East Suffolk and North Essex NHS Foundation Trust

Annual Report and Annual Accounts

1 April 2020 – 31 March 2021

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Contents

Section A – Annual Report

Section B – Annual Accounts

Useful contact information

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Patient Advice and Liaison Service (PALS)

Our Patient Advice and Liaison Service (PALS) offers confidential, on-the-spot advice and support to help patients, relatives and other visitors sort out any concerns they may have about their care.

You can contact PALS on Freephone 0800 783 7328 or by emailing pals@esneft.nhs.uk. Please state whether your email is about Ipswich or Colchester Hospital.

We care, do you?

Becoming a member of our foundation trust gives you the opportunity to get involved in decisions that affect the services that we provide to you and your family. Membership is open to anyone over the age of 16 who lives in our area.

To find out more, email ft.membership@esneft.nhs.uk, phone 01206 742347 or visit www.esneft.nhs.uk and click on “get involved”.

General information and inquiries

Email: communications@esneft.nhs.uk

Full contact details and more contact information is available at www.esneft.nhs.uk

Please note: There is no requirement for a foundation trust to prepare a Quality Report for inclusion in its Annual Report for 2020/21.

For a copy of this Annual Report in Braille, large print or foreign language formats, please call 01473 704770

Welcome

Message from the Chair

My reflections on this most extraordinary year focus on the sadness and immense loss many families have suffered together with the truly inspirational achievements our colleagues have attained despite such a tough, sad and challenging background.

We cared for our first patient with COVID-19 in the first week of March last year and we cancelled all non- emergency surgery in April. The agility and speed at how we adapted, how we set up staff helplines, organised support, changed the way we delivered care and how we used our buildings, was truly awesome.

Our response to this worldwide pandemic was a team effort. Consultants worked as healthcare assistants on wards to help care for patients. Therapy and nursing staff working throughout the Trust were redeployed to work in critical care units. Our IT colleagues quickly helped hundreds of colleagues work from home, all at a rapid pace. Virtual clinics were set up within days so that clinicians could continue to care for patients.

Some of these achievements would not have been possible if we were not a combined acute and community services Trust. When we became ESNEFT we gained the flexibility and scale to be able to do things much more quickly and to be an active partner in our integrated care system. Working together with our partners throughout the NHS, social care and with charity and voluntary organisations has been fundamental in managing the constantly changing picture of care throughout the year.

We have learnt so much and are committed to taking forward this transformational learning into how we lead and develop services in future. The urgency of our response showed us that there are different and sometimes much better ways of delivering care together, in partnership and with common purpose.

In July we began our recovery programme, bringing into hospital patients who had been waiting for important surgery. The unhappy legacy of this pandemic for thousands of our patients is a much longer wait for treatment. This focus on giving everyone waiting for hospital and community care the earliest possible admission and appointment times will continue in the months and years ahead. Our ‘re-start’ programme was carefully managed to mitigate any risks. We continued to provide urgent cancer surgery throughout the first and second waves of COVID-19. Our performance has been recognised as nationally and regionally leading edge which is a tribute to everyone involved.

Another immediate challenge for us now is how we respond as a system to the rising new demand for services following the pandemic for example mental health, eating disorders and long COVID.

The health and wellbeing of staff must be at the heart of our response in dealing with these challenges. Thanks to the immense generosity of the communities we serve and the wider support of NHS Charities Together, we have been able to set up a Health and Wellbeing Hub to better support all colleagues.

I feel a real sense of compassion, generosity of spirit and above all determination throughout this Trust, to use this extraordinary year to do something exceptional with our services, to address the health inequalities we have seen so clearly during the past 12 months and to continue to deliver high quality care and treatment. I would like to thank all of our staff, our governors and our partners for their unwavering support and help.

Helen Taylor
Chair

Performance Report – overview

The Performance Report helps readers 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.

Chief Executive's overview and plans for the year ahead

So we don't forget is the title of our special COVID-19 website with a timeline of what we experienced at ESNEFT from January 2020 to March 2021. The timeline also includes a Listening Project with colleagues either in conversations with each other on their own personal reflections of caring for patients and one another during the pandemic, or talking individually.

The conversations are poignant and resonate with the many conflicting emotions we have all had throughout this challenging time. The sense of privilege of being able to care for people at their most vulnerable, the joy of seeing patients get better and go home, the camaraderie of colleagues and having an overwhelming sense of purpose. The tiredness, exhaustion and fear we all battled against. Seeing people die so quickly and in some cases, many deaths all in a short space of time. So many of our staff and patients have also had to deal with unimaginable pressure in their personal lives which will have also had an impact.

All of the year covered in this year's Annual Report is rooted in our response to this worldwide pandemic and from December onwards. When we first began testing patients for COVID-19, every single test had to be sent to a specialist centre often hundreds of miles away. This meant that it was often days before we had confirmation or otherwise. We rapidly developed testing on our hospital sites and it is the most astounding achievement that we are now the seventh highest testing centre in the entire country.

We were also one of the first 50 sites across the country to become a vaccination hub. The day we delivered our first COVID-19 vaccination from the Colchester Hospital vaccination hub, to an 89-year-old gentleman was one that I will never forget. It was a day which seemed so far away from the first throes of caring for patients in those dark early days of the pandemic in March 2020.

The vaccination hubs were set up and staffed at lightning speed and have delivered more than 70,000 COVID-19 vaccinations to patients, our NHS staff and to colleagues working in more than 350 partner organisations. It is an outstanding tribute to everyone involved. This success helped us achieve funding for a new £5 million molecular laboratory, which is coming along at pace, and also a LAMP testing centre.

There has been a strong sense of togetherness throughout, as an NHS, as a Trust, with our many health, social care and third sector partners, and as a community. I am so grateful for the dedication, professionalism, compassion and kindness of colleagues.

We must never forget what we learnt, most of it positive, but we also, with hindsight, made some mistakes in our response. We are encouraged that our staff wellbeing hub is now up and running including the appointment of a consultant clinical psychologist to lead our staff psychology service. This is a direct result of what staff colleagues told us was needed and has in part, been funded by the generosity of the public. In the pages which follow you will find more about our extraordinary year.

Nick Hulme
Chief Executive

About us

History of the Trust

East Suffolk and North Essex NHS Foundation Trust (ESNEFT) was established in July 2018 and brought together the two trusts which previously ran Colchester (Colchester Hospital University NHS Foundation Trust) and Ipswich (Ipswich Hospital NHS Foundation Trust) hospitals and Ipswich East Suffolk Community Health Services.

The people we serve

We provide hospital and community health services to around 800,000 people living across a wide geographical area. We deliver care from two main hospitals in Colchester and Ipswich, six community hospitals and in patients' own homes. We also provide a range of specialised services, such as spinal surgery and prosthetics.

In 2020/21 we were one of the largest NHS organisation in the region and have an annual budget of more than £856 million.

We are also one of the biggest employers in East Anglia, and employed 10,834 people on 31 March 2021.

Time Matters

At ESNEFT, our philosophy is that time matters to everyone. Too often, our current systems and ways of working add unnecessary stress and frustration. Across the Trust, we will concentrate on improving the things we do and removing those which do not work or cause time delays for our staff and patients throughout our day-to-day business.

Staff are being encouraged to make time matters principles integral to the way they work and continuously involve their teams in identifying issues and processes which are not working. As well as supporting their patients and colleagues, the approach aims to help them feel empowered to make changes within their service.

Statement of purpose and activities

Our vision and strategy

Our strategy was approved by our Board in April 2019 and runs until 2024. It was developed with our staff, partner organisations and representatives of the communities we serve, and sets out a clear and exciting direction for our services over the next five years.

Our ambition is to offer the best care and experience, and is supported by five strategic objectives which will guide planning and investment:

The document is aligned with national and local strategies, and recognises that we are part of a complex system of health, care and wellbeing services and have key role to play in making sure that service users can receive joined-up care. At its heart is our philosophy that time matters, and our drive to reduce the unnecessary stress of navigating the system and free up time to focus on what matters most.

Over the coming 12 months, the health and care system as a whole will continue to face significant challenges. This is due to the impact of coronavirus (COVID-19) pandemic, and our growing and ageing population, combined with shortages in supply of some groups of the workforce. To address this, we have to adopt new ways of working and achieve higher levels of co-ordination with our health and care partners across the system. Developing our staff with new skills and introducing new roles is at the heart of this. Technology will also play a key role in making our services more accessible while helping us use information well. Innovation in treatments and diagnostic services are also required to ensure that our services continue to be centres of excellence.

Our services

The Trust provides a range of patient services:

	2020/21
Outpatient attendances	765,345
Emergency Department (A&E) patients (includes UTC)	165,604
Inpatient and day case admissions	156,547
Babies born	6570
Community Hospital admissions	1502
Community attendances	362,582

Data sources: Power BI as at 12/04/2021, Maternity dashboard, Community BI Team

Key issues, opportunities and risks

As part of good governance, ESNEFT continues to identify issues, opportunities and risks that could affect the Trust in delivering our objectives to achieve future success and sustainability.

Key issues

- The population we serve is growing at one of the fastest rates in England. Favourably, some people are also living longer. Sadly, healthy life expectancy in Tendring has plateaued for men and women. These factors increase the number of people needing health care services.
- It is difficult to recruit staff across a range of key disciplines. In some teams, the mix of skills and staff roles could be developed further.
- Like many other Trusts we are in underlying financial deficit, despite good progress in cost improvement over the last years.
- National standards for clinical service quality continue to rise and maintaining compliance is challenging in some areas.

Opportunities

- We have significant scale in many of our clinical services, with six specialties among the ten largest in England (by number of people treated).
- We have a range of new skills and roles being introduced into our services.
- We provide community services (in Ipswich and East Suffolk) offering good integration of services.
- We operate in a system with a track record of strong partnership working with other health and care agencies.
- We have been allocated £69.3m of capital investment to ensure the sustainability of emergency and elective (planned) care services.
- We have been awarded (as part of an alliance of delivery partners) a contract to provide community services within North East Essex.

Risks

The causes of the risks and mitigating actions are described in more detail in the Annual Governance Statement. In brief, the principal risks to the Trust's strategic objectives are:

- A failure to deliver the fundamental standards of care and reduce unwanted variation across all settings in the Trust, caused by inconsistent processes and practice, may lead to poorer patient experience and suboptimal clinical outcomes. This, in turn, may lead to increased regulatory scrutiny, reputational damage, financial cost through litigation, and potential negative impact on the recruitment and retention of staff and students. Oversight of the fundamental standards of care have been built in to divisional performance dashboard with monthly review and reporting through an aggregate report (Integrated Performance Report) at the Board.
- If the Trust does not continue to have robust oversight of quality outcomes and improvements, through a clearly defined quality governance framework, this may lead to key issues and risks not being identified early, which will prevent the Trust reacting effectively and efficiently, thereby

minimising the opportunity to avoid harm and poor patient and staff experience. This, in turn, may lead to increased regulatory scrutiny and associated issues. The Trust has developed a Quality Improvement Faculty and a Getting it Right First Time Programme. In 2021 a new Quality Strategy will be developed to set our quality objectives.

- If we do not engage the ESNEFT workforce with what the Trust is working to achieve and its values, there may be an impact on staff morale, productivity and potential for reputational damage. Covid-19 has enable a positive change in staff engagement detail provided on Page 75.

- If we do not establish systematic processes for identifying, measuring and delivering cost improvement opportunities and leveraging transformational change, then we will not deliver the cost improvement programme in the financial year or create long term opportunities for sustainability, which may lead to failure to deliver the control total, impact on cash flow and long-term sustainability as a going concern.

- Insufficient midwifery staffing may lead to unfilled shifts and potential for poor patient experience. The Board has approved £1.4m investment to establish additional midwifery posts which are being actively recruited to.

- If we do not transform through strategy and its delivery then we will be unable to achieve long term sustainability leading to regulator intervention. The Trust has seen significant activity to transform our Pathology Services, investment in our infrastructure and new ways of working.

- If we do not have in place effective organisational financial management, then we may not be able to fully mitigate the variance and volatility in financial performance against the plan leading to failure to deliver the control total, impact on cash flow and long-term sustainability as a going concern. The Trust has provided training resources for budget holders from Healthcare Financial Management Association building our financial management competencies.

- If we do not have a clear plan to support and develop our staff, improve recruitment and retention, grow our substantive workforce and strengthen staff engagement, leadership and culture across the Trust, then we will not achieve our ambitions.

- If we do not have services that meet the need of the local population during and post Covid, this may lead to prolonged waiting times which may give rise to suboptimal outcomes for patients. The Trust adapted ways of working and utilised partnerships with the independent sector to safeguard patient services (see operational performance section).

- If we do not have in place appropriate Emergency Preparedness, Resilience and Response (EPRR) to business disruption then there may be continued disruption to clinical and corporate services which may lead to patient care being suboptimal. The Trust EPRR policies were tested during Covid-19 and audited within year for effectiveness. Our 2020/21 governance and system adaptability was recognised national when ESNEFT won a HFMA National Healthcare Finance Award.

- If we are not able to respond effectively to potential IT disruption outage /incident, then there will be delays on clinical and corporate services operational and transformational delivery. The Trust continues to have in place business continuity plans for IT disruption and work towards being cyber secure.

- If we do not have agreed Future Models of Care or the Capital Investment to deliver the ESNEFT Estates Strategy to provide a safe, compliant and functionally suitable environment for patients, visitors and staff this will impact our ability to deliver the overall trust wide strategy and ICS objectives. The Trust has seen significant investment in estate development and infrastructure schemes see detail on pages 17/18.

- If investment to support IT strategy delivery is not available then there could be delay to the delivery of enabling programmes of work to support the delivery of the Trust Strategy.

Emergent Risks

- Responding to COVID-19 clinical pressures and the impact on urgent and non-urgent elective capacity. ESNEFT currently has 4013 patients waiting over 52 weeks from referral to treatment.

- Responding to changes arising from the potential reconfiguration of Integrated Care System boundaries resulting in uncertainty of the commissioning landscape affecting long term service planning and financial stability.

COVID-19

The ongoing coronavirus (COVID-19) pandemic spread to the UK in late January 2020, with transmission with the UK first documented on 28 February 2020 and a NHS level 4 incident declared in March 2020.

In response to the situation ESNEFT triggered its major incident plan with the following actions being taken and continued throughout 2020/21:

- Set up major incident command and control governance structure which included:

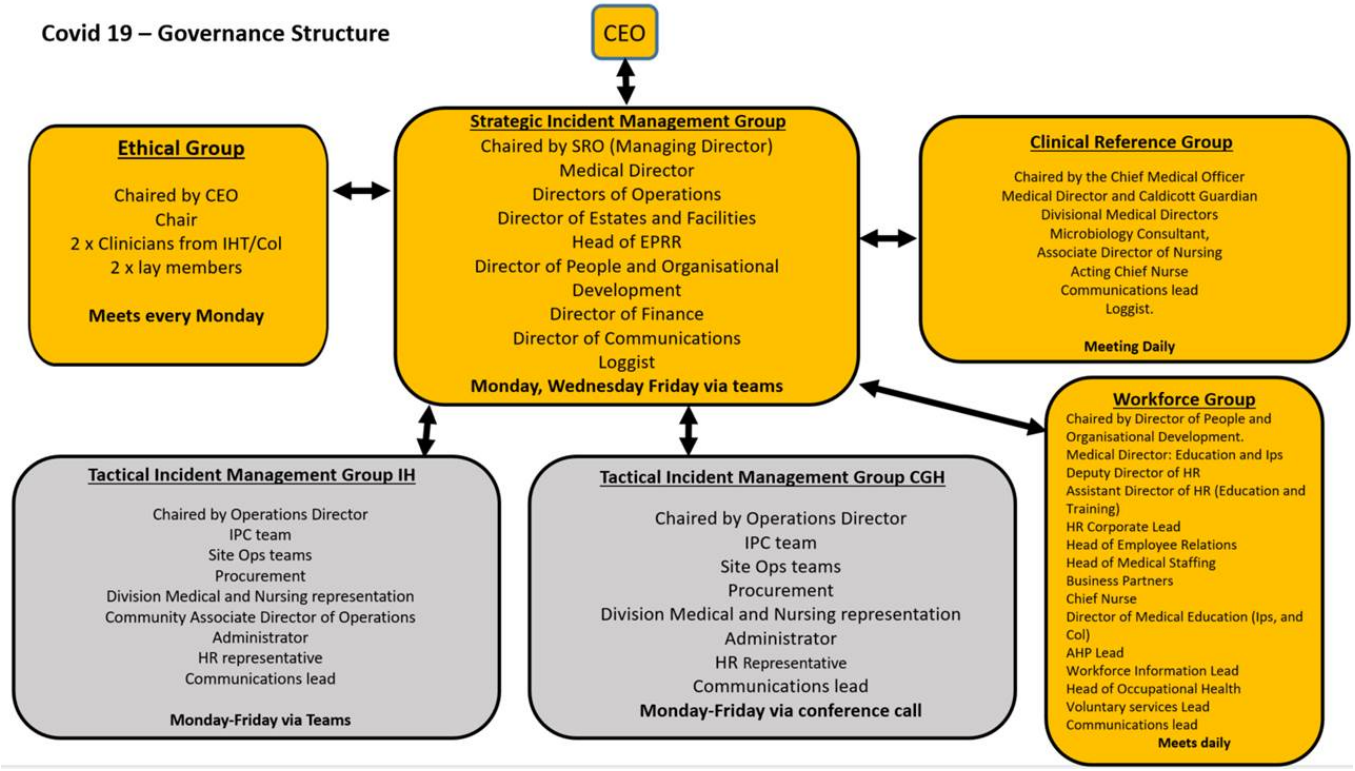
    - **Strategic Incident Management Team** – Providing strategic leadership, direction and coordination for ESNEFT's response to the evolving COVID-19 incident; and to identify strategic and operational objectives to ensure preparedness and effective risk manage for the duration of the incident. This group was chaired by the Deputy Chief Executive.

    - **Tactical Incident Management Groups** – Providing operational coordination for ESNEFT's response to the evolving COVID-19 incident, deploying the decisions made at the SIMT.

    - **Workforce Group** – Providing effective advice and preparedness on coordination and prioritisation of training; health and wellbeing; and attendance of staff and volunteers.

    - **Clinical Reference Group** –.Reviewing guidance issued by PHE and other national bodies in relation to COVID-19 on behalf of the SIMT.

    - **Clinical Ethics and Advisory Group** –Advisory function for the decisions to ensure that consideration is given to the wider ethical implications of the decisions made from PPE, Resuscitation Guidance and principles for allocation of resources.



- ESNEFT cancelled all non-urgent planned care activities in line with national guidance.
- A Trust-wide view of 'personal circumstances' and 'risk assessment' of our staff was undertaken in response to those identified with high risk health conditions.
- Staff that were able to work from home were supported to do so.
- A staff helpline for those reporting sickness absence and self-isolation operated.
- Patient and staff testing for COVID-19.
- A communications and engagement plan was initiated (including to our Council of Governors).
- Trust-wide business as usual governance was revised to reduce time commitment whilst maintaining Board oversight.
- Services for urgent and emergency care were maintained.

Going concern disclosure

These accounts have been prepared on a going concern basis. In accordance with IAS 1, management has made an assessment of the Trust's ability to continue as a going concern.

In making this assessment management has taken into account the Trust's income and expenditure plan for 2021/22, which is to break-even, and the current cash position of the Trust. The Trust's current cash plan for 2021/22 is not reliant on Department of Health and Social Care (DHSC) funding for cash financing with a forecast cash balance of £45m at 31st March 2022. The Board concludes there to be no material uncertainty around going concern for the period to 30 June 2022.

In light of these considerations, and having made appropriate enquiries, the Directors have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future.

As directed by the Department of Health and Social Care Group Accounting Manual 2020/21, 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 in the public sector. On this basis, the Trust has adopted the going concern basis for preparing the accounts.

Performance Report – analysis

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

Care Quality Commission (CQC) registration

East Suffolk and North Essex NHS Foundation Trust has unconditional registration with the Care Quality Commission with no enforcement action. In line with the Care Quality Commissions inspection framework, the last inspection of our core services, use of resources and well-led took place in 2019/20.

There have been no restrictions placed on the ESNEFT CQC registration.

NHSI enforcement undertakings

The Trust continues to be routinely monitored against the Single Oversight Framework (SOF) which includes 35 metrics across the domains of:

- Quality (Safe, Effective and Caring)
- Operational performance
- Organisation health
- Finance and use of resources

NHSI confirm that ESNEFT is in segment two, with no enforcement undertakings.

We had planned to carry out a self-assessment in late 2019/20 to assess East Suffolk and North Essex Foundation Trust's leadership against the NHSI Well-Led Framework, and this was deferred in 2020/21 due to COVID-19 restrictions. The Trust will prioritise a review within 2021/22. The Trust was rated 'good' by the Care Quality Commission for Well-Led in 2019/20.

Financial outlook

The Trust's accounts for 2020/21 have recorded a deficit of £0.6 million (excluding the consolidation of charitable funds). This includes a significant impairment of assets of £2.9 million. NHSI/E measure the Trust's financial performance after adjusting for certain items, e.g. impairments and donated income. On this measure the Trust delivered a surplus of £0.3 million.

The Trust has developed a plan for 2021/22 which has a forecast break-even position. This may change as a consequence of national financial arrangements that are yet to be confirmed for the second half of 2021/22.

In 2020/21 to simplify processes and reduce the number of transactions during the COVID-19 outbreak some temporary financial changes for were introduced.

These include moving to a nationally determined monthly 'block contract' payment. All NHS providers were guaranteed a minimum level of income reflecting their current cost base, together with the ability to claim for additional costs due to COVID-19. The expectation was that this would ensure adequate funds for providers to deliver a break-even revenue position during the period,

It has been agreed that these arrangements will continue into the first half of 2021/22 but arrangements for the remainder of 2021/22 are yet to be confirmed.

Cost improvement programme

It is our ambition to deliver a financial break even position in 2021/22, to deliver this position it will be necessary to deliver a cost improvement saving of £15.7m. This is approximately 2.5% of the Trust's expenditure baseline The Trust is developing plans to achieve these cost improvements.

Looking ahead to 2021/22

The requirements of the NHS Long Term Plan, which was published in January 2019, set out the need for trusts which are in deficit to be back in balance by 2023/24. To help us achieve this, the Trust has developed and constantly keeps under review a sustainable financial recovery plan.

Obviously, the outbreak of COVID-19 has impacted on the delivery and trajectory of this long term plan.

The Suffolk and North East Essex Integrated Care System (ICS) was established during 2018/19. Financial accountability is expected to be held at an alliance level. ESNEFT straddles the North East Essex Alliance and the Ipswich and East Suffolk Alliance.

Current planning requirements nationally are limited to the first half of 2021/22. Systems have been allocated a set of revised financial envelopes for the six-month period of 1 April to 30 September 2021 (referred to as H1). There is an expectation that systems achieve a breakeven position

The full financial settlement for month's seven to twelve will not be confirmed until later in the year.

Cash funding

The Trust is not planning to be reliant on Department of Health (DH) funding for cash financing.

NHS Improvement will review our plans to ensure that financial support is provided only for the necessary costs of running a safe organisation. Discretionary spending and investments will be reviewed as part of the conditions of accessing funding from the DH.

The Trust will also need to abide by other conditions, such as the use of capital, which means we will be under increased scrutiny financially and will face constraints in our ability to incur significant costs or capital commitments.

Long term planning

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Financial performance

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	2020/21 £m	2019/20 £m
Operating income	856.5	776.6
Operating costs	(849.2)	(771.4)
Operating deficit from continuing operations	**7.3**	**5.2**
Non-operating costs	(8.2)	(6.5)
Surplus/(deficit) for the year BEFORE gains arising from transfers by absorption	**(0.9)**	**(1.3)**
Gains arising from transfers by absorption	0.3	0.0
Surplus/(deficit) for the year	**(0.6)**	**(1.3)**

Consolidated accounts

The Trust has not consolidated the activities of the East Suffolk and North Essex NHS Foundation Trust Charitable Fund, whose activities are not considered to be material.

Operational service standards

Emergency department (A&E) four-hour standard

The Trust recorded a performance of 90.90% against the national standard of 95%.

National access standards

Our performance against the challenging national access standards between 1 April 2020 and 31 March 2021 was:

	Standard	Performance
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspected cancer referrals	93%	88.3%
Two-week wait for symptomatic breast patients (cancer not initially suspected)	93%	62%
All cancers: 62-day wait for the first treatment from national screening service referral	90%	77.8%
All cancers: 62-day wait for the first treatment from urgent GP referral to treatment	85%	79.4%
All cancers: 31-day wait from diagnosis to first treatment	96%	92.6%
All patients who have operations cancelled for non-clinical reasons to be offered another binding date within 28 days	100%	Reporting suspended due to COVID
Percentage of patients on an incomplete pathway with a maximum of 18 weeks waiting time	92%	61.1%

MRSA	0	0
Incidence of Clostridium difficile infection	18	95

Data sources: Cancer national return, RTT National Return, Accountability framework

It was a very unusual year for delivery against these core standards. All elective services were stepped down on 23 March 2020 to support the planning for wave one of the pandemic. The Oaks Hospital provided capacity for our cancer/urgent patients, however this did mean that the numbers of patients waiting beyond 104 days did increase. The restart process for each service began from June 2020 onwards, reporting through the Recovery and Reform Group, and was based around six constraints (risks) to service delivery in a climate when we were still responding to a level four critical incident in relation to COVID-19.

The service plans were built with the focus initially for our most urgent/cancer patients with all theatres fully back up and running from August onwards across both sites, and all outpatients settings restarted by September 2020. By the end of September, the patient backlog for those patients on a cancer pathway had been treated.

ESNEFT elective recovery met the requirements set out nationally across both sites until the second wave of COVID-19, which required both workforce and capacity to be released. Some non-urgent elective activity was stopped towards the end of November 2020 with a further step down of activity in December 2020.

With the learning of wave one, cancer patients were still offered treatment throughout, although some did choose not to have treatment, and the Trust maintained theatre lists daily for cancer/urgent patients. Recovery from wave two began during March 2021 and with the learning from wave one recovery process, all services were back to November 2020 activity levels within four weeks.

The cancer and elective recovery plans are ambitious for 2021/22 indicating that we should be achieving the 62 day standard by September 2021.

Capital estate development and infrastructure schemes

Despite the Estates Capital Development team being focussed on our response to the COVID-19 pandemic this year, the Trust has completed a number of significant capital development estates schemes in the last 12 months to support clinical service delivery. Our clinical services develop and change constantly, and the built environment needs to keep pace.

During 2020/21, we are very proud to have successfully delivered the following significant capital development projects alongside others which are currently in construction and on programme:

- New £2.4m Acute Medical Same Day Emergency Care Unit (AMSDEC) building at Ipswich Hospital for patients with conditions such as chest infections or palpitations who need quick treatment but not a hospital stay.
- New £350k Acute Respiratory Care Unit at Ipswich Hospital providing additional respiratory beds for patients suffering from COVID-19 or other respiratory illnesses.
- New £2.2m MRI scanner to accompany the two existing MRI scanners at Ipswich Hospital giving additional capacity for diagnostic imaging and reducing waiting times for patients.
- New £960k Pathology laboratory at Ipswich Hospital for Loop Mediated Isothermal Amplification (LAMP) testing for rapid diagnostic testing of COVID-19 and an attached staff welfare changing and shower facility.
- A £1.9m reconfiguration of the Emergency and Urgent Care Department at Colchester Hospital to increase capacity in both of these areas.
- New £4.4m Pharmacy Aseptic Unit at Colchester which provide sterile controlled environments for the preparation of injectable medicines into ready-to-administer (RtA) formats for patients for chemotherapy and other purposes

- A £961k refurbishment of Waveney Ward at Ipswich Hospital providing much needed 'dementia friendly' inpatient capacity for the Trust.
- Replacement £1.2m Oxygen Vacuum Insulated Evaporator (VIE) tanks and associated oxygen pipework at Ipswich and Colchester hospitals to increase capacity during the COVID-19 pandemic response and to assist with future capital development projects and clinical activity in future years.

Whilst not completed in last year, the Trust also has the following capital development schemes that will conclude during 2021:

- New £5.3m Molecular laboratory at Ipswich Hospital. This creates a permanent facility for the COVID-19 testing and other molecular diagnostic services established in the last year.
- New £8.8m combined Interventional Radiology and Cardiac Angiography (IRCA) Unit at Colchester Hospital for the treatment of patients with peripheral vascular disease and other major diseases like aortic aneurysms. The unit means that patients can be treated without an open operation by using modern techniques of interventional radiology and this unit will provide an excellent place to do this.

Research and development

We are fully committed to developing and supporting research which improves the quality and experience of care for local people. It is central to secure our future as a leading clinical research centre for specialist care in the UK.

The past 12 months we have seen significant challenges in our unit as we concentrated on 11 COVID-19 urgent public health research trials, to help the NHS better understand the range of symptoms caused by the virus and the most effective treatments. The studies have been a real team effort, involving staff from across the Trust who have pulled together to recruit participants and set up spaces for the trials to take place, while others have even rolled up their own sleeves to take part in a COVID-19 ground breaking study looking at immunity from the virus.

During 2020/21, ESNEFT was able to deliver relevant research benefits to 6,222 patients on COVID-19 and non COVID-19 clinical trials, including trials to reduce symptoms, increase survival times and improve quality of life. We were extremely proud to take part in a large scale commercial trial of a new COVID-19 vaccine which has been shown to offer nearly 90% protection against the virus. Colchester and Ipswich hospitals were among 33 centres across the UK to test the vaccine.

The research team also played a key role in the early response to COVID-19, testing over 1,100 staff in just 48 hours in spring 2020.

The organisation remains dedicated to supporting clinical research in order to improve the quality of care we offer and to making our contribution to wider health improvement. We actively seek to attract high quality research to help develop our research portfolio. The number of staff involved within the research fixed workforce, equates to 45wte, while the number of staff involved and departments supporting our research has increased year on year. Currently there are more than 174 principal investigators listed as leads in our research studies.

Our Trust is a member of the NIHR Clinical Research Network: Eastern (CRNE), which is responsible for effectively delivering NIHR research in the east of England. The majority of funding for our research activity flows through CRNE, with just over £1.6m allocated for research staff and supporting activity during 2020/21. This funding supports research posts and clinical support departments.

We also launched our new Synapse Centre for neurodevelopmental research. Our ultimate aim is to research and improve knowledge in this important field and provide much needed support and new evidence-based personalised approaches to therapies, helping those with a range of neurodisabling

conditions including Autism Spectrum Disorder, Cerebral Palsy and genetic syndromes. To read more about our centre visit Synapse Centre ESNEFT.

