East Suffolk and
North Essex
NHS Foundation Trust

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Annual Report and Accounts 2022/23

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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

You can read ESNEFT’s Quality Account for 2022/23 at www.esneft.nhs.uk

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

The Chair's welcome

When we became a Trust in July 2018 we knew we had a once in a lifetime opportunity to do things differently, to make life better for the communities we care for and to make time matter. Now, five years on, we have spent some time reflecting on our progress and achievements in realising our potential to change people's lives for the better.

Our Trust ambition is *to offer the best care and experience* to all our patients, their loved ones and to our staff. That means we need to improve the equity of outcomes for all the people we serve. The COVID-19 pandemic underlined the vital importance of equity of access to health care. We know the impact of COVID was experienced differently by many communities. Much of our work throughout 2022 and 2023 has focussed on delivering greater equity and access to health care.

Our approach is structured and intentional with three strategic initiatives.

The first is our new inequalities strategy, the second is our commitment to the Integrated Care System (ICS) 'anchor' institutions charter, and the third is Our Building for Better Care programme including Clacton Community Diagnostic Centre (CDC).

Key projects included in our inequalities strategy are analysing equality in access for cancer and elective care. We are also rolling out making every contact count (MECC) in outpatient clinics, including social prescribing in collaboration with local voluntary and community service partners. And we are making the most of the community diagnostic centre programme to address inequalities.

As an Anchor institution we are working with our partners and local communities to increase wellbeing and improve the wider determinants of health.

A remarkable example of our work is the Clacton Diagnostic Training Academy. The CDC is more than just a health facility; it is a holistic intervention to reduce inequalities. This includes improving the economic opportunities for local residents, using the centre itself as a gateway to employment and skills. In partnership with Colchester Institute, we secured £500k from the local government community renewal fund to create the Clacton Diagnostic Training Academy. Our aim was to offer up to 133 local residents a 12-week programme of pre-employment skills, diagnostic department taster days and master classes, and support for job applications.

At the end of the year covered in this report, the programme has now supported 222 local residents, over half of whom had never worked (including school leavers) or been long-term unemployed. 94 have secured employment in local health and care services, including several at the CDC. 49 have gone on to further education or training.

In the pages which follow you will find many more examples of pioneering new ways of working and clinical excellence. My thanks to all of our staff, our volunteers, Council of Governors and to our partners for all that you do every day to improve the lives of the communities we serve.

Helen Taylor
Chair

Performance Report

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 and the NHS foundation trust annual reporting manual. We have also taken account of NHS England 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

The last year has been one of the most challenging the NHS has faced. As we continue to recover from the COVID-19 pandemic we have also been attempting to get as close as we can to business as usual. This has meant that we are constantly trying to balance the day to day challenges of emergency care with tackling the backlog of patients who are waiting too long for either a first appointment, a diagnosis or treatment. We have also had to face unprecedented industrial action which has led to disruption in many of our services. What has been truly remarkable is the way everyone at our Trust has worked so hard to minimise the impact on the communities we serve and to keep all our patients safe. I am deeply grateful for this.

We are continuing to change the landscape of care and improve life for patients with our multi million pound investment programme which we call Big Builds. Our new Breast Care Centre at Ipswich Hospital opened this spring. This centre will help us to make sure that every breast care patient has the best possible experience when they come to hospital. It brings together all elements of care under one roof which means that our patients can be imaged, biopsied where necessary, and see their clinician in one place. The new space also allows us to offer self-referral and new services in the future, such as dedicated clinics for men and young people, which will make a significant difference to our patients.

It has been made possible thanks to a partnership between NHS funding from ESNEFT and the Blossom Appeal, which was a fundraiser organised by Colchester and Ipswich Hospitals Charity. Thank you to everyone who supported our fundraising appeal so generously.

Building work for The Dame Clare Marx Building at Colchester Hospital for the new Elective Orthopaedic Centre is also well underway. The new state-of-the-art £64million surgery centre, opening next year, is for patients from Essex and Suffolk who need planned orthopaedic operations on bones, joints and muscles, such as hip and knee replacements. It will mean fewer cancelled operations and shorter patient waiting times. The centre will be named after the late Dame Clare Marx who was an orthopaedic surgeon at Ipswich Hospital and the first female president of both the British Orthopaedic Association and the Royal College of Surgeons of England, and chair of the General Medical Council.

Our new Urgent Treatment Centre at Colchester Hospital is fully open after the final part of the programme, a new resuscitation department, opened in March. It is a brightly lit open space with private bays for patients coming through the Emergency Department (ED). The ceiling has also been reinforced to help the theatres team working above with their new robots during surgery.

A new children's centre where young patients and their families can now receive care in bright, spacious and welcoming surroundings opened at Ipswich Hospital this year. The extensive project has seen 14 clinic rooms, a phlebotomy room, medical day-case unit, accessible toilet, themed reception, waiting area and parents' room created. This is also being paid for with a combination of NHS investment from ESNEFT and funds raised through Colchester and Ipswich Hospitals Charity's Children's Appeal.

Our leadership development programme for leaders at all levels throughout the Trust was launched this year and includes 900 colleagues to date. The innovative programme is being run in partnership with The King's Fund.

My thanks to all our colleagues and volunteers who every day touch the lives of thousands of people by delivering high quality treatment and care.

Nick Hulme
Chief Executive

About us

East Suffolk and North Essex NHS Foundation Trust was formed on 1 July 2018 through the merger of Colchester Hospital University NHS Foundation Trust and The Ipswich Hospital NHS Trust.

We deliver care from two main acute hospital sites in Colchester and Ipswich, six community hospitals and in patients' own homes. We provide a range of specialised services, such as spinal surgery and prosthetics. Community health services operate in Aldeburgh, Clacton, Halstead, Harwich and Felixstowe community hospitals, as well as Bluebird Lodge near Ipswich.

Our activities are overseen by NHS England (NHSE) and by legislation. Our quality of care is assessed by the Care Quality Commission (CQC). Like all NHS Foundation Trusts, there are three components:

- The Membership community - anyone over the age of 16 living in our area can become a member for free; all staff are members unless they choose to opt out
- Council of Governors – the Chair of the Trust chairs the Council; 18 elected public governors, six elected staff governors and eight or nine appointed governors representing local organisations
- Board of Directors – Non-Executive and Executive Directors, non-voting Associate Non- Executive Directors, and four non-voting Executive Directors.

The Trust is supported by operational decision making through the Executive Management Committee (EMC), the senior management level group in the Trust, advising the Board, Board Committees and Executive Directors as required. EMC has operational oversight for performance of the Trust, delivery against the targets and plans agreed by the Board, and ensuring the safety and quality of services delivered to patients. It provides strategic leadership which includes supporting Executive Directors in the development of strategies, plans and targets for the consideration of the Board.

The people we serve

We provide hospital and community health services to almost one million people living across a wide geographical area.

In 2022/23 we were one of the largest NHS organisations in the region and have an annual turnover of over £1 billion, £1,020,056,000.

We are one of the biggest employers in East Anglia, and employed 11,859 people on 31 March 2023.

Time Matters

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

TIME MATTERS

Staff are encouraged to make time matters principles integral to the way they work and to involve their teams in identifying issues and processes which are not working. As well as supporting their patients and colleagues, this approach aims to empower our people to make changes within their service.

Our strategy

This section provides a summary of what we planned to achieve in the last year, what we have achieved and our plans for the future.

Our strategy was approved by the 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.

Our ambition is to offer the best care and experience. This is underpinned by our values: we are optimistic, appreciate and kind. Delivery of services is supported by five strategic objectives which guide our planning and investment:

Significant progress has been made in delivering our strategy. A progress report is presented to the Board meeting held in public on a quarterly basis. This year, the strategic programme covered the following 12 core programmes and 179 individual projects - some of our achievements during 2022/23 can be found within the Accountability Report:

- Elective Programme
- Urgent and Emergency Care Programme
- Ipswich and East Suffolk Community Services Programme
- Building for Better Care Programme
- North East Essex Integrated Community Services Programme
- Digital Programme
- Workforce Programme
- Resource Optimisation Programme
- Logistics Programme
- Quality Improvement Programme
- Quality Priorities Programme
- Cancer Programme.

Work has begun during 2022/23 to refresh our strategy, working with clinical, divisional and corporate teams to confirm the focus for the next five years. There has already been extensive engagement, including with our Council of Governors. Early in 2023/24 a programme of visits and presentations will be undertaken, led by the Director of Strategy, Research and Innovation, to make sure that the views of our staff, governors, the public and local organisations are taken account of in its development.

ESNEFT as an anchor institution

Anchor institutions are large public sector organisations which are rooted in place and connected to their communities, such as universities, local authorities, and hospitals. Anchor institutions have significant assets and spending power and can consciously use these resources to positively benefit their communities.

As well as providing health services, the NHS can use its resources and influence to improve the social causes of health, health outcomes and reduce health inequalities. Working in partnership with health and care organisations, communities, local authorities and other public agencies, educational organisations, voluntary, community and social enterprise (VCSE) organisations and businesses can make a difference in the following ways:

- Widening access to quality work through being a good employer
- Purchasing for social benefit from organisations that consider the impact that they have
- Using buildings and spaces to support communities
- Reducing its environmental impact, reducing carbon emissions and waste
- Working closely with local partners to help address local priorities.

We are proud of the commitment we have made to this work and the considerable progress that we are making:

- Enhancing work experience and employment opportunities, including apprenticeships
- Buying locally from businesses that give local people good jobs and those that support the community
- Working to reduce air pollution and deliver the NHS commitments to the environment
- Maximising the use of our estate to support our staff, sharing the use of land and buildings
- Increasing opportunities to volunteer in our organisation and encouraging staff to volunteer in their communities to do what matters most to local people.
- We are committed to growing our armed forces and veterans support offer, and we are currently silver accredited by the Armed Forces Covenant employer recognition scheme.

Working within an integrated care system

ESNEFT is part of the Suffolk and North East Essex Integrated Care System. This is a partnership which brings together providers of NHS services with commissioners to collectively plan health and care services to achieve the best possible health outcomes for our communities. The Integrated Care Board (ICB) was established as a statutory body from 1 July 2022. More information can be found on their website www.suffolikandnortheastessex.icb.nhs.uk

The Chief Executive is a partner member of the ICB with two others, bringing the perspective, experience and knowledge of acute, community and mental health care services. The Integrated Care Partnership (ICP) is a statutory joint committee which brings the ICB, local authorities and the wider community together. The ESNEFT Chief Executive is also a member.

There are three health and wellbeing alliances that operate to ensure that the needs of smaller, local areas are addressed. These also bring together partners from across the health and care system to form plans to tackle health inequalities and to improve the health and wellbeing of the communities they serve. These cover West Suffolk, Ipswich and East Suffolk and North East Essex.

As a large Trust, ESNEFT is ambitious in improving services and has consistently worked with partners to achieve this. As we seek to reduce the length of time that patients wait for treatment following the COVID-19 pandemic, operate within the financial resources available and ensure that we have the right workforce in place to deliver services, this system working becomes even more important.

During the year the ESNEFT Board has worked with the West Suffolk NHS Foundation Trust (WSFT) Board to consider the existing summary of collaborative activity and the proposed next steps. Following a meeting held in May 2022, six areas for continuing collaboration were identified, as reported to the Board in public in November 2022:

- Clinical and clinical support services
- Workforce Development
- Estates and Facilities
- Corporate Services
- Organisational policies and protocols
- Digital infrastructure.

At a subsequent meeting in October, key themes were agreed:

1. **The need to make our collaborative work visible** and to engage our staff, governors and communities, and to celebrate and promote our successes. A regular report should be provided to both Boards on collaborative activity.
2. **The need to recognise the diversity of cultures and expectations** in our Trusts and communities.
3. **The support required for bottom-up collaboration led by clinicians and services**. The need to identify and support champions of collaborative working.
4. **The desire to develop our shared strategic focus including collective vision, principles and ways of working**, the development of a joint oversight mechanism, investment of resources to facilitate change including programme support.

Our Boards identified some priorities for future collaboration:

1. The selection and implementation of an Electronic Patient Record (EPR) for ESNEFT, in collaboration with WSFT. This was recognised as a key to the standardisation of practice and reduction of variation which is critical to quality of care. It is an enabler to the integration of care across the ICS. Collaborative planning is required in the short and long term.
2. Collaboration and improvement in equality, diversity and inclusion (EDI) was identified as a moral priority for our staff, patients and communities. There are opportunities to share learning and work jointly between our staff networks.
3. Collaboration in the development of virtual wards. The Boards recognised the importance of standardisation of clinical protocols and pathways, governance structures and the opportunities to create shared workforce plans, recruitment and training activity, and even joint appointments. The Boards acknowledged the good work already underway to share learning in 2022/23 and identified the development of a common operating model as a priority for 2023/24

This work will continue to develop in 2023/24.

Board members and senior leaders also participate in ICB, ICP and alliance committees:

- Communications
- Estates
- Finance Committee
- Ipswich and East Suffolk Alliance
- Maternity and Neonatal transformation
- North East Essex Alliance Health and Wellbeing Committee
- People Committee
- Quality Committee
- Strategic Digital Investment and Assurance Board
- Strategy Group
- System Oversight and Assurance
- Transformation programmes.

ICB/ICP updates are provided to the Board of Directors' meeting in public. Following the ICB engagement with local people the ICB joint forward plan has also been considered by the Board and EMCtee and is being taken account of in development of the new ESNEFT clinical strategy. There are four collective ambitions in the integrated care strategy:

- The best health and wellbeing a genuine reality for all
- The opportunity of health equality for everyone
- Everyone able to 'Live Well' – Start Well, Be Well, Stay Well, Feel Well, Age Well, Die Well
- A genuinely 'Can Do' health and care system that people can trust.

Further work is being progressed early in 2023/24 to ensure that the Trust's governance processes are effective and take account of system working, avoiding duplication.

Our services

We provide a range of services:

	2022/23
Outpatient attendances	942,609 (931,673 – medical virology COVID-19 tests)
Emergency department (AandE) patients (includes urgent treatment centre)	249,875 Main EDs and Colchester UTC (171,009 Main EDs only) 47,833 Clacton and Harwich UTCs 71,216 Colchester UTC 297,708 ESNEFT 126,699 urgent treatment centres only
Inpatient and day case admissions	Day cases: 91,111 Elective admissions: 9,887 Non-elective admissions: 85,885 Total overnight: 95,772
Babies born	7,156
Community hospital admissions	1,339 North East Essex Community Services 1,217 Ipswich and East Suffolk Community Services 2,556 ESNEFT
Community contacts	423,791 North East Essex Community Services 390,530 Ipswich and East Suffolk Community Services

Principal risks

A system of risk management and control is in place. The Board provides leadership as part of the overall governance structure in place at ESNEFT. This is supported by the Board's Audit and Risk Committee which has responsibility for oversight of risk management and the systems of internal control. All Committees regularly report to the Board on the assurance received at their meetings and where there is a lack of assurance or risks to achieving our objectives.

A new Board Assurance Framework (BAF) was developed this year and was approved by the Board in November 2022. Each of the nine risks is linked to a Board Committee, with one reserved for the Board. Committee reporting, additional assurance and controls are reflected in the BAF, for presentation to the Board on three occasions during the year. In early 2023/24 this will be reconsidered by the new Director of Governance, who joined the Trust in May 2023.

The corporate risk register is considered at EMC monthly. Late in the financial year, the Executive Risk Oversight Committee was reinstated to provide more detailed review of the risks, enabling multi-disciplinary and cross divisional debate, to ensure that risk assessment is appropriate. The strategic risks and oversight identified as at 31 March 2023 are:

1. Partnership working – Performance Assurance Committee
2. Financial performance – Performance Assurance Committee
3. Capital expenditure – Performance Assurance Committee
4. Patient safety and quality – Quality and Patient Safety Committee
5. Workforce – People and Organisational Development Committee
6. Elective and emergency care – Performance Assurance Committee
7. Estates development and capital equipment – Performance Assurance Committee
8. Digital maturity – Quality and Patient Safety Committee
9. Transformation – Board of Directors.

The Emergency Preparedness Resilience and Response (EPRR) team supports the organisation as both strategic and tactical advisors, working with local resilience forums, regional and national teams to ensure incident responses and plans are co-ordinated, making the best use of available resources and expertise. This has been particularly critical this year as extensive planning has been required to enable services to continue to be provided during the multiple periods of industrial action. Our priority is always the safety of patients, whilst supporting staff members who choose to exercise their right to strike or those who choose not to.

We are contributing to the work of the national COVID-19 inquiry with updates provided to EMC during the year on the actions being taken. A senior responsible officer is in place and a working group meets monthly. The Trust made the decision not to apply to be a core participant in the inquiry. The first voluntary submission was made in December 2022

The Annual Governance Statement provides more detail regarding the risk and control framework that is in place.

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 2023/24, which is to break even, and the current cash position of the Trust. The Trust’s current cash plan for 2023/24 is not reliant on Department of Health and Social Care (DHSC) funding for cash financing with a forecast cash balance of £65m at 31 March 2024. The Board concludes there to be no material uncertainty around going concern for the period to 30 June 2024.

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 2022/23, 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.

Activity and performance analysis

The Trust has developed an Accountability Framework (AF) oversight and escalation model as its primary performance management regime. This framework aims to align the delivery of all clinical and non-clinical operational performance targets, quality indicators and outcome measures. The purpose of this framework is to:

- Ensure that the Trust has effective systems and processes in place to provide assurance to the Board and our stakeholders that the organisation is performing to the highest of statutory and regulatory standards
- Develop the business intelligence of the Trust to inform capacity-demand planning and service delivery improvement
- Measure productivity and efficiency increases enabling us to deliver cost improvement and transformation programmes
- Support the delivery of objectives
- Provide assurance that the Trust is achieving best value for money in its use of resources.

This framework reflects the fact that decisions need to be made as close to the patient as possible but that these decisions need to balance the essential priorities of clinical quality, delivery, patient experience, staff satisfaction and financial sustainability.

The AF Policy was approved in October 2022 by the Executive Management Committee and was considered by the Board's Performance Assurance Committee. This enabled the Committee to provide assurance to the Board on the procedures in place that underpin the information and data presented. This covers all aspects: the quality of the services provided, performance against key national and local standards and the effectiveness with which it uses its resources.

The Trust adopts a bottom-up approach to performance management which includes monthly performance review meetings with each division. During the review meetings members of the divisional leadership present their performance and risk positions for scrutiny by the executive team.

The Board reviews performance data each month via the integrated performance report. Detailed debate and constructive challenge takes place at the monthly Performance Assurance Committee.

The NHS nationally has not met the 95% target to treat/discharge/admit emergency patients within four hours since 2015. This year the Trust recorded a performance of 72.5% against the national standard. A new target has been set by NHS England for 2023/24 to see 76% of patients within four hours by the end of the year.

The year-end position against national access standards was:

Metric	Standard	Performance
Maximum waiting time of two weeks from urgent GP referral to first outpatient appointment for all urgent suspected cancer referrals	93%	68.61%
Two-week wait for symptomatic breast patients (cancer not initially suspected)	93%	66.53%
All cancers: 62-day wait for the first treatment from national screening service referral	90%	83.61%
All cancers: 62-day wait for the first treatment from urgent GP referral to treatment	85%	70.92%
All cancers: 31-day wait from diagnosis to first treatment	96%	92.82%
Four week (28 day) wait from urgent referral to patient told they have cancer, or cancer is definitively excluded	75%	62.58%
All patients who have operations cancelled for non-clinical reasons to be offered another binding date within 28 days. **Reporting suspended due to COVID-19 until Q3 2021/22**	100%	88.68%
Percentage of patients on an incomplete pathway with a maximum of 18 weeks waiting time	92%	61.30%
MRSA	0	4
Incidence of Clostridium difficile infection	18	7

It has continued to be a very challenging year for delivery against these core services as we work through the recovery following the COVID-19 pandemic. Confirming and implementing recovery plans around both elective and cancer care to reduce the long waits has been our priority, whilst dealing with the changing profile of activity within urgent and emergency services.

As is reflected nationally, we have continued to see an increase in the number of people referred to hospital on a cancer pathway although the percentage increase of 4% overall is lower than the growth seen in 2021/22. In some specialties, this is much higher with Gynaecology/Oncology referrals up by 13.2%, Skin by 6.1% and Colorectal seeing an increase of 5.9%. 2 week wait and 28 Faster Diagnosis Standard performance, although improving, has remained below the England average. It is important to note however that once diagnosed, treatment takes place quickly, with 62 day performance being more than 10% higher than the England average. The volume of referrals, and particularly the number sent without the required pre-referral investigations completed, has a negative impact on performance and more importantly on patients' experience. We are working closely with system partners to improve.

