- Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge

We refer to these national priority indicators collectively as the 'Indicators'.

Respective responsibilities of the Council of Governors and Practitioner

The Council of Governors are responsible for the content and the preparation of the Quality Report covering the relevant indicators and in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual 2015/16 issued by Monitor and 'Detailed guidance for external assurance on quality reports 2015/16.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the Criteria
- the Quality Report is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2015/16; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2015/16.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual 2015/16, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period 1 April 2015 to 31 March 2016;
- Papers relating to quality reported to the Board over the period 1 April 2015 to 31 March 2016;
- Feedback from Commissioners dated 26 May 2016;
- Feedback from Governors dated 20 May 2016;
- Feedback from local Healthwatch organisations dated May 2016;
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated April 2016;
- The national patient survey dated February 2016;
- The national staff survey dated November 2015;
- Care Quality Commission Intelligent Monitoring Report dated May 2015; and
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 22 April 2016

We did not test the consistency of the Quality Report with feedback from the Overview and Scrutiny Committee as the draft Quality Report was sent to them for comment but no response has been received at the time the Quality Report was signed.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the "documents"). Our responsibilities do not extend to any other information.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Colchester Hospital University NHS Foundation Trust as a body, to assist the Council of Governors in reporting Colchester Hospital University NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2016, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body, and Colchester Hospital University NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- making enquiries of management
- analytical procedures
- limited testing, on a selective basis, of the data used to calculate the indicators back to supporting documentation
- comparing the content requirements of the 'NHS Foundation Trust Annual Reporting Manual 2015/16 to the categories reported in the Quality Report; and
- reading the documents.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual 2015/16.

The scope of our limited assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Colchester Hospital University NHS Foundation Trust.

Our audit work on the financial statements of Colchester Hospital University NHS Foundation Trust is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as Colchester Hospital University NHS Foundation Trust's external auditors. Our audit reports on the financial statements are made solely to Colchester

Hospital University NHS Foundation Trust's members, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work is undertaken so that we might state to Colchester Hospital University NHS Foundation Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of NHS Foundation Trust's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members as a body may be interested for such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Colchester Hospital University NHS Foundation Trust and Colchester Hospital University NHS Foundation Trust's members as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

Basis for qualified conclusion

The Trust's Quality Report did not comply with Regulation 10(1) of the National Health Service (Quality Accounts) Regulations 2010, as amended, in that the Trust did not provide a copy to the Overview and Scrutiny Committee by 30 April 2016. Consequently the Trust did not receive feedback from Overview and Scrutiny Committee to include in the Quality Report.

The indicator reporting the 'percentage of incomplete pathways within 18 weeks for patients on incomplete pathways' did not meet all six dimensions of data quality for the following reason:

- in the sample of our testing of 25 cases identified 12 where it was not possible to agree the information included within the outturn. Consequently we have not been able to obtain sufficient assurance against the six dimensions of data quality for this indicator.

The indicator reporting the 'percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge' did not meet all six dimensions of data quality for the following reason:

- in the sample of our testing of 25 cases identified 11 where it was not possible to agree the information included within the outturn. Consequently we have not been able to obtain sufficient assurance against the six dimensions of data quality for this indicator.

Qualified conclusion

Based on the results of our procedures, with the exception of the matters reported in the basis for qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

- the Quality Report is not prepared in all material respects in line with the Criteria;
- the Quality Account is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2015/16; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2015/16.

Grant Thornton UK LLP
Chartered Accountants
London

Date: 27 May 2016

Above: Claudia Morton, Deputy Sister, Neonatal Unit