Patient and public involvement (PPI) in Research

We held our first pilot patient café just before the first lockdown which was a great success. This was introduced for patients who have completed a research study but are interested in keeping in touch with our research teams and to hear more about the impact of the research in which ESNEFT participates in. Working together with a cohort of patients who have experienced taking part in research studies in the NHS will be of huge benefit as we start to design and sponsor our own research studies.

Year on year we aim to increase our research portfolio to be able to offer our patients the very best treatments, medicines and services, because we know that patients cared for in a research active environment have better outcomes. We continue to work with many different organisations nationally and internationally, as this enables our patients to have access to new medicines, devices or early diagnostics as part of a clinical trial. We continue to enable our strategy to increase our activity in our own designed and sponsored research. We have employed two Clinical Academic Research Leads, funded through our Trust charity, and have been awarded funding for a PHD student. Strengthening our partnership with our local universities is vital to continue to grow our academic research, and we have officially joined forces to promote a greater collaboration with the University of Suffolk to add to our established partnership with University of Essex. We have several home-grown, exciting projects and grant applications in the pipeline which will enable us to strengthen our patient involvement in early research planning.

Research governance

All research is delivered in accordance with the UK Policy Framework for Health and Social Care Research (2017). This sets out the research governance principals which protect and promote the interests of patients, service users and the public in health and social care, by describing ethical conduct and proportionate assurance based management of health and social care research.

We ensure that all of our research has undergone robust governance, and Trust assurance is required before any research can start at the organisation. All studies on the NIHR portfolio have been through quality assurance processes to ensure compliance with good practice.

Environmental sustainability

As a publicly-funded organisation and good corporate citizen, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term, even in the context of rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

The Director of Estates and Facilities is the Trust's lead for sustainable development and carbon reduction. ESNEFT has a Green Plan in place that identifies the ways in which the Trust's activities impact on the environment and look to provide a framework for measuring improvement in each area.

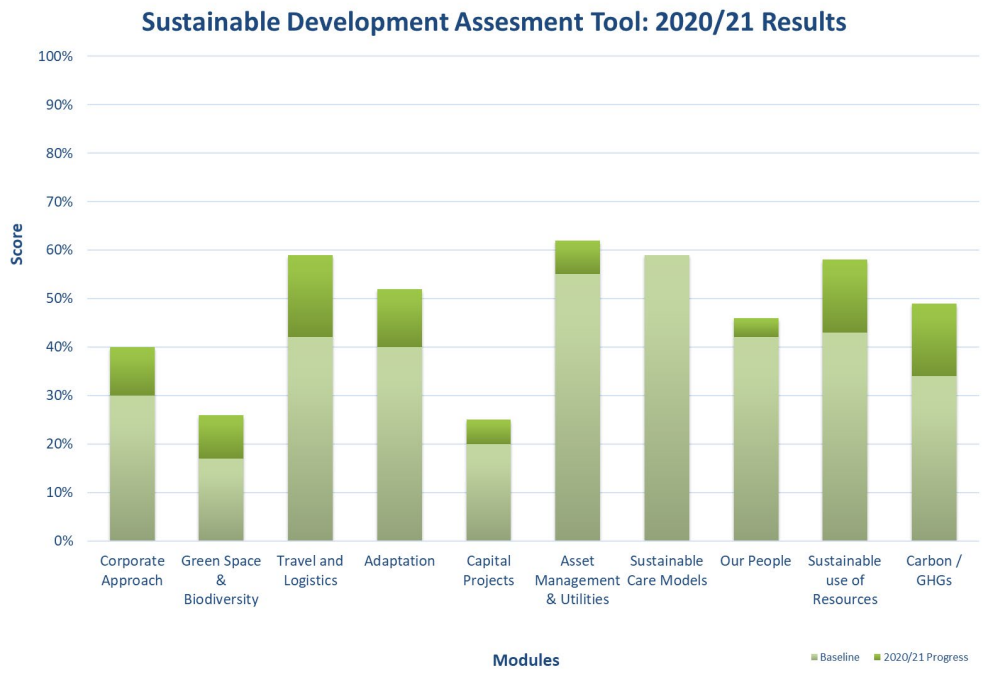
Sustainability Strategy

Our sustainability mission statement is: ***To become a leader in sustainable healthcare,*** with an aim of reducing 80% our carbon emissions by the end of 2029/30 from the 2007/08 baseline year.

Policies

In order to embed sustainability within our business it is important to explain the sustainability features in our processes and procedures. One of the ways in which the Trust embeds sustainability is through a Green Plan, formally known as the Sustainable Development Plan (SDMP).

Our impact as an organisation on corporate social responsibility is measured using the Sustainable Development Assessment Tool (SDAT) tool. The last time we used the SDAT self-assessment was in April 2021, scoring 48%, in improvement of 10% on our previous year:



As an organisation that acknowledges its responsibility towards creating a sustainable future, we help achieve that goal by running awareness campaigns that promote the benefits of sustainability to our staff.

ESNEFT contributes to the following sustainable development goals:

Partnerships and engagement

The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner. Crucially for us as a provider, evidence of this commitment will need to be made in part through contracting mechanisms.

We have continued to be active members of Colchester Travel Plan Club and are active members of the National Performance Advisory Group (NPAG) groups for car parking and sustainable travel and waste.

The Energy and Sustainability Team continue to use the social media channel (@ESNEFT_EFT) on Twitter and are looking to have improved communications on the intranet and the Trust's website.

Organisation performance

Energy

We have carried out a number of activities over the past 12 months. In particular, we have invested additional funds in replacing fluorescent lighting with LED fittings, which will continue into 2021/22.

Strategic work has continued towards planned works at Ipswich Hospital, where we will displace the electric chillers through the use of absorption chillers connected to the steam network.

Feasibility studies have also begun to investigate our route towards the carbon net zero ambitions, with a particular focus on moving away from our dependence on natural gas.

Energy used

Resource		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Gas	Use (kWh)	34,188,424	30,808,829	35,334,914	34,605,401	33,995,271	32,792,345	33,648,340
	tCO_2e	7,173	6,448	7,385	7,207	6,255	6,031	6,188
Oil	Use (kWh)	1,161,491	644,657	1,406,948	474,999	334,617	126,055	108,965
	tCO_2e	372	206	446	109	93	32	29
Coal	Use (kWh)	0	0	0	0	0	0	0
	tCO_2e	0	0	0	0	0	0	0
Electricity	Use (kWh)	14,707,497	22,006,469	29,353,175	27,598,731	28,549,523	28,248,752	28,539,262
	tCO_2e	9,109	12,652	15,170	12,301	8,770	7,833	7,238
Green Electricity	Use (kWh)	13,345,551	7,078,886	441,766	1,267,547	200,774	30,352	27,052
	tCO_2e	8,265	4,070	0	0	0	0	0
Total Energy CO_2e		24,919	23,375	23,000	19,618	15,118	13,896	13,455

Renewable energy

Colchester Hospital has two sets of solar photovoltaic (PV) panels, which generated a total of 27,052kWh during 2020/21, reducing the amount of grid-supplied electricity used by the Trust and generating income. This figure is slightly lower than the previous year due to works on the IRCA building.

Clinical waste from both hospitals is incinerated on site at Ipswich Hospital, with the heat recovered used to provide heating and hot water, meaning much less gas is used than at other equivalent hospitals. This reduces our carbon emissions by more than 3,500 tonnes. Plans are underway to make use of this heat during the summer, when it is normally discharged into the atmosphere, to provide cooling in place of electric chillers.

Travel

We have completed a healthy transport plan as part of our travel policy and are keeping it under review.

We can improve local air quality and the health of our community by promoting active travel to our staff and to the patients and public that use our services. We have signed a three-year deal with Mobilityways to support us in reducing single occupancy journeys, procured 48 additional bike boxes and six cycle shelters that will be installed in 2021/22. We have also purchased 12 e-bikes to support active travel and introduced free bike maintenance sessions at Colchester and Ipswich hospitals.

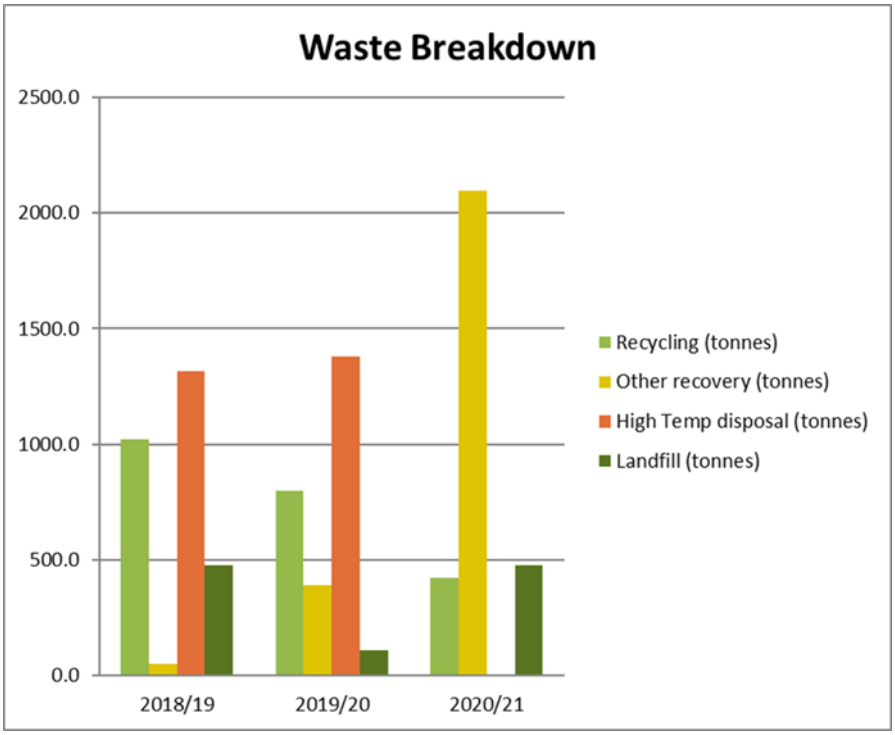
During the year, we have continued to offer subsidies on bus and rail fares at Colchester with final negotiations taking place to replicate these at Ipswich in 2021/22. We also offer access to the Cyclescheme, whereby staff can save up to 40% off the cost of a new bike.

Every action counts and we are a lean organisation trying to realise efficiencies across the board for cost and carbon (CO_2e) reductions. We support a culture of active travel to improve staff wellbeing and reduce sickness. Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors and are caused by cars, as well as other forms of transport. We have supported 'Clean Air for Colchester' and Ipswich Borough Council with air quality monitoring and are working on the introduction of a no idling policy for our sites.

Waste produced

Waste		2018/19	2019/20	2020/21
Recycling	(tonnes)	1022.57	799.62	422.46
	tCO_2e	22.25	17.08	9.02
Other recovery	(tonnes)	49.52	393.08	2094.07
	tCO_2e	1.08	8.55	45.57
High Temp disposal	(tonnes)	1317.05	1380.19	0.00
	tCO_2e	289.75	303.64	0.00
Landfill	(tonnes)	479.50	111.63	475.89
	tCO_2e	165.18	38.45	163.92
Total Waste (tonnes)		2868.64	2684.52	2992.42
% Recycled or Re-used		37%	44%	84%
Total Waste tCO_2e		478.26	367.72	218.51

Waste breakdown



Plastic use

The NHS produces many tonnes of plastic waste every year across catering, clinical practice and its supply chain. In recognition of this, we have a plan to reduce our use of single-use plastics and have signed up to the NHS plastics pledge. Colchester Hospital now uses reusable sharps bins and they are due to be introduced at Ipswich Hospital in 2021/22, reducing the volume of plastic going into the incinerator.

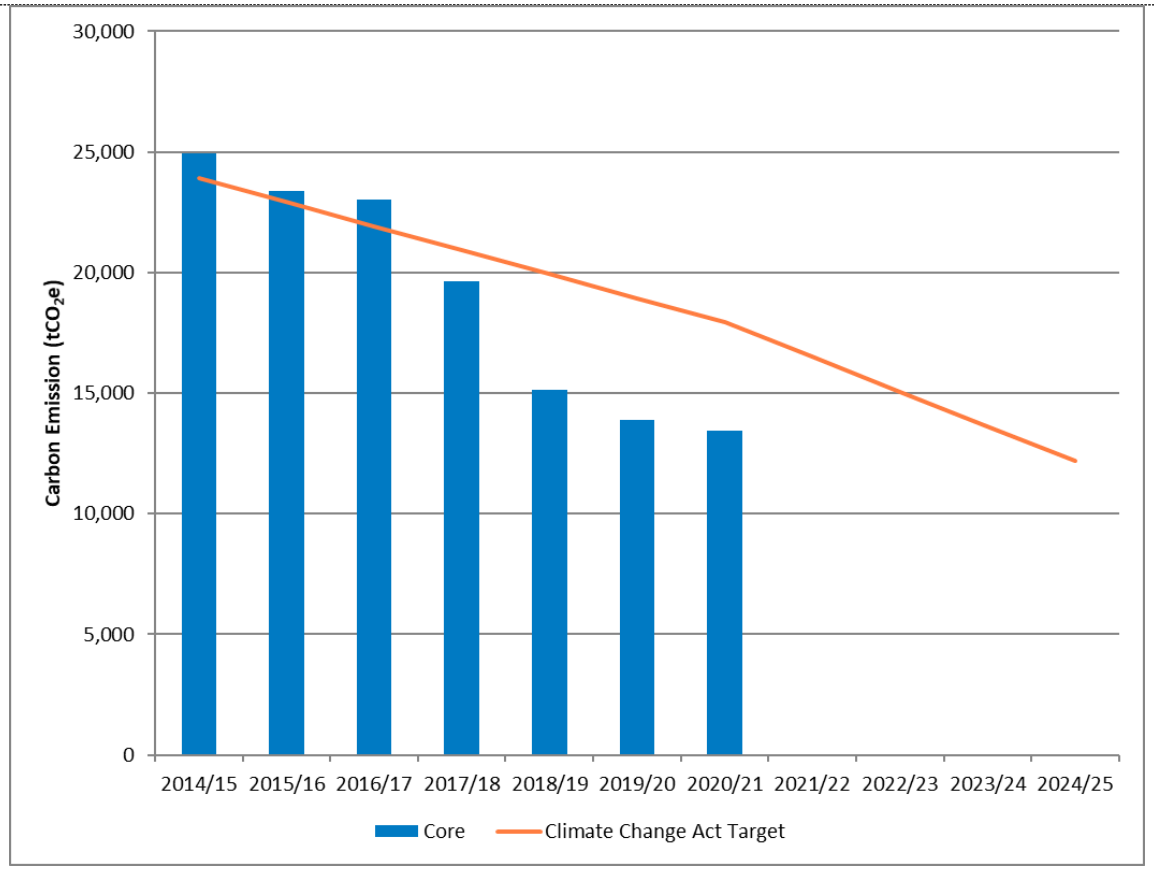
Finite resource use – water

Water consumption has increased in 2020/21 compared to previous years, although a decrease was noted on most sites, the two acute hospitals experienced an increase in demand which is thought to have been due to the increased levels of cleaning and general hygiene.

Water		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Mains	m^3	250,807	251,358	270,605	248,286	220,691	275,242	290,916
Water	tCO_2e	228	229	246	226	217	270	285

Carbon emissions progress

Through the various schemes implemented to date, ESNEFT has achieved the 2020 target of 28% carbon reductions in relation to our core activities ahead of schedule and will continue plans for achieving the 2025 target of 51% reduction and 80% by 2030.



Source: Systemlink as at May 2021.

Social value

We recognise the contribution that commissioning, procurement and commercial can have in delivering sustainability and social value, and our duty under the Public Services Value Act.

Adaptation

Events such as heatwaves, cold snaps and flooding are expected to increase as a result of climate change. To ensure that our services continue to meet the needs of our local population during such events, we have developed a number of policies and protocols in partnership with other local agencies.

Fire safety

The fire safety team are responsible for advising on and assessing fire safety across the Trust and consists of three highly specialised and qualified advisors (FSAs).

The fire risk assessment process has recently been streamlined utilising electronic assessment software which will help with the timely completion of assessments and the dissemination of information on fire risk.

The FSAs have been involved in a number of large building projects, LAMPS and Pathology on the Ipswich Site, IRCA building and the Dry Riser project on the Colchester Site. The FSAs have also been fully involved in the urgent treatment centre planned for the near future.

Liaison with both Essex and Suffolk Fire and Rescue Services continues. All of the Trust's major sites have now been audited by these services and in all cases, no significant issues have been identified.

We have recently appointed our Authorising Engineer (AE) Fire. The AE also attends the quarterly fire safety Groups and provides HTM 05 training.

Security

During the year, the Security Management Specialist team have carried out security risk assessments and made recommendations to managers and Estates and Facilities where alterations to the premises are required.

The team continue to attend multi-disciplinary meetings and advise multiple staff groups on Violence and Aggression, crime reduction and lone working.

There have been a total of 132 incidents of clinical assault, (131, 2019/20), eight non clinical assaults (malicious), (69, 2019/20), 189 incidents of aggressive and threatening behaviour, (238, 2019/20), three suspected thefts of patients' property (21, 2019/20) and four suspected thefts of staff property (25, 2019/20).

It can be clearly seen that there has been a vast decrease in cases of non-clinical assaults (from 69 to eight incidents) and theft (from 46 to seven incidents). It is hoped that the reason for the reduction of non-clinical assault is partially due to the training received by staff in dealing with incidents. It is believed that the reason for the reduction in theft is that processes in dealing with patient's property have been tightened up as a result of the review of the Trust property procedure and staff has taken into consideration crime reduction advice in securing their property.

The SMS received the draft Standards for Violence Reduction Strategy which employs the Plan, Do Check, Act (PDCA) approach, an iterative four-step management method to validate, control and achieve continuous improvement of processes. The Trust is in the process of forming a Violence and Aggression Reduction Strategy Group (VARG) which the Chief Nurse has agreed to lead. A new Violence and Aggression Reduction Strategy and policy will be produced when objectives have been agreed.

Emergency planning

During the past year the emergency planning team have been primarily supporting the Trust command and control structure as both Strategic and Tactical Advisors to the COVID-19 and EU exit incident responses.

The annual core standard return process was amended nationally with the deep dive subject removed for this year. Despite the changes, the Trust remains substantially compliant against the requirements laid out in the NHS England core standards for EPRR.

The EPRR team held a workshop in March 2020 based on national modelling and planning assumptions to test the organisational plans in response to a pandemic. The findings have now been fully implemented and have enabled a robust effective and efficient response to the pandemic across the ESNEFT services and sites.

Both the Tactical and Strategic EPRR steering groups continue to function covering key incidents, site-specific updates, mass casualty plans, lockdown plans and business continuity plans, as well as tactical and strategic command training lead internally by the EPRR team.

Sustainable building design in regards to preparedness for extreme weather events has been incorporated into the inclement weather policy.

Facilities

The facilities department delivers support services including cleaning, catering, portering, security, management of car parking, waste and linen and laundry at both Colchester and Ipswich hospitals, as well as Felixstowe, Aldeburgh and Bluebird Lodge community hospitals.

The past year has presented challenges for the services which come under the facilities umbrella during the pandemic, in particular cleaning, linen and waste management with the changes introduced at a national level. A specific impact of the pandemic has been that the Trust along with others up and down the country has been unable to undertake the annual Patient-Led Assessment of the Care Environment (PLACE).

Going forward into 2021/22, the facilities department will continue to harmonise the services delivered across ESNEFT wherever possible.

Social, community and human rights issues

Our place in the community

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

We also operate within the NHS Constitution and have employment and service policies in place which address equality and human rights issues.

Information to, and consultation with, employees

The Trust consults with staff to implement organisational change, including mergers and where services have been redesigned or are being transferred either to or from an external service provider. Where formal consultation is necessary, the Trust is very careful to ensure that communication takes place before the formal consultation period. Once that period is closed, informal communication and consultation continue while any change is introduced.

Throughout any period of consultation and change, staff are given the opportunity for both individual and group communication in a variety of forums with the aim of supporting harmonious change for the staff affected and, ultimately, the service provided to patients. This is supported by our recognised unions.

The intranet, email and Microsoft Teams are also used as rapid methods of communication, while screensavers are also to share simple messages.

There is an established regular briefing by the Chief Executive and members of the Executive team which is cascaded through the organisational management structure. The Board encourages managers to engage with staff members in changing and improving the way in which services are provided.

Equality, Diversity and Inclusion

In September 2019, ESNEFT appointed its first full time Equality, Diversity and Inclusion (EDI) lead in recognition of the need to drive this agenda forward so we both meet, and exceed, our legal duties under the Equality Act 2010, Public Sector Equality Duty and national NHS equality requirements to ensure that as an organisation and employer we:

- eliminate unlawful discrimination, harassment and victimisation and any other conduct
- advance equality of opportunity between people who share a protected characteristic and people who do not share it, and
- foster good relations.

This work is being overseen by the Equality, Diversity and Inclusion Steering Group (EDIG), chaired by the Director of People and Organisational Development. The group is responsible for overseeing and

providing leadership to the Trust regarding our EDI work. It also provides assurance to the People and Organisational Development Committee and subsequently to the Trust Board that we are complying with the requirements set out in the Equality Act 2010.

The Head of Equality, Diversity and Inclusion will be working closely with the Head of Patient Experience to ensure that self-reported data is available to better understand any key issues relating to our patients and staff. Our staff networks are in place in order to support our Ethnic Minority Groups, LBGTQ+ community and disabled staff in ensuring equity of appointment and opportunity across the Trust.

In 2020 a new Equality, Diversity and Inclusion Strategy incorporating four key priority areas was produced. The priority areas were:

- **Inclusive leadership and culture:** Developing a community of leaders who take personal and collective responsibility to inspire and influence inclusive behaviours within the organisation and across our Integrated Care System (ICS). Creating an open and trusting environment that involves and includes everyone at all levels of the organisation to see the importance of EDI for patient care and staff experience.

- **Compliance management**: Strengthening our governance and our approach to embedding EDI across our systems to produce results. Embedding an equality analysis approach to the development of our policies, strategies and organisational change programmes. Monitoring compliance of the strategic.

- **Involvement and engagement**: Widening participation by seeking out a diverse range of stakeholders and underrepresented groups within our workforce and service user groups.

- **Data collection and analysis:** Improving the quality of data collected across the protected characteristics and using this to inform decision -making.

Following the arrival of the Trust's new Director of People and Organisational Development (January 2021), the strategy will be reframed to ensure its objectives are ambitious and conducive to identifying and addressing intersectionality as well as creating an inclusive workplace where everyone is valued.

Staff diversity networks

The Trust currently has three staff diversity networks, an LGBTQ+ Staff and Friends Network, a BAME Staff Network (EMBRACE) and a Disabled Staff and Carers Staff Network (ESNAble). The networks will continue to be supported by the Head of EDI and actively involved and engaged in the decision-making and key activities of the Trust.

Workforce Race Equality Standard (WRES)

The Workforce Race Equality Standard (WRES) provides a framework for NHS trusts to report, demonstrate and monitor progress against a number of indicators of workforce equality objectives, and to ensure that employees from Black, Asian and Minority Ethnic (BAME) backgrounds receive fair treatment in the workplace and have equal access to career opportunities. These indicators are a combination of workforce data and results from the NHS Staff Survey.

The overall performance of our WRES data comparing 2019 and 2020 can be accessed at https://www.esneft.nhs.uk/about-us/equality-diversity-and-inclusion/nhs-workforce-standards/

The Trust will continue its work to improve race equality, engaging and involving all key stakeholders.

Workforce Disability Equality Standard (WDES)

The NHS Workforce Disability Equality Standard (WDES) is designed to improve workplace experience and career opportunities for disabled people working for or seeking employment within the NHS. The WDES follows the NHS Workforce Race Equality Standard (WRES) as a tool and an enabler of change.

The Trust has made the following progress in the last reporting year, which can be seen at: https://www.esneft.nhs.uk/about-us/equality-diversity-and-inclusion/nhs-workforce-standards/ and will continue to enhance its policies and practices to ensure opportunity and inclusion for all its disabled staff.

Equality of service delivery to different groups

ESNEFT is committed to its delivery of services which meet the needs of its patients, irrespective of any protected characteristic, and is determine in ensuring that no patient suffers harassment, victimisation or a difference in care provision based upon any said characteristic.

During 2020/21 the Trust ensured that it remained compliant with the Accessible Information Standard, by supporting patients receive information in a format that meets their needs. Furthermore, the Trust maximised opportunities for patients to access interpreter services where English is not identified as a first language. Hearing loops are available for outpatient clinics across our sites, and through regular internal reviews of the environment, the Trust considers accessibility challenges, and seeks positive ways to minimise these.

The Trust's Chaplaincy and spiritual care service provides multi-faith support to our patients and families, which has been particularly necessary during the COVID-19 pandemic. Furthermore, in order for our patients to access virtual appointments, both video and audio options have been available electronically, whilst maximising opportunities for those who do not have access to electronic options.

Clinical Excellence Awards

The Trust has an obligation to run Clinical Excellence Awards on an annual basis. In 2020, due to COVID-19, it was agreed that the available funds would be split between the eligible consultants. In 2020, we had 366 eligible consultants receiving £2713.57 each. The investment the Trust has to make is protected for CEAs and the whole sum available for investment into the awards was spent.

Gender pay gap

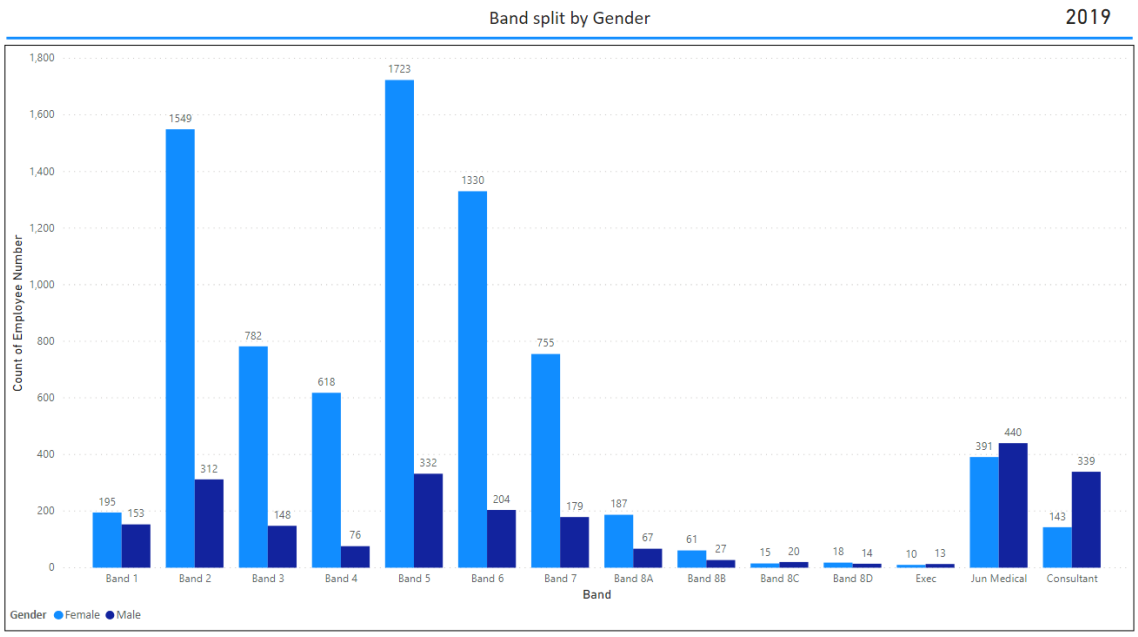
The Trust continues to meet its responsibilities under gender pay gap reporting with details from the last report available at: https://gender-pay-gap.service.gov.uk/Employer/RqVQSMNf/2019

The report for the 2020/21 reporting year (Snapshot date: March 31 2020) will be published in advance of the new reporting deadline of 5 October 2021 (extended in light of COVID-19).

Further information on gender pay gap is available on the ESNEFT website and for national comparison the Cabinet Office website at https://gender-pay-gap.service.gov.uk. On the Cabinet Office website, the Trust remains under the name of Colchester Hospital University Foundation Trust and The Ipswich Hospital.

Gender profile

Female staff make up 77% of our workforce while 23% are male, which is consistent with the national gender profile of the NHS. However, the gender split of our local population is 51% female and 49% male.