The Clacton Community Diagnostic Centre (CDC) achieved 100,000 tests and was the fifth highest output CDC in the country. The much-needed additional capacity supports local access to CT and MRI scanning, reducing waiting times and providing care closer to home for many of our patients on a cancer pathway. A cancer transformation programme is also in place providing ground-breaking technology to support earlier diagnosis and better outcomes. Colon Capsule Endoscopy, Targeted Lung Health Checks and inclusion in the NHS Galleri GRAIL trial, which can indicate the probability of a cancer diagnosis in more than 50 types of cancer from a single blood test, are just some examples of our current programmes of work.

We continue to develop innovative ways of managing urgent and emergency care, with services such as virtual wards, ambulatory models and work with partners to develop Urgent Community Response teams to manage patients in more appropriate settings.

At Ipswich Hospital, we continue to develop the plans for our new Urgent Treatment Centre which opens in 2023/24. Our focus on partnerships, especially with the East of England Ambulance Service NHS Trust, aims to reduce handover delays. We have also been working with our social care colleagues to avoid patient admissions into hospital and to facilitate earlier discharge home. We retain the focus on integration and ensuring that our community services in both east Suffolk and north east Essex play a pivotal role in dealing with the different challenges that our patients experience, particularly as we have seen a change in profile of demand and acuity.

Our performance against the national access standards like many other Trusts was challenging. We have made significant progress with our elective recovery programme in the last 12 months, in particular seeing patients who have waited the longest. In terms of patients who would have waited 78+ weeks for treatment we have continued to see that number decrease:

- At the end of February 2022 we had 18,203 patients waiting
- By the start of January 2023 we had reduced this group to 1,678
- By the start of February, it was 1,066
- At the start of March, 686 patients were still waiting and by the end of March there were 262 patients waiting over 78 weeks.

This has continued to improve in 2023/24 and by the end of May there were 137 patients waiting over 78 weeks. This number should be at zero by the end of July 2023, except for patient choice.

Our waiting list size has continued to grow, although at a slower rate than seen nationally, which is on average 63.2% and for ESNEFT it is 45%. This is due to maintaining services through the pandemic. Since April 2023 we have started to see the waiting list size plateau.

For diagnostics we have seen a significant improvement in waiting times with an average 5.7% of patients waiting over six weeks compared to over 25% nationally. The Clacton CDC is being delivered in three phases, with further information to be found in the service developments section.

An elective transformation programme over the last year has seen a continual increase in a range of productivity opportunities around elective inpatient theatres and day case rates. The focus for 2023/24 is on outpatients with work underway within six key specialities to reduce first outpatient waiting times, in partnership with our ICB and Alliance colleagues.

Over the last three years there has been a significant investment into elective services of £147m supporting the building of our new orthopaedic centre, The Dame Clare Marx Centre, opening in August 2024. This will be one of the largest centres of its kind in Europe. The centre is being designed as a surgical hub bringing together the skills and expertise of staff in one place for some of our most common procedures such as hip and knee replacements. Three additional laparoscopic theatres in Ipswich open in May 2024 to support more laparoscopic and day case operating, a new breast care unit at Ipswich Hospital opened earlier in 2023, a new endoscopy unit is being built in Colchester and is due to open in 2024 and an investment of four robots to enable robotic surgery for patients, three in Colchester and one in Ipswich.

In summary, we saw:

- 8.4% more patients through emergency and urgent care than the previous year
- 4 and 6% increase respectively on the number of patients seen on two week wait pathway for suspected cancer and the 62 day treatment/28 day faster diagnostic standards
- 4% increase in the number of patients waiting for referral to treatment (18 weeks)
- An increase in the waiting list by more than 27,000 patients since the beginning of the pandemic
- 4% increase in day case admissions
- 7% decrease in elective admissions
- 5.5% increase in first outpatient appointments.

With regard to capital expenditure, delays on the elective orthopaedic centre scheme meant that the Trust was underspending against its plan for the year. An agreement was reached for £30m brokerage, with the funding to be drawn down in 2023/24 to deliver the Building for Better Care schemes. The Trust was in regular dialogue with East of England NHSE towards the end of the financial year and a relatively small overspend was accepted.

Although we recognise that this has been a challenging year for many of our staff, significant progress has been made within workforce this year. This included effective management of sickness and support to staff, enhancing recruitment and retention performance and changing how we behave as an organisation. The Trust has one of the lowest vacancy rates in the country as demonstrated by national statistics and applications by role confirm that people want to work at ESNEFT. Positive developments are also being seen regarding the support to Armed Forces and Veterans.

During 2022/23, we published our Quality Strategy. This sets out our commitment to improving the quality of care for our patients over the next five years and how we will make this a reality. It is closely aligned with ESNEFT's ambition to offer the best care and experience, its strategic objectives, and the Trust's Time Matters philosophy.

The strategy recognises that the COVID-19 pandemic has created unprecedented challenges since 2020. At the same time, global and local learning has accelerated changes in our provision of quality services and highlighted inequalities in healthcare access and outcomes. A flexible approach, underpinned by quality improvement methodologies, is key to continuous improvement of our services at such a time of rapid change and recovery.

Our priorities for 2022/23 were:

- **Patient safety, medication safety - To improve the safe prescription, administration and dispensing of medications in our hospitals and communities**

We made significant progress despite the nursing and pharmacy teams facing challenges with capacity. We saw a reduction in omitted doses, we have seen continued good practice with antimicrobial prescribing through the 'saving lives' audit and are aiming to increase the number of areas we audit in the coming year. We have monitored discharge errors and are planning a thematic review in 2023/24.

- **Clinical effectiveness – To improve the assessment of nutrition and hydration needs for patients and ensure the correct referral and maintenance plans are undertaken**

We measured our performance through audits, patient surveys, complaints and incidents review, quality improvement project reviews and updates. We didn't achieve our target. Nine months' of data for 2022/23 shows an average of 80.78%.

- **Patient experience – To continue to improve care for those at the end of their life and support patients who have limited treatment options**

We began operating a seven-day face to face palliative care service at Ipswich Hospital as well as Colchester Hospital following successful recruitment. An additional butterfly volunteer co-ordinator was recruited, allowing us to expand the service to five days on both acute sites and offer support at the community hospitals. We also restructured the End of Life Steering Group and continued to improve the way we collect data with regard to preferred place of care. The Trust's strategy was updated and we continued to monitor complaints and complete thematic reviews.

A comprehensive account of our work in addressing quality of care can be found in the Quality Account 2022/23. It includes where we need to do more and how we are addressing this, as well as reflecting on key achievements.

Environmental developments

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 the 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.

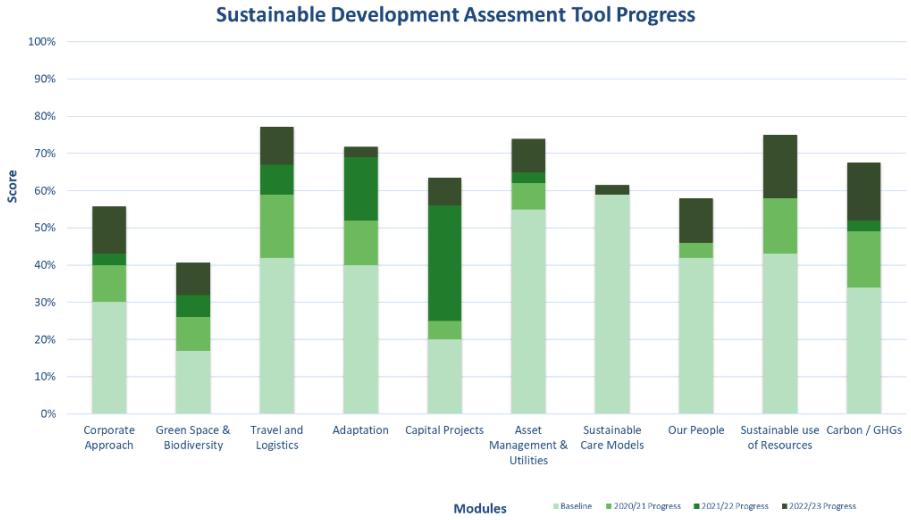
The Director of Estates and Facilities is the Trust's lead for sustainable development and carbon reduction. In addition to our three year Green Plan (2020-2023) and our Net Zero Update published in 2022, we have begun assembling the next iteration of our 2023-26 Green Plan. This sets out our commitment to reducing our environmental impact and promoting sustainable healthcare, enabling delivery of excellent patient care now and in the future.

Sustainability strategy

Our sustainability mission statement is: ***To become a leader in sustainable healthcare,*** aiming to reduce 80% of the carbon emissions we directly control by 2028-2032, and then to reach Net Zero by 2040.

Policies

To embed sustainability within our organisation, it is vital that we clarify the sustainability features in our processes and procedures. One of the ways in which sustainability is embedded is through our Green Plan. Our impact as an organisation on corporate social responsibility has historically been measured using the Sustainable Development Assessment Tool (SDAT) tool. However, although this tool has now been removed from service, we have continued to track our progress with a local version. Since our Green Plan was published in 2020, our SDAT score has steadily risen from 38% in 2020, 48% in 2021, 54% in 2022 and finally to 64% in 2023, signifying that a good amount of progress has been made over the last three years.



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 of the National Performance Advisory Group groups for car parking and sustainable travel and waste.

In the last year, we have significantly enhanced our communication and engagement levels. Firstly, we established our very own Twitter account @GreenerESNEFT, where we share a whole range of information and tips regarding sustainability. We have also updated our Energy and Sustainability intranet page with a greater amount of information on our current projects, and details on how staff can get involved. On the ESNEFT website, a dedicated page includes a link to the Green Plan.

We have introduced a range of schemes to boost staff engagement with the sustainability agenda and NHS Net Zero. Firstly, we launched our Energy Saving Campaign, which encourages staff to follow tips to help them save energy and reduce their carbon footprint, both at work and at home. We published our Green Pledge project, consisting of an online submission form where staff can specify what actions they will undertake in order to become more environmentally friendly.

We recently launched our Green Champions network. This group currently consists of over 50 members of staff who are passionate about climate action and sustainability. We have monthly meetings where we invite staff from a range of areas to talk through some of the things their department is doing to be more environmentally sustainable. We also offer staff some time to share their own thoughts and ideas.

Organisation Performance

Energy

Since April 2021, the Trust has switched to purchasing REGO backed 100% renewable electricity. In the last year, our building footprint has considerably increased with the addition of three community sites, and our ever growing acute hospital sites. However, even with these additions and the installation of 12 new electric charging stations at Ipswich Hospital, our energy consumption and carbon footprint has declined over 2022/23.

We have continued the rollout of replacing fluorescent lighting with LED Lighting at Ipswich Hospital, which will continue into 2023/24. Following the installation of new steam traps at the end of 2021/22, throughout the 2022/23 financial year we have been monitoring the effectiveness of the traps on our system. A reduction of 10.6% on our heating demand has been evidenced after taking the variances in weather into account, which has improved our system correlation between demand and weather conditions from 80% to 99%. The reduction in natural gas demand has been 522,385 kWh (or 104tCO2e) and our reduction from the incinerator of 2,460,774 kWh both combined to give a financial saving in the region of £39,000 per annum.

In the next year, we aim to publish a Decarbonisation Plan which will specify our route to reaching carbon net zero, with a particular focus on moving away from dependence on natural gas and the use of emerging technologies. We also intend to explore how the Hydrogen East project could assist us in our journey to net zero.

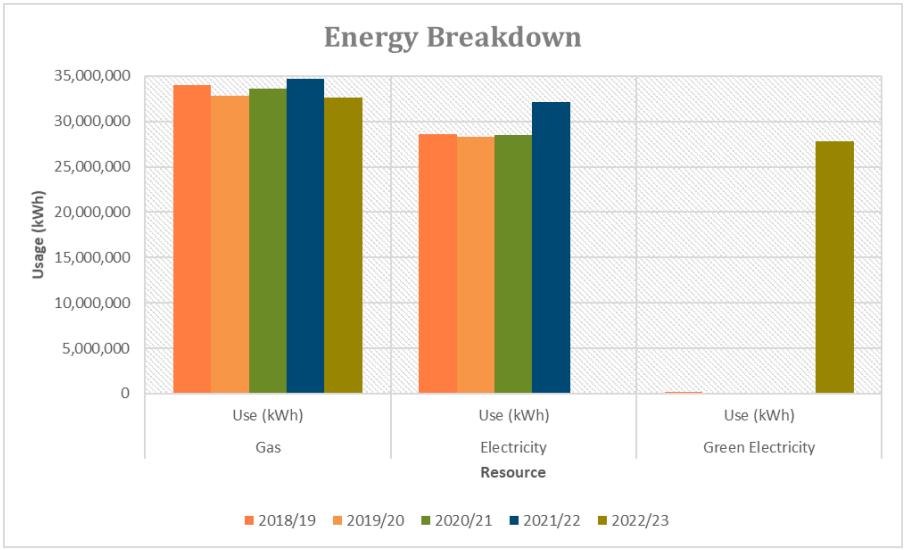
Energy used

Resource		2018/19	2019/20	2020/21	2021/22	2022/23
Gas	Use (kWh)	33,995,271	32,792,345	33,648,340	34,644,553	32,595,471
	tCO_2e	6,255	6,031	6,188	6,371	5,970
Oil	Use (kWh)	334,617	126,055	108,965	127,120	127,116
	tCO_2e	93	32	29	34	34
Electricity	Use (kWh)	28,549,523	28,248,752	28,539,262	0	0
	tCO_2e	8,770	7,833	7,238	0	0
Green Electricity	Use (kWh)	200,774	30,352	27,052	20,965 (PV) 32,175,148 (Grid)	18,884 (PV) 27,741,364 (Grid)
	tCO_2e	0	0	0	6,832	5,894
Total Energy CO_2e		15,118	13,896	13,455	13,237	11,899

Renewable energy

Colchester Hospital has two sets of solar photovoltaic panels, which generated a total of 18,884 kWh during 2022/23, reducing the amount of grid-supplied electricity used by the Trust and generating income. This figure continues to be lower than previous years due to works on the Interventional Radiology and Cardiac Angiography Centre.

Clinical waste from our sites is incinerated 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. We continue to explore opportunities 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.

During the year, bus and rail fare subsidies have been extended across both sites. Staff can use the Park and Ride for free at both Ipswich and Colchester Hospitals. There is also a 50% discount for all ESNEFT staff on Ipswich buses and First Buses, as well as a 10% discount on all train fares.

We currently offer access to the Cycle scheme, where staff can save up to 40% on the cost of a new bike. We are expanding the cycle to work scheme to use DASH rides, the salary sacrifice e-bike subscription, which should allow more staff to access this, including those in lower paid roles. In the last year, cycle shelters have been installed at Aldeburgh and Bluebird Lodge and another 30 cycle parking spaces have been created at Colchester Hospital. A motorcycle shelter has recently been installed near the Garrett Anderson Centre at Ipswich Hospital. No idling signage has also been installed at major pick-up/drop off points across both sites, and we are constantly reviewing the parking permit system in place to ensure those with the greatest need can park.

Every action counts and we are a lean organisation trying to realise efficiencies 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 support 'Clean Air for Colchester' and Ipswich Borough Council with air quality monitoring.

Waste

In the last year we have introduced a range of initiatives aimed at promoting a circular economy. Firstly, in July 2022, we launched Warp-It, an online marketplace to help redistribute resources legally and conveniently within the Trust for free. So far, we have managed to save over £28,000, avoided 6196 KG of waste and saved 12,998 KG of CO_2 from being released into the atmosphere.

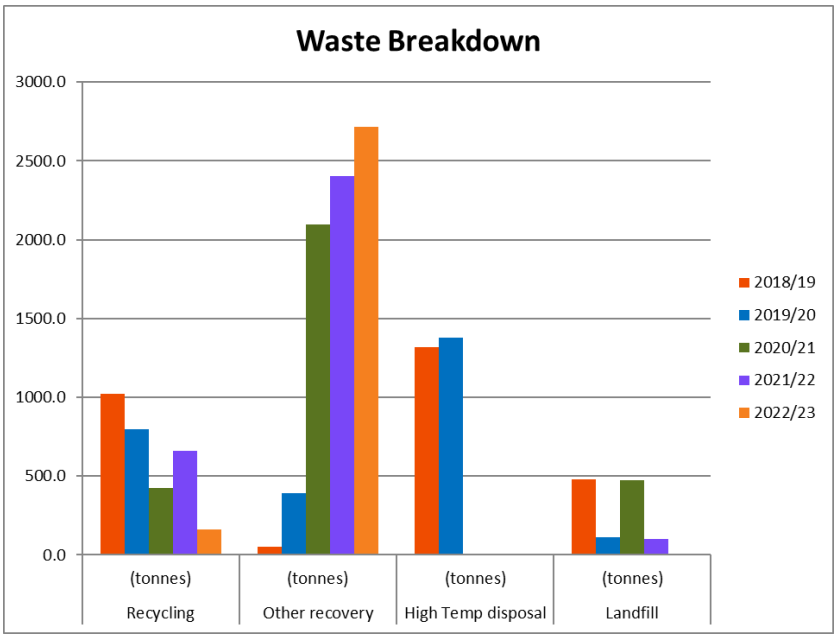
We have distributed a large amount of recycle bins in locations across our Trust to encourage the correct segregation of waste. A Reverse Vending Machine has recently been installed at Ipswich Hospital, with the aim of increasing recycling rates and reducing the amount of waste we send to landfill.

A WasteMaster Machine introduced at Colchester Hospital tackles the issue of food waste. The system uses unique technology to convert food waste, without bacteria, other additives, or water, into a virtually odour-free, much reduced quantity of reusable residual material. In addition to saving money and reducing carbon emissions, repurposing our food waste ends the need for it to be sent to landfill.

NHSE has recently published a new Clinical Waste Strategy which will drive a 30% reduction in carbon emissions and help the health service to meet its net zero targets. The document seeks to improve waste management practices among all NHS trusts and primary care operators to make them more efficient and sustainable to save on cost, improve function, and reduce the impact on the environment.

Waste produced

Waste		2018/19	2019/20	2020/21	2021/22	2022/23
Recycling	(tonnes)	1022.57	799.62	422.46	662.95	161.79
	tCO_2e	22.25	17.08	9.02	14.16	3.45
Other recovery	(tonnes)	49.52	393.08	2094.07	2403.88	2716.45
	tCO_2e	1.08	8.55	45.57	52.31	59.11
High Temp disposal	(tonnes)	1317.05	1380.19	0.00	0.00	0.00
	tCO_2e	289.75	303.64	0.00	0.00	0
Landfill	(tonnes)	479.50	111.63	475.89	101.55	0.00
	tCO_2e	165.18	38.45	163.92	34.98	0
Total Waste (tonnes)		2868.64	2684.52	2992.42	3168.38	2878.24
% Recycled or Re-used		37%	44%	84%	97%	100%
Total Waste tCO_2e		478.26	367.72	218.51	101.44	62.56



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 single-use plastics and have signed up to the NHS plastics pledge. Colchester and Ipswich Hospitals now use reusable sharps bins, reducing the volume of plastic going into the incinerator.

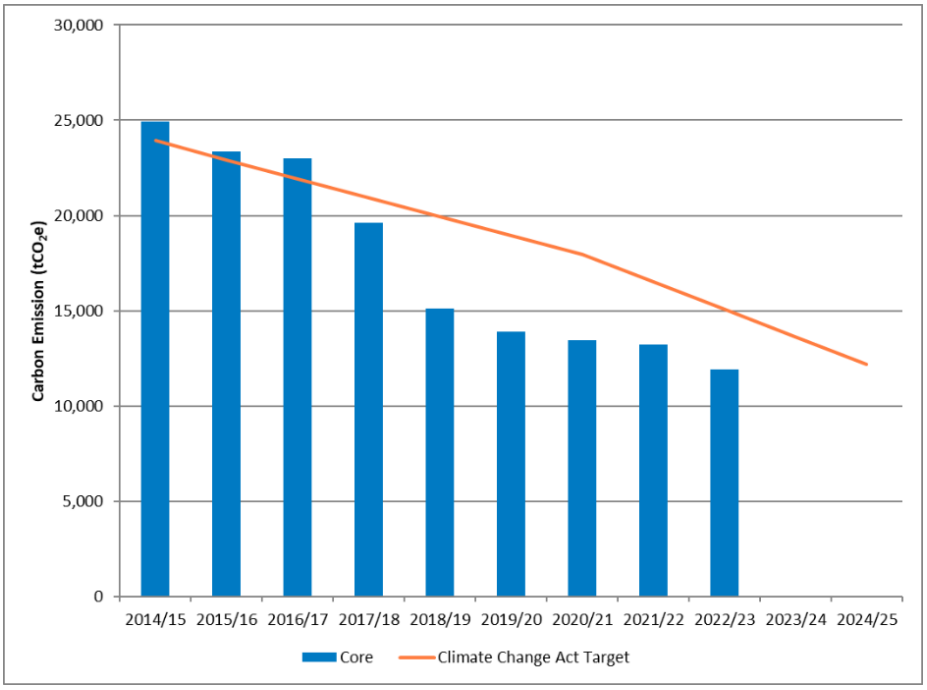
Finite resource use – water

Water consumption has decreased in 2022/23.

Water		2018/19	2019/20	2020/21	2021/22	2022/23
Mains	M3	220,691	275,242	290,916	280,780	225,468
Water	tCO2e	217	270	285	295	221

Energy, water and waste carbon emissions

Through the various schemes implemented to date, ESNEFT remains ahead of schedule and continues plans for achieving the net zero target.



Source: Systems link as at April 2023

Social value

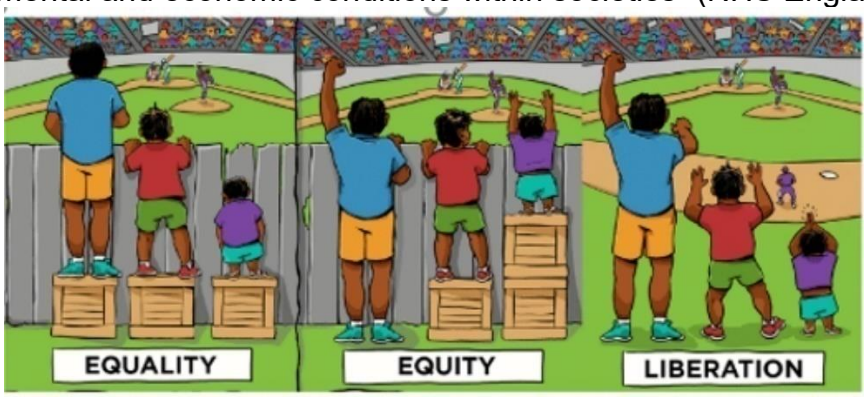
We recognise the contribution that commissioning, procurement and commercial can have in delivering sustainability and social value, and our duty under the Public Services Value Act. Social value and net zero are an important part of our strategic plans. From April 2022 we will implement a minimum of 10% or more net zero and social value weighting across all our future tenders, adopting the Government's Social Value Model in line with guidance from NHSE.

Adaptation

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, we have developed policies and protocols in partnership with other local agencies

Tackling health inequalities for our community

“Health inequalities are the preventable, unfair and unjust differences in health status between groups, populations or individuals that arise from the unequal distribution of social, environmental and economic conditions within societies” (NHS England).



An Inequalities Working Group has been established and a four-year strategy developed. The strategy aligns with the national CORE20Plus5 approach focusing on the most deprived 20% of the community, core ICS groups with poorer outcomes plus five clinical areas of health inequalities which include diabetes for adults and asthma for children and young people.

Our ambition outlined in the strategy is to “**ensure equitable access to our services and improve health outcomes for all our patients**”. This is supported by four key objectives:

- Get everyone involved in equity
- Identify and monitor health and healthcare inequalities using data
- Understand the causes of inequities and barriers resulting in them
- Create change together with our partners and communities and measure its impact.

The aims of the Health Inequalities Working Group are:

- To work with community partners and the ICS to align approaches and provide tailored support to our communities
- To implement population health management and personalised care approaches to improve health outcomes and ensure equitable access to our services within our localities
- To promote self-care and keeping well to our patients and consider how we can reduce health inequities that have been magnified by the Covid pandemic.

To improve equitable access to our services, we have:

- Introduced virtual clinics and virtual wards
- Reconfigured services, such as AMSDEC (acute medical same day emergency care) outreach and the Clacton Diagnostic Hub, to give priority to Tendring residents
- Improved access to translating services and offering tailored support in maternity services
- Supported patients on our waiting lists by linking to community services and social prescribers to provide advice and help with any wellbeing needs
- Prioritised patients with learning disabilities to take into account reasonable adjustments and timely assessments.

To support patients and those close to them we have adopted making every contact count (MECC). This is an approach to behaviour change that uses the millions of day-to-day interactions with organisations and people to support them in making positive changes to their physical and mental health and wellbeing. We have used MECC to support patients around mental health, healthy eating, finance, housing and carer responsibilities. MECC has now been rolled out to over 240 clinics, with plans to expand into community settings and primary care, linking with social prescribers.

Delivery of the strategy, has been divided into two strands; risk factor management and equity of access. Key projects commenced so far include:

Risk factor management

- Healthy Eating adults, to support our inpatients and staff to make healthier eating choices and by providing pictorial menus
- Tobacco Treatment service has been implemented across our inpatient wards and referrals are increasing each month. A total of 272 referrals over the first six months, translating into 98 patients stopping smoking Further work is underway to expand into pre-op assessment clinics. A community tobacco treatment service has also been rolled out in maternity
- Healthy Eating in Children and Young people pilot “Nourish” has taken place in the Tendring District with positive outcomes seeing an improvement in wellbeing and physical activity. A further Nourish pilot is now planned for central Ipswich
- Improved pre-operative assessment to manage co-morbidities and “keeping well” prior to surgery
- We have linked with colleagues at the University of Essex for opportunities to collaborate on research into public health management
- We are working with GP colleagues to reduce inequalities in cardiovascular disease outcomes with cholesterol and hypertension management.

Equity of access

- We have reviewed data of those patients on waiting lists to ensure we are not disadvantaging any communities, reviewed the impact of obesity, smoking and co-morbidities and also the number of cancer referrals. This has informed our work plans
- Pilot commenced in Tendring/Clacton unblocking barriers causing high “do not attends” and cancellation rates in our most deprived areas. We are working with clinicians to expand capacity for Clacton clinics
- Asthma in Children and Young people – reviewing data causing higher asthma admission and attendance rates from our most deprived areas. Working with GPs, pharmacies and schools to improve asthma management and care.

Patient engagement workshops in our most deprived areas are planned to fully understand “what matters” to them.

Further information on meeting our Public Sector Equality Duty and equality, diversity and inclusion, can be found within the Staff Report.

Financial performance

The Trust's accounts for 2022/23 have recorded a deficit of £5.6m (excluding the consolidation of charitable funds). This includes a significant impairment of assets of £6.4m. NHSE measure the Trust's financial performance after adjusting for certain items, such as impairments and donated income. On this measure, the Trust delivered a small surplus of £7k.

	2022/23 £m	2021/22 £m
Operating income	1,020.1	961.0
Operating costs	(1,010.7)	(956.9)
Operating deficit from continuing operations	**9.4**	**4.1**
Non-operating costs	(14.9)	(9.7)
Surplus/(deficit) for the year before gains arising from transfers by absorption	**(5.6)**	**(5.6)**
Gains arising from transfers by absorption	0	0
Surplus/(deficit) for the year	**(5.6)**	**(5.6)**

Consolidated accounts
The Trust has not consolidated the activities of the Colchester and Ipswich Hospitals Charity, whose activities are not considered to be material.

Overseas operations
The Trust has no overseas operations.

Financial outlook

The Trust has developed a draft plan for 2023/24 which was submitted to NHSE on 30 March. This draft plan was constructed in line with current national NHS planning guidance and forecasts the delivery of a break even position.

Cost improvement programme
It is our ambition to deliver a financial break even position in 2023/24. To achieve this, it will be necessary to deliver a cost improvement saving of £25.4m. This is 2.6% of the Trust's operating expenditure. Plans are being developed to achieve these cost improvements.

Cash funding
The Trust is not planning to be reliant on DHSC funding for cash financing.

NHSE 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 DHSC.

Long term planning
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 developed a long term financial plan.

The future NHS financial framework will continue to support system collaboration, building on the progress made by ICSs, as this will be the major unit for the purposes of allocations and financial planning.

The key elements of the 2023/24 financial framework are:

- Agreeing a 'glidepath' from the current system revenue envelopes to 'fair shares' allocations. In addition to a general efficiency requirement, NHSE will apply a 'convergence adjustment' to bring systems gradually towards their fair share of NHS resources
- The Health and Care Act 2022 sets the requirement that ICBs and trusts are held collectively responsible for their use of revenue and capital resources. Each ICB and its partner trust(s) will have a financial objective to deliver a financially balanced system, namely a duty to breakeven
- There will be additional revenue and capital funding to support systems to tackle the elective backlog and deliver the NHS Long Term Plan
- There will be increased clarity and certainty over capital allocations, with multi-year operational capital allocations set at ICB level and greater transparency over the allocation of national capital programmes.

In line with this guidance NHSE has issued the financial allocations for 2023/24 for Trusts, and up to 2024/25 for ICBs. The Trust will continue to regularly review its medium-term financial plan against prevailing conditions and update it accordingly.

Post year end events
In late April 2023 the Trust was moved into tier 1 of performance management due to the increased numbers of patients waiting over 78 weeks at the end of March. This followed a review by NHSE of its approach to oversight to ensure a focus on those providers in need of support. The Director of Elective Care had already invited the national elective intensive support team to visit us and provide support, and this visit took place during May. Our aim is to improve and reduce waiting times for patients as early as possible in 2023/24 – more detail on the improvements we have been making can be found on page 19.

Nick Hulme
Chief Executive
16 January 2024

Accountability Report

Directors' report

The accountability report covers all of the statutory disclosures relating to NHS foundation trusts and comprises the directors' report, remuneration report, staff report, foundation trust code of governance disclosures, regulatory ratings, statement of accounting officer's responsibilities and the annual governance statement.

Our Board of Directors – its role

As a unitary board, the non-executive directors (NEDs) share responsibility with the executive directors for ensuring that the right resources are in place to meet the objectives set. Collectively the Board has responsibility for:

- Providing leadership to the organisation within a framework of prudent and effective controls
- Supporting an appropriate culture, setting the 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.

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: the organisation's constitution containing 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 and Council of Governors, the matters which require Board and/or Council approval and those which are delegated to committees or executive management.

As set out at Standing Order 6.2, in an emergency or should an urgent decision be required, powers are exercised by the Chief Executive and the Chair after having consulted at least two non-executive directors.

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. Governors attend regular informal meetings with the Trust Chair, two governors are identified to observe each Board assurance committee and they can also attend the Board meetings held in public. Non-executive directors and members of the executive team are invited to attend Council meetings.

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 is made up of full-time executive directors and part-time 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 external 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.

The Chair leads both the Board and the Council of Governors, ensuring that the Board and Governors work together and there is an accurate record of decision making.

Members of the Board during this year were:

Name	Title
Helen Taylor	Chair
Nick Hulme	Chief Executive
Eddie Bloomfield	Non-executive director
Mike Gogarty	Non-executive director
Shane Gordon	Director of Strategy, Research and Innovation
John Humpston	Non-executive director
Hussein Khatib	Non-executive director
Adrian Marr	Director of Finance
Mike Meers	Director of Digital and Logistics
Mark Millar	Non-executive director and Deputy Chair
Neill Moloney	Managing Director/Deputy Chief Executive
Elaine Noske	Non-executive director (to 31 December 2022)
Fiona Ryder	Non-executive director (from 1 March 2023)
Richard Spencer	Non-executive director and Senior Independent Director
Giles Thorpe	Chief Nurse
Dr Angela Tillett	Chief Medical Officer
In attendance: non voting	
Rebecca Driver	Director of Communications and Engagement
Paul Fenton	Director of Estates and Facilities
Steve Parsons	Interim Director of Governance (from 16 August 2022)
Kate Read	Director of People and Organisational Development
Debbie O'Hara	Deputy Director of People and Organisational Development (September 2022-February 2023)

Associate non-executive directors, non-voting
Mark Ridler served to 31 July 2022
Andy Morris served to 31 December 2022.

Two new Associate non-executive directors joined the Trust early in 2023/24, Karen Sinnott and Usha Sundaram, for a two year term of office.

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

Register of interests
All directors, governors and decision-making staff are asked to declare any interests on the register of interests at the time of their appointment and this is updated on an annual basis. This register is reviewed and maintained by the Trust Secretary and is available for inspection by the public. The register can be accessed on the Trust's website at this link or by contacting the Trust's offices at the address on page 6.

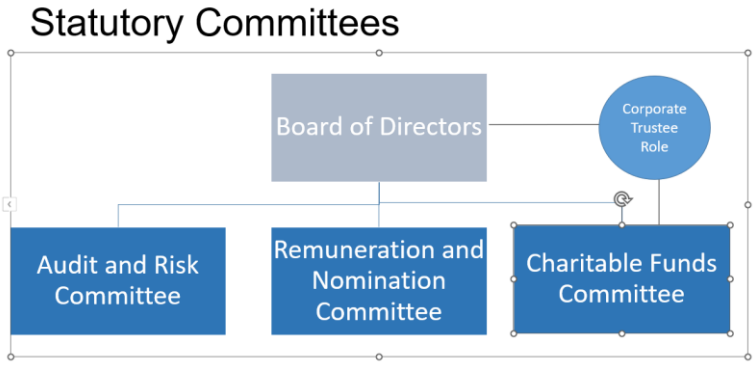
From July 2023, to ensure transparency, Board member interests will be included as part of the Board meeting papers, available on the Trust's website. Council of Governors' interests will also be included within their meeting papers from June 2023.

The Audit and Risk Committee continues its oversight of Trust-wide declarations, gifts and hospitality. The Standards of Business Conduct Policy is in the final stages of a detailed review and is due to be approved by the Committee in May 2023.

Meeting legal requirements
The Trust is required by law to operate within the terms of the Provider Licence issued by NHSE. Part of the requirement is that each Trust considers, on an annual basis, its level of compliance with the Licence's provisions, and makes a declaration accordingly in public to the Board. The draft declarations were reviewed by the Audit and Risk Committee at its meeting on 26 May 2022, and were approved by the Board in July.

The provider licence was revised during 2022/23 for all Trusts to take effect from April 2023.

A clear schedule of business is in place and regularly reviewed for both the Board and its Committees. The statutory committees are set out below.



The Board is also supported by its Assurance Committees:

- People and Organisational Development Committee
- Performance Assurance Committee
- Quality and Patient Safety Committee.

Details of the Audit and Risk Committee can be found on page 43 and the Remuneration Committees within the Remuneration report on page 65. The work of the charity is included in a separate annual report to meet the requirements of the Charity Commission.

Committee Terms of reference detail their responsibilities. All committees provide a Key Issues Report to the Board regarding the main sources of assurance and any alerts and escalation requiring further action or Board decision.

Details of how ESNEFT operates within the local health system as outlined in The Health and Care Act 2022, and the focus on collaborative working, are set out at earlier in this report.

The Chair and Chief Executive meet frequently to ensure there is good dialogue on the challenges facing the Trust.

The Executive Leadership Team meets, chaired by the Chief Executive as the Accounting Officer, on a weekly basis. The Executive Management Committee (EMC) manages the operational decision making through its monthly meetings, including all Executive Directors and divisional management.

Effectiveness and attendance

A well-led governance review was undertaken this year. Further details can be found on page 41. Alongside this, each Committee reviewed its own performance, reporting to the Board in early 2023/24. All actions are being amalgamated into the well-led improvement plan.

The Board held 11 formal meetings this year. These returned to in person meetings from June 2022. There have been no concerns raised regarding attendance and where a member is not able to attend a meeting for any reason, this is confirmed with the Chair and Trust Secretary. There is further work to do on the scheduling of Remuneration and Nomination Committee meetings, providing sufficient notice to enable all members to schedule these into their other commitments. This will be resolved in early 2023/24. Attendance at the Board and its Committees is as follows:

Attendance and appointment details for Board members are set out below:

	Board	Audit and Risk	Remuneration and Nomination	Council of Governors
Eddie Bloomfield	12 (12)	6 (6)	4(4)	5 (6)
Mike Gogarty	11 (12)	6 (6)	4(4)	1 (6)
Shane Gordon	10 (12)			2 (6)
Nick Hulme	11 (12)	6 (6)	3(4)	5 (6)
John Humpston	11 (12)	1 (1)	4(4)	5 (6)
Hussein Khatib	10 (12)		3(4)	1 (6)
Neill Moloney	12 (12)			
Adrian Marr	11 (12)	6 (6)		
Mike Meers	10 (12)	1 (1)		
Mark Millar	12 (12)	6 (6)	1(4)	5 (6)
Elaine Noske to 31/12/22	5 (9)		0(2)	
Fiona Ryder	1 (1)			
Richard Spencer	11 (12)		3(4)	6 (6)
Helen Taylor	12 (12)		4(4)	6 (6)
Giles Thorpe	10 (12)	2 (4)		
Angela Tillett	12 (12)			
Non-voting:				
Rebecca Driver	11 (12)	3 (3)		2 (6)
Paul Fenton	8 (12)			3 (6)
Andy Morris to 31/12/22	7 (9)	4 (5)	1(2)	
Steve Parsons	8 (9)	6 (6)		5 (6)
Kate Read/Debbie O'Hara	11 (12)		4(4)	1 (6)
Mark Ridler to 31/7/22	4 (5)		1(1)	2 (6)

The shaded area indicates that they are not members of that Committee.

Board development
Board development takes place in workshops and seminars. During the year, the Board had sessions on the Patient Safety and Incident Response Framework and patient safety, the well-led review, risk appetite and risk management, digital development, business planning and strategy development, and counter fraud and bribery prevention. A full programme is being developed for 2023/24, taking account of the requirements of the well-led governance review improvement plan.

About the non-executive directors

Helen Taylor
Appointed: Helen joined the Board of Ipswich Hospital in April 2016 and was then appointed to the Board of ESNEFT in 2018. She became Chair of the Trust in June 2019; reappointed from 1 January 2023
Term of office: Expires 31 March 2025

Chair of Board of Directors and Council of Governors; member of Remuneration and Nomination Committee.

Helen's career in health and social care spans more than 40 years and has taken her from ward to board. After an early clinical career as a nurse, midwife and health visitor, she moved into partnership working with local government and the common theme in all subsequent roles was seeking greater integration of services in the health and care system. Helen has worked at regional and national level including a lead policy role with the Audit Commission and was the statutory Director of Adult Social Services in a London borough and a large shire county. The latter part of Helen's working life has been a portfolio of roles including chairing a safeguarding adults board and Trustee and executive roles with voluntary sector organisations in Suffolk.

Helen holds a BA in Health Policy and a Masters in Business Administration.

Eddie Bloomfield
Appointed: 1 November 2018; reappointed 1 November 2021
Term of office: Expires 31 October 2024

Chair of Performance Assurance Committee and Charitable Funds Committee; member of Audit and Risk Committee and Remuneration and Nomination 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 Primary Care Trust.

Hussein Khatib
Appointed: 1 April 2019; reappointed 5 April 2022
Term of office: Expires 4 April 2025

Chair of Quality and Patient Safety Committee; member of Performance Assurance Committee and Remuneration and Nomination Committee.

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

Mark Millar
Appointed: 1 January 2021
Term of office: Expires 31 December 2023

Deputy Chair of Board of Directors, Chair of Audit and Risk Committee; member of Performance Assurance Committee and Remuneration and Nomination Committee.

Mark has a long and distinguished career in the NHS as a Chief Executive and Director of Resources, having held a number of roles. Mark served as a non-executive director at Royal Papworth NHS Trust for seven years. He was previously elected President of the Association of Chartered Certified Accountants.

Elaine Noske
Appointed: 20 May 2020
Term of office: Served to 31 December 2022

Chair of Innovation Committee (part year); member of Quality and Patient Safety Committee, Charitable Funds Committee and Remuneration and Nomination Committee.

Elaine has held a variety of roles during more than 25 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. Elaine served as a non-executive director with ESNEFT from May 2016 to November 2018 and re-joined as an interim NED in May 2020 before becoming substantive in November 2020. She was previously a school governor at Ipswich High School and a mentor with the Prince's Trust.

Richard Spencer
Appointed: 1 November 2018; reappointed 1 November 2021
Term of office: Expires 31 October 2024

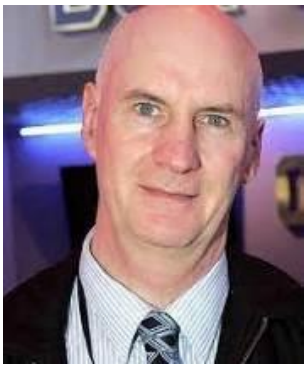
Senior Independent Director, Chair of the People and Organisational Development Committee; member of Performance Assurance Committee and Remuneration and Nomination Committee.

Richard 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.

John Humpston
Appointed: 1 November 2021
Term of office: Expires 31 October 2024

Chair of Remuneration and Nomination Committee; member of People and Organisational Development Committee and Charitable Funds Committee.

John began his career in the NHS as a Human Resources Director before going on to work at board-level in four national charities and professional membership organisations – Citizen's Advice, Royal College of Nursing, Crisis and Emmaus. He has held a variety of non-executive board roles in the public, health, community and voluntary sectors. John is currently a non-executive director of Living Sport, Groundwork East and Emmaus Cambridge. He is also the past Regional Director and Chair of East of England Samaritans and continues to work with the Samaritans as a listening volunteer.