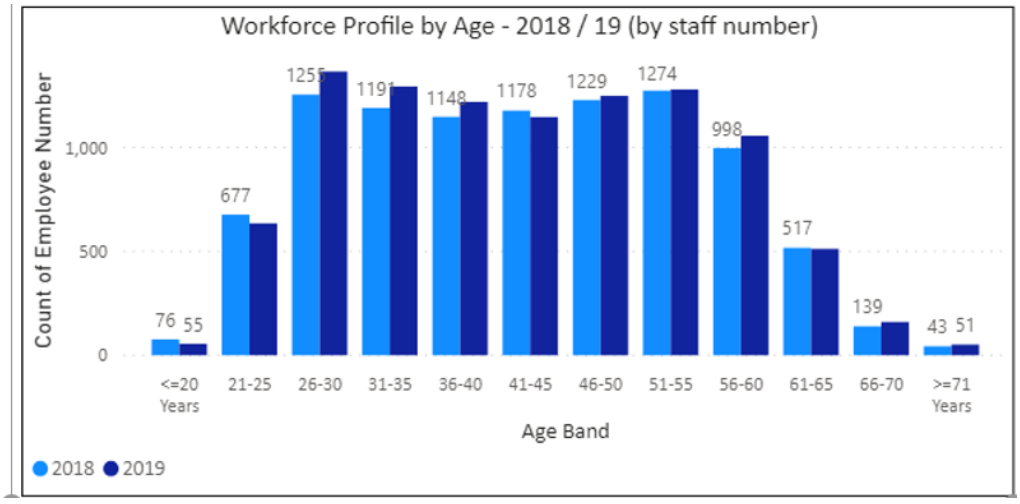


**2020 data not available until September 2021*

Age profile

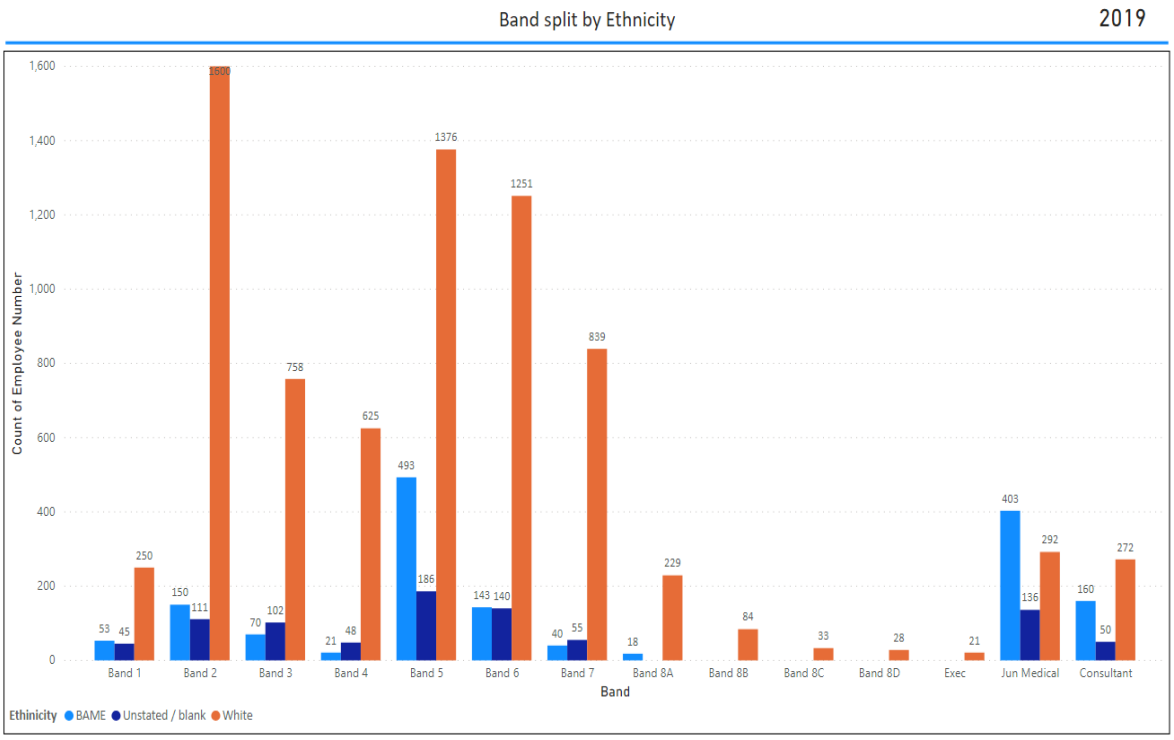
A relatively high proportion of our staff are in older age groups, with the majority aged 41+ (55%), which means we have an increasing ageing workforce. 37% of our workforce is aged 26 – 40 and our younger age group (20 to 25) make up 8%. The age group 51 – 55 is our largest group.

We seek to increase our attractiveness to people of all ages through a range of measures, including the widespread provision of work experience opportunities and apprenticeships and the promotion of flexible working.



**2020 data not available until September 2021*

Ethnicity profile



**2020 data not available until September 2021*

Health and safety

The risk and compliance team lead Trust-wide health and safety (H&S) governance structures, which allows us to provide a robust and well-developed health and safety management system as part of ESNEFT's risk management strategy. The team continues to promote a positive H&S culture across ESNEFT by ensuring that H&S is foremost in the minds of all staff.

The H&S policy has been approved by the Board and complies with Section 3 (2) of the Health and Safety at Work Act 1974.

ESNEFT have taken significant steps to ensure we provide an environment which is safe for staff, patients and visitors as a result of the COVID-19 pandemic. This included obtaining individual personal risk assessments for staff and departmental environmental workplace assessments.

All incidents relating to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013, have been reported to the Health and Safety Executive (HSE) and investigations have been supported by the corporate health and safety team. The corporate health and safety team have supported investigations where staff or visitors have been injured due to a health and safety concern, which are then uploaded onto our incident reporting and management system.

All departments, including community sites, have been inspected based on the principles of 'Plan, Do, Check, Act (PDCA). This is described in detail within the HSE's 'Managing for Health and Safety Guidance (HSG 65). Any safety improvements which were identified were addressed immediately with departments or escalated to line managers. The key components of the PDCA framework that is being applied are summarised as follows:

Plan	determine policy; plan for implantation
Do	profile health and safety risks; organise for health and safety management; implement the plan
Check	measure performance; investigate accidents and incidents
Act	review performance; apply learning

The Trust intranet has a dedicated health and safety page which contains guidance and contact details for the team, including a generic email.

Due to the suspension of Trust wide mandatory training to refocus on priorities associated with the local response to COVID-19, the Trust was unable to meet the health and safety training standard of 95%. There is an agreed plan to meet the standard with mandatory training in 2021/22.

Health and wellbeing

The Trust is committed to providing an effective health and wellbeing service to which all staff have access. The service provides rapid access to physiotherapy, occupational health, psychology services, employee assist programme, coaching, counselling, de-brief and decompression to enable staff to receive relevant and expedient advice and treatment

The Trust continues to work in partnership with Suffolk Mind to help staff protect their emotional wellbeing and mental health. This included delivering training called 'Your Needs Met' to all of our divisional senior leadership teams, along with the continuation of our emotional needs audit. We have 250 mental health first aiders across divisions offering support and talking therapies with staff.

In our response to COVID-19 there is a comprehensive package of emotional, psychological and practical support for our teams put in place. These are promoted in the 'Caring for you during COVID-19 – wellbeing support and resources' booklet as a single point of reference.

Employee assistance

Staff continue to have access to an employee assistance programme for psychological support and a database for non-psychological problems. A helpline is available to support managers with work 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 physical assault which we take very seriously and will involve the police if required.

The safety of our workforce is paramount and a number of procedures are in place to minimise any potential risk to 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, bribery and corruption

The Trust supports the continued establishment and maintenance of a strong anti-fraud, bribery and corruption culture among all staff, contractors, the public 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 staff to raise any matters of concern they may have with the delivery of care or services to a patient of the Trust, or about financial malpractice, unlawful conduct, dangers to health and safety or the environment.

We have published an anti-fraud and bribery statement, which supplements our anti-fraud work by setting out our position to all staff, contractors, the public and patients.

We are committed to abiding by the NHS Counter Fraud Authority's counter fraud functional standards and believe that a culture of openness and dialogue is in the best interests of patient care. However, this

must be set in the context of our duty of confidentiality to patients and staff. Our Freedom to Speak Up Policy sets out the procedures put in place for staff if they wish to raise concerns, and the responsibilities managers at all levels have to ensure these are dealt with thoroughly and fairly.

ESNEFT has recognised the increased risk of fraud with fraudsters nationally exploiting the spread of the COVID-19 coronavirus to facilitate various types of fraud and cyber-crime. Through the work of our local counter fraud specialist we continue to raise awareness of potential fraud and bribery risks.

Overview and scrutiny

Both Essex County Council and Suffolk County Council's Health Overview and Scrutiny Committees (HOSCs) considered aspects of the Trust's work and wider system working during the year.

Trust representatives appeared at both committees on specific topics and items of interest, largely with a focus on the COVID-19 pandemic, and planning for recovery.

We also worked with our colleagues in the Clinical Commissioning Groups (CCGs) to present details of our process and findings of our public consultation for the development of an elective orthopaedic centre at Colchester Hospital to the Joint Health Overview and Scrutiny Committee (JHOSC). This work was completed virtually (following a change in the law) despite the ongoing pandemic response, because of our shared awareness that throughout our COVID-19 response, the waiting list for orthopaedic surgery was increasing, and the NHS would need specialist elective centres to support planned surgery once the pandemic was over. On 11 June 2020, the JHOSC unanimously approved the process by which the public consultation had been conducted, and the development of the new orthopaedic centre.

Public consultations

There were no new public consultations during the period of this annual report.

However, a public consultation focusing on proposed changes to service provision at ESNEFT was run by Ipswich and East Suffolk and North East Essex Clinical Commissioning Groups between 18 February and 1 April 2020. This proposal outlined plans to centralise orthopaedic surgery from both hospitals onto one site. Under Section 242 of the NHS Act, this represented a significant change to services, meaning a public consultation was required.

The public consultation focused on proposals to build a new centre for planned orthopaedic surgery at Colchester Hospital, serving the whole of east Suffolk and north east Essex. Facilities for day surgery at Colchester would also be improved as part of ESNEFT's building for better care programme.

During 2020, the consultation process was concluded. Outcomes were collated and the decision-making process was completed. It was agreed with the Joint Health Overview and Scrutiny Committee (JHOSC) that we would meet virtually (following a change in the law), and this was done on 11 June 2020. The committee unanimously approved the process followed during the public consultation, and supported the development of the new elective orthopaedic centre.

The final decision to proceed with the development of the business case was made at a committee in common meeting of the CCGs on 14 July 2020 when it was unanimously agreed to proceed with this new development. It was also agreed that further work would be completed on the travel implications of the new centre particularly on Suffolk residents. This work was completed through a survey working with our partners in Healthwatch Suffolk and Essex. The findings will inform our full business case for the development.

Other patient and public involvement activities

As part of the decision making process following the public consultation, we met with stakeholders on 19 May 2020 to review in detail the findings of the public consultation, and to explain next steps in the decision making process.

The head of patient experience and the head of engagement maintained contact with Healthwatch Essex and Healthwatch Suffolk, providing feedback on any issues which were raised during the pandemic. A new patient experience approach was agreed with our patient groups and this is now being taken forward across the Trust.

Throughout the pandemic, we worked closely with our communities and patient groups. This included receiving charitable and community donations for our staff and patients including theatre scrubs, visors, and toiletries, managed through our charity team. We also donated excess items to foodbanks in Ipswich and Colchester.

Principal risks and uncertainties

The Trust is able to demonstrate compliance with the corporate governance principle that the Board of Directors maintains a sound system of internal control to safeguard public and private investment, ESNEFT assets and service quality.

Effective risk and performance management

The Trust's risk management policy ensures effective governance and compliance with best practice. The Board maintains a framework which ensures timely escalation of risk.

The risk management policy which sets out the principles to ensure performance and quality improvement is connected through a two-way communication between the Board and service delivery areas across ESNEFT, such as wards, clinics and patients' homes. This is underpinned by a clear risk appetite statement, which was approved by the Board of Directors.

A monthly integrated performance report to the Board provides an organisational dashboard which is underpinned and informed by reviews of service level dashboards, with action planning at these levels. Improvement at an operational level is managed through divisional quality and performance meetings and is tested through divisional accountability meetings with Executive Directors. A programme of patient presentations and patient stories relating to quality priorities and service risks is also delivered to the Board.

In 2020/21 the Integrated Assurance Committee provided oversight and routinely received information on all serious incidents and the lessons we have learnt from them.

The Trust has continued to build and strengthen the arrangements for managing serious incidents requiring investigation (SIRIs). During 2020/21, we continued to report patient safety incidents and investigate to establish their root cause to enable risks to be addressed in a timely manner. From November 2020, ESNEFT became an early adopter for the Patient Safety Incident Response Framework (PSIRF) which replaces the requirements to report under the Serious Incident Framework.

ESNEFT is a member of the NHS Resolution's Clinical Negligence Scheme for Trusts.

Effectiveness of systems of internal control

The Board's arrangements for its 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.

NHS contractual or other arrangements

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 public interest):

- NHS North East Essex Clinical Commissioning Group (CCG) and associate commissioners (healthcare commissioning)
- NHS Ipswich and East Suffolk Clinical Commissioning Group and associate commissioners (healthcare commissioning)
- NHS England (specialised, local area and armed forces healthcare commissioning)
- West Suffolk NHS Foundation Trust (clinical services)
- Public Health England (clinical services)
- NHS Blood and Transplant (blood products)
- Essex Partnership University NHS Foundation Trust (mental health services)
- Norfolk and Suffolk NHS Foundation Trust (mental health services)
- Public Health England (microbiology services)
- Allied Health Professionals Community Interest Company (clinical services
- Anglian Community Enterprise Community Interest Company (clinical services)

Overview of other material contractual arrangements

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

- Alliance Medical Limited (MRI services)
- Diaverum UK Limited (renal services)
- Steeper Group Ltd (orthotic and prosthetic services)
- GE Capital (equipment leasing)
- Suffolk GP Federation Community Interest Company
- Ramsay Healthcare Ltd (clinical services)

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 other NHS trusts, such as Mid Essex Hospital Services NHS Trust and West Suffolk NHS Foundation Trust for a range of clinical services.

Trust business model

ESNEFT operates a devolved management structure comprising six clinical divisions within three groups and one corporate division. The groups and divisions have delegated authority for governance, performance and expenditure/income and are accountable through the accountability framework to the Executive team, led by the Chief Executive.

Post year-end events

The Care Quality Commission (CQC) inspected of both ESNEFT maternity units. At the point of writing this annual report the CQC had not been published their reports.

The Health and Safety Executive visited the Colchester General Hospital site on 16 March 2021 to assess how well the Trust was managing COVID health and safety. The inspectors wrote to the Trust on the 18 May 2021 with a notification of contravention associated in respect to administration areas. On noting the action taken by the Trust to address the issues and the evidence subsequently submitted, the inspectors were satisfied that there was no further action required by the Trust at this time.

Nick Hulme
Chief Executive
Date: 24 June 2021

Accountability Report

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

The Directors' Report comprises the details of the individuals undertaking the role of Director during 2020/21 and the statutory disclosures required to be part of that report and information relating to quality governance. It is presented in the name of the following Directors who occupied Board positions during the year (it also incorporates the operating and financial review):

Name	Title
Helen Taylor	Chair
Eddie Bloomfield	Non-Executive Director
Melissa Dowdeswell	Interim Chief Nurse (from 2 March 2020 to 31 December 2020)
Shane Gordon	Director of Integration Director of Strategy, Research and Innovation
Nick Hulme	Chief Executive
Hussein Khatib	Non-Executive Director
Diane Leacock	Non-Executive Director (01 May 2020 to 31 December 2020)
Adrian Marr	Director of Finance
Mike Meers	Director of IM&T
Mark Millar	Non-Executive Director (from 01 January 2021)
Neill Moloney	Managing Director/Deputy Chief Executive
Elaine Noske	Non-Executive Director (from01 May 2020)
Julie Parker	Non-Executive Director (until 18 June 2020)
Richard Spencer	Non-Executive Director
Carole Taylor-Brown	Non-Executive Director / Senior Independent Director / Deputy Chair
Dr Angela Tillett	Chief Medical Officer
Richard Youngs	Non-Executive Director

Register of interests

All Directors are asked to declare any interests on the register of Directors' interests at the time of their appointment. This register is reviewed and maintained by the Head of Corporate Governance, and is available for inspection by the public. The register is available for review at each public meeting of the Board of Directors and the Register can be access on the Trust website at www.esneft.nhs.uk/about-us/annual-report-and-accounts/esneft-register-of-interests/ or via contact the Trust's offices at the address on page 5.

None of the Executive Directors were released by the Trust to serve as Non-Executive Directors elsewhere during the year.

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. 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.

Statutory income disclosures

Non-NHS income

Under the requirements of section 43(2A) of the NHS Act 2006 (as amended by the Health and 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

We aim to pay at least 95% of our invoices in accordance with these obligations.

	Number	£000
Total non-NHS trade invoices paid in the year	133,266	572,796
Total non-NHS trade invoices paid within target	116,512	508,318
Percentage of non-NHS trade invoices paid within target	87.4%	88.7%
Total NHS trade invoices paid in the year	3,415	262,381
Total NHS trade invoices paid within target	2,042	238,607
Percentage of NHS trade invoices paid within target	59.8%	90.9%

The total potential liability to pay interest on invoices paid after their due date during 2020-21 was £994,997, a decrease on the amount for 2019-20 (£1,547,212). There have been minimal claims under this legislation (£12k in 2020/21 and £22k in 2019/20), therefore the liability is only included within the accounts when a claim is received.

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 predetermined frequency at which property, plant and equipment assets must be revalued, 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 NHS Improvement's view, property assets are likely to require revaluation at least every five years.

A valuation of land and buildings was prepared by the District Valuer Service as at 31 March 2021 based on a desktop update with no site inspections undertaken due to COVID-19.

The last full valuation of the Trust's land and building assets was carried out at 31 March 2019 by the DVS (the commercial arm of the Valuation Office Agency). Both sites will be revalued on the same basis of alternative site with alternative build.

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' remuneration

The accounting policy for pensions can be found in the Annual Accounts, which are in section B of this report. Details of senior employees' remuneration can be found in the remuneration report.

Quality Governance

The clinical governance structure supporting the quality agenda is established across ESNEFT. Three executive groups (the Clinical Effectiveness Group, Patient Safety Group and Patient Experience Group) report through to the Integrated Assurance Committee, an assurance committee of the Board of Directors

Well-led Framework

We planned to carry out an external evaluation of the Board and governance of the Trust using the Well-led Framework during 2020/21. This was deferred due to COVID-19 restrictions. Internally, we continue to build on our foundations in line with the NHSI /E Well-led Framework, to continuously develop our governance to underpin the delivery of safe and high quality services and achieve our ambitions for the future.

ESNEFT continues have in place:

- An established and embedded leadership structure at both Trust Board and divisional level.
- A five year strategy set following extensive internal and external consultation; and a range of enabling strategies to drive the programme (ICT, Estates, and Communication and Engagement).
- The ESNEFT values (OAK: Optimistic, Appreciative and Kind) on which we continue to develop the ESNEFT way, alongside our philosophy of 'time matters'.

- Divisional governance and our accountability framework (aligned to the Well-led Framework). There is a transparent view of performance throughout the organisation which is reflective of quality, operational performance and financial management.
- A maturing risk management culture.
- Quality Improvement Faculty supporting continuous improvement and innovation.

We are continuing to mature the risk management culture across ESNEFT services, with positive assurance reviews in 2019/20 and 2020/21 (see page 107 link to HOIA).

Our 2020/21 governance and system adaptability was recognised national when ESNEFT won a HFMA National Healthcare Finance Award. ESNEFT was one of four finalists in the governance category. We were shortlisted after temporarily restructuring our committees to help manage our response to the pandemic and provide assurance to the Board. The project saw the finance, workforce and quality committees rapidly merged into one overarching assurance group, called the Integrated Assurance Committee, and a stand up of a Strategic Incident Management Team (SIMT), which was supported by each acute hospital site's tactical group.

The SIMT's role was to interpret and communicate guidance, make decisions and allocate resources to help ESNEFT manage the early stages of the pandemic, while the Tactical Group coordinated our operational response.

SIMT and Tactical Group were advised by a Clinical Reference Group (consisting of our most senior clinical leaders and chaired by the Chief Medical Officer) and a Clinical Ethics Advisory Group. These forums enable evidence based and professional opinion to be fully considered in all decisions taken. An audit of the group's work between March and May confirmed that it had been effective, and said that the Trust Board could take substantial assurance that the controls in place to manage risk were suitably designed, consistently applied and operating effectively.

In 2021/22 we will see our Board refocus our People Strategy to support health and wellbeing, new ways of working, innovation and transformation for the benefit of the ESNEFT community.

At our last CQC inspection the CQC has rated Well-led as good, noting that:

- Leaders had the skills and abilities to run the Trust and the services. They understood the priorities and issues the Trust and services faced. They were visible and approachable in the service for patients and staff. They supported staff to develop their skills and take on more senior roles.
- The Trust had a clear vision for what it wanted to achieve and a strategy to turn it into action, developed with all relevant stakeholders. The vision and strategy were focused on sustainability of services and aligned to local plans within the wider health economy. Leaders and staff understood and knew how to apply them and monitor progress. The Trust philosophy of 'time matters' to improve patient experience and achieve strategic objectives was embedded at all levels.
- Staff felt respected and valued. They were focused on the needs of patients receiving care. The service promoted equality and diversity in daily work, and provided opportunities for career development. The service had an open culture where patients, their families and staff could raise concerns without fear.
- The service collected reliable data and analysed it. Staff could find the data they needed, in easily accessible formats, to understand performance, make decisions and improvements.
- Leaders and staff actively and openly engaged with patients, staff, and equality groups, the public and local organisations to plan and manage services. They collaborated with partner organisations to help improve services for patients.
- All staff were committed to continually learning and improving services. They had a good understanding of quality improvement methods and the skills to use them. Leaders encouraged innovation and participation in research.

We continue to hold our teams to account for being Well-led through the Accountability Framework and in 2020/21 have taken steps support our Women and Children's Division to improve their leadership

capability and to ensure systems are in place to provide robust assurance against the recommendations of the Ockenden Report.

We planned to carry out an external evaluation of the Board and governance of the Trust using the Well-led Framework during 2021/22.

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 and the Annual Plan and against the reports arising from the CQC planned and responsive reviews of the Trust. We have identified no material inconsistencies to report.

Patient safety

Our ultimate aim is to deliver the highest quality healthcare services to every patient, every day. Each area is responsible for setting and delivering Trust-approved improvement targets. Performance against internal and external quality indicators is monitored by the Patient Safety Group. Assurance for 2020/21 is provided to the Integrated Assurance Committee on a monthly basis.

Patient safety walkabouts

Governors and Non-Executive Directors carry out walkabouts in service areas across the Trust, speaking with patients and staff. These walkabouts are reported through to the Council of Governors, with immediate actions reported back to service area leads for completion.

The walkabouts were suspended in response to COVID-19 and the scheduled programme of walkabouts set up for 2021/22 will be reviewed in light of infection prevention and control requirements, as well as social distancing requirements.

Peer reviews

A peer review is the professional assessment against standards of our healthcare processes and quality of work, with the objective of facilitating improvement. The methodology used during CQC and NHSEI reviews focus on the five key domains of safe, effective, caring, responsive and well-led and has been recognised as best practice. Subsequent peer reviews and ‘deep dives’ into concerns raised internally and externally continue to be led by the Risk and Compliance Team.

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 HSMR for the 12 months to December 2020 was 103.2, ‘as expected’. ESNEFT was one of four acute non-specialist trusts of 12 in the east of England with an ‘as expected’ HSMR; six trusts are higher than expected and two trusts are lower than expected. The SHMI results include deaths within 30 days of discharge. For the 12 months to November 2020, ESNEFT’s SHMI was 1.0582, ‘as expected’. It should be noted that both Dr Foster (HSMR provider service) and NHS Digital (SHMI provider service) have excluded patients with a diagnosis of COVID-19 from their mortality ratios as they were not designed for this type of pandemic activity and the statistical modelling used to calculate the SHMI may not be as robust if such activity were included.

Although mortality rates at ESNEFT follow the national seasonal trend for acute trusts, death rates are amplified during the winter due to serving an older/frail population with multiple chronic comorbidities such as heart failure, renal failure, diabetes, dementia and COPD.

Work is ongoing to make sure that patients arriving at Emergency Departments (EDs) are rapidly assessed and treated according to national protocols and that, following admission, they are closely monitored and escalated. Additional protocols ensure that patients in higher risk categories are reviewed by an ED consultant prior to appropriate discharge.

We are working with community partners to reduce unnecessary admissions for patients in the last months of life by improving symptom control in the community, introducing services such as the COPD HOT clinic and allowing patients to be treated in their preferred place of care. In addition, there are hospital-based teams which facilitate discharge from the ED with community support, thereby reducing the number of avoidable hospital stays.

The Trust has developed a robust mortality review process for in-hospital deaths as specified in national guidance published March 2017. Deaths are reviewed in line with national mandatory requirements for learning from deaths using pre-defined criteria and multiple data sources. In addition, staff review any death where they feel that death was not 'expected' or where there were care concerns. Where learning or issues are recognised these are collated and fed back to the clinical teams, and are also escalated via the Trust's internal governance system.

Medical examiners continue to provide additional scrutiny by assessing the quality of care, both as described in the health record and through discussion with the bereaved. Since inception of the role, the Trust has maintained 100% compliance with the review of all non-coronial deaths. Every family/carer is offered the opportunity to speak with a medical examiner, which gives the bereaved an opportunity to ask questions about the care of their loved one, including clinical decisions, treatment and health conditions. Medical examiners have been able to provide an explanation about the effects of a disease or condition and subsequent treatment, which can be help with understanding and allaying concerns; this has been particularly evident in the support given to the bereaved where loved ones died from COVID-19.

Falls prevention

There were 2256 patient falls across all sites of the Trust in 2020/21, which is comparable to the previous year (2269). Of these falls, 47 resulted in serious harm, which is a reduction from the previous year (57).

ESNEFT has continued its focus on delivering safe care for all patients. Cohort nursing has been effective and is rolling out across all hospital sites. Our aim is to maximise patient safety by identifying patients at risk of falls on admission and continually monitoring them until discharge, while placing a focus on rehabilitation and mobilisation in our community hospitals to reduce the risk of deconditioning.

Additional falls assistive technology has been put in place at our inpatient facilities (including the community hospital settings). The assistive technology supports effective clinical risk management by alerting staff to those patient being at risk of falls being up and moving around, enabling appropriate support to be provided to aid safe mobilisation.

Pressure ulcers

Pressure ulcers remain an unwanted complication and it is widely acknowledged that they are largely preventable. They are costly in terms of human suffering, treatment and the potential for rising litigation costs due to them being regarded as a possible indicator of clinical negligence. Despite many national prevention campaigns in recent years, pressure ulcer incidence rates continue to rise.

Wounds are graded in accordance with European Pressure Ulcer Advisory Panel guidelines from stage one to stage four, with stage four being the most severe due to the extent of tissue damage that occurs. The number of pressure ulcers categorised between two to four across ESNEFT was 398, which is an overall increase of 28%.

Our Trust continues to promote the use of the ASKIN (assessment, surface, keep moving, incontinence/ moisture, nutrition/ hydration) care bundle as an effective model of pressure ulcer prevention by ensuring staff embed the model principles into their everyday nursing care. Assessment ensures that patients who are at risk of developing pressure ulcer damage are identified early and appropriate care interventions are implemented to prevent pressure ulcers.

Improvements in patient information

Our patient information strategy continued to ensure healthcare professionals were able to deliver accurate, up-to-date, easy-to-understand, informative and timely information to patients. More than 1,000 different leaflets were available, which were compliant with Department of Health guidelines. In response to COVID-19 leaflets were made available electronically for patients, thereby complying with infection prevention control standards.

Infection control

Throughout 2020/21, the Trust has maintained continuous rigour for all infection prevention and control standards, which includes isolation of cases where possible, antimicrobial stewardship and completion of investigation reports which focus on learning and improvement. Rigorous clinical and environmental hygiene measures, the use of appropriate personal protective equipment and associated training and education for our staff has ensured that we provide the right equipment to minimise the risk of nosocomial transmission of COVID-19. A suite of protocols, policies and practice guidance has been in place to support the Trust caring for patients across sites.

Clostridium difficile

Clostridium difficile incidence is assessed as cases detected after day three of admission (these are considered to be attributable to an infection acquired in hospital). The system of reviewing cases determines whether cases were associated with or without breaches of local protocols, the latter being deemed unavoidable. Due to COVID-19 a maximum ceiling of cases was not finalised with our commissioners.

Of the 99 cases in total reported across the Trust sites, there were 10 cases with breaches and 56 cases with no breaches across all sites. That there are currently 33 cases outwaiting a final decision which may affect the Trust-apportioned number of cases for the year 2020/2021. Continuing with a low number of cases is testament to the vigilance of clinical teams and their compliance with best practice. However, we still have further work to do relating to antimicrobial prescribing and timely isolation.

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, or cases where MRSA is considered to be a contaminant in blood cultures. We achieved our target to have zero cases of MRSA bacteraemia in 2020/21.

Gram-negative blood stream infections

E.coli bloodstream infections represent 55% of all gram-negative blood stream infections. Approximately three-quarters of these cases occur before patients are admitted to hospital, and the Trust continues to contribute to a system-wide plan to support improvements across the health economy. There have been no local concerns about hospital associated cases, these are all investigated and reported as per the national Public Health England mandatory reporting programme.

Surgical site infection

Orthopaedic surgical site infection data reporting has been mandatory since 2005. The Trust also participates in non-mandatory reporting, including continual vascular surgical site infection surveillance, and continues to achieve rates well below the national benchmark in all modules covered.

Hand hygiene monitoring

We monitor compliance with best practice for hand hygiene in all clinical areas every month. Compliance overall remained above 95%, with the March figure (encompassing data from Colchester, Ipswich and the East Suffolk Community sites), being 98.78%.

COVID-19

ESNEFT have been committed to following the guidance issued by Public Health England (PHE). All staff have had the opportunity to undertake a risk assessment ensuring their health and safety within the work place. Staff have access and training regarding the use of personal protective equipment (PPE), and where there has been potential for national shortages of PPE, ESNEFT has ensured practices were in place to mitigate any risk. More than 1,000 ESNEFT staff have undertaken further training in order to support the pandemic either within clinical or operational settings.

The national COVID-19 testing strategy required NHS pathology networks to increase their COVID-19 testing capacity to 3,000 per day. At the start of the pandemic, the 'Midlands & East 6' pathology network (of which ESNEFT is part) had no local testing capability, needing to send tests to distant labs with results taking up to seven days. Project 3,000 set out to meet the national requirement.

From June 2020 to March 2021 we have implemented a new molecular diagnostic service based at Ipswich Hospital, with more than 100 new clinical and scientific staff and a range of high-throughput analysers. This service now offers over 3,200 tests per day with results in an average of 11 hours. The ESNEFT molecular lab is now in the top 10 highest-testing labs in the NHS. As a result of this energetic response to the challenge, the Trust has secured £5.3m national investment in a new dedicated molecular laboratory building, which will open in July 2021.

Improving our patients' experience

Your experience is our responsibility

We remain fully committed to improving patient experience and providing high quality, safe and effective services, while putting patients, relatives and carers at the heart of everything we do.

We continue to welcome complaints as a tool for learning and making improvements. Following the merger, our Patient Advice and Liaison Service (PALS) and the complaints team were aligned to ensure anyone contacting them would receive a consistent and high standard of support, although the teams continue to provide local support to each hospital as enquiries remain site-based.

We are committed to learning from incidents and ensure our teams are aware of all lessons to be learnt for their areas, therefore reducing the risk of serious incidents, never events and serious complaints.

We collect patient feedback from many sources and use this information to inform service development and improvement programmes.

Privacy and dignity

Maintaining patients' privacy and dignity is fundamental to providing a high standard of care. Due to the COVID-19 pandemic, no national inpatient survey was undertaken. Despite this, the Trust continues to focus on treating patients with privacy and dignity, which is included on the extended clinical induction for all members of the multidisciplinary team.

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 environment.

We are 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 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 the high observations unit.

If our performance falls short of the required standard, this is reported to North East Essex CCG or Ipswich and East Suffolk 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.

Patient and public involvement

As an NHS foundation trust, we are 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 patients' views are taken into consideration at all times.

Due to the COVID-19 pandemic, limited events have taken place during 2020/21.

How the Trust monitors patient experience

We value the feedback we receive from patients about their experiences of receiving care and gather it in several different ways.

The NHS Friends and Family Test (FFT) is well-established across the adult inpatient, maternity and emergency department (A&E) pathways. Responses are largely collected by leaflet, as well as via SMS and the telephone for patients using the ED. FFT reports are sent to the Trust's divisions and wards both weekly and monthly, results are discussed and reviewed at the Patient Experience Group, then reported through to the Quality and Patient Safety Assurance Committee and shared with commissioners. During COVID-19, the national requirement for FFT was suspended from March to December 2020; however, local feedback was continued to be sourced so that any key issues in relation to patient experience were highlighted and acted upon.

Compliments and commendations are recorded and reported on a monthly basis. Feedback which is posted on online via forums such as NHS Choices, Care Opinion and Healthwatch is collected and shared via the patient experience team. Complaints and PALS also remain a rich source of feedback for learning and improvement and, where necessary, may also look into issues which have been raised online.

Using online and social media to engage and communicate

The Trust's communications team uses social media, namely Facebook and Twitter, to further engage and communicate with service users.

As of the end of March 2021, our Team ESNEFT Twitter page had 2,563 followers, our ESNEFT Twitter page had 5,097 followers, and our Facebook page had 12,594 followers. Facebook encourages people to recommend and review services based on personal experience. During 2020, we set up a new Instagram account which is growing by the day with 1,120 followers so far.

The communications team responds to all appropriate comments, reviews and messages on its social media pages, positive or negative, escalating any issues as appropriate

NHS Choices

The NHS Choices website (www.nhs.uk) allows people to leave compliments or feedback about our hospitals and services. These comments can be seen by anyone who visits the website and aids people to make decisions about where they chose to receive their treatment.

ESNEFT as a whole Trust has been reviewed sex times so far, and has scored an overall rating of 100% positive. Colchester Hospital has been reviewed 158 times so far and has a scored an overall rating of 85% positive. Ipswich Hospital has been reviewed 85 times so far and has a scored an overall rating of 87% positive

Our patient experience team responds to the reviews on NHS Choices, signposting patients to relevant services and departments as appropriate, along with escalating any issues as required.

Patient-led Assessments of the Care Environment (PLACE)

Patient-led Assessments of the Care Environment, or PLACE, are an annual review of the various ESNEFT sites is carried out by a group of patient and staff assessors. They consider the patient environment from a non-clinical perspective and examine, in particular, cleanliness, how dementia friendly and accessible the environment is, whether it protects the privacy and dignity of patients and the quality of the food and hydration services.

PLACE assessments were not carried out in 2020/21 due to COVID-19.

Engaging our staff in developing a patient experience approach

We continued to engage staff in developing a personal approach which improves the patient experience. In recruitment, all job descriptions, person specifications, adverts and questions at interview reflected the attitudes, behaviours and standards we expect 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 consistently at its best.

Spiritual care and chaplaincy

We have a caring and responsive trust chaplaincy team and approximately 60 chaplaincy multi-faith volunteers, as well as faith/belief visitors whom we are able to call upon to provide appropriate rites and rituals to patients, carers, and staff who request them.

Our Trust chaplains have seen a substantial increase in referrals and contacts from staff, clergy, family members and volunteers. These cover different facets of care from cradle to grave and include spiritual, religious, emotional, and pastoral care, Holy Communion, prayers, naming and blessings, baptisms and funerals and end of life support. Our team was also privileged to work with patients and their partners to arrange emergency marriages in the past year. We were honoured to work with the staff to make each wedding a very special event for the couple involved.

Patient advice and liaison service (PALS)

Our Patient Advice and Liaison Service (PALS) aims to help patients, carers, relatives and families resolve problems as quickly and easily as possible by investigating their concerns or putting them in touch with the appropriate member of staff. The number of PALS contacts in 2020/21 decreased by 26% when compared with 2019/20, reflective of the reduction in activity being undertaken at the Trust. The total number for 2019/20 was 6653 and the number for 2020/21 was 4933.

Compliments

The Trust received 1,017 compliments in 2020/21. Compliments were received in several forms, including letters, cards, gifts, emails and through the local press. Where staff are named they are, where possible, informed and this aids morale and improves staff experience.

Our wards also received more than 12,000 gratuities, such as chocolates and biscuits, to thank staff for their care.

Complaints

The number of complaints received in 2020/21 decreased by 21% when compared with 2019/20. The total number in 2019/20 was 1263 and the number for 2020/21 was 1000.

This year 89% of complaints received were responded to within 28 working days or a revised timeframe agreed with the complainant, against a Trust target of 100%. In total, 109 complaints were not responded to within the agreed timeframe. This is compared with 79% last year.

We have worked extremely hard to improve the quality of complaint responses. However, in some cases the complainant has remained dissatisfied, either because not all their concerns were addressed or they challenged some aspects of the response. In such cases the complaint has been re-opened for further investigation. Re-opened complaints are generally resolved with either a face to face meeting or a further letter of response. There were a total of 44 complaints reopened in the year 2020/21.

Referrals to the Parliamentary and Health Service Ombudsman (PHSO)

A total of 12 ESNEFT complaints were subject to independent review by The Parliamentary and Health Service Ombudsman (PHSO) during 2020/21, with eight fully investigated. So far, one of these cases has been fully upheld, one has not been upheld and the remaining cases are under ongoing investigation.

Acting to improve our complaints process

Every effort is made to ensure a senior manager calls a complainant within one working day of the complaint being logged to gain clarity on their concerns and offer apologies for the poor experience. A formal acknowledgement letter is also sent within three working days. We have achieved 99% compliance for this standard by March 2021.

Service improvements following complaints

The Trust ensures that complaints are reviewed at Divisional Clinical Governance meetings so that lessons can be learnt and changes made to practice.

During the COVID-19 pandemic, the Patient Experience Team introduced Letters to Loved ones to support communication between patients and their relatives while visiting was suspended. During 2020/21 a total of 1,115 letters were received into the Trust.

Feedback showed that 49% of loved ones heard about the service through the Trust's website or social media, whilst 51% heard about the service through word of mouth. Despite visiting restrictions being relaxed, the service will continue, headed by the Patient Experience and Palliative Care teams.

Our Board of Directors

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.

Collectively the Board of Directors have responsibility for:

- Providing leadership to the organisation within a framework of prudent and effective controls.
- Supporting an appropriate culture, setting strategic direction, ensuring management capacity and capability and monitoring and managing performance.
- Facilitating the understanding on the part of Governors of the role of the Board and the systems supporting its oversight of the organisation.

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 Board takes active steps to ensure it interacts appropriately with the Council of Governors. Governors attend regular informal meetings with the Trust Chair and are regular observers of the Board assurance committees. Non-Executive Directors are invited to attend the Council of Governor meetings and Council of Governor members attend the public Board meetings. The Lead Governor is invited to attend the Board meeting as an attendee at every 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 is made up of full-time Executive Directors and part-time Non-Executive Directors (NEDs), 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-Executive Directors to be independent.

The Board comprises a Chair, seven further NED positions and seven voting Executive Directors. The Council of Governors appointed the Chair and other NEDs 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 NEDs 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.

The Board is content that its balance, completeness and effectiveness meet the requirements of an NHS foundation trust.

Register of interests

All Directors are asked to declare any interests on the register of Directors' interests at the time of their appointment. This register is reviewed and maintained by the Head of Corporate Governance, and is available for inspection by the public. The register is available for review at each public meeting of the Board of Directors and the Register can be access on the Trust website at www.esneft.nhs.uk/about-us/annual-report-and-accounts/esneft-register-of-interests/ or via contact the Trust's offices at the address on page 5.

None of the Executive Directors were released by the Trust to serve as Non-Executive Directors elsewhere during the year.

About the Non-Executive Directors

	**Helen Taylor** **Appointed:** 1 January 2020 as substantive Trust Chair **Term of office:** Expires 31 December 2022 Chair of the Board of Directors, the Council of Governors, the Remuneration and Nomination Committee and Appointments and Performance Committee. Having trained as a nurse, Helen has held a number of senior positions in health and social care, including Director of Integrated Commissioning and Vulnerable People with Essex County Council and Interim CEO with Suffolk Age UK. She has also held Director-level positions in social care with the London Borough of Tower Hamlets and North Yorkshire County Council, and was previously National Policy Lead for Adult Social Care and Older People with the Audit Commission.
	**Eddie Bloomfield** **Appointed:** 1 November 2018 **Term of office:** Expires 31 October 2021 Member of the Integrated Assurance Committee (2020/21 arrangement), Charitable Funds Committee, Remuneration and Nomination Committee, and Audit & Risk Assurance Committee. Eddie has held four Chief Executive roles at the Ministry of Justice, which included Head of the Court Funds Office and Head of the Office of the Accountant General Public Trustee and as HM Chief Inspector of Court Administration for England and Wales. He is involved with several charities in and around Colchester in trustee and other voluntary positions, and brings extensive experience in political, financial management and change management. He was previously a Non-Executive Director at Colchester PCT.

Hussein Khatib
Appointed: 1 April 2019
Term of office: Expires 31 March 2022

Member of the Integrated Assurance Committee (2020/21 arrangement), and Remuneration and Nomination Committee. Organisational Non-Executive Director lead for Equality, Diversity and Inclusion, and is the Board-level maternity safety champion.

Hussein has experience of working in a senior clinical position in the NHS with substantial senior or Board-level experience and a track record of executive leadership gained in a complex organisation.

Mark Millar
Appointed: 01 January 2021
Term of office: Expires 31 December 2023

Chair of Audit and Risk Committee (March 2021 onwards) and member of Remuneration and Nomination Committee.

Mark has a long and distinguished career in the NHS as a Chief Executive and director of resources. He has held a number of Chief Executive Officer and Director of Finance roles. Mark served as a Non-Executive Director at Royal Papworth NHS Trust for seven years. He is currently the elected President of the Association of Chartered Certified Accountants.

Elaine Noske
Appointed: 20 May 2020
Term of office: Expires (3 Years)

Member of Remuneration and Nomination Committee.

Elaine Noske has held a variety of roles during 25 plus years with BT, and has vast experience of transformation projects, technical product innovation and development. Her current role at BT is focused on cyber security. She originally served as a NED with ESNEFT from May 2016 to November 2018 and re-joined as an interim NED in May 2020 before becoming a substantive NED in November 2020. She was previously a school governor at Ipswich High School and a mentor with the Princes Trust.

Richard Spencer
Appointed: 1 November 2018
Term of office: Expires 31 October 2021

Chair of Charitable Funds Committee and Remuneration and Nomination Committee.

Richard Spencer is a former Director of Culture and Policy and Director of Corporate Social Responsibility at BT, and also worked as the company's Head of Strategy and Partnerships. Since taking early retirement in 2017, he has been appointed to the Communication Consumer Panel by the Department of Digital, Culture, Media and Sport and continues to act as an executive coach. He is also trustee of a homeless charity based in Colchester.

Carole Taylor-Brown
Appointed: 1 November 2018
Term of office: Expires 31 October 2021

Carole is Senior Independent Director and Deputy Chair.

Chair of the Integrated Assurance Committee (2020/21 arrangement), member of Quality Committee and Remuneration and Nomination Committee.

Carole has significant experiences a leader in the public sector and as a NED in the NHS, charity and housing sectors. A HR professional by background, she worked regionally and nationally in the NHS and was Chief Executive of NHS Suffolk until her retirement in 2010. Since then, she has been working with the NHS supporting a range of Board-level reviews and coaching senior leaders and clinicians. She was formerly Chair of Trustees for Suffolk Mind and Suffolk Housing was a Visiting Fellow at University Suffolk for past nine years. Carole is also a NED with the Flagship Group.

Richard Youngs
Appointed: 1 November 2018
Term of office: Expires 31 October 2021

Chair of Audit and Risk Committee, member of Charitable Funds Committee and Remuneration and Nomination Committee.

Richard is a former RAF wing commander, a role comparable to Chief Executive. He has held a number of roles at a senior level, including Officer Commanding Support Wing at RAF Honington, and Head of Future Pay Structure for the 170,000 members of the armed forces. He is also a NED with the East of England Cooperative Society, a membership organisation with a model not dissimilar to that of foundation trusts. He has a wide-ranging skills set covering HR and finance.

About the Executive Directors

Nick Hulme
Chief Executive
Appointed: 17 May 2016
Term of office: Permanent
Notice period: Trust: six months; employee: three months
Trust Accounting Officer. Responsible for corporate strategy, external relations, transformation plan, regulation and compliance, leadership.
Twitter: @Nickhulme61

Nick has worked in the NHS for more than 30 years. He was appointed Chief Executive of Ipswich Hospital in January 2013, and also became Chief Executive of Colchester in May 2016.

	**Shane Gordon** **Director of Strategy, Research and Innovation** **Appointed:** 2 March 2015 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months **Twitter:** @DrShaneGordon Shane was previously Clinical Chief Officer of North East Essex Clinical Commissioning Group. 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.
	**Mike Meers** **Director of ICT** **Appointed:** 1 January 2018 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months Mike has worked within local NHS services for more than 27 years managing information technology services and their transformation.
	**Neill Moloney** **Managing Director/Deputy CEO** **Appointed:** 1 January 2018 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months **Twitter:** @NeillMoloney Neill has worked in the NHS for more than 26 years, 11 of which have been as an Executive Director. He has extensive experience and expertise in operational management, planning and performance, as well as leadership in commissioning and information.
	**Adrian Marr** **Director of Finance** **Appointed:** 7 October 2019 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months Adrian has worked in the NHS for over 30 years. He has undertaken Finance Director roles in provider and commissioning organisations, and was previously Director of Finance for NHS England in the east of England.

	**Giles Thorpe** **Chief Nurse** **Appointed:** 23 November 2020 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months Giles has previously held roles as Director of Clinical Quality and Deputy Chief Nurse at Cambridge University Hospitals NHS Foundation Trust (Addenbrooke's). He was previously Deputy Director of Nursing at Colchester Hospital and before that Deputy Director of Clinical Governance at Basildon and Thurrock University Hospitals. Giles has also held national roles at NHS Blood and Transplant and is a graduate of the Nye Bevan programme run by the NHS Leadership Academy.
	**Dr Angela Tillett** **Chief Medical Officer** **Appointed:** 9 March 2015 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months **Twitter:** @angela_tillett Angela trained at University College London and started as a Paediatric Consultant in Colchester in 2001. Her roles have included Lead Clinician for Paediatric Services, Divisional Director for Women's and Children's Services and subsequently Divisional Director for Surgery before she was appointed to the Chief Medical Officer role.

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 Head of Corporate Governance.

Former Executive and Non-Executive Directors

Melissa Dowdeswell, Interim Chief Nurse, was appointed on 2 March 2020 and stepped back from the role on 31 December 2020.

Julie Parker, Non-Executive Director, was appointed on 1 April 2014 and left the on Trust 18 June 2021.

Diane Leacock, Interim Non-Executive Director, was appointed on 1 May 2020 and left the Trust 31 December 2020.

Evaluation of the Board of Directors' performance

The Board of Directors met monthly. There were 14 meetings of the Board, five of which were held in public.

They took place on 2 April 2020, 7 May 2020, 4 June 2020, 22 June 2020 (Extraordinary meeting Annual Report & Accounts sign off), 24 June 2020 (Extraordinary Annual Report & Accounts sign off), 2 July

2020, 6 August 2020, 3 September 2020, 8 October 2020, 5 November 2020, 3 December 2020, 14 January 2021, 4 February 2021 and 4 March 2021.

All meetings in 2020/21 were held via Microsoft Teams (video conferencing).

Name	Title	Attended
Eddie Bloomfield	Non-Executive Director	14/14
Melissa Dowdeswell	Interim Chief Nurse	8/9
Shane Gordon	Director of Strategy, Research and Innovation	13/13
Nick Hulme	Chief Executive	14/14
Hussein Khatib	Non-Executive Director	12/12
Diane Leacock	Interim Non-Executive Director	7/11
Adrian Marr	Director of Finance	13/14
Mike Meers	Director of Information, Communication and Technology	9/13
Mark Millar	Non-Executive Director	3/3
Neill Moloney	Managing Director / Deputy Chief Executive	11/13
Elaine Noske	Non-Executive Director	12/12
Julie Parker	Non-Executive Director	3/3
Richard Spencer	Non-Executive Director	12/13
Carole Taylor-Brown	Non-Executive Director	12/13
Helen Taylor	Chair	14/14
Giles Thorpe	Chief Nurse	4/4
Angela Tillett	Chief Medical Officer	13/13
Richard Youngs	Non-Executive Director	13/14

Board development

Board development takes place in workshops and seminars on the days when the Board meets. During the year, the Board had sessions on the Board Assurance Framework, recovery and reform, community services, strategy review, objective deep dive (lead on integration of care) and the role of the Board as Corporate Trustee.

Ongoing development

The Chair holds team and one-to-one meetings with the Chief Executive and Non-Executive Directors as required.

Appraisal process for the Chair and Non-Executive Directors

The Chair and Head of Corporate Governance work with the Council of Governors to maintain the appraisal process for the Chair and Non-Executive Directors.

The Chair is formally appraised by the Senior Independent Director and Lead Governor in conjunction with the Council of Governors via its Appointments and Performance Committee.

Appraisal of Non-Executive Directors is carried out by the Chair, advised by the Lead Governor, and reported in the Council of Governors via the Appointments and Performance Committee.

The Chair's appraisal was completed on 22 December 2020. It was shared with the Council of Governors at its meeting on 7 January 2021 and with NHS England and NHS Improvement.

The Chair is currently undertaking the Non-Executive Director appraisal process as at March 2021. Executives, NEDs and governors have been taking part in the 360 degree feedback process that will support the Chair with undertaking their feedback.

Appraisal process for Executive Directors

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

Governance arrangements

As a consequence of COVID-19, the Board streamlined the governance structure for 2020/21 whilst ensuring regular oversight of business. The committees were all chaired by a Non-Executive Director and meet regularly, based on an agreed business cycle, and report to the Board of Directors. The lead Governors observed and provide their feedback to the Council of Governors on their effectiveness.

The committees of the Trust Board for 2020/21 were:

- Audit and Risk Assurance Committee
- Charitable Funds and Sponsorship Committee
- Remuneration and Nomination Committee
- Integrated Assurance 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) which support the achievement of the organisation's objectives.

It also ensures 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: 21 March 2020; 17 June 2020; 23 September 2020; 16 December 2020; and 24 March 2021.

Members and meetings attended in brackets: Richard Youngs, committee Chair (5/5), Julie Parker (2/2), Eddie Bloomfield (5/5), Diane Leacock (4/4) and Mark Millar committee Chair from January 2021 (1/1).

Associate Non-Executive Director (non-voting) in attendance: Andy Morris (1/1)

Executive Directors (voting and non-voting) in attendance: Nick Hulme, Adrian Marr, Neill Moloney and Denver Greenhalgh.

Internal auditors

Internal audit was provided by RSM. Their role is to provide independent assurance that our risk management, governance and internal control processes are operating effectively.

External auditors

The Council of Governors appointed BDO UK LLP as the Trust's external auditors.

The responsibility of the Trust's external auditors is to independently audit the financial statements and part of the remuneration report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). They also usually provide independent assurance on the Quality Report, however for 2020/21 there is no requirement for a Quality Report as a response to COVID-19.

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.

Integrated Assurance Committee

In recognition that there remained a requirement to provide core and statutory assurance, alongside responding to the national level four incident, the Board established a single assurance committee to discharge this function, releasing executive time to focus on strategic incident management.

This committee's main duties are to:

- Provide assurance of the quality of patient care and review reports on significant concerns and adverse findings. Monitor the systems and processes in place in relation to Infection Prevention and Control and review progress against identified risks. Review the Quality Report, providing assurance on its declarations of compliance prior to presentation to the Board and laying before Parliament.

- Ensure the Trust workforce and organisational development strategies and underpinning leadership and engagement policies are aligned to the Trust Strategy.

- Provide assurance to the Board that the financial and operational performance is delivered in accordance with the agreed strategy, plans and trajectory (noting that central guidance may be changeable on the parameters).

- Review compliance with statutory and regulatory standards, particularly in relation to the fundamental standards of quality and safety (CQC registration).

- Monitor performance through the integrated performance report.

- Monitor the systems and processes in place in relation to Infection Prevention and Control and reviewing progress against identified risks.

- Review the Quality Report, providing assurance on its declarations of compliance prior to presentation to the Board and laying before Parliament.

- Review compliance with health and safety requirements to protect service users, staff and visitors.
- Oversee plans for workforce education, learning and development to meet service requirements.
- Review details of workforce planning priorities that arise from annual business and exception reporting of any significant risks / issues.
- Monitor compliance with public sector equality duty.
- Review reports on the staff survey and other staff engagement data and ensure action plans to support improvement are in place.
- Ensure the organisation has appropriate arrangements in place to enable people to raise concerns.
- Review reports of the Guardian of Safe Working.
- Monitor delivery of the Trust's financial improvement trajectory, including the cost improvement plan.
- Oversee the investment and borrowing strategy and policy and review performance against treasury management benchmarks and targets.
- Oversee the rolling capital programme, including scrutiny of prioritisation process and monitor its delivery.

The Integrated Assurance Committee held 11 meetings.

Members and meetings attended in brackets: Carole Taylor-Brown, committee Chair (11/11), Julie Parker, Non-Executive Director (2/2), Eddie Bloomfield, Non-Executive Director (11/11), Hussein Khatib, Non-Executive Director (10/11), Neill Moloney, Managing Director (5/11), Angela Tillett, Chief Medical Officer (9/11), Adrian Marr, Director of Finance (11/11), Melissa Dowdeswell, Interim Chief Nurse (7/8), Giles Thorpe, Chief Nurse (4/4), Nick Hulme, Chief Executive (9/11), Shane Gordon, Director of Strategy, Research & Innovation (8/11)

Charitable Funds and Sponsorship Committee

The Charitable Funds and Sponsorship Committee has responsibility 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. Six formal meetings of the committee were held.

Members and meetings attended in brackets: Richard Spencer, Non-Executive Director (6/6), Eddie Bloomfield, Non-Executive Director (6/6), Richard Youngs, Non-Executive Director (6/6)

Executive Directors in attendance: Shane Gordon, Director of Strategy, Research & Innovation (6/6), Adrian Marr, Director of Finance (6/6)

Others in attendance: Mandy Jordan, Associate Director Charity and Voluntary Services (6/6), Rebecca Driver, Director of Communications & Engagement (5/6)

Remuneration and Nomination Committee

The Remuneration and Nomination 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 Executive Directors. Board appointments are made through a competitive process following Trust recruitment policies with remuneration agreed using national benchmarks. 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 Chair is the Chair of the committee and the membership comprises all the Non-Executive Directors. The Chief Executive, Director of Human Resources 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 and Nomination 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 and Nomination Committee held two meetings.

Members and meetings attended in brackets: Helen Taylor committee chair (2/2); Eddie Bloomfield (2/2); Hussein Khatib (2/2); Diane Leacock (1/1); Elaine Noske (2/2); Richard Spencer (2/2); Carole Taylor-Brown (2/2); Richard Youngs (2/2) and Mark Millar (1/1).

The committee did not commission any advice or assistance during the year.

Remuneration Report (unaudited)

The purpose of the Remuneration Report is to provide a statement to stakeholders on the decisions of the Remuneration and Nomination 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 Chair of the Remuneration and Nomination Committee

Decisions on Executive remuneration were based on available benchmarking information from a NHS England and NHS Improvement, the advice of the executive search firm supporting the appointments and other market intelligence. Directors are employed on service contracts whose provisions are consistent with those relating to other employees within the Trust.

Following publication of NHS Improvement's Guidance on Pay for Very Senior Managers, all new appointments to the Trust where the salary is over £150,000 are subject to an element of earn-back pay. This means that a percentage of base pay (normally at least 10%) is placed at risk, subject to the individual meeting agreed performance objectives.

Remuneration and performance conditions

The remuneration of the Directors and Non-Executive Directors does not include any individual performance-related component. Their remuneration follows NHS Improvement guidance on pay for very senior managers in trusts and foundation trusts (June 2020), 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 and Nomination Committee reviewed benchmarked data at its meeting on 14 January 2021 when it confirmed the executive annual pay review.

The remuneration of the Chair and Non-Executive Directors is decided by the Council of Governors following advice from the Appointments and Performance Committee. To determine the remuneration, the 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 Chair.

To determine Executive Directors' salary levels, the Remuneration and Nomination Committee uses mainly the data from the annual NHS Providers survey, NHSI guidance and 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 and Nomination Committee's discussion of Executive Director Salaries and the Appointments and Performance Committee's discussion of Non-Executive Director 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 and Nomination 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 and Nomination Committee.

There were no new applications to the Treasury during 2020/21 following the benchmarked review of remuneration for the appointments to the Board. A single payment was made in line with contractual requirements to a senior manager as a result of redundancy.

Salary is set at a level appropriate to secure and retain the high calibre individuals needed to deliver the Trust's strategic priorities, without paying more than is necessary.

When determining salary levels, an individual's role, experience and performance, along with independently sourced data for relevant comparator groups are considered. Salary increases typically take effect from 1 April each year.

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.

In line with our Equality, Diversity and Inclusion Strategy (2020-24) we aim to have visible diversity of our senior team and that they demonstrate inclusive behaviours and a compassionate culture. We actively seek to achieve a year on year reduction in gender pay gap and increase the proportion of BAME staff represented at senior levels. All our senior appointments are sourced using dedicated recruitment consultants to gain a diverse candidate pool and maximise the potential to deliver our ambition.

Senior managers' remuneration policy

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 and Nomination 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.

Remuneration and Nomination Committee

Details on the meetings of the Remuneration and Nomination Committee are provided on page 59. 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, which are due to exceptional circumstances for example, are subject to further discussion and approval by the committee.

Fair Pay Multiple (subject to audit)

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

The banded remuneration of the highest paid Director in ESNEFT in the financial year 2020/21 was £254,316.59 (2019/20: £225,113.67). This was 9.28 times (2019/20: 8.58) the median remuneration of the workforce, which was £27,416 (2019/20: £26,220).

In 2020/21, four (2019/20, five) employees received remuneration in excess of the highest paid Director. Remuneration ranged from £8,213 to £388,028 (2019/20: £10,505 to £306,560). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The highest paid Director in ESNEFT salary change was due to them receiving a 1.03% pay award, plus the annualised impact of withdrawing from the NHS Pension Scheme and taking up the organisational offer of receiving their pension contributions as salary and receiving a non-consolidated performance-related payment. The organisation also had a significant number of successful recruitment campaigns for newly qualified nurses, healthcare assistants and facilities staff, the latter to comply with NHSI/E new agency rules. This has resulted in an increase in the number of staff in the lower paid bands and ultimately impacted on the median pay threshold.

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

Salaries for senior managers are established and maintained taking the following elements into consideration: the individual's role, experience and performance and independently sourced data for relevant comparable organisations. This includes consideration of salary levels at other members of ESNEFT. Salaries for senior managers are formally reviewed every three years with annual interim reviews.

When setting remuneration levels for the Executive Directors, the committee considers the prevailing market conditions, the competitive environment (in particular through comparison with the remuneration of executives at other leading NHS healthcare organisations of similar size and complexity) and the positioning and relativities of pay and employment conditions across the broader Trust workforce.

The Remuneration Committee has responsibility for authorising the engagement of any staff member on a non-agenda for change contract or salary.

Salary and pension entitlement of the Board of Directors

The Chief Executive has determined that 'senior managers', being those staff in senior positions who have authority or responsibility for directing or controlling the major activities of the Trust, are the Executive and Non-Executive Directors. The remuneration, salary and pension entitlements of the Board of Directors are detailed from page 61 onwards. These disclosures have been audited.

Directors and Governors expenses

Information on the expenses of Directors and Governors is required by the Health and Social Care Act 2012.

There were 30 Directors eligible to claim expenses during 2020/21. Of these, 16 made claims totalling £8,589.23. This compared with 33 Directors eligible to claim expenses during 2019/20, of which 24 made claims totalling £27,639.

A total of 39 Governors were eligible to claim expenses. No expenses were made from April 2020 to March 2021 as a consequence of COVID-19 restrictions. This compares with 35 Governors being eligible to claim expenses during 2019/20, of which, 16 made claims totalling £3,127.46.

Signed

Nick Hulme
Chief Executive
Date: 24 June 2021

Salary and allowances of senior managers (subject to audit)

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100) £00	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
Nick Hulme	Chief Executive	245-250	2	0-5	n/a	n/a	250-255
Neill Moloney	Managing Director	170-175	0	0-5	n/a	35-37.5	215-220
Michael Meers	Director of Information Communication and Technology	115-120	0	0-5	n/a	30-32.5	150-155
Giles Thorpe (from 23/11/2020)	Chief Nurse	40-45	1	0-5	n/a	80-82.5	125-130
Angela Tillett	Chief Medical Officer	155-160	1	n/a	10-15	40-42.5	210-215
Shane Gordon	Director of Strategy, Research and Innovation	215-220	4	0-5	n/a	n/a	220-225
Adrian Marr	Director of Finance	155-160	1	0-5	n/a	142.5-145	305-310
Melissa Dowdeswell (until31/12/2020)	Interim Chief Nurse	90-95	1	n/a	n/a	12.5-15	105-110
Helen Taylor	Chair/ Non-Executive Director	55-60	0	n/a	n/a	n/a	55-60
Edward Bloomfield	Non-Executive Director	10-15	0	n/a	n/a	n/a	10-15
Hussein Khatib	Non-Executive Director	10-15	0	n/a	n/a	n/a	10-15
Diane Leacock (from 01/05/2020 to 31 December 2020)	Non-Executive Director	5-10	0	n/a	n/a	n/a	5-10
Mark Millar (from 01/01/2021)	Non-Executive Director	0-5	0	n/a	n/a	n/a	0-5
Elaine Noske (from 01/05/2020)	Non –Executive Director	10-15	0	n/a	n/a	n/a	10-15
Richard Spencer	Non-Executive Director	10-15	0	n/a	n/a	n/a	10-15
Carole Taylor-Brown	Non-Executive Director	10-15	0	n/a	n/a	n/a	10-15
Richard Youngs	Non-Executive Director	10-15	0	n/a	n/a	n/a	10-15
Julie Parker (left 18/06/2020)	Non-Executive Director	0-5	1	n/a	n/a	n/a	0-5

The Trust was advised on 23 December 2020 by the Chief Operating Officer for NHS England & NHS Improvement, of the annual uplift recommendations to pay our Very Senior Managers (VSM'S). This pay award took into account the corresponding Senior Civil Service pay award. Ministers' recommendations for 2020/21 were as follows: NHS Trusts, Foundation Trusts are recommended to pay their VSMs a consolidated increase of 1.03%, payable from 1 April 2020. The recommended pay uplift for medical directors applies only to the management allowance element of their remuneration package.