	**Mike Gogarty** **Appointed:** 1 November 2021 **Term of office:** Expires 31 October 2024 Member of Quality and Patient Safety Committee, Innovation Committee (part year), Audit and Risk Committee and Remuneration and Nomination Committee. Mike lives in Suffolk and before retirement spent much of his working life in Director of Public Health roles in Essex. He started his career as a GP in Clacton and lived in Tendring for more than 30 years.
	**Fiona Ryder** **Appointed:** 1 March 2023 **Term of office:** Expires 27 February 2026 Member of the People and Organisational Development Committee, Quality and Patient Safety Committee and Remuneration and Nomination Committee. Fiona is a Fellow of the Royal Society of Arts with over 25 years' experience across the broadcasting, digital and commercial sectors. She was previously the founding Chief Executive of instore marketing and communications company The Cube Group before its profitable sale in 2006 and more recently the Managing Director of Archant's local TV station for Norwich and environs. Fiona is the Senior Independent Director at Suffolk Building Society, and an Executive Director at Bonza Music.

About the executive directors

	**Nick Hulme, Chief Executive** **Appointed:** 17 May 2016 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months **Twitter:** @Nickhulme61 Trust Accounting Officer. Responsible for corporate strategy, external relations, transformation plan, regulation and compliance, leadership. Nick has worked in the NHS for more than 30 years. He was appointed Chief Executive of Ipswich Hospital in January 2013, and became Chief Executive of Colchester in May 2016 prior to the merger to form ESNEFT in 2018.
	**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 Digital and Logistics** **Appointed:** 1 January 2018 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months **Twitter:** @Meersm Mike has worked within local NHS services for more than 27 years managing information technology services and their transformation.
	**Neill Moloney, Managing Director/Deputy Chief Executive** **Appointed:** 1 January 2018 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months Neill acted up as Chief Executive from 11 October 2021 to 21 January 2022, as Nick Hulme was seconded to work with the national vaccination team. 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, and Director of Infection Prevention and Control** **Appointed:** 23 November 2020 **Term of office:** Permanent **Notice period:** Trust: six months; employee: three months **Twitter:** @thorpe_gilesRN 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 Deputy Director of Nursing at Colchester Hospital and before that Deputy Director of Clinical Governance at Basildon and Thurrock University Hospitals. Giles has 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 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.

Board changes post year end
On 31 March 2023 Paul Fenton retired. Nick Sammons has been appointed to the role of Director of Estates and Facilities, joining ESNEFT in the summer.

George Chalkias joined the Trust in May as Director of Governance.

Karen Lough, who was acting into the interim Director of Elective Care position from March 2023, has now been appointed into the substantive role.

Neill Moloney has taken up a secondment within the National Urgent and Emergency Care Team from mid-May.

Giles Thorpe has been appointed as Executive Chief Nurse for NHS Mid and South Essex Integrated Care Board. Giles will take up this new role in August.

Confirmation of a Deputy Chief Executive and the recruitment arrangements to appoint a Chief Nurse will be agreed in early 2023/24.

NHS England's well led framework

ESNEFT continues to have in place:

- An established and embedded leadership structure at both 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, people 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.

At our last CQC inspection in 2019 the well-led was rated 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.

This year there have been two reviews/investigations by the CQC, a focussed inspection of medical/older people's wards in November 2022 and maternity services in March 2023, both at Colchester Hospital. The Board's Quality and Patient Safety Committee receives assurance on delivery of action plans agreed by management following any visit.

NHSE requires all NHS foundation trusts to complete a developmental well-led review every three to five years, which must be carried out by an independent third-party organisation. The aim is to review the governance processes of the Trust, and identify areas of good practice that can be shared with other organisations for learning and also areas for improvement.

The review was carried out by Delloitte LLP following assessment against a specification for the work to be undertaken. This included observation of the Board and a range of Board committees, interviews with directors, senior managers, governors, key external stakeholders, and focus groups of staff, plus an all-staff questionnaire.

A summary of the final report, together with an implementation plan for all of the recommendations, was presented to the Board on 4 May 2023.

There are many positive observations in the review including:

- **Trust Board:** A senior and experienced stable Board

- **Strategy:** We are seen as an anchor organisation and a system leader. We have a great strategic implementation programme and we are good at making things happen. There is clear momentum on our clinical strategy and enabling strategies

- **Culture:** Lots of great practice on diversity, freedom to speak up, guardians of safe working, staff networks, and equality diversity and inclusion. It is always a work in progress on culture, but we have done well in integrating organisations across the Trust, and much better than most. Our leadership development work is strong. On governance, accountability framework and the divisional AF, the professionalism and structure is good. Incident reporting is also very good and well embedded. There are lots of positives on risk with a strong policy, and the Board Accountability Framework is good

- **Information and data:** The Trust has a relatively low level of digital maturity due to an intentional decision to delay implementation of an Electronic Patient Record (EPR) system while the merger was prioritised. Despite this delay, improvements to infrastructure in other areas has been progressed including investment in community connectivity and in the self-serve BI (business intelligence) portal. The quality of data reported inside and outside the Trust is regarded as good

- **Stakeholder engagement:** Staff were positive about communications, about Chief Executive visibility, staff and leadership briefing sessions, and clinical Fridays are popular too. Externally, we have strong stakeholder engagement. Good work was noted on patient experience and patient experience stories at Board

- **Research and innovation:** We punch well above our weight here, but there are still opportunities to increase activity in this area

- **Areas for development** highlighted for us include: improving the cultural diversity of our Board, continuing to develop our organisational culture, how groups reviewing accountability work together, more attention on governance and risk management, and more work on engagement, making sure the patient voice is central in designing services and pathways.

You can read the summary document by clicking on this link.

The Audit and Risk Committee

The Audit and Risk Committee has been chaired by Mark Miller, non-executive director, throughout 2022/23. Membership is limited to three independent non-executive directors not including the Trust Chair. Meetings are attended by the Director of Finance, Director of Governance, Trust Secretary, the Head of Internal Audit, a Local Counter Fraud specialist and a representative of the External Auditors.

The Committee met on six occasions during the year. Attendance can be found on page 35. It is formed to:

- Discharge the responsibilities of an Audit Committee under Paragraph 23(8), Schedule 7, *National Health Service Act 2006*
- Review the effectiveness and assurance available regarding the internal control systems in place for the Trust
- Support the Board and the Accounting Officer in the appointment of an internal audit service
- Support the Council of Governors in the appointment of an external auditor
- Review, prior to Board consideration, the Annual Report and Accounts for the Trust, together with related audit reports
- Have oversight of the effectiveness of controls in place to prevent fraud, corruption and conflict of interest in decisions
- Have oversight of the risk management systems for the Trust; and support the Board in the management of the Board Assurance Framework.

Assurance is sought from several areas, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness:

- The work of internal audit
- The work of the Local Counter Fraud specialist
- External audit
- Through the representations given by Directors and managers as appropriate; and
- The findings of other significant assurance functions, both internal and external to the Trust, i.e. reviews by regulators or other professional bodies.

An internal audit function is in place, which is outsourced from an external third party provider, RSM UK Risk Assurance Services LLP. A detailed description of the work of internal audit and the significant issues considered by the Committee in relation to the financial statements, operations and compliance are included in the Annual Governance Statement.

The external auditors for the Trust during 2022/23 were BDO LLP, appointed for a three year period ending on 31 March 2024. Best practice is for a three to five year period of appointment. The position will be considered early in 2023/24.

The effectiveness of the external audit process is assessed by the Audit and Risk Committee through direct receipt of reports from the external auditors to the Committee, through a formal management report on their work and annual review. A meeting takes place at the end of the annual audit to reflect on the work undertaken, involving the Committee Chair, Chief Executive, Director of Finance and external audit representatives. The outcome is presented to the committee.

BDO did not provide any non-audit services during the year.

Developing services for our patients

Research and development

We are fully committed to developing and supporting research, which improves the quality and experience of care for local people, as well as making our contribution to wider health improvements. Strong delivery of our research and development strategy is central to securing our future as a leading clinical research centre for specialist care in the UK.

We continue to work with many different organisations nationally and internationally so that our patients can access new medicines, devices or treatments as part of clinical studies. As an example, our site will be running three Bispecific Monoclonal Antibodies studies providing access to the latest treatments for our cancer patients. In January we were delighted to recruit the first patient in the UK into a study at our Colchester site, a revolutionary ‘eye sponge’ to treat our patients for both cataracts and glaucoma at the same time. This study will help minimise patient recovery time and cost.

The past year has been busy for the research unit. As of the end of March 2023, we delivered relevant research to 4,832 patients, carers, colleagues, and healthy volunteers on 113 clinical studies, including those to reduce symptoms, increase survival times and improve quality of life. The top five areas of highest research activity by participation were diabetes (1218), women’s services (918), emergency medicine (887), cancer (527) and infection (197).

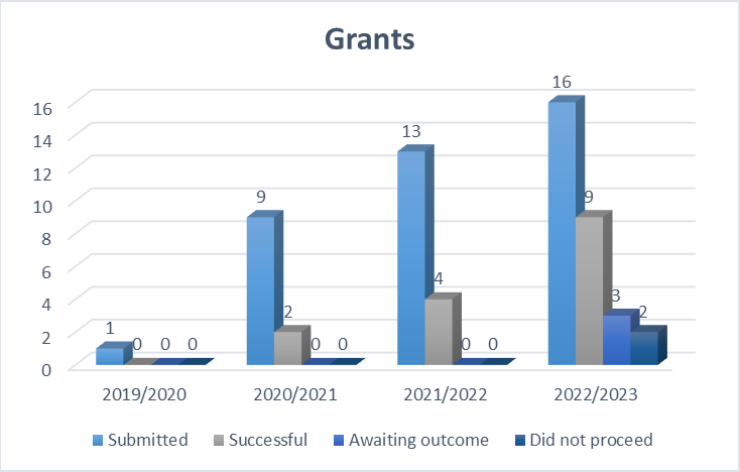
We continuously exceed recruitment targets for our studies and are often one of the top sites in England for recruiting into cancer studies. These include Mithridate - a study comparing drugs within haematology, Foxtrot - a cancer trial looking to personalise chemotherapy in colon cancer, Pivotal Boost - a cancer trial of prostate and pelvis versus prostate alone radiotherapy and Spruce - a study looking at electronic versus paper-based patient reported outcomes collection.

As shown by our women’s service recruitment, we have developed and grown our maternity research portfolio this year, recruiting the highest number of participants of any site to a pregnancy study aimed at identifying the causes of gestational diabetes. We continue to thrive within our diabetes portfolio, we constantly remain as the UK top recruiters in device studies, helping our patients to monitor and take control of their condition. We were also the top recruiter for the OPTION DM study looking at treatment for neuropathic pain in people living with diabetes; the results of the study were included in the Lancet in August.

Our employees have demonstrated the vibrancy and innovative practice of a research active organisation by increasing publications of conference abstracts and in high quality academic journals over the last three years (175 in 2020/21, 219 in 2021/22 and 206 in 2022/23).

We are committed to engaging with our patients, carers, participants and colleagues to explore ideas and help shape our research portfolio, including our own locally developed research. Highlights include:

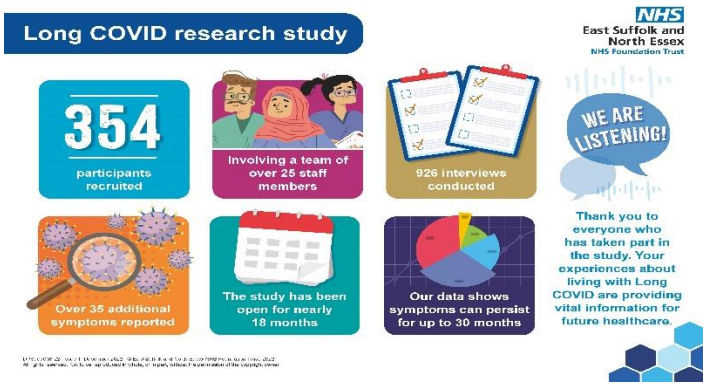
- In 2022/23, of our dedicated 141 consultant researchers, we had 31 who were trainee doctors, allied health professionals (AHPs), nurses, practitioners and midwives acting as principal investigators. We had three associate principal investigators enrolled and trained to lead clinical studies. This is in line with our strategy to expand our range and reach across the Trust to embed research into core business.
- Our researchers from across the Trust have the support and the infrastructure to help them enable patients to benefit from participating in research. We have supported 88 applications for locally developed research studies, with 15 successful grant awards:



Research grant applications and outcomes by year

GRANT FUNDED STUDY	DISCIPLINE	COLLABORATORS
EXPLORING A NOVEL PROGNOSTIC MODELS UTILITY IN CARE RESOURCE UTILISATION AND WHETHER IT CAN REDUCE CARER BURDEN AND ILLNESS BURDEN.	Parkinson's	UEA
GP AT HOME (AI) FOR PATIENTS WITH HF	Heart Failure	UoS
PARTNERSHIP REQUEST FOR THE DEVELOPMENT OF POINT-OF-CARE MEDICINE MANUFACTURE USING PHARMACEUTICAL 3D PRINTING	Pharmacy	UEA (Lead)
EXPLORING CARERS NEEDS OF THOSE PEOPLE CARING FOR PEOPLE WITH JARGON APHASIA	SALT	UCL
PPI INPUT FOR A MALE CATHETER DEVICE	Urology	Ingenion Medical
PPI INPUT FOR A FEMALE CATHETER DEVICE	Urology	Ingenion Medical
DEVELOPING A PHD APPLICATION TO EXPLORE JARGON APHASIA	SALT	UCL
PRE MSC INTERNSHIP	SALT	NA
BULDING A PHD APPLICATION FOR FUTURE FUNDING (SALT)	Physiotherapy	NA

GRANT FUNDED STUDY	DISCIPLINE	COLLABORATORS
PRAM - PERINATAL MENTAL HEALTH AND VIEWS ON EXERCISE	Perinatal Mental Health (Mental Health and Maternity)	UoS, NSFT
SERVICE EVALUATION OF THE CLACTON DIAGNOSTIC CENTRE	Cancer and inequalities	ESNEFT, UEA
NO RESEARCH ABOUT US, WITHOUT US	Learning disability	Multiple including; Cardiff University, Learning Disability England, SpeakUp, University of Leeds
LITERATURE REVIEW - ROMANY COMMUNITY AND RESEARCH BARRIERS	Disenfranchised groups in research	NA
A LITERATURE REVIEW AIMED AT UNDERSTANDING THE SUPERVISION MODELS FOR CLINICAL PRACTICE PLACEMENTS USED IN THERAPEUTIC AND DIAGNOSTIC RADIOGRAPHY PROFESSIONS.	Radiography	NA
SLEEP AND DEPERSONALISATION - ESNEFT PPI INPUT	Mental Health	UoE
LONG COVID	Long COVID	UoE



Pictured infographic for our LONGCOVID study, as part of our keep in touch participant newsletter

- We strive for inclusion for our patients and community. We strongly believe that patients providing feedback on research, so that research is done with them within the NHS, is of huge benefit. We actively encourage participation in designing and running studies. This year we had 89 people interested in shaping our research of which 48 attended our various patient and public involvement groups. We successfully competed for our first National Institute for Health Research grant, a development programme grant titled '*no research about us without us*' looking at removing research barriers for people with learning disabilities.
- Participation in our research experience survey this year (sample of 277) gave favourable results.

- 96% of respondents said the information they received prepared them for their experience on the study
- 95% knew how to contact the research team if they had any questions or concerns
- 99% said research staff have always treated them with courtesy and respect
- 98% said that they would consider taking part in research again.

- Research awards - The cancer research and development team were announced as winners of the Cancer Research Excellence Team Award at the regional 2022 NIHR Clinical Research Network Cancer Conference. The Trust's team was recognised for their exceptional work in merging our teams and cancer portfolio, ensuring significantly greater opportunities for patients to take part in cancer research.
- Our Synapse Centre The Synapse Centre for Neurodevelopment ESNEFT continues to expand. Our first sponsored study FAMILY is looking at gut bacteria of children with autism and their siblings who do not have autism, and this is underway. We also have in set up a registry of children with neurodevelopmental conditions which will provide a basic understanding of the level of need to serve this local population. No such database currently exists in England. As well as offering research opportunities the database will also be fundamental in planning and commissioning services.

The Trust is part of the National Institute for Health and Care Research and supports research of national and international importance. We have a sizable and varied portfolio of complex non-commercial and commercial clinical studies. Currently we are supporting commercial studies in the fields of oncology, haematology, diabetes, ophthalmology, neurology, spine surgery, general surgery, dermatology, gynaecology, paediatrics and obesity.

We continue to explore and aim to increase our commercial portfolio, supporting research naïve departments across our sites. We opened our first commercial study in paediatrics this year at our Ipswich site, a study called HARMONIE. This study is looking into the effectiveness of a vaccine for respiratory syncytial virus (RSV) in babies. The company was delighted with our high standard of setting up and delivery of the study, including exceeding our recruitment target. Our Trust is growing a sound reputation for leading on commercial studies, this year and we have been invited to lead and act as chief investigator on three pharmaceutical international studies.

Innovation

Delivery of our Innovation strategy saw significant progress. Highlights include:

- Robotic surgery
- Digital diagnostic services
- Artificial intelligence
- Support for innovators
- Advanced clinical skills and simulation training
- Apprenticeships
- Outreach Talent for Care
- Population health management

Robotic surgery

Our strategic commitment to developing robotic surgery has made big strides over the last two years with the introduction of four robots for abdominopelvic surgery and two for knee replacement procedures. This supports our ambition to continue to be at the forefront of minimally invasive surgery, deliver state of the art surgical techniques to the population we serve, and support education and research in robotic surgery.

We now have a growing reputation as a centre of excellence in robotic surgery and are a visiting site for abdominopelvic surgeons from across Europe to see the technique and its implementation. Our first robotic system was installed in 2020, with a further two systems procured in 2021/2022 to focus on Urology, Colorectal and Gynae-Oncology. We invested in a fourth robotic system at the end of 2022/23 that will enable us to move almost all our gynae endometriosis and colorectal major procedures to be robotic. We will be among the first in the country to do so, keeping ESNEFT at the forefront of innovation.

Pictured: Subash Vasudevan, General Surgeon with the DaVinci robot

Benefits to our patients from the move to robotic surgery are proving to include:

- Reduced length of stay in hospital
- Reduced conversion to open surgery
- Reduced complications and returns to theatre
- Reduced blood loss
- Reduced post-operative pain
- Faster resumption of daily life.

Investment in robotic surgery has also supported the recruitment and retention of surgical colleagues, with expert surgical consultants joining ESNEFT on a substantive basis, reducing the use of locum surgeons, and sought-after robotic surgery fellowships in place. Longer term, robotic surgery is also expected to enable an extended surgical career from reduced repetitive stress injuries for surgeons. This is certainly an investment in the future.

In addition to service delivery, a wider programme to support research and training in robotic surgery is underway. Relationships with The Griffin Institute and Anglia Ruskin University have led to investments in training in robotic surgery for ST4+ doctors as well as the collaborative creation of an MSc in robotic surgery, which will commence in September 2024. Research projects are under development for both knee replacement and abdominopelvic procedures, through The Institute of Excellence in Robotic Surgery, a partnership between our Trust, Anglia Ruskin University and industry. The robotics programme is also being used as part of our wider schools outreach activity to inspire the next generation towards health careers.

Digital histopathology

Our collaboration with Norfolk and Norwich University Hospitals NHS Foundation Trust (NNUH) and West Suffolk NHS Foundation Trust (WSFT) to introduce digital histopathology across our respective Trusts has continued during 2022/23. The necessary technology has now been secured and installed. Technical “go live” dates are May 2023 for Colchester Hospital and June 2023 for Ipswich Hospital. This will allow for pathologists to begin their training and validation process to use the system.

Soon after, we will begin to see benefits for our patients and for the Trust including:

- Faster reporting times and removing the need to outsource samples, improving our turnaround times for diagnosis, and enabling productivity to increase by 12%
- Faster second opinions by enabling digital images to be viewed instantly by colleagues at NNUH and WSFT
- Improved quality of diagnoses through more accurate accounting and measurements of samples
- Improved quality of meetings due to images being more readily available for multi-disciplinary teams in a timely fashion
- Enabling the introduction of artificial intelligence (AI) technologies which are thought to provide efficiency gains of between 20 and 40%
- Improved staff retention and staff recruitment
- Reduction in outsourcing and recruitment of locums.

The introduction of AI in clinical settings

- **E-stroke:** We worked with Oxford-based Brainomix to introduce E-stroke software in August to improve stroke care. E-stroke uses AI to analyse images of the brain and blood vessels, and automatically flags blockages to clinicians to help guide treatment decisions, potentially helping patients receive life-saving treatment more quickly. The technology allows scans to be securely and quickly shared 24/7 with colleagues at specialist centres to gain a second opinion to support fast diagnosis and treatment. It has been funded for three years by an award from NHSX. We await the conclusions from our first year of using the technology, due to be available in 2024.
- **Heartflow:** Introduced through the national Medtech Funding Mandate Programme, Heartflow provides a non-invasive cardiac test which gives a detailed view of a patient's coronary arteries. It enables physicians to create more effective treatment plans for patients with coronary artery disease by creating a digital 3D model of the arteries via a non-invasive CT angiogram. Computer algorithms are used to solve millions of complex equations which assess the impact that a blockage has on blood flow. Conclusions from an evaluation of our first year using this technology are due to be available in 2024.
- **C2-AI:** C2-AI uses AI to support elective patient waiting list management, enabling the prioritisation of patients and aiding capacity planning processes to help reduce risk. With the support of the Eastern Academic Health and Science Network, ESNEFT has helped to evaluate the benefits of the technology and what impact it might have on our waiting lists. Conclusions from this evaluation will be available in 2024.
- **Qure.AI:** Funded through the SBRI Healthcare Cancer Programme, this AI tool supports the interpretation of chest x-rays and is believed to be able to detect multiple abnormal findings in less than one minute. Scans can be separated between abnormal and normal scans interpreting abnormalities in the lungs quickly, in turn aiding diagnosis and leading to better outcomes. The funding will allow for evaluation of the technology "in the field," with ESNEFT being one of several trusts taking part. The research project will commence in early 2024.

Supporting the innovative ideas of ESNEFT staff

The Innovation Team has continued to support staff in exploring their ideas for new ways of doing things, or for innovative new products or processes that would help either patient outcomes and/or the care they receive, and the work of the Trust. Across the year, many have been supported with advice and guidance on market analysis, product development, intellectual property rights, design and funding opportunities.

The development of an idea to the fruition of a working product or technology can take many years, assuming it is viable. One such idea that has taken several years to develop from its original prototype designs, but which has now been introduced into the Trust, is the "Bedhead Tidy". Two employees developed and designed the simple but excellent innovation, which the Innovation Team has supported in securing the funding to pay for design right protection and the manufacturing of 1,000 units. Over 930 bedhead tidies have now been installed in wards across ESNEFT. This innovation creates a tidier storage of oxygen tubing at the head of a patient's bed and improves the ease of access to this equipment, particularly in an emergency.

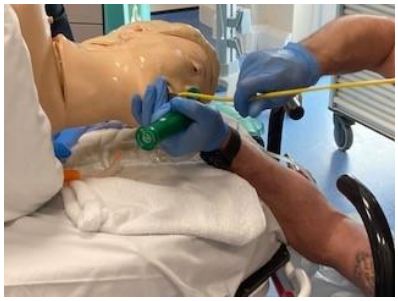
Pictured: Jane Kemp, Ward Sister – Easthorpe, and inventor Steve Connew, Medical Gases Engineer

Advanced clinical skills and simulation training

2022/23 saw further investment across both sites to increase access to the latest in simulation technology, enabling quality training for our clinical staff and ensuring a higher quality of care being delivered to patients. The new purchases better reflect the diverse nature of our workforce and patients.

East Anglian Simulation Training Centre, Ipswich Hospital

This year we have added additional in situ simulation training in the emergency department, theatres, and the Rushmere Day Unit alongside teaching within the centre. This has enhanced interdisciplinary learning within clinical teams' areas of work.



We have introduced new courses, such as the new regional Airway Crisis Course. Delegates included anaesthetic staff and Operating Department Practitioners, and the emphasis of the course is to ensure delegates can manage difficult airways that often occur under stressful circumstances. We adapted the manikins especially for the course to simulate difficult airways due to vomiting and debris. This added realistic challenges for the delegates to assist them in dealing with these incidents within their clinical practice.

ICENI Centre, Colchester Hospital

We have expanded the breadth of the Centre's curriculum and relevance to a wider group of clinical professions. 6,026 learners undertook training in 2022/23, far more than in previous years. Examples of the expanded curriculum that is helping our clinical workforce to enhance their patient care include:

- Ophthalmology - The inaugural East Anglian Glaucoma Microsurgery Symposium was held in 2022, which included full hands-on surgical simulation training in the ICENI Centre wet lab as well as a series of lectures from key speakers across the UK. In collaboration with the Royal College of Ophthalmology, a range of courses and masterclasses are now being delivered through the ICENI Centre supported by the latest in high tech simulation equipment.

- Gynaecology – In addition to its existing curriculum offer, gynaecology colleagues ran the first ever course in collaboration with Cooper Surgical using high fidelity tissue model simulation, helping to recreate surgery for gynaecological procedures such as hysterectomy.
- Neurology and Ear, Nose and Throat (ENT) – 2022 saw the first "Complex Surgical Approaches to the Skull Base", held at Ipswich Hospital using cadaveric heads and training delegates from across the UK as well as ESNEFT. Led by neurological and ENT surgeons, the feedback from learners was so good that the course is to be repeated in 2023.

Picture: The dental skills room in readiness for the Complex Surgical Approaches to the Skull Base course

Apprenticeships

2022/23 has been a very successful year for apprenticeships. The Trust has taken a significant step change to use these as a vehicle to train and upskill our staff, and to optimise the utilisation of the Trust's Apprenticeship Levy.

In April 2022, we became an Employer Provider of Apprenticeship Training, allowing ESNEFT to deliver apprenticeship training to its own staff, initially in a limited number of Apprenticeship Standards where it makes sense for ESNEFT to be the provider. This move is part of a broader range of initiatives we have taken to provide a Trust-wide strategic approach for the delivery of apprenticeships. These initiatives will deliver the following benefits:

- increase the number of apprenticeships within ESNEFT to around 500 per year
- use apprenticeships to improve career development pathways
- increase our offering to entry level staff to undertake an apprenticeship and improve the retention and recruitment of entry level staff groups
- increase the breadth of apprenticeship opportunities available to staff regardless of job type, banding or location
- use apprenticeships as a vehicle through which the Trust can enhance its leadership and management capabilities
- make full use of the Trust's annual Apprenticeship Levy and recover as much of the Apprenticeship Levy already paid into the ESNEFT Digital Apprenticeship Account as possible
- satisfy our public sector target of a minimum of 2.3% of our workforce undertaking apprenticeships each year.

Significant progress has been made:

- 2022/23 saw the highest ever number of apprentices on the programme, with over 314 staff undertaking an apprenticeship by the end of the March, an increase of 46 from the previous year. 193 of these have been new apprenticeship starts in the year, 75 with our new internal training arm.
- An increase in Apprenticeship Levy spend, including an increase in the sharing of our Levy with other healthcare organisations within the ICB. £1,095,343 has been utilised to train our apprentices this year, which represents an increase of over £190k from the previous financial year.

- Growth in the volume of Apprenticeship Standards available to our staff, with 61 being utilised across the organisation. This illustrates an increase in the breadth of roles across ESNEFT which are being supported by apprenticeships. In particular, the year has seen the creation of new developmental opportunities for many of our AHPs and support staff. These include new apprenticeships being offered to the following roles:
    - Speech and Language Therapist
    - Dietician
    - Diagnostic Radiographer
    - Therapeutic Radiographer
    - Physiotherapy
    - Assistant Practitioner - specific AHP pathway.
- Relaunch of the Nursing Associate in September 2022 providing greater opportunities for progression for internal staff.
- The retention rate of apprentices for our internal delivery arm, as an Employer Provider of Apprenticeship Training, is over 94%. The predicted success rate for the next academic year is currently at 82%, which would put ESNEFT significantly above the current Department for Education benchmark of 60%. Feedback from apprentices and their managers has been excellent to date:

'I have learnt something every day and feel I have been given all the support I have needed so far.'

'Tutors are very supportive and give good feedback to ensure improvement is being made.'

'Very pleased with the support given to our apprentice'

Outreach - Talent for Care

Our community outreach work through the Talent for Care team has an ambitious workplan for the 2022/23 academic year, doing more than ever before to widen participation and highlight the opportunities that health and care careers offer.

Work with schools

Aside from attending more generic careers events in the community, the team has a dedicated programme of events with schools and colleges that will engage with over 1,000 students during the academic year. Highlights include:

- Our first ever ESNEFT Careers Fair held at the Colchester Stadium. There were 21 stations all representing a different career within the NHS, with each using an exciting interactive element to fully engage the students. We had a footfall of over 500 students across North Essex and East Suffolk in attendance throughout the day, 180 of which were students from seven schools that serve disadvantaged communities.
- Two Medical Careers Days were held to inspire and educate the next generation of doctors. 95 students took part in a range of practical skills stations; basic life support, suturing, cannulation and GP history taking. They heard first hand from senior medics, including our Director of Medical Education, Deputy Chief Medical Officer and even a local MP/doctor. All students were provided with work experience information and application forms so we hope to accommodate placements for these students in the very near future.

- We have numerous exciting ESNEFT outreach events in the pipeline; AHP Masterclasses, an ODP day, Therapeutic Radiography day, Careers Expo with Colchester Institute, NHS and Wider Healthcare Insight Days, “Restart a Heart” and NHS Careers information days for our local careers advisors/teachers, as well as repeating the successful events we have already hosted to date.
- In collaboration with Anglia Ruskin University we will be launching in September 2023, “NextMedic”, a programme for students who meet the “Widening Access to Medicine Scheme” criteria and have aspirations to become a doctor. The programme will be open to students in Year 9 and span over five years. On successful completion of the programme students will have the opportunity to apply to medical schools and where applicable will be made a lower conditional offer.
- The team is also in discussions with Anglia Ruskin University over possible involvement in the launch of Medical Doctor Degree apprenticeships in 2024 which, when up and running, will provide a natural follow on from “NextMedic” and help widen participation in the programme.

Pictured left: Students at the ESNEFT Careers Fair experiencing VR headset used to train Doctors.
Pictured right: Attendees of the ESNEFT Careers Fair

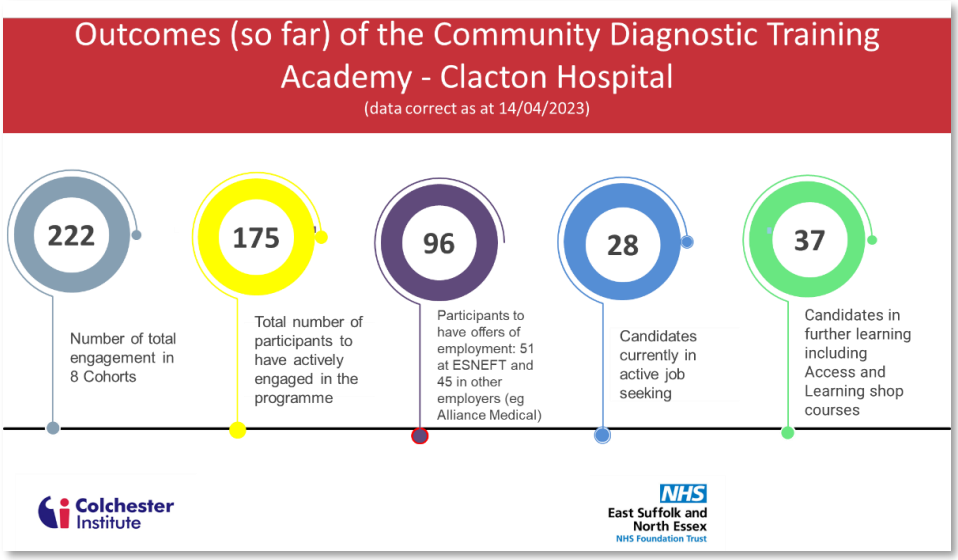
Work experience
Since relaunching our work experience programme in August 2022, 297 work experience opportunities for school/sixth form students have been provided, with a further 198 applications being processed for the summer term. The aim is to accommodate 500 students during the 2022/23 academic year, far exceeding the previous number of 265 in 2019, making this already the most we have ever had at ESNEFT.

Further education
We now have Memoranda of Understanding with both further education colleges in our catchment area, Colchester Institute and Suffolk New College. This has allowed us to work collaboratively on numerous projects to support their students and develop a pipeline of potential employees for the future. 62 placements have been accommodated in clinical settings for BTEC Health and Care students and our first cohort of pathology placements for their Laboratory Sciences T-Level students will commence in spring 2023. These placements are additional to the courses and provide students with invaluable insight into both the NHS and ESNEFT, influencing their future career choices.

Internships
In 2022 we launched our first ever internship programme for students with special educational needs at Ipswich Hospital, in partnership with Suffolk New College. The aims of the programme are to provide work placements on rotation across an academic year in which interns gain vital employment skills, and to enable them to apply for jobs following the internship and completing college. It has been a successful first year with two of the interns already securing paid employment with the OCS Group, our facilities service partner at Ipswich Hospital. We are in discussion with Market Field Special Educational Needs College with the aim of replicating the programme in Colchester in 2023/24.

Training Academies
We launched an innovative training academy model in late 2021/22 to recruit entry-level diagnostic and administrative staff from the local population in Tendring for the Clacton CDC. This was a partnership with Colchester Institute, funded by a successful bid to the Community Renewal fund. The success of this pilot has led to the securing of further funding to extend the model to other workforce requirements and the creation of a number of other training academies across ESNEFT and the ICB's footprint:

- Clacton – The Community Diagnostic Training Academy has supported 222 participants, with positive outcomes (employment or further learning) for 133 of these, of which 96 have secured jobs. It continues to support seven overseas-qualified health professionals with English language classes, in order to assist them with securing Nursing and Midwifery Council or General Medical Council registration:



- Ipswich – The Ipswich Community Training Academy, in partnership with Suffolk New College, is predicted to be our most popular training academy yet, with over 70 participants registering their interest for the first intake in March 2023. C
- Armed Forces – The Armed Forces Training Academy, starting in February 2023, offers a route into non-clinical NHS employment for those who are a part of the wider Armed Forces community, with the training academy forming part of ESNEFT's commitment to the Armed Forces Covenant.
- General Practice – Plans have been developed for a pilot programme to be launched in north Essex in May 2023, preparing candidates for entry level roles in General Practice. This academy will be delivered in partnership with the Suffolk and North East Essex (SNEE) Training Hub.

Population health management
Since 2021, Health Education England East of England (now part of NHSE) has funded a regional population health management (PHM) team hosted by the Director of Strategy, Research and Innovation. PHM is an approach involving using linked data to understand and predict the current and future health and care needs of the population. This is then used to support planning and delivery of proactive and preventive care to improve the health of the population.

The aim of the team is to help organisations in the East of England with the delivery of population health management and associated enablers to improve local population health and wellbeing and address health and healthcare inequalities. We work across six ICSs in the region and have carried out several activities to support this aim during the past year:

- We continued to develop as a technical hub for PHM for ICSs and their organisations to access and provide leadership through partnerships across regional organisations and teams including:
    - translating national strategy
    - holding a cross-ICS workshop to share experiences
    - collaboratively reviewing PHM capabilities in each ICS to identify areas of good practice and development, and requirements for regional support.
- We carried out population health intelligence skills mapping with ICSs and held a cross-ICS workshop with regional intelligence colleagues to review the findings and identify analytical workforce development themes and challenges to follow up.
- We continued to develop the regional PHM network to bring together the workforce involved with PHM across settings and ICSs, supporting their development of skills. This included sharing resources, developing resources where none were available such as on the use of Theographs[1], a visual representation of healthcare activity over a period of time, providing good practice examples, building on an online information library and delivering six webinars.
- We are a member of Suffolk and North East Essex ICS diabetes committee and provide technical input into identifying priorities through presenting and interpreting diabetes population health and health inequalities data. We are building on this by working with ESNEFT colleagues on a project reviewing taking a PHM approach to inform targeting of clinical approaches to reduce the frequency of complications resulting from diabetes.
- We are a member of ESNEFT's health inequalities board and provided technical input into development of the strategy on the background and relevant policy guidance.

We have successfully recruited to the team a trainee health psychologist in workforce redesign, who is working within ESNEFT on behalf of the region. This is a trailblazing new national programme, providing a funded training opportunity for health psychology for each region in England. The programme will involve local projects looking at where behaviour change is vital to introduce new ways of working and how to support the workforce. An example of this is addressing health inequalities and embedding this in day-to-day work, developing and conducting research projects and delivering training to the workforce.

[1] How to use Theographs to better understand individual stories and improve patient care - Imperial College Health Partners

Service developments

We are continuing to change the landscape of care and improve life for patients with our multi million pound investment programme which we call Big Builds.

Earlier in this report you will have seen how the Clacton Community Diagnostic Centre (CDC) is transforming care for local people and their employment. It is also transforming the service that we provide to patients. People living in north Essex can now get fast access to health tests such as CT scans, x-rays and ultrasounds at a time convenient to them at Clacton's new CDC. The centre has been created in space at Clacton Hospital, which has been given a £9.6 million facelift. Patients are able to have their tests in state-of-the-art surroundings, but will also wait less time to be seen. As the CDC caters largely for outpatients and people referred by their GP, it can offer CT scans within just two weeks compared with six at Colchester Hospital, which means that patients will also get their results more quickly. The CDC offers fast, convenient access to a wide range of diagnostic tests without the need to wait.

"The CDC doesn't see any emergency patients, which means there's far less chance of your appointment being cancelled," said ESNEFT programme director James Archard.

The refurbished centre includes new CT, blood testing and cardio-respiratory suites, where patients can have lung function tests, echocardiograms and ECGs. Work is now taking place to add 30 additional spaces in the car park where patients can park for free. The CDC is open seven days a week, from 8am to 8pm.

The next phase of the project sees a further £14.2m invested. A permanent MRI suite will be created to replace the mobile unit which is currently in the car park, along with additional ultrasound capacity, two more x-ray suites and space for future urology and endoscopy services.

Our new Breast Care Centre at Ipswich Hospital opened this spring. This centre will help us to make sure that every breast care patient has the best possible experience when they come to hospital. It brings together all elements of care under one roof which means that our patients can be imaged, biopsied where necessary, and see their clinician in one place. The new space also allows us to offer self – referral and new services in the future, such as dedicated clinics for men and young people, which will make a significant difference to our patients.

It has been made possible thanks to a partnership between NHS funding from ESNEFT and the Blossom Appeal, which was a fundraiser organised by Colchester and Ipswich Hospitals Charity. Thank you to everyone who supported our fundraising appeal so generously.

Building work for The Dame Clare Marx Building at Colchester Hospital for the new elective orthopaedic centre is also well underway. The new state-of-the-art £64million surgery centre, opening next year, is for patients from Essex and Suffolk who need planned orthopaedic operations on bones, joints and muscles, such as hip and knee replacements. It will mean fewer cancelled operations and shorter patient waiting times. The centre will be named after the late Dame Clare Marx who was an orthopaedic surgeon at Ipswich Hospital and the first female president of both the British Orthopaedic Association and the Royal College of Surgeons of England, and chair of the General Medical Council.

Our new Urgent Treatment Centre at Colchester Hospital is now fully open after the final part of the programme, a new resuscitation department which opened in March. It is a brightly lit open space with private bays for patients coming through the ED. The ceiling has also been reinforced to help the theatres team working above with their new robots during surgery.

A new children's centre, where young patients and their families can now receive care in bright, spacious and welcoming surroundings, opened at Ipswich Hospital this year. The extensive project has seen 14 clinic rooms, a phlebotomy room, medical day-case unit, accessible toilet, themed reception, waiting area and parents' room created. This is also being paid for with a combination of NHS investment from ESNEFT and funds raised through Colchester and Ipswich Hospitals Charity's Children's Appeal.

Improving information and support for patients and carers

We continue to work closely with our communities and patient groups. Our patient advocates have met with the head of patient experience and with executive directors during the year. We have also worked in partnership with Healthwatch Essex and Healthwatch Suffolk.

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 listen to our patients, relatives and loved ones and aim to make the complaints process accessible and responsive. The feedback we receive is used to make improvements to treatment, care and patients' experience of care. We collect patient feedback from many sources and use this information to inform service development and improvement programmes, ensuring we include our patients in every decision or improvement we make.

The Accessible Information Standard sets out the requirements for NHS Trusts to identify and record individuals' information and communication support needs. For the past year, a working group has been looking at the systems in place to ensure the standard is met. We have specifically focussed on our learning disability and visually impaired patients at Ipswich Hospital and this will be rolled out across both sites imminently.

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. More information can be found in the Council of Governors and Membership section.

Due to the COVID-19 pandemic, limited events took place during 2021/22 with our Patient User Groups. However, recruitment events were held in early 2023 at each site to recruit new volunteers and raise awareness of what patient-led groups can do to support staff and patient experience.