The Trust recognised the unprecedented pressure faced in responding to the challenge of Covid-19 and the Remuneration Committee awarded an exceptional discretionary pay award to the Executive Directors.

Comparative table showing salary and allowances of senior managers in 2019/20

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100) £00	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
Nick Hulme	Chief Executive	220 – 225	4	n/a	n/a	n/a	220 – 225
Neill Moloney	Managing Director	170 – 175	1	n/a	n/a	52.5 – 55	220 – 225
Michael Meers	Director of Information Communication and Technology	115 – 120	0	n/a	n/a	0-2.5	115 – 120
Catherine Morgan (left 01/03/2020)	Chief Nurse	125 – 130	1	n/a	n/a	10 – 12.5	135 – 140
Angela Tillett	Chief Medical Officer	150 – 155	0	n/a	10 – 15	17.5 – 20	180 – 185
Shane Gordon	Director of Strategy, Research and Innovation	195 – 200	4	n/a	n/a	n/a	195 – 200
Dawn Scrafield (left 01/09/2019)	Director of Finance	60 – 65	1	n/a	n/a	65 – 67.5	130 – 135
Adrian Marr (from 08/10/2019)	Director of Finance	70 – 75	0	n/a	n/a	0-2.5	70 – 75
Melissa Dowdeswell (from 02/03/2020)	Interim Chief Nurse	5 - 10	0	n/a	n/a	27.5 – 30	120 – 125
David White (left 07/06/2019)	Chair	10 – 15	0	n/a	n/a	n/a	10 – 15

Helen Taylor (Chair from 07/06/2019)	Chair/ Non-Executive Director	45 – 50	1	n/a	n/a	n/a	45 – 50
Edward Bloomfield	Non-Executive Director	10 – 15	1	n/a	n/a	n/a	10 – 15
Laurence Collins (left 04/04/2019)	Non-Executive Director	0 – 5	1	n/a	n/a	n/a	0 – 5
Hussein Khatib	Non-Executive Director	10 – 15	0	n/a	n/a	n/a	10 – 15
Richard Spencer	Non-Executive Director	10 – 15	0	n/a	n/a	n/a	10 – 15
Carole Taylor-Brown	Non-Executive Director	10 – 15	0	n/a	n/a	n/a	10 – 15
Richard Youngs	Non-Executive Director	10 – 15	0	n/a	n/a	n/a	10 – 15
Julie Parker	Non-Executive Director	10 – 15	3	n/a	n/a	n/a	10 – 15

Pension benefits (subject to audit)

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

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

Name	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2021 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at age 60 at 31 March 2021 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2021 £000	Cash equivalent transfer value at 31 March 2020 £000	Real increase in cash equivalent transfer value £000	Employers contributions to stakeholder pension £000
Nick Hulme	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Neill Moloney	2.5-5	0-2.5	65-70	140-145	1192	1111	36	0

Michael Meers	0-2.5	0-2.5	45-50	110-115	902	839	32	0
Giles Thorpe (from 23/11/2020)	0-2.5	0-2.5	25-30	50-55	410	341	16	0
Angela Tillett	2.5-5	0-2.5	55-60	160-165	1339	1242	54	0
Shane Gordon	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Adrian Marr	5-7.5	10-12.5	70-75	160-165	1442	1244	137	0
Melissa Dowdeswell (Step down from 31/12/2020)	0-2.5	0-2.5	10-15	0-5	122	106	0	0

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. There are no entries in respect of pensions for Non-Executive Directors as they do not receive pensionable remuneration.

Issues have been raised nationally by the National Audit Office (NAO) in relation to the reporting of deferred members pension valuations in remuneration reports. The Trust has two directors who are deferred members of the NHS pension scheme. For these two directors there were no contributions made in either 2020/21 or the comparative period, and for whom NHS Pensions do not provide the closing cash equivalent transfer value (CETV) information. The remuneration report does not include any CETV for these members. However, the NAO issued a national notification on 14 June 2021 that these values must be reported. Given the late notification of this requirement and that this will affect many NHS organisations, this matter will take some time to investigate and resolve nationally. The NHS Business Services Authority will not provide the information. There are no other sources of this information available to the Trust that would resolve the qualified opinion of the Trust Auditors on the remuneration report.

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.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another 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 note 9 on page 28 of the accounts.

Staff report

On 31 March 2021, the Trust directly employed 10,834 staff (9,384.58 full time equivalents (FTE)).

The Trust also reviewed its acuity staffing levels on the wards, resulting in an increase in the establishment required to meet patient need safely along with additional services TUPE'd in.

	Number of Trust staff		
	Headcount	Establishment (FTE)	Staff in post (FTE)
31 March 2020	10,834	10,154	9,384.58

Staff costs (subject to audit)

	2019/20		
	Permanent (£000)	Other (£000)	Total (£000)
Salaries and wages	353,689	678	**354,367**
Social security costs	34,184	0	**34,184**
Apprenticeship levy	1,749	0	**1,749**
Employer contributions to NHS Pension Scheme	60,898	0	**60,898**
NEST pension contributions	94	0	**94**
Termination benefits	0	0	**0**
Agency/ bank staff	0	54,810	**53,810**
Total	**450,614**	**54,488**	**505,102**

Average staff numbers (subject to audit)

The average staff numbers by staff group is shown below. This calculation is based on the whole time equivalent (FTE) number of employees in each week in the financial year, divided by the number of weeks in the financial year.

Average number of employees (FTE basis)	2020/21		
	Total	Permanent	Other
Medical and dental	1,260	1,152	108
Administration and estates	2,466	2,297	169
Healthcare assistants and other support staff	1,985	1,780	205
Nursing, midwifery and health visiting staff	2,964	2,670	294
Scientific, therapeutic and technical staff	752	717	35
Healthcare science staff	373	340	33
Total average numbers	**9,800**	**8,956**	**844**

Membership of the Trust

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 2020/21	Public members 2020/21
0 to 16 years	0	5
17 to 21 years	59	57
22+ years	10,317	9,354
Not specified	0	1,211
Total	**10,376**	**10,627**
Ethnicity		
Not specified	2,784	1,777
White	6,388	8,296
Mixed	105	103
Asian or Asian British	879	256
Black or Black British	143	136
Other ethnic group	57	58
Total	**10,376**	**10,627**
Gender		
Male	2,325	3,976
Female	8,047	6,144
Transgender	0	0
Not specified/ prefer not to say	4	507
Total	**10,376**	**10,627**

Sickness absence

Staff sickness absence	2020/21
Total WTE calendar days lost	152,033
Total WTE days available	3,302,707
Total staff years lost (days lost/365)	416.53
Total staff years available	9,048.51
Total staff employed in period*	12,298
Total staff employed in period with absence*	7,194
Total staff employed in period with no absence*	5,104
Average working days lost per employee	12.36

* Headcount, including starters and leavers. Source: Electronic Staff Record

Gender equality

A gender pay gap is the difference between the average hourly earnings of males and females, with the figure expressed as a proportion of male earnings. It is important to note that gender pay gap reporting is separate from equal pay; gender pay gap reporting requires us to publish six statutory calculations every year showing how the pay gap is between ESNEFT male and female employees.

The table below shows the breakdown of male and female Executive Directors, other senior managers and employees. Directors who were on interim off-payroll contracts and the Non-Executive Directors and 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 10,834.

Role	Female	Male	Notes
Non-Executive Directors	3	5	Includes Chair
Executive Directors	1	5	Includes Chief Executive
Other senior managers	28	25	Bands 8d and above
Employees	8,415	2,350	
Total	**8,447**	**2,387**	

Further information on gender pay gap is available on the ESNEFT website and for national comparison the Cabinet Office website at https://gender-pay-gap.service.gov.uk. On the Cabinet Office website, the Trust remains under the name of Colchester Hospital University Foundation Trust and The Ipswich Hospital.

Employment of disabled people

We are committed to eliminating discrimination, both within the workforce and in the provision of services. The Trust has a legal responsibility under the Equality Act 2010 to:

- eliminate discrimination, harassment and victimisation;
- advance equality of opportunity; and
- foster good relations between persons who share a relevant characteristic and those who do not.

Recruitment

The Trust makes sure that disabled applicants are always fully and fairly considered on their merits, as with any individual. Any applicant who meets the minimum criteria for selection is invited for interview.

Via our recruitment policy, we make sure that the implementation of the recruitment and selection practices will not discriminate directly or indirectly on the grounds of gender, sexual orientation, marriage or civil partnership, pregnancy and maternity, caring responsibility, ethnic or national origin, religion, culture, disability, age or trade union membership.

The workplace

The Trust provides an occupational health service which can be accessed by all staff. It is provided by a multidisciplinary team, and as well as specialist practitioners in occupational health also includes clinical nurses, technicians and a consultant.

If an employee becomes disabled, the Trust will, via line managers and the health and wellbeing department, maintain regular contact with them to monitor progress, give support and, at an agreed and appropriate stage, consider possible courses of action. This can include a phased return to work and consideration of the effect any disability might have on future employment.

The Trust seeks to offer terms and conditions of service which will enable suitably qualified person with a disability to seek and maintain employment with the organisation wherever practicable.

Policies

We carry out equality impact assessments for equality analysis when reviewing policies or when planning changes to services as part of organisational change processes to ensure our functions and services are not discriminatory.

Training

The Trust continues to ensure that all staff have equal opportunities to develop with others, develop new skills or enhance existing skills and advance their careers. This includes mandatory training, clinical skills, personal development and apprenticeships.

The Trust recognises that some staff will have additional needs when starting or returning to the workplace and their corporate and local induction should reflect this. This includes staff who:

- qualified abroad
- are returning to work after prolonged absence
- are training part time
- are under the age of 18
- have a disability

It is the line manager or supervisor's direct responsibility to ensure that staff with additional needs are properly inducted into the Trust by way of local induction and are treated equitably during their employment with the Trust.

All staff are required to undertake equality and diversity training. Compliance currently stands at 93.88%.

According to role requirements, training is also provided in the following areas:

- dementia
- deprivation of liberties
- learning disabilities
- Mental Capacity Act
- safeguarding of the vulnerable adult

The Trust has continued working with Suffolk Mind to deliver "Your Needs Met" sessions and has also rolled out mental health first aid training to 250 staff. The programme will continue throughout 2021/22.

Workforce Disability Equality Standard (WDES)

The Workforce Disability Equality Standard (WDES) provides a framework for NHS trusts to report, demonstrate and monitor progress against a number of indicators of workforce equality, and to ensure that disabled employees receive fair treatment in the workplace and have equal access to career opportunities.

The WDES is a set of ten specific measures (metrics) which enable organisations to compare the employment experiences of disabled and non-disabled staff. From April 2019, it has applied to all NHS trusts and foundation trusts and is a key step for NHS organisations to improve equality for the NHS workforce.

We are proud to have complied with this regulation and have developed our action plan based on our data analysis. Its goals are to:

- Create a culture and environment where ESNEFT staff are confident and empowered to disclose, as well as have, open conversations about their disability status.
- Ensure systems and processes are aligned to enable disability equality in the workplace.
- Understand and use our workforce data to inform initiatives which will improve the experience for disabled and non-disabled staff.
- Be recognised as a system leader for disability equality through wider engagement.

These goals are in alignment with NHS regulations and the Equality Act 2010. Our action plan was approved and ratified by the People and Organisational Development Committee on 26 September 2019 and published online and will be updated in September 2021.

Staff engagement

Organisational development and leadership

We have updated our strategy around staff experience, organisational development and leadership which will be reviewed by our People and OD Committee in June 2021.

The Trust has continued to deliver leadership training, both as a stand-alone programme and also tailored programmes for clinical leads and consultants. We have developed a set of competences for each level of leadership and management, and linked these to a leadership passport and suite of training through the leadership training prospectus.

We have commissioned a review of our senior leadership development programme and will progress to tender in July 2021, with a view to launching the programme in September 2021.

We will be re-launching our Equality Diversity and Inclusion strategy and ambitions in September 2021, following an extensive review with our staff governors and staff network leads.

Valuing our staff

During 2020/21, we continued to recognise staff and volunteers through our Trust commendation scheme, which gives colleagues, patients and the public the chance to nominate the people they feel have made outstanding contributions.

Everyone who is nominated receives a letter from the Chief Executive with the citation included. Winners are visited by a member of the Executive team who presents them with their certificate.

We are continuing to celebrate the achievements of our hard working staff and this year we have particularly recognised the enormous work our staff have undertaken during COVID-19 through a specially commissioned staff thank you badge and card from the Chief Executive and Chairman. We will acknowledge long service in two specially commissioned afternoon teas once restrictions allow.

Staff Partnership Forum

The Staff Partnership Forum (SPF) is made up of management and staff side union representatives and meets monthly with the agenda agreed jointly between staff side and management. In response to the COVID-19 pandemic, for a period of time, the SPF met weekly to discuss and agree staffing matters relating to the Trust's COVID-19 response.

The Staff Partnership Agreement was reviewed and agreed this year which sets out the specific responsibilities and purpose of the group which, in summary, is to promote good employee relations and maintain a positive, constructive and trusting relationship between the Trust and staff side through:

- **Information**: Keeping all parties fully informed of relevant matters at the earliest opportunity. This will include the SPF receiving and discussing reports upon the Trust's planning and workforce intentions, financial position and other relevant management issues appertaining to the Trust. Matters can be raised by either party.

- **Consultation**: To be given every reasonable opportunity to provide feedback on and to be consulted upon relevant proposed management decisions, such as organisational change and non-contractual employment policies and procedures

- **Negotiation**: For the purpose of reaching agreements and avoiding disputes for matters concerning interpretation and implementation of collective agreements or contractual terms and conditions of employment.

The Trust funds 11 days a week of dedicated facility time to enable the release of the staff side chair, branch secretary and senior stewards to attend meetings, undertake specific union activity and support HR case work. Additional support from shop floor union stewards is funded by releasing staff from their substantive post. Secretarial support is provided by the HR team. Union allocation is as follows:

Role	Agreed time
Staff side chair	4 days per week
Deputy Staff side chair	2 days per week
Senior steward – Community	1 day per week
UNISON branch secretary	3 days per week
RCN lead steward	1 day per week
Total dedicated time	**11 days**

Number of employees who were trade union officials	Whole time equivalents
20	18.03
Percentage of time spent on facility time	**Number of employees**
0%	16
1% - 50%	2
51% - 99%	1
100%	1
Total cost of facility time	**Costs**
Total pay bill	£505,179,000
Percentage of pay bill spent on facility time	0.02%
Time spent on trade union activities as percentage of total facilities time	**Percentage**
941.5 hours formally recorded*	22%

* Due to the need to respond quickly to the pandemic a pragmatic approach to formally recording all time spent on union activity was agreed.

Freedom to Speak Up and raising concerns

Our 'speaking up' vision statement for the Trust is: **We encourage our staff to raise concerns openly, or anonymously if they prefer, safe in the knowledge they will be supported if they do, to make our trust a positive and trustworthy place to work and receive care.**

The vision statement encapsulates the current drive from the Board to ensure that staff at all levels of the Trust know that they will be supported if they raise a concern. We recognise that there are still individuals who struggle to make their voice heard and that some have a lack of faith that they will be listened too, or fear that they will be victimised should they do so. This is not peculiar to ESNEFT and other parts of the NHS have similar challenges, but it demands action from all of us.

We have a stand-alone page on the Trust intranet which provides all the information that an individual wishing to raise a concern, speak up or whistleblow needs. This includes pointers to potential sources of advice, policy documents that could provide guidance, websites that might be helpful and email and addresses for our Freedom to Speak Up Guardian (F2SUG).

As part of staff induction each new employee receives a leaflet reflecting much of the advice on the intranet page, and with similar pointers to those who might help. Our raising concerns / freedom to speak up policy reflects national policy and the Guardian remains a member of the East of England Freedom to Speak Guardians assembly, which is overseen by the National Guardians Office. The Speaking Up Safely Group, encourages input from other parts of the organisation including equality and diversity and health and wellbeing. In 2020/21 we established of a team of Assistant FTSUGs.

Tom Fleetwood, our Freedom to Speak Up Guardian, regularly talks to the Chief Executive and Chair, works with other members of the Executive team, replies quarterly to the National Guardian's data collection and reports quarterly to People and Organisational Development Committee and annually to the Trust Board.

NHS Staff Survey

The Trust continues to work towards the achievement of the pledges outlined in the NHS Constitution to make sure that all our colleagues feel trusted, actively listened to, provided with meaningful feedback, treated with respect at work, have the tools, training and support to deliver compassionate care and are provided with opportunities to develop and progress. This is even more critical in what have been an exceptional year for our staff. The need to support colleagues' wellbeing, and to listen to and hear them are more important than ever.

Staff engagement

Our approach to staff engagement at ESNEFT is underpinned by six principles, embedded in our Communications and Engagement Strategy, which was developed with our staff, partner organisations and representatives of all the communities we serve.

Engaging and communicating with our staff is one of our key ESNEFT priorities. Through well-managed internal communications, we are working to deliver a common understanding of our goals and values and bring the ESNEFT brand to life through our staff. Internal communication and engagement is crucial in keeping our staff motivated, inspired and committed, and good internal communication will help retain our best staff.

During our response to the COVID-19 pandemic, we have transformed our communications with our staff, keeping a focus on timely and consistent messaging on all areas of our work, plus encouraging openness and feedback. The use of Teams Live events, special sessions for our staff networks, particularly our EMBRACE network, a refreshed and updated staff intranet, and an online newsletter read by up to 5,000 staff for most editions means we are reaching more staff than ever. Internal communication and staff engagement is crucial to the success of our organisation and has a vital role to play in achieving the Trust's objectives, and to our recovery programme post COVID-19. Our monthly CEO briefings have proved popular, and from March 2020 these have been led through Microsoft Teams Live with up to 750 staff taking part in each event and asking our CEO direct questions. This has been supported by a regular VLOG from our CEO.

Our internal communication and engagement objectives are:

- To **build** on existing staff communications channels
- To **encourage and support staff** to be part of the conversation and to share stories, ideas, successes and suggestions
- To **support leaders** across the organisation to communicate with their teams
- To **provide** clear, timely and accessible information
- To **facilitate** the development of messages, campaign assets and resources to share information

Monitoring and learning from feedback

We measure our success by delivering:

- A series of high quality internal communications and engagement methodologies that are valued by staff.
- Clarity for staff on ESNEFT's vision and strategic direction, and the ability to share and engage externally.
- Engaged, well informed and motivated staff who feel confident to be ambassadors and advocates for ESNEFT services. This is measured through the annual national NHS Staff Survey, Pulse survey and a range of other measures, working through the results of this with our staff involvement groups and developing action plans for improvement. This is led jointly between the Human Resources Team and the Communications and Engagement Team, and monitored through the People and Organisational Development Committee
- We also monitor engagement with our various communications methodologies e.g. views of social media posts, VLOGs, live events, newsletters, views of our intranet, and report these through the Executive Leadership Team

National 2020 NHS Staff Survey

The NHS Staff Survey is conducted annually. Our results overall in the 2020 NHS Staff Survey show a picture of an organisation that is improving – our scores are improved from last year in 20 areas – which, considering the strain on the organisation over the last year, is extremely encouraging. The full report for ESNEFT are available at www.nhsstaffsurveys.com

The response rate to the 2020 survey among Trust staff was 45%, 4,547 staff, which compares with 49% in 2019 and 39% in 2018.

In early 2020, our operational divisions had made plans to address the results from the previous survey but, regrettably, did not get the opportunity to put them into place due to our COVID-19 pandemic response. Looking ahead from this recent survey, we have asked our divisional leadership teams to review last year's plans in the light of this year's survey results to decide which elements to focus on. This year in particular, we will be focusing on addressing issues that impact most directly on staff wellbeing and support our overall recovery from COVID-19.

We know there is more we can do, and much room for improvement. Unlike in previous years, this year there was no league table comparing organisations with one another. We do know, however, how the Trust compares to the best, worst and average scores of other 'acute' and 'acute and community' trusts in the country with whom we have been benchmarked.

The survey results show a snapshot of a moment in time in autumn 2020, and much has happened since the survey took place. That is why we asked our staff to complete our 'How Are You' Pulse survey to understand more about how colleagues were feeling in February, March and April 2021 as the COVID-19 situation began to improve. We will be doing more of these shorter subject-specific surveys over the course of the year, so we can swiftly seek feedback on various subjects related to our staff's experience of working at ESNEFT. The Trust will also run a series of listening events with staff to help us to develop our plan to support staff into the future.

Scores compared to previous year	2019	2020
ESNEFT		
Significantly better	9	20
No significant difference	77	52
Significantly worse	4	3

	Most improved from last survey
52%	Q11d. In last 3 months, have not come to work when not feeling well enough to perform duties
55%	Q4f. Have adequate materials, supplies and equipment to do my work
33%	Q4g. Enough staff at organisation to do my job properly
54%	Q5h. Satisfied with opportunities for flexible working patterns
71%	Q18d. If friend/relative needed treatment would be happy with standard of care provided by organisation

	Least improved from last survey
55%	Q11c. In last 12 months, have not felt unwell due to work related stress
72%	Q2b. Often/always enthusiastic about my job
85%	Q3a. Always know what work responsibilities are
85%	Q16b. Organisation encourages reporting of errors/near misses/incidents
52%	Q4i. Team members often meet to discuss the team's effectiveness

There have also been significant improvements in the areas that combine to create an overall picture of engagement:

	2019	2020
Care of patients/ service users is organisation's top priority	72%	75%
Would recommend organisation as a place to work	57%	61%

If friend/relative needed treatment would be happy with standard of care provided by organisation	67%	71%

Pulse survey

We ran a Pulse survey online between 24 February and 6 April 2021 which was designed to capture the experiences of staff at ESNEFT following the COVID-19 pandemic and to support the people elements of our recovery plan. The survey was completed by 4,043 colleagues. Questions around how staff are feeling, reflections on their COVID-19 experiences and their thoughts on how the Trust can recognise the work of staff during the last year were asked. The themes from this survey will be fed into the annual staff survey workstream and in time linked to the new NHS quarterly pulse survey.

Next steps

This year has been an exceptional year and at the time of release of the results the NHS and ESNEFT specifically have not yet begun fully the process of restart and recovery from the COVID-19 pandemic. We know that our staff are tired and that their mental and physical wellbeing must be our focus for the foreseeable future. The process of responding to these results must be understood in the context of the pandemic response.

We must also understand that impacts of ongoing reactive situations are often not felt immediately and may be reflected in the 2021 staff survey results and in subsequent years. How we respond to these results this year will make all the difference.

The national pandemic response began on 23 March 2020. At this point, ESNEFT had begun work to respond to the previous 2019 survey. As such, our directorates and teams have not had the opportunity to carry much of the activity within their staff survey response plans.

Our primary approach within divisions will be to review the 2019 staff survey action plans in the context of these new results. We will work with divisional teams through our Human Resources Business Partners to update the plans and work with staff in whichever way is best within the context of restart and recovery and with due regard to the pressure that a response may place on services at an already pressured time.

We will focus on interventions which support staff wellbeing. We will work with our staff governors and the leads of our staff engagement and inclusion networks to agree the areas for prioritisation for response on an organisational level.

As the COVID-19 pandemic significantly impacted on the way we worked during 2020/21, we focussed our staff engagement and experience activities on making sure our staff are being effectively communicated with and that our health and wellbeing offer continues to be considerably enhanced. A COVID-19 Wellbeing Group was formed in March 2020, based on a framework outlined by the British Psychological Society. This has ensured that our staff are adequately supported from a physical, mental and financial wellbeing perspective, but there is now so much more to do and this work will continue in 2021/22.

National 2020 NHS Staff Survey

	2020/21		2019/20		2018/19	
	Trust	Benchmarking group	Trust	Benchmarking group	Trust	Benchmarking group
Equality, diversity and inclusion	9.1	9.1	9.1	9.2	9.0	9.2
Health and wellbeing	5.9	6.1	5.7	6.0	5.7	5.9
Immediate managers	6.6	6.8	6.6	6.9	6.5	6.8
Morale	6.1	6.2	6.0	6.2	5.9	6.2
Quality of appraisals	-	-	4.9	5.5	4.9	5.4
Quality of care	7.3	7.5	7.3	7.5	7.2	7.4
Safe environment – bullying and harassment	7.9	8.1	7.8	8.2	7.8	8.1
Safe environment – violence	9.4	9.5	9.4	9.5	9.4	9.5
Safety culture	6.5	6.8	6.5	6.8	6.5	6.7
Staff engagement	6.9	7.0	6.8	7.1	6.9	7.0
Team working	6.3	6.5	6.3	6.7	-	-

Top five scores:

	Top 5 scores (compared to average)
67%	Q10b. Don't work any additional paid hours per week for this organisation, over and above contracted hours
77%	Q26b. Disability: organisation made adequate adjustment(s) to enable me to carry out work
94%	Q15a. Not experienced discrimination from patients/service users, their relatives or other members of the public
72%	Q11b. In last 12 months, have not experienced musculoskeletal (MSK) problems as a result of work activities
92%	Q15b. Not experienced discrimination from manager/team leader or other colleagues

Our key issues to address are:

	Bottom 5 scores (compared to average)
33%	Q9b. Communication between senior management and staff is effective
26%	Q9c. Senior managers try to involve staff in important decisions
75%	Q9a. I know who senior managers are
26%	Q9d. Senior managers act on staff feedback
39%	Q10c. Don't work any additional unpaid hours per week for this organisation, over and above contracted hours

The responses to the three key 'recommendation' questions that indicate our overall staff engagement position in the 2020 NHS Staff Survey are outlined below:

	Q18a. Care of patients/service users is my organisation's top priority	Q18c. I would recommend my organisation as a place to work	Q18d. If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation
Best	90.7%	84.0%	91.7%
ESNEFT	74.5%	60.5%	70.7%
Average	79.4%	66.9%	74.3%
Worst	61.8%	46.6%	49.7%

As the COVID-19 pandemic started to significantly impact on the way we worked, we have predominantly focussed our staff engagement and experience activities on ensuring our staff are being effectively communicated with and that our health and wellbeing offering is significantly enhanced. A COVID-19 Wellbeing Group was formed at the end of March 2020, based on a framework outlined by the British Psychological Society. This has ensured that our staff are adequately supported from a physical, mental and financial wellbeing perspective and this work will be ongoing during 2020/21.

Staff friends and family test

Since April 2014, the staff friends and family test (FFT) has been carried out in all NHS trusts providing acute, community, ambulance and mental health services in England.

The aim is for all staff to have the opportunity to feed back their views on their organisation at least once a year. The staff FFT is helping to promote a big cultural shift in the NHS, where staff have both the opportunity and confidence to speak up, and where the views of staff are increasingly heard and are acted upon.

Research has shown a relationship between staff engagement and individual and organisational outcome measures, such as staff absenteeism and turnover, patient satisfaction and mortality; and safety measures, including infection rates. The more engaged staff members are, the better the outcomes for patients and the organisation generally. It is therefore important that we strengthen the staff voice, as well as the patient voice (NHS England).

The staff friends and family test was suspended for 2020/21.

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 the Trust follows guidance issued from NHSI.

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

Number of existing engagements as of 31 March 2020	1
Of which:	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months:

Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	0
Of which:	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the trust's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021:

Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed "Board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both off-payroll and on-payroll engagements	8

Expenditure on consultancy

Trust expenditure on consultancy in 2020/2021 was £372,626, down from £965,775 last year.

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.

Staff exit packages (subject to audit)

Compulsory redundancies

Exit package cost band	2020/21		2019/20	
	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of compulsory redundancies	Cost of compulsory redundancies £000
<£10,000	1	3	1	0
£10,001 - £25,000	0	0	1	21
£25,001 - £50,000	0	0	0	0
£50,001 - 100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 – £200,000	1	184	0	0
Etc.				
Total	**2**	**187**	**2**	**21**

This disclosure reports the number and value of exit packages agreed in the year.

Note: The expense associated with these departures may have been recognised in part or full in a previous period.

Non-compulsory departure payments

	2020/21		2019/20	
	Number	Cost (£000)	Number	Cost (£000)
Voluntary redundancies including early retirement contractual costs	0	0		
Mutually agreed resignations (MARS) contractual costs	0	0		
Early retirement in the efficiency of the service contractual costs	0	0		
Contractual payments in lieu of notice	25	94	35	100
Exit payments following employment tribunals or court orders	0	0	0	0
Non –contractual payments requiring HNT approval	0	0		
Total	**25**	**94**	**35**	**100**

Foundation Trust Code of Governance

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

The Board considers that it has complied with the provisions of the NHS Foundation Trust Code of Governance with the exception of the requirements relating to evaluation (Code B1.2) Board composition. Following the appointment of new Chair of the Board of Directors in January 2020, a Non-Executive Director vacancy was created and remained so until May 2020. Therefore at least half of the Board (excluding the chairperson) did not comprise of Non-Executive Directors.

Board of Directors and Council of Governors

Other disclosures relating to the Board of Directors and its committees are in the report into our Board of Directors. Disclosures relating to the Council of Governors and its committees from page 86 onwards.

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 and include any employee and volunteers.

A data cleanse was carried out by the membership and an external organisation which manages the Trust's membership database for future public and staff governor elections. Both teams removed and updated membership details and contact information.