We have been working in partnership with our patient representatives to meet and identify Trust-wide trends, themes and areas for improvement. We have integrated representatives from the surrounding areas of the various sites which form ESNEFT so that one user group works in co-production and makes sure the patient voice is heard. Representatives are also invited to sit on our Patient Experience Group.

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 ED 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 Committee.

Compliments are recorded and reported monthly. 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 review issues which have been raised online.

The patient experience team works with patients, relatives and loved ones and use their experiences in person or by video at the monthly Board of Directors' meetings.

The Patient Experience Group, chaired by the Chief Nurse, monitors activities relating to learning from and improving patient experience. The group meets bimonthly and has patient representation to ensure that the views of the public are heard. Information reviewed by the Group includes complaints, compliments, the FFT survey results, local and national patient survey results, focus group activity and 15 steps experience visits to wards. At each meeting, there is a presentation from two of the divisions highlighting developments, initiatives and good practice relating to patient experience.

The 15 steps visits started in 2022 and were made to wards and departments: verbal feedback is given at the time of the visit to senior staff. Most of the observations made have been positive, especially regarding staff being welcoming and cleanliness of the ward. Areas for improvement have identified tidiness and the need for minor refurbishments.

Online feedback
NHS Choices, Care Opinion, Healthwatch Suffolk and Essex allows people to leave compliments or feedback about our hospitals and services. These comments can be seen by anyone who visits the website and helps people to make decisions about where they choose to receive their treatment.

ESNEFT was reviewed 165 times between April 2022 and March 2023. This total included seven from Care Opinion, 18 from Healthwatch and 140 from NHS Choices. Our patient experience team responds to the reviews, signposting patients to relevant services and departments as appropriate, and escalating any issues as required.

Social media is monitored and responded to by the Communications team.

Patient advice and liaison service (PALS)
Our PALS team 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 for this financial year was 5,291, compared to 6,478 in 2021/22. This is a decrease of 18.32%.

Compliments
999 compliments were received this year 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.

Complaints
The Trust received 1,424 complaints up to 31 March 2023, compared to 1,217 received in 2021/22. 78.26% of complaints received were responded to within 28-working days, or an agreed revised timeframe, against a Trust target of 100%.

We have worked extremely hard to improve the quality of complaint responses. However, in some cases, the complainant has remained dissatisfied 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 145 complaints re-opened this year.

Referrals to the Parliamentary and Health Service Ombudsman (PHSO)
ESNEFT received a total of 20 contacts from the PHSO. Seven of these contacts were an enquiry only, seven cases were assessed but not taken further into an investigation, two were fully investigated yet not upheld and four are currently open and under 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.

This year the 92.9% compliance was achieved in making courtesy calls within one working day and 98.1% compliance in sending out acknowledgement letters within three working days

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.

Patients who raise concerns about their care and treatment should be treated with the utmost respect for taking the time to give the organisation feedback about their experiences.

A complaints workshop was held on 30 September 2022, hosted by the Chief Executive and Chief Nurse, and attended by the complaints team, patient experience members and clinical staff. The purpose of the workshop was to review and discuss the current processes for receiving and responding to complaints and ensuring that patients received their letters in a timely manner, were answered respectively and appropriately, with support provided throughout. The outcomes are set out below:

- The Chief Executive proposed that email addresses for all wards would be considered by the communications team to reduce the calls coming into wards, to be overseen by the ward clerks
- The Chief Executive's office would be available for divisions to undertake meetings, as there was concern due to the lack of available suitable meeting venues in the organisation
- Roles and responsibilities were discussed and the Complaints policy will be updated accordingly
- It was agreed that template letters needed to be unified across both sites and further work was required to ensure they were updated and relevant. This work is being undertaken by the head of patient experience and complaints and PALS Manager, involving our service users.

The PALS team has developed a much-improved working relationship with an external organisation, DA Languages, who provide telephone, video, face-to-face and written translation interpreting services in support of our patients for whom English is not their first spoken language and those requiring British Sign Language interpretation. The fulfilment rate for requests has increased to 98% in recent months and work is continuing to strengthen this service, especially in the areas which are not so highly represented in our region.

A QR code continues to be provided within our complaint response letters for patients, relatives and loved ones to comment on the quality of the complaints handling process so that improvements can be made to our service where appropriate.

Ongoing training and development of the PALS and Complaints department staff is fully supported and encouraged to ensure up to date knowledge is maintained and to help in keeping customer service levels to the highest possible standard.

Stakeholder relations/public and patient involvement

Stakeholder engagement
During 2022/23 we continued our work to develop and foster relationships with our external stakeholders. The introduction of the ICB and ICP in July has strengthened existing alliances and enabled us to work more closely than ever with our colleagues in the wider health and social care system.

Throughout the year, we have collaborated with our external colleagues on a number of significant projects including supporting elective care recovery, local place-based Alliance and Neighbourhood development, and the continued development of our significant relationships with local universities and other higher and further education institutions through our Faculty of Education.

Primary care engagement
Our Chief Medical Officer hosts a bi-monthly GP Forum to discuss matters relating to the pathways of care between the GP surgery, hospitals and community care. This year's discussions have resulted in the agreement of a joint document which outlines the Principles of Care between the two parts of the local NHS. This document will form the foundation of future ways of working between clinicians in our system.

Engaging with democracy
Our Chief Executive holds regular briefings with local Members of Parliament to provide regular updates on key issues. In September and December we hosted visits from members of the Essex and Suffolk County Councils' Health Overview and Scrutiny Committees to our hospitals. The Essex members saw highlights of the significant capital investment and learned about emergency care flow at Colchester, and the Suffolk members were treated to a behind-the-scenes tour of our Big Builds programme at Ipswich Hospital.

Our patients
Throughout the year, we have developed ongoing projects with our patients, carers, families and through our patient and public panels. These activities have been led by the patient experience and engagement teams. Some of these projects are ongoing over a number of years and some are shorter term. Our most significant pieces of work during 2022/23 included:

- Elective Orthopaedic Centre at Colchester Hospital
- Children's Department at Ipswich Hospital
- Breast Care Centre at Ipswich Hospital
- Virtual wards programme
- Review of the work of Cancer Clinical Nurse Specialists
- Developing our upcoming Patient Experience Strategy

We have also worked with the public members of our Foundation Trust, asking them to respond to our surveys to support us in determining both the priorities for our Nursing, Midwifery and AHP Strategy and our Quality Priorities for 2023/24 – over 500 members of the public were involved in this work.

Feedback from patients is used to influence the way services are being designed and built by making sure our project teams understand the requirements and needs of the communities which will be using the new facilities.

We attended the Suffolk and Essex and Joint Health Overview and Scrutiny Committees regularly throughout the year to update them on our work to develop our maternity provision, on our seasonal planning and preparation, and on our journey to deliver the elective orthopaedic centre following public consultation in 2020.

During 2022/23 we have not been required to discharge our duty to involve patients and the public through any public consultation work.

Financial disclosures

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.

Political donations
The Trust made no political or charitable donations.

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	144,940	716,781
Total non-NHS trade invoices paid within target	119,900	611,174
Percentage of non-NHS trade invoices paid within target	83%	85%
Total NHS trade invoices paid in the year	3,035	75,982
Total NHS trade invoices paid within target	2,082	54,669
Percentage of NHS trade invoices paid within target	69%	72%

The total potential liability to pay interest on invoices paid after their due date during 2022/23 was £1,541,431, an increase on the amount for 2021/22 (£1,082,874), which is reflective of the increase in the Bank of England base rate during the year. There have been minimal claims under this legislation (£2k in 2022/23 and less than £1k in 2021/22), therefore the liability is only included within the accounts when a claim is received.

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.

Nick Hulme
Chief Executive
16 January 2024

Remuneration Report

Annual statement on remuneration

Statement from the chair of the Remuneration and Nomination Committee

The Trust is required to have in place a clear set of principles to guide the Committee in a consistent manner to ensure that Very Senior Manager salaries remain competitive but have a fair degree of check and challenge associated with performance. This strategy is kept under annual review to ensure alignment with national benchmarking and may be subject to modification in respect to the provision of future guidance from NHSE and a national remuneration framework when launched.

Senior managers' remuneration policy

The strategic approach to remuneration was reconsidered and approved in May 2022.

Decisions on executive remuneration were based on available benchmarking information from NHSE, the advice of the executive search firm supporting 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.

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.

Service contract obligations

Obligations contained in the service contracts of directors which could give rise to or impact on remuneration payments are:

- **Notice:** each contract contains provisions related to the giving of notice for the termination of the contract. In the event that the Trust wished to end the contract without the individual working through the period of notice, it would be likely to have to pay remuneration for that period of notice.

- **Redundancy**: in the event of a director becoming redundant, they have contractual rights to redundancy payments. These rights are reflective of those applicable to NHS staff under the Agenda for Change national arrangements, and are limited to one month's payment for each year of relevant NHS service calculated on a maximum annual salary of £80,000. In accordance with national arrangements, any director who leaves with a redundancy payment will be subject to a claw-back arrangement if they return to an NHS position within 12 months of their redundancy.

Annual report on remuneration

Details of contracts and notice periods are summarised in the Board of Directors' section.

Remuneration and Nomination Committee

The committee fulfils the role of a nomination committee and also reviews the structure, size and composition of the Board of Directors, making recommendations for changes where and when appropriate. It considers succession planning arrangements, the challenges and opportunities facing the Trust and the skills and expertise required on the Board of Directors. The Trust is committed to encouraging as well as harnessing equality, diversity and inclusion in our workforce. Further detail on our work can be found within the Staff Report.

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. The committee approves executive directors' remuneration and terms of service and the monitoring of their performance against delivery of organisational objectives.

The Chair is John Humpston, non-executive director, and the membership comprises all non-executive directors. The chief executive is a member for appointment or dismissal of an executive director and is in attendance. The Director of People and Organisational Development attends, and the Trust Secretary is secretary to the committee. The executive directors will be in attendance except when their own terms and conditions are under discussion.

An appointments panel of the committee is convened when executive appointments are to be made. All new, permanent appointments are secured by public advertisement and external assessors form part of the recruitment process.

This year, the committee has confirmed appointment to the Interim Director and Director of Governance, Director of Estates and Facilities and Interim Director of Elective Recovery. External support has been provided by Alumni Executive Search, appointed in accordance with the Trust's governance process and instructed by the Director of People and Organisational Development.

The number of meetings and attendance can be found on page 35.

Fair pay multiple (subject to audit)
NHS foundation trusts are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the organisation in the financial year 2022/23 was £265,000-£270,000 (2021/22, £215,000-£220,000). This is a change between years of 23%, however, the identity of the highest-paid director changed between 2021/22 and 2022/23 as a consequence of the chief executive being seconded to the Department of Health to work on the national vaccination programme.

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

For employees of the Trust as a whole, the range of remuneration in 2022/23 was from £216 to £455,136 (2021/22 £125 to £384,187). The lowest is based on zero hours contracts; if we exclude zero hours the lowest annualised salary for 2022/23 is £17,950 (2021/22 is £16,347).

The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 7.3%. This includes the additional department of health Agenda for Change pay offer for 2022/23. A total of 12 employees received remuneration in excess of the highest-paid director in 2022/23.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest-paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

2022/23	25th percentile	Median	75th percentile
Salary component of pay	£26,992	£36,396	£49,975
Total pay and benefits excluding pension benefits	£26,992	£36,396	£49,975
Pay and benefits excluding pension: pay ratio for highest paid director	9.91	7.35	5.35

2021/22	25th percentile	Median	75th percentile
Salary component of pay	£24,438	£33,752	£46,316
Total pay and benefits excluding pension benefits	£24,438	£33,752	£46,316
Pay and benefits excluding pension: pay ratio for highest paid director	8.90	6.44	4.70

The percentage change in performance pay is detailed below.

Performance pay movement	Change
Change in performance pay and bonuses from the previous year in respect of the highest-paid director	0%
Average change in performance pay and bonuses from the previous year in respect of all employees (excluding highest-paid director)	112.4%

The highest-paid director's remuneration was impacted by the award of an inflationary increase in remuneration, in line with the increases awarded to staff more generally. 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 NHSE 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.

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. In assuring itself that the remuneration provided is reasonable, the committee has considered benchmarking information on Board-level salaries within the NHS, both generally and by reference to provider organisations of similar size and complexity to the Trust. The committee has responsibility for authorising the engagement of any staff member on a non-agenda for change contract or salary.

Salary and allowances of senior managers (subject to audit)

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100)	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	265-270	300	-	-	-	265-270
Neill Moloney	Managing Director and Deputy Chief Executive	195-200	-	-	-	25-27.5	225-230
Michael Meers	Director of Digital and Logistics	150-155	-	-	-	-	150-155
Giles Thorpe	Chief Nurse and Director of Infection, Prevention and Control	155-160	300	-	-	17.5-20	175-180
Angela Tillett	Chief Medical Officer	175-180	-	-	10-15	112.5-115	305-310
Shane Gordon	Director of Strategy, Research and Innovation	230-235	400	-	-	-	230-235
Adrian Marr	Director of Finance	190-195	-	-	-	-	190-195
Helen Taylor	Chair	75-80	1000	-	-	-	75-80
Edward Bloomfield	Non-Executive Director	10-15	200	-	-	-	10-15
Hussein Khatib	Non-Executive Director	10-15	-	-	-	-	10-15
Richard Spencer	Non-Executive Director	10-15	100	-	-	-	15-20
Fiona Ryder (from 01/03/23)	Non-Executive Director	0-5	-	-	-	-	0-5
Mark Millar	Non-Executive Director	10-15	-	-	-	-	10-15
Andrew Morris (Left 31/12/22)	Non-Executive Director	5-10	100	-	-	-	5-10
Elaine Noske (Left 31/12/22)	Non-Executive Director	5-10	-	-	-	-	5-10
Mark Ridler (Left 31/07/22)	Non-Executive Director	0-5	-	-	-	-	0-5
Michael Gogarty	Non-Executive Director	10-15	-	-	-	-	10-15
John Humpston	Non-Executive Director	10-15	-	-	-	-	10-15

Please note:

- Salaries for Nick Hulme, Shane Gordon and Adrian Marr include payment for untaken annual leave
- Salaries for Nick Hulme, Shane Gordon, Neill Moloney, Giles Thorpe and Adrian Marr include pension earn back as a consequence of opting out of the NHS Pension Scheme
- Salary for Angela Tillett, Chief Medical Officer, includes a long term Clinical Excellence Award (CEA) under long term performance pay in relation to her clinical work
- Salary for Angela Tillet, Chief Medical Officer, includes her salary for her clinical role, the range of this is £50,000-£55,000 (bands of £5,000).

Comparative table showing salary and allowances of senior managers in 2021/22

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100)	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 (1 April to 10 October 2021 and 21 January to 31 March 2022)	195-200	300	-	-	-	195-200
Neill Moloney	Managing Director / Chief Executive (11 October 2021 to 21 January 2022)	180-185	-	-	-	70-72.5	250-255
Michael Meers	Director of Digital and Logistics	145-150	-	-	-	157.5-160	300-305
Giles Thorpe	Chief Nurse and Director of Infection, Prevention and Control	125-130	300	-	-	40-42.5	170-175
Angela Tillett	Chief Medical Officer	160-165	-	-	10-15	57.5-60	230-235
Shane Gordon	Director of Strategy, Research and Innovation	215-220	300	-	-	-	215-220
Adrian Marr	Director of Finance	175-180	-	-	-	-	175-180
Helen Taylor	Chair	60-65	100	-	-	-	60-65
Edward Bloomfield	Non-Executive Director	10-15	-	-	-	-	10-15

Name	Title	Salary (bands of £5,000) £000	Expenses payments (rounded to nearest £100)	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)
Hussein Khatib	Non-Executive Director	10-15	-	-	-	-	10-15
Richard Spencer	Non-Executive Director	10-15	-	-	-	-	10-15
Carole Taylor-Brown (left 31/10/2021)	Non-Executive Director	5-10	-	-	-	-	5-10
Richard Youngs (left 31/10/2021)	Non-Executive Director	5-10	-	-	-	-	5-10
Mark Millar	Non-Executive Director	10-15	-	-	-	-	10-15
Andrew Morris	Associate Non-Executive Director	5-10	-	-	-	-	5-10
Elaine Noske	Non-Executive Director	10-15	-	-	-	-	10-15
Mark Ridler	Associate Non-Executive Director	5-10	-	-	-	-	5-10
Michael Gogarty (from 01/11/2021)	Non-Executive Director	5-10	-	-	-	-	5-10
John Humpston (from 01/11/2021)	Non-Executive Director	5-10	-	-	-	-	5-10

Governor expenses

Information on the expenses of directors and governors is required by the Health and Social Care Act 2012. Those expenses paid to directors are detailed within the tables above.

Membership of the Council of Governors this year in set out at page 82.

Six governors claimed expenses between April 2022 and March 2023 of just over £600. In 2021/22, no claims were received.

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 2023 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at age 60 at 31 March 2023 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2023 £000	Cash equivalent transfer value at 31 March 2022 £000	Real increase in cash equivalent transfer value £000	Employers contributions to stakeholder pension £000
Neill Moloney	0-2.5	-	75-80	150-155	1,383	1,293	12	-
Giles Thorpe	0-2.5	-	30-35	50-55	495	456	24	-
Angela Tillett	5-7.5	7.5-10	70-75	180-185	1,652	1,445	162	-

Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

Please note:

- Nick Hulme, Shane Gordon, Michael Meers and Adrian Marr chose not to be covered by the NHS Pension Scheme arrangements during the reporting year
- Neill Moloney chose not to be covered by the NHS Pension Scheme arrangements from 30 June 2022
- Giles Thorpe chose not to be covered by the NHS Pension Scheme arrangements between 31 May 2022 and 1 February 2023.

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.

The rules for the operation of the NHS Pension Scheme are set by HM Ministers under the relevant legislation. In 2015, Ministers amended the Pension Scheme Regulations to provide for a move from final salary provision to Career-Average provision, with transitional arrangements that enabled those in the final salary section to continue to accrue on that basis.

In the case of *The Lord Chancellor and Another v McCloud and others; The Home Secretary, the Welsh Ministers and others v Sargeant and others* (2018) EWCA Civ 2844, the Court of Appeal affirmed decisions of the Employment Appeals Tribunal that the relevant provisions in the pensions schemes for judicial officers and firefighters were unlawful as giving rise to age discrimination, contrary to the Equality Act 2010. It has been accepted that the relevant provisions in the NHS Pension Schemes suffer from the same defect. Since that judgement (and the subsequent refusal of leave to appeal to the UK Supreme Court), HM Government has been considering the appropriate response to these matters. It is not possible at this stage to give any view as to the possible impacts of changes that might be proposed.

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 on page 71 of this report.

Governors' 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 two occasions in 2022/23 to review the appraisal outcomes for the non-executive directors and the Trust chair and to provide assurance to the Council of Governors on the robustness of the process. On the second occasion the process for appointment of a non-executive director and two non-voting associate non-executive directors was confirmed, for approval by the Council of Governors.

A robust appointment process was utilised for all three appointments, with an external executive firm selected for its expertise in obtaining diverse fields of candidates, Cadence Partners. This included stakeholder panels and a majority governor appointment panel.

The chair of the Trust has been re-appointed for a further three-year term of office in line with the Trust's constitution. There have been no changes to their significant commitments warranting disclosure to the Council.

The Council of Governors met in January and March 2023 to consider and approve the appointments of Fiona Ryder, Karen Sinott and Usha Sandaram.

Nick Hulme
Chief Executive
16 January 2024

Staff Report

The People Strategy

Our people are invaluable, both to the Trust and to those we care for. Every day they deal with the pressures of the ever-increasing demand for our services, and they enable us to deliver safe, high-quality care to our patients. But just as importantly, our people are vital to our continued success. Only with them will we be able to respond to the future challenges we face, and take the high standard of care we provide to the next level.

The People Strategy 2020-24 was approved by the Board and progress is monitored by the People and Organisational Development Committee to ensure delivery of the ambitions, linked to the ESNEFT strategic objectives.

On 31 March 2023, the Trust directly employed 11,859 staff (10,274.73 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 needs safely, along with additional services transferred under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

	Number of Trust staff		
	Headcount	Establishment (FTE)	Staff in post (FTE)
31 March 2023	11,859	11,394	10,274.73

Staff costs (subject to audit)

	2022/23		
	Permanent (£000)	Other (£000)	Total (£000)
Salaries and wages	438,318	11,734	**450,052**
Social security costs	44,331	0	**44,331**
Apprenticeship levy	2,124	0	**2,124**
Employer contributions to NHS Pension Scheme	71,229	0	**71,229**
NEST pension contributions	122	0	**122**
Termination benefits	118	0	**118**
Agency/ bank staff	0	65,260	**65,260**
Total	**556,242**	**76,994**	**633,236**

Note: Permanent staff costs includes fixed term and seconded in staff.