At March 2021, ESNEFT had 10,627 public members and 10,376 staff members.
The public members are spread across the geographical area as follows:

Public membership	Number
Colchester	2,520
Ipswich	2,251
Rest of Essex	2,621
Rest of Suffolk	3,208
Out of area	27

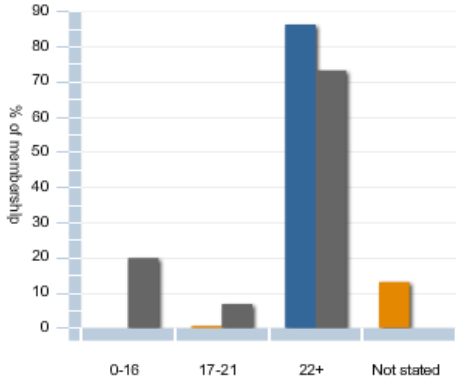
Age profile of our public members

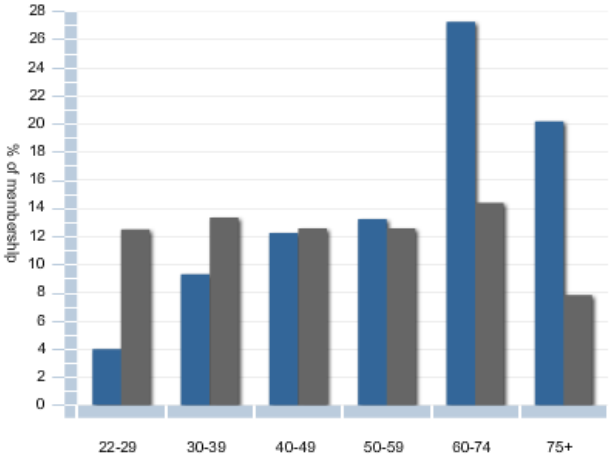
As with many NHS foundation trusts, there is under-representation of public members between the ages of 16 and 49 years. Efforts have been made to encourage younger members to stand for the council of governor elections.

We have more public members aged 60 years and above than is representative of the geographical area we serve. The bars show the number of public members in each age group and to be representative of our population we would like the bars to be the same height.

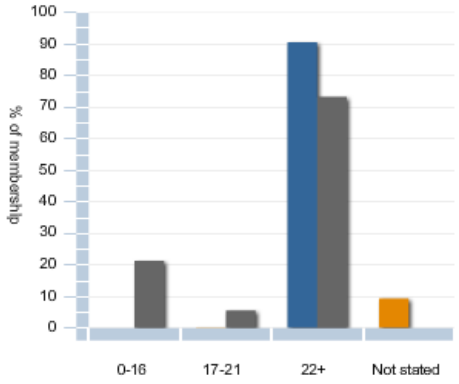
Please note that people aged under 16 are not eligible to be members.

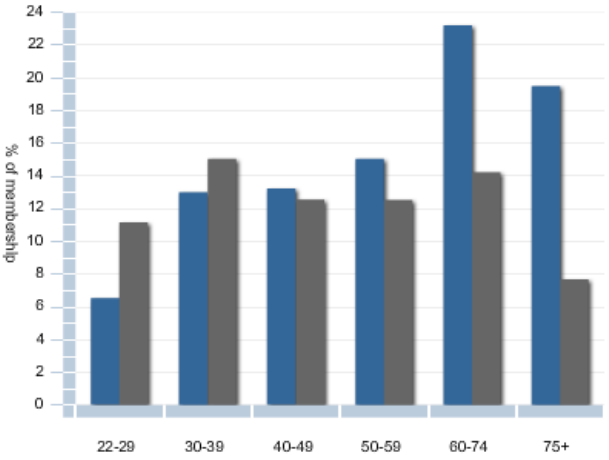
Colchester



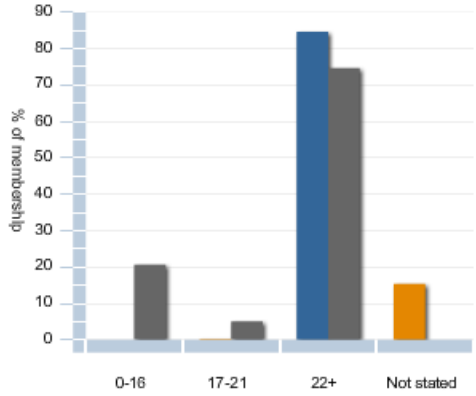


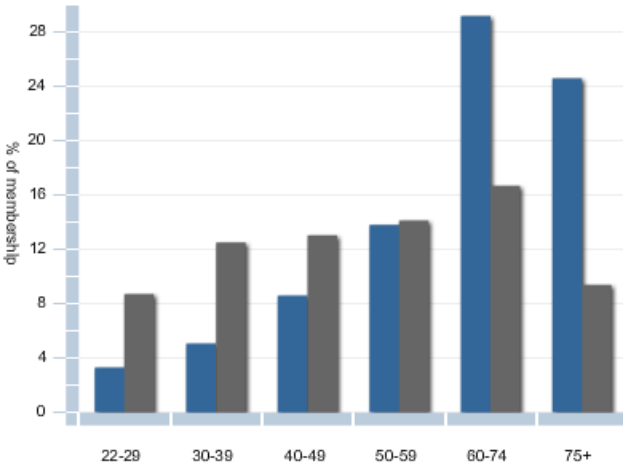
Ipswich



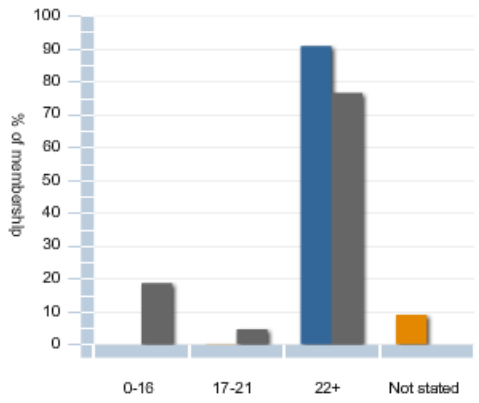


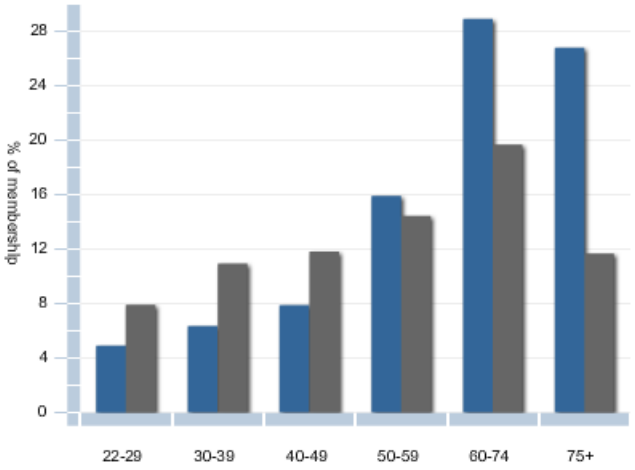
Rest of Essex





Rest of Suffolk





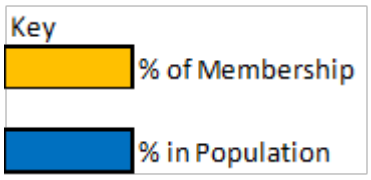
Efforts have been made below these age groups to close the under-represented age gaps.

Public membership demography

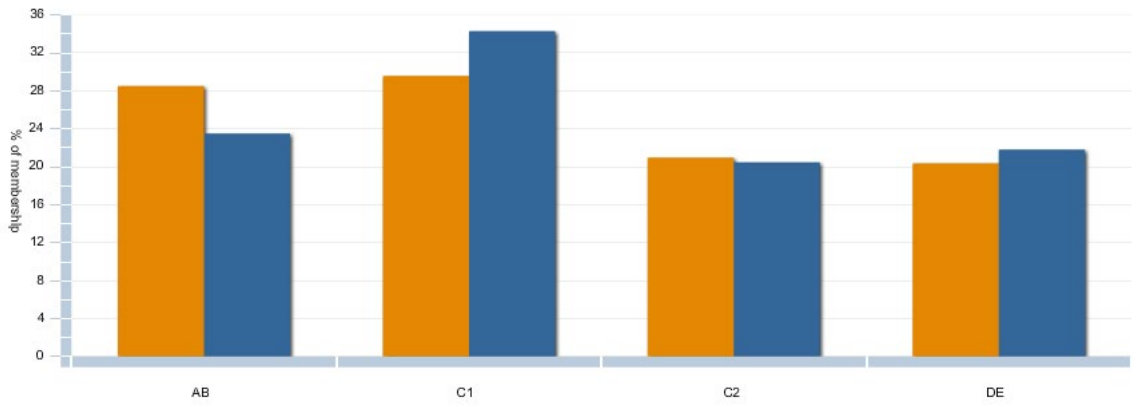
According to population data, we have far more public members than is representative in the middle class categories. In the semi and skilled labourers group, we are almost proportionately represented across all areas. Ideally, each pair of columns in the chart would be the same height to be truly representative of our population.

The National Readership Survey social grades are a system of demographic classification:

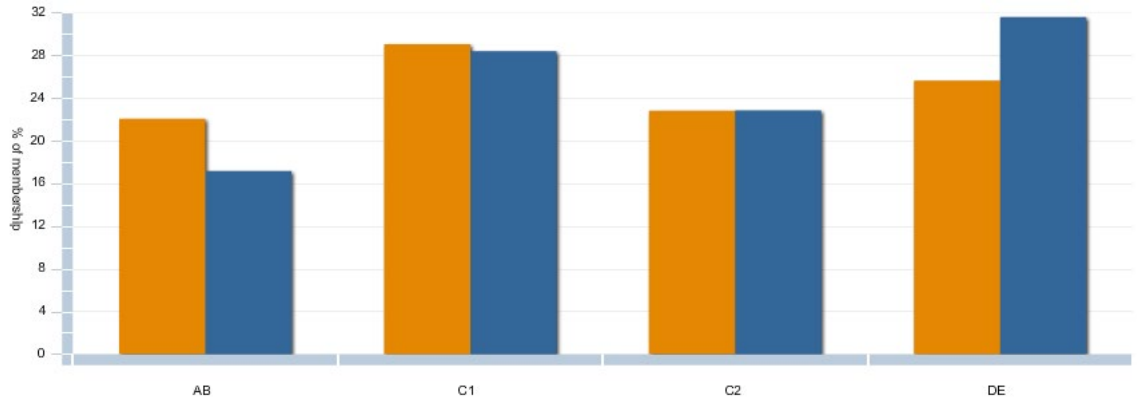
A = Higher managerial, administrative or professional
B = Intermediate managerial, administrative or professional
C1 = Supervisory or clerical and junior managerial, administrative or professional
C2 = Skilled manual workers
D = Semi-skilled and unskilled manual workers
E = Casual or lowest grade workers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



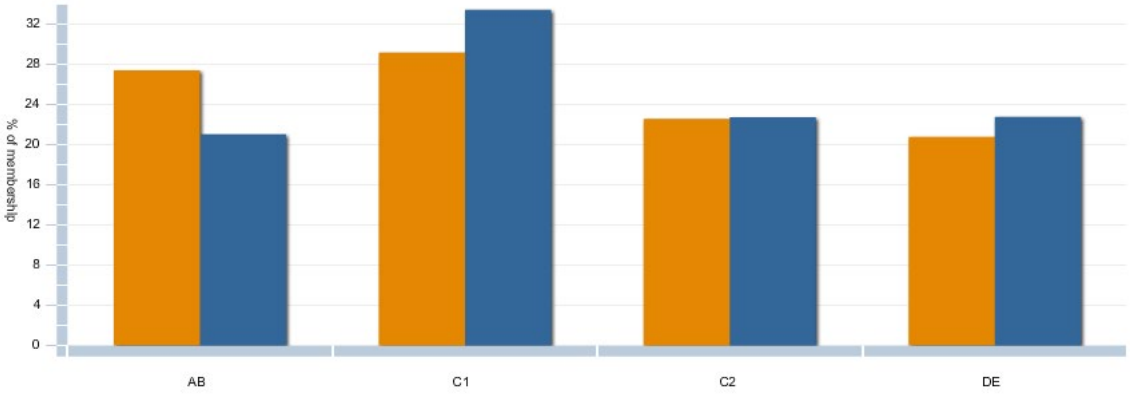
Colchester



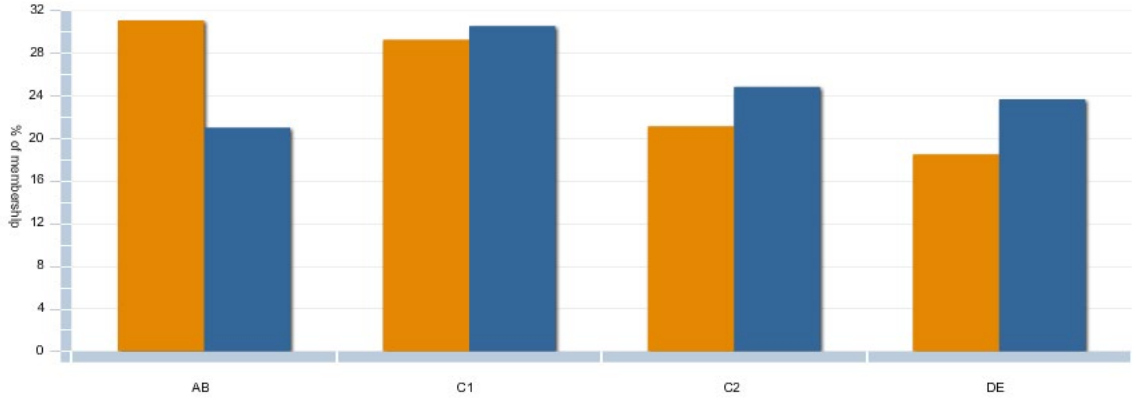
Ipswich



Rest of Essex



Rest of Suffolk

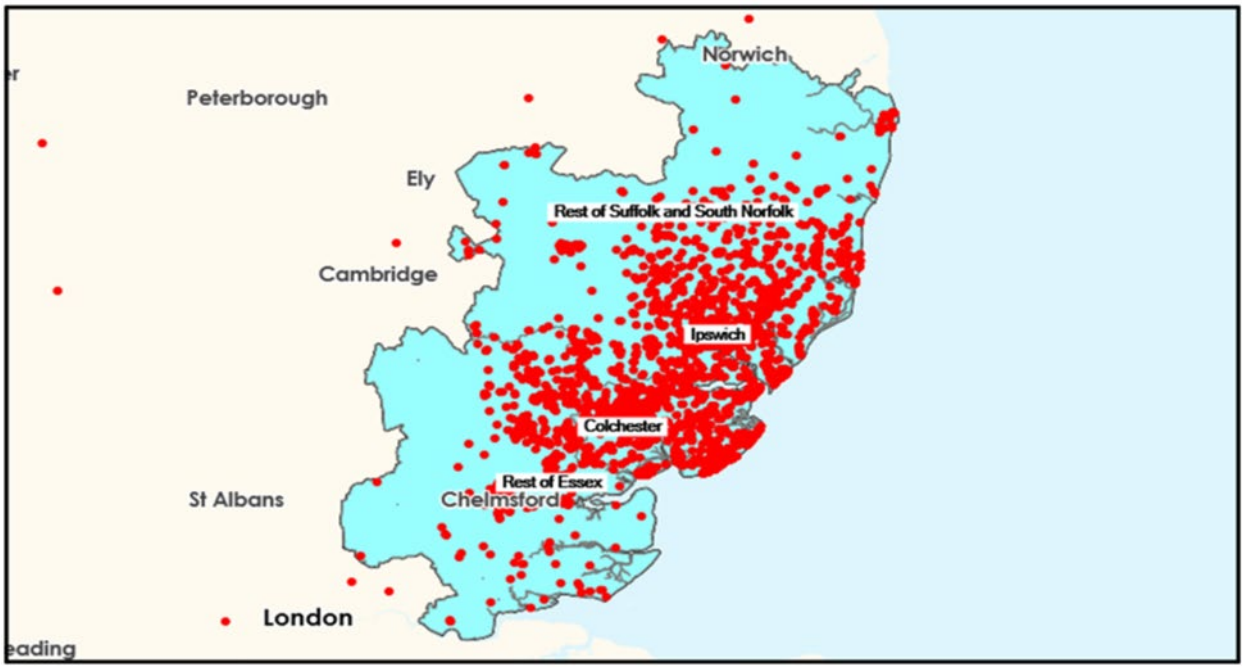


Source of membership data: Membership Database managed by Civica

Location of public members

As the map below overleaf, there are densely populated centres of membership at our main hospitals and community bases, including Colchester, Clacton, Harwich, Halstead, Ipswich, Felixstowe and Aldeburgh.

Although some of members live outside of the blue area, which is where our external membership database team consider our boundaries to be.



Contacting our membership office

Members and the public can contact Governors through the membership office by calling 01206 742347 or emailing ft.membership@esneft.nhs.uk

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Council of Governors

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

Directors and Governors working together

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. It provides a steer on how the Trust can carry out its business and helps it develop long-term strategic plans consistent with the needs of the community it serves. The Council of Governors 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 Chair and other Non-Executive Directors
- the remuneration and allowances and other terms and conditions of office of the Chair 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

Membership engagement

Engagement for 2020/21 with public members has been hampered due to the COVID-19 restrictions.

Our staff governors have taken an active role in staff wellbeing workshops and worked with the engagement team on the outcomes on the staff survey which will continue past March 2021.

Governors continued to undertake meetings with ESNEFT staff virtually as a replacement to the walkabout programme.

There has been an induction and orientation for the 12 new Governors that joined the Council.

The Council of Governors continued to support staff, public and membership engagement activities where possible due to lockdown and shielding restrictions.

Seats on the Council of Governors will be up for election, scheduled to be held in summer 2021 for the constituted membership areas of the Trust. Previous Council of Governors elections took place in summer 2018 and autumn 2020.

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 regular informal meetings with the Chair to discuss a wide range of issues, from planning and operations, through to governance and accountability arrangements relating to the Board of Directors. All of these meetings took place virtually when required.

Governors and Directors are actively encouraged to attend each other's public meetings to gain insight into each other's activities and responsibilities. In addition, a joint confidential meeting also took place to discuss the Chair and Non-Executive Directors appraisals.

Pre-COVID-19, Governor representatives would usually have attended Board committees as observers. However, in 2020/21 there was just one committee, the Integrated Assurance Committee, and the Lead Governor acted as a representative to the rest of the council and fed back to them at council meetings and through newsletter updates.

Governor representatives on the Strategy and Engagement Group continued to meet virtually throughout the year.

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 or guidance issued by any regulatory authority
- assessing allegations that Governors have breached the Governors' Code of Conduct.

There were no referrals made to the Standards Committee during 2020/21 and therefore the committee did not meet.

Appointments and Performance Committee

The Appointments and Performance Committee is responsible for advising the Council of Governors on the appointment, termination, performance and remuneration of the Non-Executive Directors (including the Chair).

The committee met on three occasions during 2020/21 for the purpose of Non-Executive Director and Chair appraisals and convened an appointment panel for the appointment of two new Non-Executive Directors and two new Associate Non-Executive Directors.

About the Governors

Elected public Governors

Colchester	Ipswich
Chris Hall	Margaret Llewellyn (From 1 December 2020)
Joanna Kirchner	Laurence Collins (From 1 December 2020)
Caroline Bowden (From 1 December 2020)	Rory Marriott (From 1 December 2020)
Paul Ellis	Tim Newton (From 1 December 2020)
	Jenny Rivett (Term ended 30 November 2020)
	Ian Marsh (Term ended 30 November 2020)
	Ron Llewellyn (Term ended 30 November 2020)
Rest of Essex	**Rest of Suffolk**
Elizabeth Smith	Gillian Orves
Jane Young	David Welbourn
Janet Brazier	John Alborough

Barry Wheatcroft (From 1 December 2020)	Philip Davy (From 1 December 2020)
David Gronland	Helen Vanstone (From 1 December 2020)
John Price (Term ended 30 November 2020)	Gordon Scopes (Term ended 30 November 2020)

Elected staff Governors

Colchester and Essex	Ipswich and Suffolk
Isaac Ferneyhough	Tonia Evans
Robert Ager (From 1 December 2020)	Louise Palmer
Sharmila Gupta	Allison Weston (From 1 December 2020)
	Joanne Garnham (Term ended 30 November 2020)

Appointed stakeholder Governors

Under the ESNEFT constitution, appointed Governors have a fixed term of three years and a maximum of nine consecutive years.

- **Colchester Borough Council and Tendring District Council**: Cllr Helen Chuah was appointed in July 2018 for a second term of office to represent both councils.
- **Essex County Council**: Cllr Carlo Guglielmi was appointed in July 2018 for a second term of office.
- **Colchester Garrison**: Zoe Dawson-Couper was appointed in June 2020 replacing Royston Dove who left the region in June 2020.
- **University of Essex**: Vikki-Jo Scott was appointed in October 2018.
- **Essex Healthwatch**: Deborah Potticary was appointed in July 2019.
- **Ipswich Borough Council and Suffolk Coastal District Council**: Cllr Neil Macdonald was appointed in February 2019 to represent both councils.
- **Suffolk County Council**: Cllr Gordon Jones was appointed in July 2018.
- **University of Suffolk**: Paul Driscoll Evans was appointed June 2019.
- **Suffolk Healthwatch**: Anthony Rollo was appointed in July 2018.

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 get in touch with a Governor should contact the foundation trust office by calling 01206 742347 or email ft.membership@esneft.nhs.uk

Council of Governor Meetings

There were four meetings of the Council of Governors: 4 June 2020; 6 August 2020; 23 September 2020 (the annual members meeting); and 7 January 2021. The meetings were chaired by the ESNEFT Chair Helen Taylor. All meetings in the year were held via video conferencing as a direct response to COVID-19 pandemic.

Governor attendance at Council of Governors meetings

Name	Attended	Name	Attended
Chris Hall	3 / 4	David Welbourn	4 / 4
Joanna Kirchner	3 / 4	John Alborough	1 / 4
Caroline Bowden	0 / 1	Philip Davy	0 / 1
Paul Ellis	3 / 4	Robert Ager	0 / 1
Margaret Llewellyn	1 / 1	Sharmila Gupta	4 / 4
Laurence Collins	1 / 1	Isaac Ferneyhough	3 / 4
Jenny Rivett	0 / 3	Louise Palmer	2 / 4
Ian Marsh	1 / 3	Allison Weston	0 / 1
Ron Llewellyn	2 / 3	Joanne Garnham	0 / 3
Rory Marriott	0 / 1	Tonia Evans	0 / 4
Tim Newton	1 / 1	Neil MacDonald	3 / 4
Elizabeth Smith	2 / 4	Carlo Guglielmi	3 / 4
Jane Young	3 / 4	Gordon Jones	3 / 4
Janet Brazier	4 / 4	Vikki Jo Scott	4 / 4
Barry Wheatcroft	1 / 1	Paul Driscoll Evans	1 / 4
John Price	1 / 3	Zoe Dawson- Couper	2 / 3
Gordon Scopes	2 / 3	Royston Dove	0 / 1
David Gronland	3 / 4	Deborah Potticary	1 / 4
Gillian Orves	3 / 4	Anthony Rollo	1 / 4
Helen Vanstone	1 / 1	Helen Chuah	2 / 4

The Council of Governors did not exercise its 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

NHSI Single Oversight Framework for NHS providers

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

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability

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

NHS England and NHS Improvement confirm that East Suffolk and North Essex NHS Foundation Trust is in segment two for quality of care and operational performance, with no enforcement action taken by NHS Improvement.

Care Quality Commission (CQC) registration

East Suffolk and North Essex NHS Foundation Trust is registered with the CQC.

The Care Quality Commission latest planned inspection of ESNEFT services was June/July 2019 with a comprehensive review of all core services at the Ipswich Hospital site; a risk based review at Colchester Hospital site and a review of our community hospital inpatient services at Bluebird Lodge, Felixstowe Community Hospital and Aldeburgh Community Hospital.

In addition to this, a well-led review of the senior leadership team (covering the Board of Directors and the senior leadership team down to associate director level); and a use of resources assessment (undertaken by NHS Improvement).

The ESNEFT overall rating from the inspection was 'requires improvement'.

Overall rating for this trust	Requires improvement
Are services safe?	Requires improvement
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Requires improvement
Are services well-led?	Good

The Care Quality Commission issued the trust with requirement notices in respect of:

- Regulation 11 – Need for consent;
- Regulation 12 – Safe care and treatment;
- Regulation 14 – Meeting nutritional and hydration needs; and
- Regulation 17 – Good governance

These are described as '**actions we must do**' to comply with our legal obligations under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

The Trust has made good progress against the action plan to address the must do recommendations and reported through to the Board of Directors. As COVID-19 restrictions are reduced, audits to confirm revised systems and processes are place and working effectively will be carried out.

The full inspection report can be found at the CQC website: www.cqc.org.uk/provider/RDE

The CQC carried out an unannounced focused inspection of the maternity services at Colchester Hospital on 30 March 2021, and at Ipswich Hospital on 7 April 2021. The reports are pending.

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, and
- 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.

Statement of the Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of ESNEFT

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 NHS Improvement.

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

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

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

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation Trust and to enable 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.

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

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

Nick Hulme
Chief Executive
Date: 24 June 2021

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide only 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 East Suffolk and North Essex 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 ESNEFT for the year ended 31 March 2021 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 me and the Executive Management Team, along with requirements to meet all statutory requirements and adhere to the guidance issued by NHS England and NHS Improvement and the Department of Health in respect of governance.

The Trust's principal and strategic risks are captured in the corporate risk register, which is used to inform the risk priorities of the Board and the assurance committees (for 2020/21 the Audit and Risk Assurance Committee and Integrated 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 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 escalated for senior oversight where indicated, ensuring that the issues facing the divisions. Trust-wide issues are captured in the Trust-wide risk register which, provides appropriate escalation for senior oversight, 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.

Within 2020/21 the foundation trust was functioning in major incident mode with appropriate governance reflecting the requirement to control and mitigate emergent risks arising as a result of the COVID-19 pandemic.

Staff members are trained in risk management at a level relevant to their role and responsibilities. Staff also have 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 receive training at induction, which includes 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 available on the intranet in the policy section, with support available from the Risk and Compliance Team.

The Risk and Control Framework

The risk management policy 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.

The policy provides a clear, structured and systematic approach to the management of risks to ensure that risk assessments are an integral part of clinical, managerial and financial processes at all levels across the organisation.

In 2019/20 the Trust approved its five year strategy and has worked to develop supporting enabling strategies and the identification of principal risks that may prevent the achievement of the strategic objectives. A new Board Assurance Framework to cover the principal risks, key controls, gaps in control, gaps in assurance, movements in the risk profile and actions to reduce risks to an acceptable level was established in 2020/21.

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 its Risk Appetite Statement.

In order to be assured, the Board has engaged the internal auditors to carry out checks and outcomes, which are fed back to the Board of Directors via a Chair's key issue (CKI) via the Audit and Risk Assurance Committee.

The Trust had planned to carry out a self-assessment to assess East Suffolk and North Essex Foundation Trust's leadership against the NHSI Well-Led Framework. This was deferred to 2021/22 due to the restrictions in place to manage COVID-19.

The Board completed their annual self-declaration against the fit and proper persons test in March 2021. There are robust arrangements in place for any new starter to the Board. The Board is satisfied that all Directors are appropriately qualified to discharge their functions effectively. The Chair and Non-Executive Directors have a broad base of skills and experience and each Non-Executive Director brings individual skills and personal experience including financial, healthcare and commercial.

The Risk Appetite Statement is incorporated in the Trust's Risk Management Policy.

Financial

The Trust has a flexible view of financial risk when making medium to long-term business decisions with transformative potential, and is prepared to make bold, but not reckless, decisions, minimising the potential for financial loss by managing risks to a tolerable level.

For other financial decisions, the Trust takes a cautious position, with value for money as the primary concern. However, the Trust is willing to consider other benefits or constraints and will consider value and benefits, not just the cheapest price. Resources are allocated in order to capitalise on opportunities.

Compliance/Regulatory

The Board has a minimal to cautious risk appetite when it comes to compliance and regulatory issues. Where the laws, regulations and standards are about the delivery of safe, high quality care, or the health and safety of the staff and public, it will make every effort to meet regulator expectations and comply with them and will only challenge them if there is strong evidence or argument to do so and the gain will outweigh the adverse consequences.

Innovation

The Board has a flexible view of innovation that supports quality, patient safety and operational effectiveness. Its strategic objective to embrace new ideas to deliver new, technology enabled, financial viable ways of working leads it to pursue innovation and challenge current working practices. It is willing to devolve responsibility for non-critical decisions on the basis of earned autonomy.

Quality

The Board has a cautious view of risk when it comes to patient safety, patient experience or clinical outcomes and places the principle of “no harm” at the heart of every decision it takes. It is prepared to accept some risk if, on balance, the benefits are justifiable and the potential for mitigation is strong. When taking decisions involving choices between a wide range of outcomes, it will prioritise the option resulting in the greatest benefit for the most patients.

Infrastructure

The Board will take a measured approach when investing in building and equipment maintenance and replacement, based on informed analysis and assessment of risk, but may take informed risks if there are identifiable mitigations that can provide reasonable alternative protection.

Workforce

The Board is prepared to take decisions that would have an effect on staff morale if there are compelling arguments supporting change, including some decisions with a high inherent risk if there is a potential higher reward.

Reputation

The Board’s view over the management of the Trust’s reputation is that it is willing to take high to significant risks and is willing to take decisions that are likely to bring scrutiny to the organisation where the potential benefits outweigh the risks and sees new ideas as potentially enhancing the reputation of the organisation.

Commercial

The Board has a flexible view of commercial risk. It is willing to pursue business opportunities with the potential for high returns alongside commercial activities of a more established nature, taking a balanced view of risk and reward and on the basis of earned autonomy.