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 FT) 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)	2022/23		
	Total	Permanent	Other
Medical and dental	1,369	545	824
Administration and estates	2,753	2,419	334
Healthcare assistants and other support staff	2,156	1,800	356
Nursing, midwifery and health visiting staff	3,429	2,994	435
Scientific, therapeutic and technical staff	912	833	79
Healthcare science staff	415	387	28
General payments (non-executives)	8	8	0
Total average numbers	1,369	545	824

Details on staff turnover can be found on the NHS workforce statistics site, at https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics.

Staff engagement
Involving and communicating with our staff is one of our key priorities.

Through well-managed internal communications, we work 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.

Internal communication and staff engagement is crucial to our success and has a vital role to play in achieving the Trust's objectives. Our internal communication and involvement 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.

A focus on valuing our staff: living our Appreciation value
During 2022/23 we extended our programme of staff appreciation to include:

- An event for retirees at our first ever Retirement Celebration
- We extended our long service awards, which now cover colleagues with 20, 25, 30, 35, 40 and 40+ years of dedicated NHS service
- A festive Volunteer Appreciation event for over 600 volunteers
- 12 Band 2-4 Appreciation events, with up to 120 attendees at each
- 11 Staff Commendation Awards were given out to colleagues who have gone the extra mile in their service to patients and our communities
- The launch of an ESNEFT approach to the national peer-to-peer appreciation programme Greatix, which garnered over 200 nominations in the first month.

The final quarter of the year was affected by the national and local NHS industrial action. We dedicated significant effort to supporting our staff to understand what it meant for them. This has including setting up specific sessions for our international staff to provide reassurance about their employment status and to explain how industrial action works for those colleagues who have joined us from countries where collective action may not be part of the working environment.

To thank our staff for their ongoing work to care for our patients during a particularly challenging winter period, a free breakfast was provided to all colleagues every day during the final week of January. This received significant levels of uptake from staff across all roles.

Freedom to speak up and raising concerns

We encourage our staff to raise concerns openly, or anonymously if they prefer, safe in the knowledge they will be supported if they do. This will help us to make ESNEFT a positive and trustworthy place to work and receive care.

For a speaking-up culture to develop across the organisation, a commitment to speaking up must come from the top. At ESNEFT, support from senior management has continued to be excellent, with concerns addressed and action taken. Our vision statement is: “Role modelling by leaders is essential to set the cultural tone of the organisation. Leadership has the biggest impact on how staff behave and actions speak louder than words. Staff take their cues on how to behave from the behaviour, decisions and communication style of their leadership. So, as a leader, it is essential that we embody the culture and behaviours that we want to see.”

More information on our approach can be found in the Quality Report and on the Trust’s website.

Rolling out our leadership development offer

Over the course of the year over 900 managers and supervisors have been through our programmes of leadership development, against defined set of competences for each level of management, to ensure a better offer for support of our staff. This programme will continue and, in the coming financial year, we will build our leadership offer to include significant training and development in the support for appraisal, talent and development, based on 360 feedback for all our leaders.

Sickness absence

Staff sickness absence	2022/23
Total WTE calendar days lost	184,549
Total WTE days available	3,691,027
Total staff years lost (days lost/365)	505.61
Total staff years available	10,112.40
Total staff employed in period*	13,522
Total staff employed in period with absence*	10,127
Total staff employed in period with no absence*	3,395
Average working days lost per employee	13.65

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

Staff exit packages (subject to audit)

Details of compulsory redundancy payments are provided for members of staff who have been compensated due to their positions being lost as a result of departmental reorganisation or clinical service transformation.

	2022/23		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1	25	**26**
£10,001 - £25,000	0	2	**2**
£25,001 - £50.000	0	0	**0**
£50,001 - £100,000	0	0	**0**
£100,001 - £150.000	0	0	**0**
£150,001 - £200,000	0	0	**0**
Total number of exit packages by type	**1**	**27**	**28**
Total resource cost (£000)	1	118	119

	2021/22		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1	17	**18**
£10,001 - £25,000	0	0	**0**
£25,001 - £50.000	0	0	**0**
£50,001 - £100,000	0	0	**0**
£100,001 - £150.000	0	0	**0**
£150,001 - £200,000	0	0	**0**
Total number of exit packages by type	**1**	**17**	**18**
Total resource cost (£000)	0	54	54

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

Non-compulsory departure payments

	2022/23		2021/22	
	Number	Cost (£000)	Number	Cost (£000)
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirement in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	27	118	17	54
Exit payments following employment tribunals or court orders	0	0	0	0
Non–contractual payments requiring HNT approval	0	0	0	0
Total	**27**	**118**	**17**	**54**
Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

Redundancy and other departure costs have been paid in accordance with the relevant NHS provisions. Exit costs in this note are accounted for in full in the year of departure. Where the [organisation] has agreed early retirements, the additional costs are met by the [organisation] and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pension scheme and are not included in the table.

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.

Equality, diversity and inclusion

The public sector Equality Duty (PSED) was created under the Equality Act 2010 for public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. The Trust has an obligation to publish its approved PSED report on the website/intranet and provide it to the local commissioner. The Board considered a report for the period relating to January to December 2022 and it was confirmed for publication.

We are committed to encouraging as well as harnessing equality, diversity and inclusion in our workforce. Unlawful discrimination and harassment in line with the NHS Constitution and the Equality Act 2010 will not be tolerated. All ESNEFT employees in their decision-making processes and practices must comply with and adhere to the policy that is in place.

The aim is for our workforce to be truly representative of all sections of society and the community we serve and/or work with. The Equal Opportunities and Diversity Policy reinforces our commitment to ensure that each employee is treated with respect and dignity, and that they are supported in their efforts to reach their potential. Each member of the workforce must be given the opportunity to thrive within the organisation and hold equal representation within the wider system.

In providing services and facilities, ESNEFT is similarly committed against unlawful discrimination as well as harassment of patients, including relatives, loved ones and carers or any other members of the public.

Workforce Race Equality Standard (WRES)
The 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 global majority 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. We will continue our work to improve race equality, engaging and involving all key stakeholders. More information is available at: Equality, diversity and inclusion - East Suffolk and North Essex NHS Foundation Trust (esneft.nhs.uk)

Workforce Disability Equality Standard (WDES)
The NHS 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 will continue to enhance its policies and practices over the coming year to ensure opportunity and inclusion for all its disabled staff. More information about WDES is available at: Equality, diversity and inclusion - East Suffolk and North Essex NHS Foundation Trust (esneft.nhs.uk)

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.

We continue to meet our responsibilities under gender pay gap reporting with details from the last report available at: Equality, diversity and inclusion - East Suffolk and North Essex NHS Foundation Trust (esneft.nhs.uk). 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 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 11,859.

Role	Female	Male	Notes
Non-executive directors	2	6	Includes chair
Executive directors	1	6	Includes chief executive
Other senior managers	37	24	Bands 8d and above
Employees	9,179	2,604	
Total	**9,219**	**2,640**	

For national comparison, further information can be found on the Cabinet Office website at: https://gender-pay-gap.service.gov.uk where the Trust can be found under the name of East Suffolk and North Essex NHS Foundation Trust.

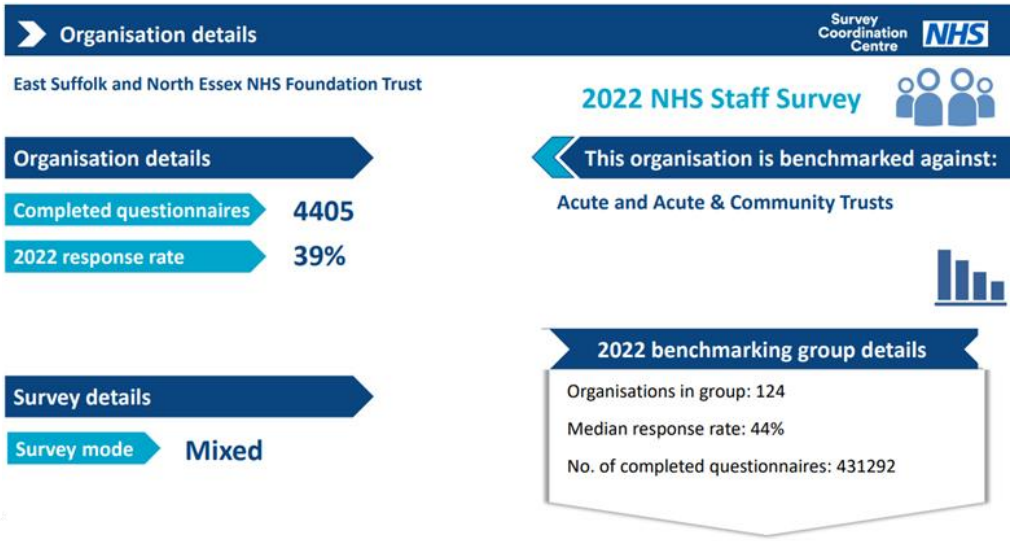
Policies
We have revised our equality impact assessment form which is used to complete an equality analysis when reviewing policies, projects or when planning changes to services as part of organisational change processes. This ensures that our functions and services are not discriminatory.

A separate annual report is prepared for Health and Safety, presented to the Quality and Safety Committee and the Board in public. This sets out an overview of legal compliance, the health and safety objectives, the policies considered by the Health and Safety Committee during the year, a review of the occupational health service provided and a forward look to plans for the next financial year.

Staff survey

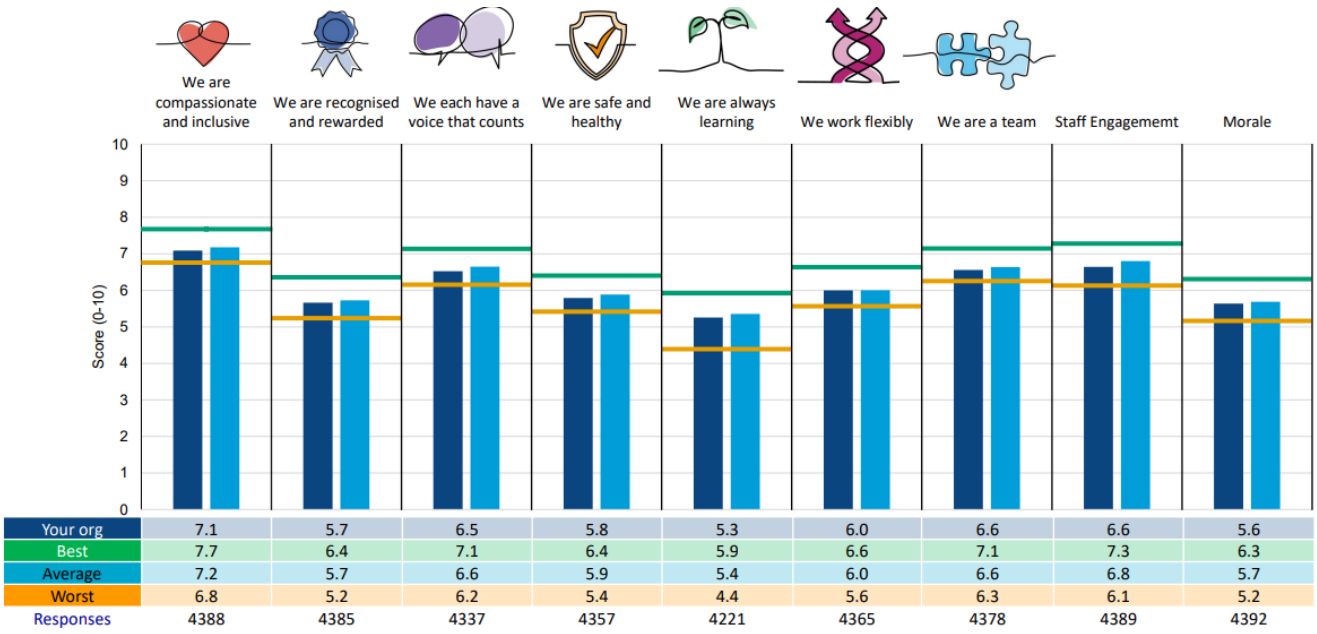
The NHS Staff Survey is conducted annually. Our results in the 2022 NHS Staff Survey show a picture of an organisation that is improving – our scores are improved from last year in 19 areas – which, considering the strain on the organisation following COVID-19, is extremely encouraging. The full report for ESNEFT is available at www.nhsstaffsurveys.com

Our response rate to the 2022 survey among trust staff was 39% (2021: 49%).



The 2022 survey was again organised around the NHS People Promise. These are:

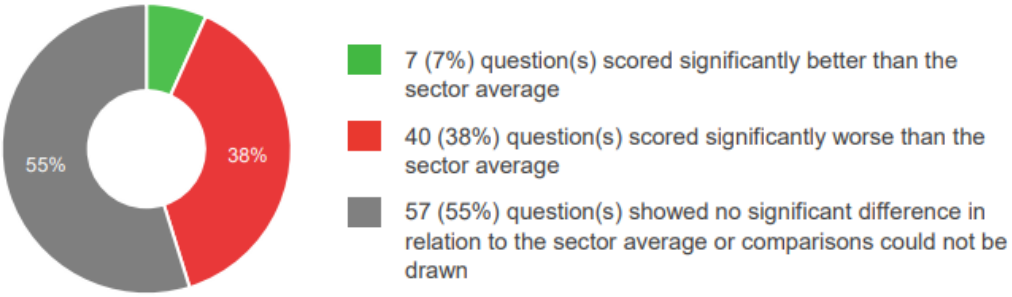
- We are compassionate and inclusive
- We are recognised and rewarded
- We each have a voice that counts
- We are safe and healthy
- We are always learning
- Work flexibly
- We are a team.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagememt	Morale
Your org	7.1	5.7	6.5	5.8	5.3	6.0	6.6	6.6	5.6
Best	7.7	6.4	7.1	6.4	5.9	6.6	7.1	7.3	6.3
Average	7.2	5.7	6.6	5.9	5.4	6.0	6.6	6.8	5.7
Worst	6.8	5.2	6.2	5.4	4.4	5.6	6.3	6.1	5.2
Responses	4388	4385	4337	4357	4221	4365	4378	4389	4392

The survey results
Key information:

- We have made significant improvements in 19 questions and significant declines in seven questions
- We have broadly comparable results to those of other acute and community trusts who took the survey with IQVIA
- Our morale and engagement scores remain in line with last year.



Comparison to previous year:

Scores compared to previous year	2021	2022
Significantly better	4	19
No significant difference	31	57
Significantly worse	28	40

Our top six scores are:

Most improved from last survey	%	Change
16c 05 Experienced discrimination on grounds of disability	5.2%	-3.6%
22e I am able to access the right learning and development opportunities when I need to	51.7%	+3.6%
7b The team I work in often meets to discuss the team's effectiveness	55.2%	+3.5%
21b The appraisal / review helped me to improve how I do my job	19.3%	+3.3%
22b There are opportunities for me to develop my career in this organisation	52.9%	+3.3%
11c During the last 12 months, I have felt unwell as a result of work related stress	45.5%	-3.3%

Our key issues to address are:

Least improved from last survey	%	Change
4c I am satisfied with my level of pay	24.4%	-7.4%
19a I would feel secure raising concerns about unsafe clinical practice	69.0%	-5.6%
23d If a friend or relative needed treatment I would be happy with the standard of care provided by the organisation	57.5%	-5.4%
11d In the last three months, I have come to work despite not feeling well enough to perform my duties	58.6%	+3.5%
23c I would recommend my organisation as a place to work	51.0%	-2.9%

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

	Q23a Care of patients/ service users is my organisation's top priority	Q23c I would recommend my organisation as a place to work	Q23d If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation
Best	86.6%	75.2%	57.6%
ESNEFT	67.7%	51.0%	86.4%
Average	73.5%	56.5%	61.9%
Worst	58.0%	41.0%	39.2%

Over the past year we have continued our drive to develop our leaders through a range of accredited programmes through which our values, philosophy and equality and inclusion are all linked. We have set specific targets around the number and level of leaders which we expect to take part in the programmes we have designed. In addition, a suite of management and leadership apprenticeships and specialist leadership programmes have been developed and supported.

We have continued to strengthen our wellbeing offer across psychology, mental, physical and financial health, and have received excellent feedback from our staff. We are also launching a staff experience group to encourage our employees to make their voices heard while providing feedback on our work around wellbeing, leadership, the employee journey, EDI and creating a just and learning culture.

Future priorities
To support our focus on culture, we commissioned a cultural audit, with an opportunity to develop our approach to zero tolerance on any form of discrimination. The results of this audit were dovetailed with the National Staff Survey results and identified four key themes and areas of focus for the Trust to take forward:

- *Theme 1* - Involvement and Inclusion
- *Theme 2* - Staff experience through the lens of equality, diversity and inclusion
- *Theme 3* - Confidence in raising concerns
- *Theme 4* - Valuing our staff and staff well-being.

Trade union facility time

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. A staff partnership agreement is in place. It 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 and financial position. Other relevant management issues 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 human resources case work. Additional support from shop floor union stewards is funded by releasing staff from their substantive post. Secretarial support is provided by the human resources team. Union allocation is as follows:

Role	Agreed time
Staff side chair	Four days per week
Deputy staff side chair	Two days per week
Senior steward – community	One day per week
Unison branch secretary	Three days per week
RCN lead steward	One day per week
Total dedicated time	**11 days**

Number of employees who were trade union officials	Whole Time Equivalent
22	20.05
Percentage of Time spent on facility time	**Number**
0%	18
1% - 50%	1
51% - 99%	2
100%	1
Total Cost of facility time	**Costs**
Total pay bill	£633,236,000
Percentage of pay bill spent on facility time	0.024%
Time spent on trade union activities as percentage of total facilities time	**Percentage**
686	15.99%

Off payroll engagements

For all off-payroll engagements the Trust follows guidance issues by NHS England.

Table 1: Highly-paid off-payroll worker engagements as at 31 March 2023 earning £245 per day or greater

Number of existing engagements as of 31 March 2023	One
Of which: Number that have existed for less than one year at time of reporting	None
Number that have existed for between one and two years at time of reporting	One
Number that have existed for between two and three years at time of reporting	None
Number that have existed for between three and four years at time of reporting	None
Number that have existed for four or more years at time of reporting	None

Table 2: All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2023 earning £245 per day or greater

Number of off -payroll workers engaged during the year ended 31 March 2023	Two
Of which:	
Not subject to off-payroll legislation*	One
Subject to off-payroll legislation and determined as in-scope of IR35*	One
Subject to off-payroll legislation and determined as out-of-scope of IR35*	None
Number of engagements reassessed for compliance or assurance purposes during the year	None
Of which: number of engagements that saw a change to IR35 status following review	None

* A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is inscope of Intermediaries legislation (IR35) or out-of-scope for tax purposes

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	None
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	18

Expenditure on consultancy

Trust expenditure on consultancy in 2022/23 was £260,728, down from £1,796,085 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.

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 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 during 2022/23.

The principles of the Code of governance for NHS provider trusts, published on 27 October 2022, have been referenced during discussions on governance and have underpinned appointment decisions this year. A full assessment has begun to consider each section of the Code to support the Board's assessment in 2023/24.

NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

a) objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)

b) additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity. An NHS foundation trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

During 2022/23 the Trust was allocated to segment 2. Current segmentation information for NHS trusts and foundation trusts is published on the NHSE website: https://www.england.nhs.uk/publication/nhs-oversight-framework-segmentation/

Modern Slavery Act 2015 and Human Trafficking Statement

ESNEFT will:

- **Comply with legislation and regulatory requirements in this area**

The Cabinet Office issued a directive on Modern Slavery in 2015 and Procurement has always referenced the legislation in our tender and contracting documentation. This was later followed with Cabinet Office Procurement Policy Notes - PPN 05_19 and more recently PPN02_23.

- **Make suppliers and service providers aware that we promote the requirements of this legislation**

Procurement make suppliers aware of this legislation through the tender and contracting documentation we use when undertaking procurement tender exercises. We are currently reviewing the new guidance to cross-reference with our current processes and documentation. With regard to NHS terms and conditions these are 'owned' by NHS England so will reflect the new guidance with amendments made as required.

- **Consider modern slavery factors when making procurement decisions**

The shortlisting and selection process to identify suppliers to participate in a tender exercise includes Modern Slavery criteria. When accessing framework agreements this will be the same for the organisation that 'owns' the framework.

- **Develop awareness of modern slavery issues throughout ESNEFT**

Procurement staff complete government training via the Cabinet Office. This is currently being rolled out across the procurement team with six members already having received their certificates. Procurement attempts to promote the Modern Slavery Act by publishing the Procurement Policy Notes on the Procurement intranet page. In addition, the procurement quarterly newsletter is used to promote the Act to staff that frequently participate in tender and contracting projects and processes. It is proposed that for non-procurement staff the education team incorporate the theme into the ESNEFT Mandatory Training programme.