During 2020/21, the Trust saw its principal risks as follows:

- A failure to deliver the fundamental standards of care and reduce unwanted variation across all settings in the Trust, caused by inconsistent processes and practice, may lead to poorer patient experience and suboptimal clinical outcomes. This, in turn, may lead to increased regulatory scrutiny, reputational damage, financial cost through litigation, and potential negative impact on the recruitment and retention of staff and students. Oversight of the fundamental standards of care have been built in to divisional performance dashboard with monthly review and reporting through an aggregate report (Integrated Performance Report) at the Board. (Risk Score 12)

- If the Trust does not continue to have robust oversight of quality outcomes and improvements, through a clearly defined quality governance framework, this may lead to key issues and risks not being identified early, which will prevent the Trust reacting effectively and efficiently, thereby minimising the opportunity to avoid harm and poor patient and staff experience. This, in turn, may lead to increased regulatory scrutiny and associated issues. The Trust has developed a Quality Improvement Faculty and a Getting it Right First Time Programme. In 2021 a new Quality Strategy will be developed to set our quality objectives. (Risk Score 12)

- If we do not engage the ESNEFT workforce with what the Trust is working to achieve and its values, there may be an impact on staff morale, productivity and potential for reputational damage. Covid-19 has enable a positive change in staff engagement detail provided on Page 74. (Risk Score 12)

- If we do not establish systematic processes for identifying, measuring and delivering cost improvement opportunities and leveraging transformational change, then we will not deliver the cost improvement programme in the financial year or create long term opportunities for sustainability, which may lead to failure to deliver the control total, impact on cash flow and long-term sustainability as a going concern. (Risk Score 20)

- If we do not transform through strategy and its delivery then we will be unable to achieve long term sustainability leading to regulator intervention. The Trust has seen significant activity to transform our Pathology Services, investment in our infrastructure and new ways of working. (Risk Score 12)

- If we do not have in place effective organisational financial management, then we may not be able to fully mitigate the variance and volatility in financial performance against the plan leading to failure to deliver the control total, impact on cash flow and long-term sustainability as a going concern. The Trust has provided training resources for budget holders from Healthcare Financial Management Association building our financial management competencies. (Risk Score 12)

- If we do not have a clear plan to support and develop our staff, improve recruitment and retention, grow our substantive workforce and strengthen staff engagement, leadership and culture across the Trust, then we will not achieve our ambitions. (Risk Score 12)

- If we do not have services that meet the need of the local population during and post Covid, this may lead to prolonged waiting times which may give rise to suboptimal outcomes for patients. The Trust adapted ways of working and utilised partnerships with the independent sector to safeguard patient services (see operational performance section). (Risk Score 15)

- If we do not have in place appropriate Emergency Preparedness, Resilience and Response (EPRR) to business disruption then there may be continued disruption to clinical and corporate services which may lead to patient care being suboptimal. The Trust EPRR policies were tested during Covid-19 and audited within year for effectiveness. Our 2020/21 governance and system adaptability was recognised national when ESNEFT won a HFMA National Healthcare Finance Award. (Risk Score 9)

- If we are not able to respond effectively to potential IT disruption outage /incident, then there will be delays on clinical and corporate services operational and transformational delivery. The Trust continues to have in place business continuity plans for IT disruption and work towards being cyber secure. (Risk Score 12)

- If we do not have agreed Future Models of Care or the Capital Investment to deliver the ESNEFT Estates Strategy to provide a safe, compliant and functionally suitable environment for patients, visitors and staff this will impact our ability to deliver the overall trust wide strategy and ICS objectives. The Trust has seen significant investment in estate development and infrastructure schemes see detail on page 19/20. (Risk Score 9)

- If investment to support IT strategy delivery is not available then there could be delay to the delivery of enabling programmes of work to support the delivery of the Trust Strategy. As part of the capital investment prioritisation and business planning the Trust has funded the IT strategy for the next 12 months. (Risk Score 8)

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 deep dive sessions and reported to the Board, with exception of workforce risks which are planned review in quarter one following the new Director of Human Resources and Organisational Development commencing in post.

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 Care Quality Commission (CQC) inspection reports.

At East Suffolk and North Essex NHS Foundation Trust, we believe that every incident offers an opportunity to learn. The reporting of incidents is a fundamental building block in achieving an open, transparent and fear-free way of fulfilling this aim. Our structures and frameworks promote learning, escalation, treatment and mitigation of, or from, risk.

East Suffolk and North Essex NHS Foundation Trust is fully compliant with the registration requirements of the CQC.

The Trust has in place effective systems and processes which assure the Board that staffing is safe, sustainable and effective, ensures provision of a quality service and that care and treatment needs are met. The Trust reviews it staffing establishments in line with National Quality Board guidance, assessing that the right number and skill mix of staff are available to meet the needs of people using the service. This review includes use of evidence-based tools where available, such as Safer Nursing Care Tool, national guidance, reviews of quality measure and outcomes and professional judgement.

We have an electronic roster system in place for nursing staff which details the type and number of staff that are required to ensure there are suitably qualified, competent, skilled and experienced staff to meet patients' care and treatment needs effectively. We work in partnership with bank and agency providers to fill gaps in our rotas. We have commenced a piece of work to review acuity and skill mix for medical staff.

Professional teams carry out daily staffing reviews (risk assessments) in line with standard operating procedure. These take into account staff numbers, skill mix and competencies, patient acuity and dependency and activity. Where indicated, staff are used flexibly to provide cover and any risks are formally escalated for action to the staffing coordinator, while the senior manager on call is also informed. Where such mitigations are insufficient to address the gap, business continuity plans are enacted with escalation to the Director on call. In response to operational demands from COVID-19 an additional strategic workforce group (chaired by the Director of People and Organisational Development) was established to coordinate all workforce responsive actions including volunteers.

The Trust has an agreed set of workforce performance metrics which are RAG rated against expected performance. These are reported to the Board of Directors within the monthly integrated performance report. Where a metric is below target, remedial actions are included in the report and, where necessary, overseen by a Board assurance committee and reported to the Board through an integrated performance report.

The ESNEFT nursing and midwifery establishment and skill mix review was presented to the Board of Directors, which included recommendations from the Chief Nurse to ensure safe and effective staffing. We have also reviewed medical staffing levels to improve sustainability of medical cover. Rotas for trainee doctors across the Trust are monitored for compliance, with oversight from the Guardian of Safe Working whose work is overseen by the People and Organisational Development Committee. All changes to skill mix and introduction of new roles undergo a quality impact assessment which is signed off by the Chief Nurse and Chief Medical Director.

ESNEFT has an annual workforce plan which is submitted to the Board of Directors and NHSI on an annual basis, in line with guidance. The Trust is currently developing it medium and long term workforce strategy.

The Trust has published an up-to-date register of interests for decision making staff within the past 12 months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The Trust continues to champion the process and embed within the organisation. The register can be access on the Trust website at www.esneft.nhs.uk/about-us/annual-report-and-accounts/esneft-register-of-interests/

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 Trust's obligations under equality, diversity and human rights legislation are complied with. This includes carrying out 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 Trust has carried out risk assessments and put carbon reduction delivery plans in place in accordance with emergency preparedness and civil contingency requirements, as based on UK Climate Projections 2018 (UKCIP18). The Trust ensures that its 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 organisation 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.

Never events

Never events are "serious, largely preventable patient safety incidents which should not occur if the available preventative measures have been implemented by the healthcare provider".

The Trust reported seven serious incident never events in 2020/21. They were:

- wrong site surgery (four)
- wrong route administration of medication
- retained guidewire (two)

We continue to proactively report our never events and compliance against the WHO Safer Surgery Checklist. Thorough root cause analysis (RCA) is undertaken for never events and robust action plans are developed to prevent a similar occurrence. See page 68 of the ESNEFT Quality Account 2020/21 for more information on never event.

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 Integrated Assurance Committee.

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.

For 2020/21, the Trust incurred a deficit of £0.6 million. This includes a significant impairment of assets of £2.9 million. NHSE/I measure the Trust's financial performance after adjusting for certain items, such as impairments and donated income. On this measure, the Trust delivered a surplus of £0.3m.

To deliver this financial improvement trajectory, a cost improvement programme of £15.7m 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 underachievement of the plan during the year. Recognising the size of the cost reductions, the Trust is gearing up robust measures for monitoring and in particular escalation and recovery arrangements to mitigate slippage of delivery, particularly during the transition phase.

The Trust has continued to seek economy, efficiency and effectiveness in the use of resources, particularly with regard to its decision-making processes and sustainable resource deployment. The merger and the immediate post-merger implementation programme, along with the implementation of tighter management and control over quality, operational efficiency and finance has strengthened the Board's confidence in the Trust's strategy and operational delivery.

Information governance

The Trust has a designated Senior Information Responsible Officer (SIRO) (the Director of ICT) who has responsibility for data security as the champion for information risk. The SIRO aims to mirror the model prescribed by central Government's Cabinet Office. Following this best practice approach allows for uniformity across the public sector as it strives to meet the competing demands of further transparency and public/private engagement in contrast to increased cybersecurity threats and the need to prevent data leakage. By treating information as a business priority and not as an ICT or technical issue, the Trust can ensure that risks are addressed, managed and capitalised upon.

The Trust currently reports key IT controls relating to data and cyber security to the e-Health Group and is planning for Cyber Essentials Plus accreditation in 2021. We also act on any advice from the NHS Digital CareCert Information Sharing Portal on Cyber Security, and have increased our cyber security

precautions by appointing a dedicated IT security manager who is a certified information systems security professional. We have reported no significant cyber security incidents in the past year.

Information governance incidents are captured through the Trust's incident reporting system, Datix. Incidents are reviewed by the Data Protection Officer (DPO), where serious incidents are identified the incidents are scored in accordance with the NHS Digital Checklist 'Guidance for Reporting, Managing and Investigation Information Governance and Cyber Security Incidents Requiring Investigation'. The DPO has investigated 265 potential personal data breaches, two of which were reportable to the Information Commissioner's Office. The Information Commissioner Office (ICO) was satisfied with our investigation and response, therefore no further action was taken in these cases.

Data Protection Act subject access requests are managed in accordance with General Data Protection Regulations (GDPR).

Staff training is aligned with General Data Protection Act and Information Governance Freedom of Information Act.

The Data Protection and Security Toolkit (DSPT) submission to NHS Digital for 2020/21 has been delayed nationally to June 2021.

Following the suspension of information governance mandatory training to refocus on priorities associated with the response to COVID-19, the Trust is continuing to meet two of the mandated standards, and its self-assessment with Standards Not Fully Met (Plan Agreed).

The Trust met its mandatory requirements to comply with the National Data Opt Out in March 2020.

Data quality and governance

ESNEFT places high priority on the quality of its clinical outcomes, patient safety and patient experience and strives to deliver the principles outlined in NHSI's well-led framework.

To support the Executive Team, all aspects of quality governance report through the Patient Safety Group, Patient Experience Group and the Clinical Effectiveness Group, with escalation through to the Executive Management Committee.

These indicators have been incorporated into the key performance indicators reported regularly to the Board as part of the performance monitoring arrangements. Scrutiny of the information contained within these indicators and its implication as regards to clinical outcomes, patient safety and patient experience takes place (for 2020/21) at the Integrated Assurance Committee.

The inter-relationship between the indicators for the quality report and other measures of the Trust's performance (financial and operational) is reviewed monthly by the Board of Directors. Reviews of data quality and the accuracy, validity and completeness of Trust information fall within the remit of the Audit and Risk Committee, which is informed by the reviews of internal and external audit and internal management assurances.

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. This includes ensuring all 52 week breaches have been confirmed by the service, with large movements checked and triangulated with other recording systems. Further independent assurances are made through internal audits of data quality, 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 of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk 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 NHSI;
- reports made by internal auditors, including specific audit reports on governance and risk management;
- the Head of Internal Audit opinion;
- clinical audit reports, used to change and improve clinical practice;
- accreditations held for designated services;
- Infection Prevention and Control reporting;
- other annual reports relating to statutory reporting requirements, which include radiation safety, safeguarding and health and safety;
- 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;
- results of peer reviews and external quality assurance visits (including CQC activities); and
- the Data Security and Protection Toolkit.

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 strategy, 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; sort assurances on the effectiveness of controls by reviewing and monitoring the opinions and reports provided by both internal and external audit (including assurance on the robustness of risk management arrangements);
- the Integrated Assurance Committee providing scrutiny of clinical governance arrangements and receiving reports from all operational clinical governance related committees, workforce, finance and operational performance reports; and
- external assessments and peer review of services.

Head of internal audit opinion

In accordance with the Public Sector Internal Audit Standards (PSIAS), internal audit provides the Trust with an independent and objective opinion to the Accounting Officer, the Board of Directors and the Audit and Risk Committee on the degree to which risk management, control and governance support the achievement of the Trust's agreed objectives.

Internal audit issued 12 reports during 2020/21:

- One had been given a 'no assurance' – Divisional Governance Review Estates Division. Although the auditors highlighted there were governance arrangements established within the Division the review identified a number of weaknesses in both the design and application of the control framework. The Trust has taken action to strengthen these areas (which were not solely related to Estates) and at a further review auditors confirmed progress has been made.

- Three had been given a 'substantial' level of assurance - Financial Planning Budget Setting process; COVID-19 Governance and Recovery Planning; and Key Financial Controls

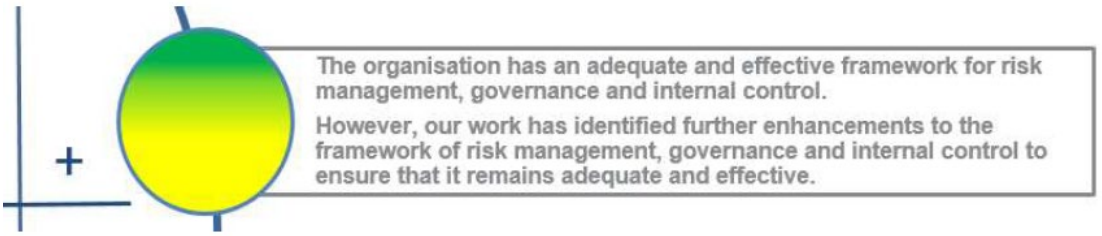
- Four have been given a 'reasonable' level of assurance – Patient Property; Rostering Nursing; Medical Recruitment Processes; and Risk Management

- Four were given a 'partial' level of assurance – Management of Falls Prevention Strategy and Project Plan; In-employment Checks; Consultant Job Planning; and Divisional Governance Surgery and Anaesthetics Division.

A further management advisory audit (Data Protection Security (DSP) Toolkit), was undertaken which does not form part of the head of internal audit opinion.

The framework for monitoring and review of action in response to internal audit reports is established and status of each is reported at each Audit and Risk Committee meeting.

For the twelve months ended 31 March 2021, the head of internal audit opinion for East Suffolk and North Essex NHS Foundation Trust is as follows:



It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

The audit work undertaken during 2020/21 has been completed by RSM.

Conclusion

In considering any significant control issues, the following has been recognised:

- **COVID-19 –** The emergence of COVID-19 in 2019/20 has not in itself been a significant internal control issue for ESNEFT. We consider that the Trust's governance structure enabled a prompt response to the changes in circumstances through the enacting of our major incident plan and continued incident management throughout 2020/21. Command and control for decision making was achieved through the Strategic Incident Management Team, and the maintenance of an actions and decision log. The Trust adapted its standing financial instructions and scheme of delegation to enable the Tactical and Strategic teams to take timely allocation of resources. We are confident that our internal control systems continued to operate well and the head of internal audit opinion has not been affected. ESNEFT asked internal audit to undertake a review of our incident management governance for COVID-19 which reported substantial assurance opinion. There has been and will continue to be substantial effort to achieve recovery of our staff wellbeing and services for patients.

- **Access targets** – We have yet to consistently deliver the national access targets. For 2020/21 as a consequence of suspending our non-urgent care activities we need to focus on achieving our performance against national indicators including Referral to Treatment (RTT), cancer and the Accident & Emergency waiting time. For this purpose we set up our governance for recovery from COVID-19.

- **Nosocomial Infections** – Nosocomial infections are those infections confirmed from microbiological samples obtained greater than 48hours after admission. They can cause complications whilst the patient is in hospital, prolong hospitalisation and potentially cause harm depending on the causative micro-organism. The 48hours only applies to bacteraemia's and Clostridium Difficile (C.diff) cases. Nosocomial Covid-19 cases are those confirmed eight days after admission. In year the Trust reported outbreaks of nosocomial infections associated with Covid-19. Immediate actions were taken and improvements were applied Trust wide.

I am confident that our internal control systems are operating well and that the work we have done to maintain and develop our risk management system will help us to consolidate this position in the future. There are no significant control issues identified. The Trust is committed to the continuous improvement of processes of internal control and assurance.

The Directors consider that this Annual Report and Annual Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for our patients, regulators and stakeholders to assess East Suffolk and North Essex NHS Foundation Trust's performance, business model and strategy.

Nick Hulme
Chief Executive
Date: 24 June 2021

Independent auditor's report to the Council of Governors

Independent auditor's report to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust

Opinion on financial statements

We have audited the financial statements of East Suffolk and North Essex NHS Foundation Trust (the Trust) for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as interpreted and adapted by the 2020-21 Government Financial Reporting Manual as contained in the Department of Health and Social Care's Group Accounting Manual 2020-21, and the NHS Foundation Trust Annual Reporting Manual 2020-21 issued by the Regulator of NHS Foundation Trusts ('NHS Improvement').

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2020-21; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion on financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Accountable Officer with respect to going concern are described in the relevant sections of this report.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Qualified opinion on the Remuneration Report and Staff Report

We have also audited the information in the Remuneration Report and Staff Report that is described in that report as having been audited.

Except for the matter referred to in the Basis for qualified opinion on information in the Remuneration Report and Staff Report paragraph of our report, in our opinion the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020-21.

Basis for qualified opinion on information in the Remuneration Report and Staff Report

The Remuneration Report does not include the required pension benefit disclosures for two senior managers who are deferred members of the NHS pension scheme and for whom no contributions in either 2020/21 or the comparative period were made. The Trust has been unable to obtain the required information in respect of these individuals from NHS Pensions, the administrator of the scheme, and is unable to obtain this information from other sources. This matter results in the information included in all the columns of the Pensions table for 2020/21 being incomplete for the senior managers in question.

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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Accountable Officer

As explained in the Statement of Accountable Officer's responsibilities, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Other matters on which we are required to report by exception

Under Schedule 10 of the National Health Service Act 2006 and the National Audit Office's Code of Audit Practice we report to you if we have been unable to satisfy ourselves that:

- proper practices have been observed in the compilation of the financial statements; or
- the Annual Governance Statement meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual and is not misleading or inconsistent with other information that is forthcoming from the audit.

We also report to you if we have exercised special auditor powers in connection with the issue of a public interest report or we have made a referral to the regulator under Schedule 10 of the National Health Service Act 2006.

We have nothing to report in these respects.

Responsibilities the Accounting Officer

As explained more fully in the Statement of the Chief Executive's responsibilities as the Accounting Officer of ESNEFT, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Governors either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Accounting Officer is also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures included the following:

- inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation in respect of the Trust's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Trust's controls relating to Managing Public Money requirements;

- discussing among the engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, posting of unusual journals cut off of expenditure around year end and capital accruals;
- obtaining an understanding of the Trust's framework of authority as well as other legal and regulatory frameworks that the Trust operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Trust. The key laws and regulations we considered in this context included the National Health Service Act 2006, as amended by the Health and Social Care Act 2012. Other relevant laws and regulations identified include, VAT legislation, PAYE legislation, the NHS Group Accounting Manual and Foundation Trust Annual Reporting Manual.

In addition to the above, our procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Trust Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- substantively testing an increased sample of expenditure around the year end; and
- testing an increased sample of capital accruals at the year end to ensure that they related to 2020/21 expenditure.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's other responsibilities

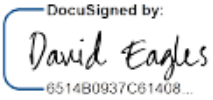
As set out in the Other matters on which we report by exception section of our report there are certain other matters which we are required to report by exception.

Certificate - delay in completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the East Suffolk and North Essex NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the NHS Foundation Trust and the Council of Governors as a body, for our audit work, for this report or for the opinions we have formed.



David Eagles, Partner
For and on behalf of **BDO LLP**, Statutory Auditor
Ipswich, UK

Date: 24 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Audit Completion Certificate issued to the Council of Governors of East Suffolk and North Essex NHS Foundation Trust for the year ended 31 March 2021

In our auditor's report dated 24 June 2021 we explained that the audit could not be formally concluded until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

This work has now been completed and we have reported the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report.

No matters have come to our attention since 24 June 2021 that would have a material impact on the financial statements on which we gave our unqualified opinion.

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

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in this respect.

Certificate

We certify that we have completed the audit of East Suffolk and North Essex NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 and Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

David Eagles, Partner
For and on behalf of **BDO LLP**, Statutory Auditor
Ipswich, UK

20 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

East Suffolk and North Essex NHS Foundation Trust

Annual accounts for the year ended 31 March 2021

FOREWORD TO THE ACCOUNTS

East Suffolk and North Essex NHS Foundation Trust

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

Nick Hulme, Chief Executive

24 June 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	739,959	681,780
Other operating income	4	116,522	94,886
Operating expenses	6	(849,177)	(771,481)
Operating surplus/(deficit) from continuing operations		**7,304**	**5,185**
Finance income		9	258
Finance expenses		(3,327)	(5,608)
PDC dividends payable		(4,851)	(1,158)
Net finance costs		**(8,169)**	**(6,508)**
Gains / (losses) arising from transfers by absorption	28	318	-
Surplus / (deficit) for the year from continuing operations		**(547)**	**(1,323)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(19,491)	-
Revaluations	12	5,015	(838)
Other reserve movements		4	-
Total comprehensive income / (expense) for the period		**(15,019)**	**(2,161)**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	11	10,819	9,951
Property, plant and equipment	12	321,574	296,533
Receivables	16	2,346	3,731
Total non-current assets		**334,739**	**310,215**
Current assets			
Inventories	15	10,907	11,012
Receivables	16	23,101	78,432
Non-current assets held for sale		1,947	4,100
Cash and cash equivalents	17	106,381	17,256
Total current assets		**142,336**	**110,800**
Current liabilities			
Trade and other payables	18	(120,901)	(74,395)
Borrowings	20	(4,008)	(197,035)
Provisions	22	(4,057)	(1,356)
Other liabilities	19	(1,947)	(3,379)
Total current liabilities		**(130,913)**	**(276,165)**
Total assets less current liabilities		**346,162**	**144,850**
Non-current liabilities			
Borrowings	20	(48,683)	(52,820)
Provisions	22	(2,639)	(2,584)
Other liabilities	19	(1,302)	(1,629)
Total non-current liabilities		**(52,624)**	**(57,033)**
Total assets employed		**293,538**	**87,817**
Financed by			
Public dividend capital		345,448	124,708
Revaluation reserve		23,048	37,640
Other reserves		754	754
Income and expenditure reserve		(75,712)	(75,285)
Total taxpayers' equity		**293,538**	**87,817**

The notes on pages 2 to 45 form part of these accounts.

Nick Hulme, Chief Executive

24 June 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**124,708**	**37,640**	**754**	**(75,285)**	**87,817**
Surplus/(deficit) for the year	-	-	-	(547)	**(547)**
Impairments	-	(19,491)	-	-	**(19,491)**
Revaluations	-	5,015	-	-	**5,015**
Transfer to retained earnings on disposal of assets	-	(116)	-	116	**-**
Public dividend capital received *	220,740	-	-	-	**220,740**
Other reserve movements	-	-	-	4	**4**
Taxpayers' and others' equity at 31 March 2021	**345,448**	**23,048**	**754**	**(75,712)**	**293,538**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**121,860**	**38,554**	**754**	**(74,038)**	**87,130**
Surplus/(deficit) for the year	-	-	-	(1,323)	**(1,323)**
Revaluations	-	(838)	-	-	**(838)**
Transfer to retained earnings on disposal of assets	-	(76)	-	76	**-**
Public dividend capital received	2,848	-	-	-	**2,848**
Taxpayers' and others' equity at 31 March 2020	**124,708**	**37,640**	**754**	**(75,285)**	**87,817**

* See note 20.1 for further details of PDC movements regarding repayment of interim cash support loans.

Information on Reserves

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

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

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 Trust in 2001. The reserve is held in perpetuity and cannot be released to the Statement of Comprehensive Income.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus / (deficit)		7,304	5,185
Non-cash income and expense:			
Depreciation and amortisation	6	19,282	18,829
Net impairments	7	2,903	4,779
Income recognised in respect of capital donations	4	(1,342)	(2,718)
(Gains)/losses from disposal of property, plant and equipment		1,304	(25)
Amortisation of PFI deferred credit		(326)	(326)
(Increase) / decrease in receivables and other assets		58,530	(13,810)
(Increase) / decrease in inventories		105	(1,123)
Increase / (decrease) in payables and other liabilities		32,952	(4,376)
Increase / (decrease) in provisions		2,764	1,590
Other movements in operating cash flows		171	14
Net cash flows from / (used in) operating activities		**123,647**	**8,019**
Cash flows from investing activities			
Interest received		9	258
Purchase of intangible assets		(3,655)	(2,292)
Purchase of PPE		(46,488)	(20,264)
Sales of PPE		2,200	79
Receipt of cash donations to purchase assets		-	2,242
Prepayment of PFI capital contributions		(511)	-
Net cash flows from / (used in) investing activities		**(48,445)**	**(19,977)**
Cash flows from financing activities			
Public dividend capital received		220,740	2,848
Loans received from the Department of Health and Social Care		-	25,960
Loans repaid to the Department of Health and Social Care		(193,869)	(7,378)
Other loans received		210	252
Other loans repaid		(81)	(27)
Capital element of finance lease rental payments		(1,682)	(1,569)
Capital element of PFI, LIFT and other service concession payments		(1,123)	(1,084)
Interest on loans		(883)	(2,911)
Other interest		(9)	(22)
Interest paid on finance lease liabilities		(1,049)	(876)
Interest paid on PFI, LIFT and other service concession obligations		(1,936)	(1,760)
PDC dividend (paid) / refunded		(6,395)	(74)
Net cash flows from / (used in) financing activities		**13,923**	**13,359**
Increase / (decrease) in cash and cash equivalents		**89,125**	**1,401**
Cash and cash equivalents at 1 April - brought forward		**17,256**	**15,855**
Cash and cash equivalents at 31 March	17	**106,381**	**17,256**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care (DHSC). The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting convention
These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern
These accounts have been prepared on a going concern basis. In accordance with IAS 1, management has made an assessment of the Trust's ability to continue as a going concern.

In making this assessment management has taken into account the Trust's income and expenditure plan for 2021/22, which is to break-even, and the current cash position of the Trust. The Trust's current cash plan for 2021/22 is not reliant on Department of Health and Social Care (DHSC) funding for cash financing with a forecast cash balance of £45m at 31st March 2022. The Board concludes there to be no material uncertainty around going concern for the period to 30 June 2022.

In light of these considerations, and having made appropriate enquiries, the Directors have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future.

As directed by the Department of Health and Social Care Group Accounting Manual 2020/21, 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 in the public sector. On this basis, the Trust has adopted the going concern basis for preparing the accounts.

Note 1.3 Interests in other entities
The Trust has not consolidated the activities of the East Suffolk and North Essex NHS Foundation Trust Charitable Fund, whose activities are not considered to be material.

Note 1.4 Revenue from contracts with customers

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

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

Revenue from NHS contracts

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

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, as a result of the COVID-19 pandemic, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements (although some guaranteed income contract arrangements were in place previously). During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

Previous income arrangements regarding Provider Sustainability Funding and Financial Recovery Funding ceased for 20/21 under the block contract arrangements, although the Trust has received additional income from DHSC outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

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

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

Revenue for education and training

The Trust also receives funding from Health Education England for training and education, which is accounted for under IFRS 15, and recognised when the training/activity takes place.

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

NHS injury cost recovery scheme
The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Other forms of income

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

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

Note 1.6 Expenditure on employee benefits

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

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Note 1.8.1 Recognition
Property, plant and equipment is capitalised where:

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

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

Note 1.8.2 Measurement
Valuation
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

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

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

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 to which it is incurred.

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

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

Note 1.8.3 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;
- 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 abandoned or significant changes made to it.

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

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

Note 1.8.4 Donated and grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

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

Note 1.8.5 Private Finance Initiative (PFI) transactions
PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, as appropriate, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

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

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

Note 1.8.6 Useful lives of property, plant and equipment
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Buildings, excluding dwellings	10	65
Plant & machinery	5	15
Information technology	3	10
Furniture & fittings	5	10

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

Note 1.9 Intangible assets
Note 1.9.1 Recognition

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

Internally generated intangible assets
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.

Note 1.9.2. Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

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

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

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

Note 1.9.3 Useful economic lives of intangible assets

	Min life Years	**Max life Years**
Software licences	3	10

Note 1.10 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.

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

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Note 1.12.1 Recognition

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

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

Note 1.12.2 Classification and measurement

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

The Trust's financial assets comprise cash and cash equivalents, and contract and other receivables. All financial assets are in a business model whose objective is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Trust's financial liabilities comprise trade and other payables, obligations under lease arrangements and loan payables. All financial liabilities are neither held for trading nor have they been designated at fair value through profit or loss, as such they qualify for measurement at amortised cost. Financial liabilities are initially measured at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

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

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

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

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

Note 1.12.3 Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

Note 1.13 Leases
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.13.1 The Trust as a lessee
Finance leases
Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

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

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

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

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

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

Note 1.13.2 The Trust as a lessor
Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

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

Note 1.14 Provisions
The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 30.2 but is not recognised in the Trust's accounts.

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 31 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 31, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

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

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

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

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

Note 1.17 Value added tax

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

Note 1.18 Corporation tax
Foundation Trusts 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.

Note 1.19 Climate change levy
Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.20 Foreign exchange
The Trust does not have any foreign transactions.

Note 1.21 Third party assets

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

Note 1.22 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

Note 1.23 Gifts

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

Note 1.24 Transfers of functions from other NHS bodies

For functions that have been transferred to the Trust from another NHS body, an absorption gain or loss equivalent to the value of the assets and liabilities transferred is recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets / liabilities transferred is recognised within income / expenses but not within operating activities. An equivalent entry is recorded against Public Dividend Capital to reflect this net gain / loss in the Trust's taxpayers equity.

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

Further details of absorption gains can be found at note 28.

Note 1.25 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

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

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

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

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

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the Trust does expect that this standard will have a material impact on non-current assets, liabilities and depreciation.

As at 31st March 2021, HM Treasury have not yet confirmed their final view regarding the re-measurement of PFI liabilities under IFRS 16 and whether these will need to be reassessed to take into account variable payments linked to an index, as PFIs will be in scope of IFRS 16 for ongoing measurement. The potential impact of this has not yet been assessed but may require a large opening balance adjustment if the proposal is adopted.

In addition to IFRS16 the following list of recently issued International Financial Reporting Standards and amendments have not yet been adopted within the FReM, and are therefore not applicable to Department of Health and Social Care group accounts in 2020/21. None of these are expected to impact upon the Trust's financial statements.

IFRS 14 Regulatory Deferral Accounts : Not EU-endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.

IFRS17 Insurance Contracts : Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRIC 23 Uncertainty over Income Tax Treatments : Application required for accounting periods beginning on or after 1 January 2019.

Note 1.27 Critical judgements in applying accounting policies

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

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are outlined in the notes as follows:
Asset Lives - notes 1.8 and 1.9
Provisions - note 1.14
Other expenditure - note 1.7

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.

As per notes 1.8.2 and note 12.1 the Trust values specialised properties on a depreciated replacement cost (DRC) basis. PPE on the balance sheet has a carrying amount of £321.574m and within this £219.357m is considered to be specialised property. This includes mainly hospital buildings.

Valuations of specialised properties are undertaken by a professional RICS qualified valuer. The last full revaluation date was 31 March 2019 with a desktop revaluation exercise being undertaken as at 31 March 2021.

Note 2 Operating Segments

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.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2020/21 £000	2019/20 £000
Acute services		
Block contract / system envelope income *	693,092	597,657
High cost drugs income from commissioners (excluding pass-through costs)	20,357	53,012
Other NHS clinical income	4,308	7,148
All services		
Private patient income	1,000	1,389
Additional pension contribution central funding **	18,306	16,746
Other clinical income	2,896	5,828
Total income from activities	**739,959**	**681,780**

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

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

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2020/21 £000	2019/20 £000
NHS England	125,687	127,184
Clinical commissioning groups	606,078	540,232
Other NHS providers	4,308	7,076
NHS other	-	72
Non-NHS: private patients	1,000	1,389
Non-NHS: overseas patients (chargeable to patient)	107	337
Injury cost recovery scheme	326	1,527
Non NHS: other	2,453	3,963
Total income from activities	**739,959**	**681,780**
Of which:		
Related to continuing operations	739,959	681,780

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2020/21	2019/20
	£000	£000
Income recognised this year	107	337
Cash payments received in-year	90	308
Amounts added to provision for impairment of receivables	104	107
Amounts written off in-year	210	70

Note 4 Other operating income

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Other operating income from contracts with customers						
Research and development	495	-	**495**	728	-	**728**
Education and training	23,785	-	**23,785**	19,848	-	**19,848**
Non-patient care services to other bodies	4,600	-	**4,600**	4,533	-	**4,533**
Provider sustainability fund (2019/20 only)	-	-	**-**	12,397	-	**12,397**
Financial recovery fund (2019/20 only)	-	-	**-**	23,363	-	**23,363**
Marginal rate emergency tariff funding (2019/20 only)	-	-	**-**	4,970	-	**4,970**
Reimbursement and top up funding	56,649	-	**56,649**	-	-	**-**
Income in respect of employee benefits accounted on a gross basis	2,889	-	**2,889**	2,727	-	**2,727**
Gains on disposal of property, plant and equipment	-	18	**18**	-	72	**72**
Car Parking Income	754	-	**754**	3,372	-	**3,372**
Pharmacy Sales	2,051	-	**2,051**	3,607	-	**3,607**
Staff contribution to employee benefit schemes	1,330	-	**1,330**	477	-	**477**
Crèche services	558	-	**558**	699	-	**699**
Other non-contract operating income						
Education and training - notional income from apprenticeship fund	-	697	**697**	-	703	**703**
Receipt of capital grants and donations						
Donations of physical assets from NHS charities	-	126	**126**	-	2,718	**2,718**
Donated equipment from DHSC for COVID-19 response	-	1,216	**1,216**	-	-	**-**
Charitable and other contributions to expenditure						
Received from NHS charities	-	433	**433**	-	375	**375**
Equipment and consumables donated from DHSC for COVID-19 response	-	12,061	**12,061**	-	-	**-**
Rental revenue from operating leases	-	810	**810**	-	602	**602**
Amortisation of PFI deferred income / credits	-	326	**326**	-	326	**326**
Other income	7,724	-	**7,724**	13,369	-	**13,369**
Total other operating income	**100,835**	**15,687**	**116,522**	**90,090**	**4,796**	**94,886**
Of which:						
Related to continuing operations			116,522			94,886

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end is £1.322m.

Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods is nil.

Note 5.2 Transaction price allocated to remaining performance obligations
Revenue from existing contracts allocated to remaining performance obligations is nil.

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

Note 5.3 Income from activities arising from commissioner requested services
Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2020/21	2019/20
	£000	£000
Income from services designated as commissioner requested services	717,757	657,817
Income from services not designated as commissioner requested services	22,202	23,963
Total	**739,959**	**681,780**

Note 5.4 Profits and losses on disposal of property, plant and equipment
There were no material disposals of property, plant and equipment in the year.

Note 5.5 Fees and charges
HM Treasury requires disclosure of fees and income from charges to service users where income from that service exceeds £1 million. For 2020/21 and for 2019/20 this was nil.

Note 6.1 Operating expenses

	2020/21 £000	2019/20 £000
Purchase of healthcare from NHS and DHSC bodies	8,560	935
Purchase of healthcare from non-NHS and non-DHSC bodies	28,117	33,495
Staff and executive directors costs	504,964	460,344
Remuneration of non-executive directors	215	162
Supplies and services - clinical (excluding drugs costs)	78,386	74,363
Supplies and services - general	23,999	19,881
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	69,143	70,722
Inventories written down	448	67
Consultancy costs	373	966
Establishment	8,472	6,257
Premises - business rates collected by local authorities	2,171	2,705
Premises - other *	37,998	24,259
Transport (business travel only)	857	1,483
Transport - other (including patient travel)	365	429
Depreciation on property, plant and equipment	16,997	16,387
Amortisation on intangible assets	2,285	2,442
Net impairments	2,903	4,779
Losses on disposal of property, plant and equipment	1,322	47
Movement in credit loss allowance: contract receivables / contract assets	551	1,085
Increase/(decrease) in other provisions	3,553	733
Change in provisions discount rate(s)	42	80
Audit fees payable to the external auditor:		
Audit fees in respect of the statutory audit **	94	95
Audit fees in respect of the quality report **	-	10
Internal audit costs	79	74
Clinical negligence	24,865	22,486
Legal fees	395	333
Insurance	727	541
Education and training	3,285	2,050
Rentals under operating leases	7,042	9,443
Redundancy	184	41
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	936	846
Car parking & security	140	439
Hospitality	8	51
Losses, ex gratia & special payments	39	137
Other services, e.g. external payroll	69	(7)
Other	19,593	13,321
Total	**849,177**	**771,481**
Of which:		
Related to continuing operations	849,177	771,481

* Increase in costs driven in the main by COVID-19 related estates works and externally funded IT costs. These range from the setting up of the vaccine hubs and associated works to establish increased mortuary capacity, ward re-configurations and ICU expansion, to additional IT costs required for remote working. Additional costs include planned IT equipment refresh and infrastructure improvements

** Audit fees are disclosed inclusive of VAT

Note 6.2 Other auditor remuneration

	2020/21 £000	2019/20 £000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	-	10
Total	**-**	**10**

Note 6.3 Limitation on auditor's liability

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

Note 7 Impairment of assets

	2020/21 £000	2019/20 £000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	-	4,775
Changes in market price from revaluation of buildings	2,903	4
Total net impairments charged to operating surplus / deficit	**2,903**	**4,779**
Impairments charged to the revaluation reserve	19,491	-
Total net impairments	**22,394**	**4,779**

In 2019/20 the Trust impaired its Biofuel Energy Centre due to detrimental changes in operating viability resulting from the unavailability of the biofuel.

The impairment recognised in 2020/21 is the result of the revaluation of the Trust's building assets.

Note 8 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	354,367	317,099
Social security costs	34,184	31,340
Apprenticeship levy	1,749	1,598
Employer's contributions to NHS pensions	60,898	55,290
Pension cost - other	94	89
Temporary staff (including agency)	53,810	54,928
Total staff costs	**505,102**	**460,344**
Of which		
Costs capitalised as part of assets	138	415

Note 8.1 Retirements due to ill-health

During 2020/21 there were 4 early retirements from the Trust agreed on the grounds of ill-health (2 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £144k (£30k in 2019/20).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 9 Pension costs

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

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

Note 10 Operating leases

Note 10.1 East Suffolk and North Essex NHS Foundation Trust as a lessor

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

The Trust's operating lease income is from the annual rents charged by the Trust for the use of its premises. 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.

	2020/21 £000	2019/20 £000
Operating lease revenue		
Minimum lease receipts	810	602
Total	**810**	**602**

	31 March £000	31 March £000
Future minimum lease receipts due on land leases:		
- not later than one year;	184	188
- later than one year and not later than five years;	565	477
- later than five years.	3,741	3,876
Total	**4,490**	**4,541**
Future minimum lease receipts due on building leases:		
- not later than one year;	619	826
- later than one year and not later than five years;	2,292	2,354
- later than five years.	9,772	10,192
Total	**12,683**	**13,372**
Total future minimum lease receipts due:		
- not later than one year;	803	1,014
- later than one year and not later than five years;	2,857	2,831
- later than five years.	13,513	14,068
Total	**17,173**	**17,913**

Note 10.2 East Suffolk and North Essex NHS Foundation Trust as a lessee

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

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 IAS17.

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	7,042	9,443
Total	**7,042**	**9,443**

	31 March 2021 £000	31 March 2020 Restated * £000
Future minimum lease payments due on building leases:		
- not later than one year;	3,720	5,790
- later than one year and not later than five years;	9,573	14,483
- later than five years.	13,533	20,565
Total	**26,826**	**40,838**
Future minimum lease payments due on other leases:		
- not later than one year;	894	677
- later than one year and not later than five years;	649	609
- later than five years.	-	-
Total	**1,543**	**1,286**
Future minimum lease payments due:		
- not later than one year;	4,614	6,467
- later than one year and not later than five years;	10,222	15,092
- later than five years.	13,533	20,565
Total	**28,369**	**42,124**
Future minimum sublease payments to be received	-	-

* In 2019/20 the future operating lease commitments assumed early termination clauses were available to the Trust. On review of the lease documentation this was found not to be the case and as such the commitments were understated. The commitments have been restated to correctly reflect the minimum lease payments due during the corrected lease term.

Note 11.1 Intangible assets - 2020/21

	Software licences £000
Valuation / gross cost at 1 April 2020 - brought forward	**25,359**
Transfers by absorption	10
Additions	3,689
Disposals / derecognition	(3,686)
Valuation / gross cost at 31 March 2021	**25,372**
Amortisation at 1 April 2020 - brought forward	**15,408**
Transfers by absorption	10
Provided during the year	2,285
Disposals / derecognition	(3,150)
Amortisation at 31 March 2021	**14,553**
Net book value at 31 March 2021	**10,819**
Net book value at 1 April 2020	**9,951**

Note 11.2 Intangible assets - 2019/20

	Software licences £000
Valuation / gross cost at 1 April 2019 - as previously stated	**22,908**
Additions	2,451
Valuation / gross cost at 31 March 2020	**25,359**
Amortisation at 1 April 2019 - as previously stated	**12,966**
Provided during the year	2,442
Amortisation at 31 March 2020	**15,408**
Net book value at 31 March 2020	**9,951**
Net book value at 1 April 2019	**9,942**

Note 12.1 Property, plant and equipment - 2020/21

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2020 - brought forward	**18,550**	**226,333**	**10,916**	**91,429**	**11,551**	**1,760**	**360,539**
Transfers by absorption	-	151	-	772	14	-	**937**
Additions	-	417	40,729	17,934	833	-	**59,913**
Impairments	-	(25,291)	-	-	-	-	**(25,291)**
Reclassifications	-	17,747	(19,407)	(445)	2,105	-	**-**
Disposals / derecognition	-	-	-	(7,614)	(1,229)	(1,760)	**(10,603)**
Valuation/gross cost at 31 March 2021	**18,550**	**219,357**	**32,238**	**102,076**	**13,274**	**-**	**385,495**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**-**	**-**	**54,167**	**8,455**	**1,384**	**64,006**
Transfers by absorption	-	86	-	525	8	-	**619**
Provided during the year	-	7,826	-	7,722	1,325	124	**16,997**
Impairments	-	(2,897)	-	-	-	-	**(2,897)**
Revaluations	-	(5,015)	-	-	-	-	**(5,015)**
Disposals / derecognition	-	-	-	(7,052)	(1,229)	(1,508)	**(9,789)**
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**55,362**	**8,559**	**-**	**63,921**
Net book value at 31 March 2021	**18,550**	**219,357**	**32,238**	**46,714**	**4,715**	**-**	**321,574**
Net book value at 1 April 2020	**18,550**	**226,333**	**10,916**	**37,262**	**3,096**	**376**	**296,533**

Note 12.2 Property, plant and equipment - 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2019 - as previously stated	**18,550**	**219,387**	**3,625**	**88,111**	**10,686**	**2,655**	**343,014**
Transfers by absorption	-	-	-	-	-	-	**-**
Additions	-	7,106	16,778	9,795	520	-	**34,199**
Impairments	-	(6)	-	(4,775)	-	-	**(4,781)**
Revaluations	-	(8,588)	-	-	-	-	**(8,588)**
Reclassifications	-	8,434	(9,460)	681	345	-	**-**
Disposals / derecognition	-	-	(27)	(2,383)	-	(895)	**(3,305)**
Valuation/gross cost at 31 March 2020	**18,550**	**226,333**	**10,916**	**91,429**	**11,551**	**1,760**	**360,539**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**-**	**-**	**49,478**	**7,050**	**2,093**	**58,621**
Transfers by absorption	-	-	-	-	-	-	**-**
Provided during the year	-	7,752	-	7,045	1,405	185	**16,387**
Impairments	-	(2)	-	-	-	-	**(2)**
Revaluations	-	(7,750)	-	-	-	-	**(7,750)**
Disposals / derecognition	-	-	-	(2,356)	-	(894)	**(3,250)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**54,167**	**8,455**	**1,384**	**64,006**
Net book value at 31 March 2020	**18,550**	**226,333**	**10,916**	**37,262**	**3,096**	**376**	**296,533**
Net book value at 1 April 2019	**18,550**	**219,387**	**3,625**	**38,633**	**3,636**	**562**	**284,393**

Note 12.3 Property, plant and equipment financing - 2020/21

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2021							
Owned - purchased	18,550	180,615	32,238	40,384	4,710	-	**276,497**
Finance leased	-	6,948	-	4,406	-	-	**11,354**
On-SoFP PFI contracts and other service concession arrangements	-	29,358	-	-	-	-	**29,358**
Owned - donated/granted	-	2,436	-	1,924	5	-	**4,365**
NBV total at 31 March 2021	**18,550**	**219,357**	**32,238**	**46,714**	**4,715**	**-**	**321,574**

Note 12.4 Property, plant and equipment financing - 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2020							
Owned - purchased	18,550	184,937	10,916	30,757	3,071	337	**248,568**
Finance leased	-	7,459	-	5,564	-	-	**13,023**
On-SoFP PFI contracts and other service concession arrangements	-	31,305	-	-	-	-	**31,305**
Owned - donated/granted	-	2,632	-	941	25	39	**3,637**
NBV total at 31 March 2020	**18,550**	**226,333**	**10,916**	**37,262**	**3,096**	**376**	**296,533**

Note 13 Donations of property, plant and equipment

The Trust received donated equipment from the East Suffolk and North Essex NHS Foundation Trust Charitable Fund valued at £126k.

In addition a number of items have been centrally procured by DHSC and other national bodies and provided to Trusts free of charge. Such items include ventilators and testing equipment. The value of these items received was £1,216k.

Note 14 Revaluations of property, plant and equipment

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.

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 accord with the requirements of the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation - Global Standards 2017 and the RICS UK National Supplement, commonly known together as the Red Book, in so far as these are consistent with IFRS and the aforementioned guidance; RICS UK VPGA 5 refers.

The valuation basis for the Trust's land and building assets is that of an alternative site basis. In selecting the alternative site on which the modern equivalent asset would be situated, the Valuer, in discussion with the Trust, considers whether the actual site remains appropriate for use by the Trust, in accordance with section 7 of UK GN on DRC. For public sector bodies, HM Treasury guidance is that the choice of whether to value an alternative site will normally hinge on whether the proposed alternative site will meet the locational requirements of the service that is being provided.

A valuation of land and buildings was prepared by the District Valuer Service as at 31 March 2021 based on a desktop update with no site inspections undertaken due to COVID-19. This resulted in a downward revaluation of buildings by £17.4m. £2.9m of this value was an impairment charged to operating expenses with the other £14.5m being charged to the revaluation reserve.

For the 2019/20 valuation, in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2017 ('Red Book') the Valuer declared a "material valuation uncertainty" in the valuation report on the basis of uncertainties in markets caused by COVID-19. Whilst the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally, an adequate quantum of evidence exists upon which valuation opinions may now be based. Therefore, the current valuation is not reported as being subject to material valuation uncertainty as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

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 (Colchester) and 1 July 2018 (Ipswich) have been based on "modern equivalent assets".

Note 15 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	4,732	4,908
Consumables	6,094	6,037
Energy	81	67
Total inventories	**10,907**	**11,012**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £45,139k (2019/20: £87,172k). Write-down of inventories recognised as expenses for the year were £448k (2019/20: £67k).

In response to the COVID-19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £12,020k of items purchased by DHSC. As of 31/03/2021 £739k remained unused.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 16.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables *	16,811	74,631
Allowance for impaired contract receivables / assets	(4,364)	(4,490)
Prepayments (non-PFI)	3,829	3,506
PFI lifecycle prepayments	2,190	2,016
PDC dividend receivable	1,785	241
VAT receivable	2,186	2,321
Corporation and other taxes receivable	-	28
Other receivables	664	179
Total current receivables	**23,101**	**78,432**
Non-current		
Contract receivables	1,468	3,111
Allowance for impaired contract receivables / assets	(292)	(377)
Other receivables	1,170	997
Total non-current receivables	**2,346**	**3,731**
Of which receivable from NHS and DHSC group bodies:		
Current	9,813	64,398
Non-current	1,170	997

* As at 31st March 2020, the Trust held significant contract receivables balances associated with accrued income for Financial Recovery Fund and COVID-19 cost reimbursements, which were subsequently paid in 2020/21. Additionally, due to the impact of COVID-19, some NHS invoices remained unpaid at the end of the year, and these were also paid in 2020/21.

Note 16.2 Allowances for credit losses

	2020/21 Contract receivables and contract assets £000	2019/20 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	**4,867**	**3,876**
New allowances arising	1,288	2,214
Reversals of allowances	(737)	(1,129)
Utilisation of allowances (write offs)	(762)	(94)
Allowances as at 31 Mar 2021	**4,656**	**4,867**

Note 16.3 Exposure to 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 21 is in receivables from customers, as disclosed in the receivables note.

Note 17.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2020/21 £000	2019/20 £000
At 1 April	**17,256**	**15,855**
Net change in year	89,125	1,401
At 31 March	**106,381**	**17,256**
Broken down into:		
Cash at commercial banks and in hand	35	76
Cash with the Government Banking Service	106,346	17,180
Total cash and cash equivalents as in SoFP	**106,381**	**17,256**

Note 17.2 Third party assets held by the Trust

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

	31 March 2021 £000	31 March 2020 £000
Monies on deposit	180	178
Total third party assets	**180**	**178**

Note 18.1 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	28,752	31,891
Capital payables	23,426	11,305
Accruals	59,141	22,327
Other taxes payable	9,402	8,694
Other payables	180	178
Total current trade and other payables	**120,901**	**74,395**
Of which payables from NHS and DHSC group bodies:		
Current	14,269	9,363

Note 18.2 Early retirements in NHS payables above

The payables note above includes no amounts in relation to early retirements.

Note 19 Other liabilities

	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income: contract liabilities	1,621	2,943
Deferred PFI credits / income	326	436
Total other current liabilities	**1,947**	**3,379**
Non-current		
Deferred PFI credits / income	1,302	1,629
Total other non-current liabilities	**1,302**	**1,629**

Note 20.1 Borrowings

	31 March 2021 £000	31 March 2020 £000
Current		
Loans from DHSC *	1,199	194,433
Other loans	85	53
Obligations under finance leases	1,561	1,426
Obligations under PFI, LIFT or other service concession contracts	1,163	1,123
Total current borrowings	**4,008**	**197,035**
Non-current		
Loans from DHSC	17,090	18,278
Other loans	367	269
Obligations under finance leases	13,988	15,872
Obligations under PFI, LIFT or other service concession contracts	17,238	18,401
Total non-current borrowings	**48,683**	**52,820**

Further details of the movements in borrowings are showing in Note 23.2.

* On 2nd April 2020 the DHSC and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital to allow the repayment. Public Dividend Capital cash was remitted to the Trust by DHSC in September and associated support loans were repaid shortly afterwards.

Note 20.2 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2020	**212,711**	**322**	**17,298**	**19,524**	**249,855**
Cash movements:					
Financing cash flows - payments and receipts of principal	(193,869)	129	(1,682)	(1,123)	**(196,545)**
Financing cash flows - payments of interest	(883)	-	(1,049)	(700)	**(2,632)**
Non-cash movements:					
Additions	-	-	122	-	**122**
Application of effective interest rate	330	-	1,207	700	**2,237**
Other changes	-	1	(347)	-	**(346)**
Carrying value at 31 March 2021	**18,289**	**452**	**15,549**	**18,401**	**52,691**

Note 20.3 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2019	**194,092**	**97**	**12,197**	**20,609**	**226,995**
Financing cash flows - payments and receipts of principal	18,582	225	(1,569)	(1,084)	**16,154**
Financing cash flows - payments of interest	(2,911)	-	(876)	(740)	**(4,527)**
Non-cash movements:					
Additions	-	-	6,671	-	**6,671**
Application of effective interest rate	2,948	-	875	739	**4,562**
Carrying value at 31 March 2020	**212,711**	**322**	**17,298**	**19,524**	**249,855**

Note 21 Finance leases

Note 21.1 East Suffolk and North Essex NHS Foundation Trust as a lessor

There are no future lease receipts due under finance lease agreements where the Trust is the lessor:

Note 21.2 East Suffolk and North Essex NHS Foundation Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**24,232**	**26,738**
of which liabilities are due:		
- not later than one year;	2,503	2,387
- later than one year and not later than five years;	8,217	9,317
- later than five years.	13,512	15,034
Finance charges allocated to future periods	(8,683)	(9,440)
Net lease liabilities	**15,549**	**17,298**
of which payable:		
- not later than one year;	1,561	1,426
- later than one year and not later than five years;	5,206	6,035
- later than five years.	8,782	9,837

Note 22.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2020	**356**	**1,414**	**113**	**2,057**	**3,940**
Change in the discount rate	3	39	-	-	**42**
Arising during the year	6	25	-	3,698	**3,729**
Utilised during the year	(84)	(101)	(19)	-	**(204)**
Reversed unused	(3)	-	-	(800)	**(803)**
Unwinding of discount	(1)	(7)	-	-	**(8)**
At 31 March 2021	**277**	**1,370**	**94**	**4,955**	**6,696**
Expected timing of cash flows:					
- not later than one year;	77	101	94	**3,785**	**4,057**
- later than one year and not later than five years;	179	411	-	**1,170**	**1,760**
- later than five years.	21	858	-	**-**	**879**
Total	**277**	**1,370**	**94**	**4,955**	**6,696**

Pensions
Relates to sums payable to former employees having retired prematurely from work. The outstanding liability is based upon current and expected benefits advised by the NHS Pensions Agency and the computed life expectancies of pension recipients.

Legal claims
Based upon professional assessments which are uncertain to the extent that they are an estimate of the likely outcome of individual cases. Due dates of settlement of claims are based upon estimates supplied by NHS Resolution and/or legal advisers.

Other
The Trust has recognised a provision, broadly equal to the tax charge, for clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in the tax year 2019/20 face a tax charge in respect of the growth of their NHS pension benefits. This is offset by a commitment from NHS England and the Government to fund the payments to clinicians as and when they arise. The provision and offsetting asset will initially increase year on year in line with the pension scheme growth, and be released as commitments are met.

A further provision is recognised for an onerous contract relating to the biofuel energy centre. This recognises the future interest charges due over the life of the financing arrangement but where no economic benefit is being received from the centre.

Note 22.2 Clinical negligence liabilities

At 31 March 2021, £227,223k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Suffolk and North Essex NHS Foundation Trust (31 March 2020: £211,095k).

Note 23 Contractual capital commitments

	31 March 2021	31 March 2020
	£000	£000
Property, plant and equipment	4,706	13,175
Intangible assets	58	166
Total	**4,764**	**13,341**

Note 24 On-SoFP PFI or other service concession arrangements

The Trust has two PFI schemes recognised on SoFP. The first is the Garrett Anderson Centre at Ipswich Hospital and the figures reported below relate solely to this scheme.

The Trust's other PFI arrangement for staff accommodation is accounted for as a service concession, in accordance with IFRIC 12. The service 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 Statement of Financial Position with a corresponding deferred income liability.

Note 24.1 Imputed finance lease obligations

East Suffolk and North Essex NHS Foundation Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	31 March 2021 £000	31 March 2020 £000
Gross PFI or other service concession liabilities	**24,195**	**26,018**
Of which liabilities are due		
- not later than one year;	1,823	1,823
- later than one year and not later than five years;	6,326	6,809
- later than five years.	16,046	17,386
Finance charges allocated to future periods	(5,794)	(6,494)
Net PFI or other service concession arrangement obligation	**18,401**	**19,524**
- not later than one year;	1,163	1,123
- later than one year and not later than five years;	4,103	4,427
- later than five years.	13,135	13,974

Note 24.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2021 £000	31 March 2020 Restated * £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**64,440**	**67,920**
Of which payments are due:		
- not later than one year;	4,296	4,245
- later than one year and not later than five years;	17,184	16,980
- later than five years.	42,960	46,695

* In 2019/20 the annual figures for total future payments were reported at the original contract values prior to annually recognised inflation. Figures have been restated to reflect current contract values.

Note 24.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2020/21 £000	2019/20 £000
Unitary payment payable to service concession operator	**4,245**	**4,190**
Consisting of:		
- Interest charge	700	739
- Repayment of balance sheet obligation	1,123	1,085
- Service element and other charges to operating expenditure	864	846
- Contingent rent	1,086	1,023
- Addition to lifecycle prepayment	472	497
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	72	-
Total amount paid to service concession operator	**4,317**	**4,190**

Note 25 Financial instruments

Note 25.1 Financial risk management

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 2021 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 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.

Note 25.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2021	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	15,457	-	-	**15,457**
Cash and cash equivalents	106,381	-	-	**106,381**
Total at 31 March 2021	**121,838**	**-**	**-**	**121,838**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	73,054	-	-	**73,054**
Cash and cash equivalents	17,256	-	-	**17,256**
Total at 31 March 2020	**90,310**	**-**	**-**	**90,310**

Note 25.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	18,289	-	**18,289**
Obligations under finance leases	15,549	-	**15,549**
Obligations under PFI, LIFT and other service concession contracts	18,401	-	**18,401**
Other borrowings	452	-	**452**
Trade and other payables excluding non financial liabilities	105,720	-	**105,720**
Total at 31 March 2021	**158,411**	**-**	**158,411**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	212,711	-	**212,711**
Obligations under finance leases	17,298	-	**17,298**
Obligations under PFI, LIFT and other service concession contracts	19,524	-	**19,524**
Other borrowings	322	-	**322**
Trade and other payables excluding non financial liabilities	60,426	-	**60,426**
Total at 31 March 2020	**310,281**	**-**	**310,281**

Note 25.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2021	31 March 2020 Restated *
	£000	£000
In one year or less	111,330	259,069
In more than one year but not more than five years	23,662	22,388
In more than five years	37,896	44,758
Total	**172,888**	**326,215**

* This disclosure has previously been prepared in the NHS using discounted cash flows. IFRS 7 (para B11D) requires this analysis to be based on undiscounted future contractual cash flow (i.e. gross liabilities including finance charges). The comparatives have therefore been restated on an undiscounted basis to meet this requirement.

Note 25.5 Fair values of financial assets and liabilities

As at 31 March 2021 there are no significant differences between fair value and carrying value of any of the Trust's financial instruments.

Note 26 Losses and special payments

	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	62	98	37	27
Bad debts and claims abandoned	116	816	98	112
Stores losses and damage to property	2	110	3	71
Total losses	**180**	**1,024**	**138**	**210**
Special payments				
Ex-gratia payments	58	57	55	49
Extra-statutory and extra-regulatory payments	-	-	2	95
Total special payments	**58**	**57**	**57**	**144**
Total losses and special payments	**238**	**1,081**	**195**	**354**
Compensation payments received		-		-

Note 27 Related parties

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 and Social Care 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, the Trust has had a number of material transactions with other government departments and other central and local government bodies during the year.

Related Party Transactions (total transactions over £5m in 2019/20 or 2020/21)	**2020/21**	**2020/21**	**2020/21**	**2020/21**	**2019/20**	**2019/20**	**2019/20**	**2019/20**
	Income £000	**Expenditure £000**	**Receivables £000**	**Payables £000**	**Income £000**	**Expenditure £000**	**Receivables £000**	**Payables £000**
West Suffolk NHS Foundation Trust	4,777	11,461	1,624	938	6,582	9,970	1,090	337
NHS Ipswich and East Suffolk CCG	274,088	(895)	-	1,868	267,214	925	3,124	2,536
NHS Mid Essex CCG	24,500	24	64	24	24,037	36	180	105
NHS North East Essex CCG	300,828	407	-	1,447	239,577	522	2,025	1,684
NHS West Suffolk CCG	11,006	178	1	787	10,595	1,103	540	637
NHS England	160,063	40	3,553	3,915	152,073	-	51,899	5
Public Health England (PHE)	441	3,959	5	248	759	8,138	36	909
Health Education England	21,855	13	96	-	18,053	3	1,388	-
NHS Resolution	-	25,214	-	-	119	22,808	-	-
HM Revenue & Customs inc. VAT	-	35,933	-	9,402	-	34,544	2,349	8,694
NHS Pension Scheme	-	60,898	26	6,670	-	38,544	44	5,425
NHS Professionals	3	38,175	3	3,331	-	37,448	-	3,468

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 Trust is the Corporate Trustee of the East Suffolk and North Essex NHS Foundation Trust Charitable Fund. The Trust receives grants to purchase items to benefit patient and staff welfare which are above and beyond those that would be considered as part of the normal operating activities of the Trust. The Charity had no material transactions with the Trust.

Note 28 Transfers by absorption

On 1 November 2020 the microbiology service was transferred back to the Trust from Public Health England. This transfer was effected under absorption accounting as directed by the GAM as a machinery of government change.

In line with the requirements of the DHGAM 2020/21, the assets associated with the service were transferred at book value and were not adjusted to fair value prior to recognition.

A gain on transfer by absorption of £318k is recognised in the SOCI and is equal to the book value of the net assets transferred on the date of acquisition.

The value of assets and liabilities acquired is below.

Assets	**£000**
Property, plant and equipment	318
Total net assets transferred	**318**

Note 29 Events after the reporting date

There were no events after the reporting date which are required to be incorporated into the accounts in the current year.