- **Use NHS Terms and Conditions for Goods and Services for specification and tender documents which require suppliers to comply with all relevant legislation and guidance, including modern slavery conditions**

NHS terms and conditions are owned by NHS England and are updated accordingly.

- **Encourage suppliers and contractors to take their own actions and understand their obligations under this legislation**

Our tender documentation and contracts cover this and evidence is requested in support of the criteria.

- **Ensure that modern slavery is included in safeguarding work plans**

Included within Trust's adult level 3 safeguarding training.

- **Ensure that all staff undertake mandatory safeguarding training, and training in equality, diversity and human rights**

All staff are subject to the mandatory training requirements of employment within the Trust.

- **Ensure that procurement staff also receive regular legal briefings and appropriate training so that they are aware of legislative requirements in this area**

Procurement staff receive regular briefings. This includes the Cabinet Office training and the training webinars that Mills and Reeve legal practice provides. This also forms part of the Chartered Institute of Purchasing and Supply (CIPS) qualifications.

Approved by the Board of Directors on 8 June 2023

Council of Governors and our membership

The Council role

The Council of Governors represents the interests of the public, our staff and local organisations through its elected governors and appointed stakeholder governors. The Council has two general duties:

- Holding the non-executive directors to account for the performance of the Board of Directors
- representing the interests of members and partner organisations in the governance of the Trust.

The other statutory duties of the Council are:

- 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.

The Council is chaired by the chair of the Trust, supported by the Senior Independent Director, Director of Governance and Trust Secretary. The Trust Secretary is the first point of contact for governor queries and support, with the chair and senior independent director available as required. A committee and membership secretary is also in place supporting the Council and its Committees.

The Council provides valuable insight from our staff and community that supports development of our future strategy. Formal Council meetings are scheduled at least four times each year, plus the Annual Members' Meeting/Annual General Meeting. In May 2022, a programme of meetings was confirmed, with a mixture of face to face and virtual meetings during the year. The chief executive or his deputy attends every meeting of the Council.

There are three Governor Committees in place: the Appointments and Performance Committee – details of which are contained within the Remuneration Report - the Standards Committee and Membership and Engagement Working Group. Informal meetings with the Chair also take place regularly. All decisions are presented to the Council for consideration and approval, as the Council is not able to delegate that power.

A Lead Governor, Helen Rose, was confirmed through an internal election process undertaken with the Council in late 2022. Helen has continued her previous term of office and represents governors, takes a lead role in non-executive director appointments with the chair and is involved in Council agenda setting. Helen works closely with the chair and the Trust Secretary to ensure that the Council structure supports governors to undertake their statutory role, add value, and that agendas reflect the Council's requirements.

Elections

Elections took place in the autumn of 2022 for a three-year term of office starting on 1 November. An independent provider, Civica Election Services Ltd, was appointed.

Governors hold office for a period of three years when they may be eligible for re-election or re-appointment as appropriate. The Trust's constitution states that both elected and appointed governors may not hold office for more than three terms or a maximum of nine consecutive years. They are not eligible for re-election if that would result in them exceeding this time. This includes any period as a governor prior to ESNEFT being formed.

Our governors

Membership of the Council during the year and attendance at meetings – the previous Council and the new Council from November – is included in the tables below.

Council of Governors at 31 March 2023

Colchester (4)	
Caroline Bowden	Term 2 to 31 October 2025
David Guest	Term 1 to 30 June 2024
Alison Ruffell	Term 1 to 30 June 2024
Vacant	
Rest of Essex (5)	
James Chung	Term 1 to 30 June 2024
Martin Nixon	Term 1 to 31 October 2025
Elizabeth Smith	Term 3 to 30 June 2024
Barry Wheatcroft	Term 2 to 31 October 2025
Jane Young	Term 2 to 30 June 2024
Ipswich (4)	
Harvey Crane	Term 1 to 31 October 2025
Tim Newton	Term 2 to 31 October 2025
Vacant	
Vacant	
Rest of Suffolk and South Norfolk (5)	
John Alborough	Term 3 to 31 October 2025
Trevor Catlow	Term 1 from 5 December 2022 to 30 June 2024
Peter Coleman	Term 1 to 31 October 2025
Gillian Orves	Term 2 to 30 June 2024
Helen Rose (Lead Governor)	Term 3 to 31 October 2025

Staff governors (6)

Colchester and Essex (3)	
Emma Blowers	Term 1 to 31 October 2025
Isaac Ferneyhough	Term 2 to 30 June 2024
Pride Mukungurutse	Term 2 to 31 October 2025
Ipswich and Suffolk (3)	
Abhijit Bose	Term 1 to 31 October 2025
Gemma Bourne	Term 1 to 30 June 2024
Allison Weston	Term 2 from 6 December 2022 to 30 June 2024 (also served to 31 October 2022)

Appointed governors (8/9)

Vacant	Local Authority - Tendring District Council/ *Colchester Borough Council**	
Mary Rudd	East Suffolk Council *Ipswich Borough Council**	Term 1 to 30 June 2024
Carlo Guglielmi	Partnership - Essex County Council	Term 2 to 30 June 2024
Rebecca Hopfensperger	Partnership - Suffolk County Council	Term 1 to 30 June 2024
Sara Smith	Partnership - Anglian Ruskin University/ *University of Essex**	Term 1 to 30 June 2024
Vacant	Partnership - University of Suffolk	
SSgt Daniel Tweed	Partnership - Colchester Garrison	Term 1 from 14 November 2022 to 30 August 2025
Sam Glover Vacant	Partnership (one nomination each) Suffolk Healthwatch Healthwatch Essex	Term 1 to 30 June 2024

**depicts those organisations who share terms of office and alternate every three years*

Governors who served during the year who either come to the end of their term of office or submitted their resignation are:

Sam Chenery-Morris	University of Suffolk	To 6 October 2022
Laurence Collins	Public - Ipswich	To 31 October 2022
Philip Davy	Public - Rest of Suffolk	To 31 October 2022
Paul Gaffney	Public – Ipswich	To 31 October 2022
David Gronland	Public – Rest of Essex	To 31 October 2022
Sharmila Gupta	Staff – Colchester and Essex	To 31 October 2022
Martin Lewis-Jones	Public - Rest of Suffolk	To 3 November 2022
Margaret Llewellyn	Public - Ipswich	To 31 October 2022
Amy Massey	Colchester Garrison	To 7 November 2022
Lynda McWilliams	Tendring District Council and representing Colchester Borough Council	To 13 January 2023
Mayuri Patel	Public – Ipswich	1 November 2022 to 14 March 2023
Peter Sadler	Public - Ipswich	1 November 2022 to 28 February 2023
James Stephens	Staff – Ipswich and Suffolk	To 6 December 2022
Donald Sturgess	Public – Colchester	1 November to 19 December 2022

We were very sorry to lose Don Sturgess so soon into his term of office when he passed away suddenly. The condolences of the team and the Council were passed to Don's widow.

To make best use of the available resource, other members of the executive team are scheduled to attend to present specific items. Attendance can be found at page 35.

Attendance of governors at formal Council meetings is outlined overleaf:

A - denotes apologies tendered

	7/4/22	9/6/22	20/10/22	13/12/22	31/1/23 Private	8/3/23
John Alborough			A			
Emma Blowers						A
Abhijit Bose						A
Gemma Bourne						A
Caroline Bowden	A		A			
Trevor Catlow						
Sam Chenery-Morris		A				
Peter Coleman						
Laurence Collins	A		A			
Harvey Crane				A		A
James Chung			A		A	A
Philip Davy			A			
Isaac Ferneyhough	A		A			
Sam Glover						
Paul Gaffney						
David Guest			A		A	
David Gronland		A	A			
Carlo Guglielmi	A			A	A	A
Sharmila Gupta			A			
Rebecca Hopfensperger						
Martin Lewis-Jones						
Margaret Llewellyn	A	A				
Amy Massey						
Lynda McWilliams		A		A		
Pride Mukungurutse						A
Tim Newton			A			
Martin Nixon						
Gillian Orves						A
Mayuri Patel						
Helen Rose (Lead Governor)						
Mary Rudd						A
Alison Ruffell		A	A			
Peter Sadler						
Elizabeth Smith	A					
Sara Smith		A				A
James Stephens						
Donald Sturgess						
Daniel Tweed				A		
Allison Weston						
Barry Wheatcroft						
Jane Young			A		A	

Governor training, development and support

Following the elections, and with a new Trust Secretary in post, a full review of the induction requirements and implementation of a more formal process was confirmed in late 2022. This included individual meetings with the Trust Secretary and clarification of individual governors' interests and the time available to devote to this voluntary role. Further changes will be made in the future to take account of governors' feedback and to make this as easy as possible to complete and ensure that every governor has undertaken the checks and training required.

Governors are expected to meet the Trust's values. A Council Code of Conduct is in place and all governors, existing and newly elected, were required to sign up to the Code as part of the revised induction process. Any breaches would be investigated through the Council's Standards Committee. Relevant risks assessments were prepared to ensure that health and safety requirements were met whilst governors are attending Trust sites, in addition to declarations of interests.

An initial induction training event took place in December to enable governors to meet face to face and consider the role in more detail. Additional sessions have been undertaken at informal meetings, including an overview of equality, diversity and inclusion. Information governance training was provided post year-end, in April 2023.

Governors are encouraged to join meetings of the Board of Directors in public, with attendance beneficial at least annually in a governor's first 12 months in office. Several governors attended meetings this year.

Ward visits and tours re-started later in 2022, with a programme in place for the months ahead. This is an excellent opportunity for individual governors to undertake visits with non-executive directors. Members of the Council were also invited to view the new breast care centre in January 2023 prior to it being opened to patients.

Further work will take place in 2023/24 to ensure that all policies and processes in place provide effective support to the Council and enabling delivery of its general duties.

Our members

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 unless they choose to opt out.

The Trust's membership database is managed by an external agency and the membership team. Both teams remove and update membership details and contact information as required.

At 31 March 2023, ESNEFT had 10,254 public members and 9,315 staff members.

Category or Consituency	Active	Inactive	Suspended	Total
Total Membership	**19568**	**0**	**1**	**19569**
Public Constituencies	**10253**	**0**	**1**	**10254**
Out of Trust Area	32	0	0	32
Colchester	2436	0	0	2436
Ipswich	2168	0	1	2169
Rest of Essex	2512	0	0	2512

The Council's work on membership forms part of the Trust's Communications and Engagement Strategy. Meetings of the Membership and Engagement Working Group – chaired by a public governor – have been led by the communications and engagement team. However, a much clearer link to delivery of the Council's general duty was required and this work is now overseen by the Trust Secretary. The communications and engagement team will continue to provide support to governors, briefing them on developments, and attend these meetings.

During the COVID-19 pandemic virtual meetings were the norm and this meant that membership engagement was more difficult. A membership plan has now been drafted and was considered with the Membership and Engagement Working Group early in 2023/24, for finalising, publication and implementation later in the summer. This will provide a clear purpose on which to engage, enable events to be arranged, and governors' valuable time to be used to best effect to support their strategic role.

Lead Governor's reflections

ESNEFT's main conduit for public accountability is its governors, with publicly-elected governors forming a majority on the Council alongside elected staff governors and stakeholder governors.

Over the past year we have been particularly mindful of the pressures and challenges this Trust has had to face while striving to maintain its five strategic objectives that support the best care and experience for its patients and communities. We are therefore grateful for the excellent working relationship we have established with those who manage and deliver services within this Trust's acute and community settings.

We're provided with regular reports from the Chief Executive, the Chair and from Board members from both the Executive and NED teams, as part of our statutory meetings and in informal settings. At informal meetings we can ask searching questions, giving us a broader perspective with which to understand the progress and developments of strategies that affect patients. We've been informed about how the new ICS is bringing together partner organisations to collaborate in tackling complex challenges including those associated with health inequalities and supporting people to stay well and independent. Governors were invited to the formal launch of the ICS in July 2022 which demonstrated the breadth, complexity and remit of this new organisation.

We have continued to have a presence at Trust Board meetings where we can observe how the NEDs are holding the Executives to account, both individually and collectively, for the performance of the Board. We have been struck by the impact that a patient story has at the start of each meeting, either presented by the patient themselves, in person or via video link, or by a Trust representative. The effect is palpable, drawing a wealth of questions and observations from the NEDs.

As an important part of our statutory function, governors have taken part in the appraisal process for the NEDs and Chair. Our attendance to observe at Board and assurance committees is important for us in informing our input to these appraisals. We have also appointed one new NED and two Associate NEDs. A record of this involvement is in our Council minutes.

All governors are invited to take part in the Membership and Engagement Working Group. This group has been chaired by one of our public governors. It is a real opportunity to learn more about how the Trust engages with patients and its membership and for us to be made aware of ways that we can support this process. We give consideration as to how we can reach out and listen to the constituents we represent. But to be successful in achieving this we try to be mindful of the boundaries, knowing that we're not privy to aspects of patients' clinical care. We have continued to be involved in specific engagements with patients about the building and facilities of the Dame Clare Marx orthopaedic centre in Colchester and the new Breast Care Centre at Ipswich Hospital. We do congratulate the Trust on these examples of good practice in this regard.

We've been pleased to be involved in PLACE visits (Patient led Assessment of the Care Environment) at the many Trust sites and in visiting wards, departments and community hospitals alongside the patient experience team.

Our thanks go to the Trust for supporting us to fulfil our statutory role on behalf of the communities we represent.

Statement of accounting officer's responsibilities

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 England.

NHS England 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 the Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

- observe the accounts direction issued by NHS England, 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 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 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 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
16 January 2024

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 only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of 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 in East Suffolk and North Essex NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
As Accounting Officer, I have overall responsibility for ensuring there are effective risk management systems and controls in place within the Trust, for meeting all statutory requirements, and adhering to guidance issued by NHS England (and previously NHS Improvement) in respect of governance and risk management. The day-to-day responsibility for ensuring efficient and effective risk management within the Trust has been delegated to the Director of Governance, who is responsible for the implementation of the risk management strategy.

The Board of Directors provides overall leadership on the governance agenda, including risk management. It is supported in this area through the work of its various Committees, in particular by:

- The work of the Audit and Risk Committee, and the internal audit service, in assessing the effectiveness of the Trust's systems of internal control
- The work of the Quality and Patient Safety Committee in assessing the assurance available through the systems for ensuring the clinical quality of the services provided by the Trust
- The work of all Board Committees in reviewing and monitoring key strategic risks recognised on the Board Assurance Framework, as delegated by the Board.

The Board of Directors routinely receives reports from its Committees which highlight the key areas of discussion and any items escalated for the attention of the Board. The Board also regularly reviews areas of key strategic risk through the Board Assurance Framework, supported by detailed work undertaken by Board Committees.

Responsibility for the identification, management and mitigation of risk is identified clearly across the Trust. The Chief Executive has overall responsibility for the management of risk, supported by the members of the executive team who have responsibility for ensuring effective risk management across their portfolios. All heads of service, clinical directors and managers have delegated responsibility for the management of risk and patient safety in their areas, as integral to their day-to-day management responsibilities. Each division has a risk register, which matches the Trust's risk register requirements, in line with the risk management strategy.

All members of staff have responsibility for participation in risk/patient safety management systems, through awareness of risk, reporting them (including incidents and 'near-misses'), and contributing to their effective management. The Trust recognises the importance of supporting staff through appropriate training, development and access to systems, and the quality and patient safety team provides support staff who are undertaking risk assessments and managing risk as part of their role. Appropriate risk assessment training is provided to all members of staff, including:

- Corporate induction training when staff join the Trust
- Mandatory update training for all staff at specified intervals
- Targeted training with specific areas including risk assessment, incident reporting and incident investigation
- Incident investigation training to support colleagues reviewing and learning from incidents
- Training and mentoring support for the electronic adverse event reporting system that is targeted at managers of wards, departments and non-clinical areas.

The Trust recognises the importance of learning from incidents and 'near-misses', to ensure that opportunities to improve are identified and opportunities for error are reduced. Incidents, complaints and patient feedback are routinely analysed to identify learning opportunities, with the Quality and Patient Safety Committee having oversight and assessing the assurance available to the Board that the Trust is effectively learning from experience. The learning identified is disseminated to colleagues at all levels, through a variety of methods as appropriate to local circumstances.

The Trust has a defined mandatory training framework, which sets out minimum requirements to ensure that all staff have received the appropriate training for their roles and responsibilities, which is renewed at appropriate intervals. For all staff, this includes information governance, infection control, safeguarding and fire safety training. During the year ended 31 March 2023, the Trust achieved a level of 87.9% compliance by staff colleagues against the requirements of the framework. The Quality and Patient Safety Committee is assured that there is no correlation between a delay in staff undertaking refresher training and patient safety incidents.

The risk and control framework

The Board has adopted a risk management strategy and policy, which sets out the key responsibilities and procedures for the management and mitigation of risk throughout the Trust. The risk management strategy and policy is reserved to the Board for approval, and is considered regularly with the advice of the Audit and Risk Committee. The risk management strategy and policy also sets out a consistent, clear approach to the assessment of risk, based on a five-by-five matrix to evaluate both the likelihood of a risk eventuating and the impact if the risk does eventuate, which is utilised for all risks.

The key strategic risks to the achievement of the strategic objectives that the Board has agreed for the Trust are recorded within the Board Assurance Framework, which records the key controls and mitigations in place to manage each risk on the Framework. The Framework also records evidence, both positive and negative, regarding the effectiveness of the controls; and identifies any gaps in control, including those that are beyond the control of the Trust. The Framework is reviewed three times a year by the Board, supported by the work of Board Committees to whom the detailed oversight of specific Framework risks has been delegated.

During the year, the Board participated in a risk seminar, reviewing its approach to risk management and risk tolerance. A review of the strategic risks was undertaken and the work required to complete a full restructure of the Board Assurance Framework and the risks recorded within it. A new set of risks was entered by the Board in November 2022, reflecting the assessment of strategic risks currently facing the Trust. The current risks recorded on the Framework are:

1. Partnership working, particularly on a system level, to ensure that patients and communities get the best possible health and care services
2. Ensuring that the Trust can maintain long-term financial stability in a challenging climate
3. Ensuring that the Trust can access sufficient capital to service its redevelopment and transformation needs
4. Having quality governance systems in place to assure that patient care and experience will be to a high level of quality
5. Being able to secure a high quality workforce in sufficient numbers with the skills necessary to deliver and support the services provided by the Trust
6. Ensuring that elective care can be provided to high standards in a timely way, given the levels of demand being experienced and COVID-related backlogs; ensuring that emergency care can be provided to high standards and in a timely way given the increases in demand being seen for these services – to be split into two separate risks in 2023/24
7. Being able to manage and improve the physical estate appropriately in the medium to long term
8. Ensuring the Trust meets national expectations regarding digital maturity and the stability of systems, with particular regard to Electronic Patient Records
9. Long-term impacts of not being able to transform provision and services in line with the agreed strategy.

Operational risks that may impact on the Trust as a whole are maintained on a Corporate Risk Register, in accordance with the risk management strategy and policy. The Corporate Risk Register is overseen by the Executive Management Committee, which is supported in its work by the Risk Oversight Committee which brings together executive directors and divisional leaders to ‘check and challenge’ the key operational risks that are reflected on the Corporate Risk Register. Each division maintains its own register of local risks, which is managed by the divisional management team.

During the year, the Board also reviewed its risk appetite, to ensure that it continues to reflect the current position of the Trust. The Board has continued to adopt a nuanced set of risk appetite statements, which reflect various aspects of the Trust’s activities; whilst the approved statements should be consulted for detailed guidance, the general approach of the Board is to be more risk-adverse in respect of matters affecting clinical care and safety, and less risk-adverse in respect of matters around business development and transformation.

Quality governance arrangements are led by the Chief Medical Officer and Chief Nurse, under the oversight of the Board and the Quality and Patient Safety Committee. Ensuring that clinical services and patient care are of the highest available quality starts with each individual colleague, and runs through departments, divisions and through to the executive team as a key priority. The Quality and Patient Safety Committee is supported in this area of work by three key executive-level groups; the Patient Safety Group, the Clinical Effectiveness Group, and the Patient Experience Group. Each of these Groups is led by an executive director, and has representation from the Divisions; and each reports directly to the Quality and Patient Safety Committee. At a divisional level, there are arrangements in place to ensure that the divisions have appropriate quality governance in place throughout their operations, under the leadership of the divisional triumvirate.

The Board recognises the key importance of ensuring that the performance information that it and its Committees consider is accurate, both to have effective oversight of performance and as the basis of the key strategic decisions that will be taken by the Board. There are control systems in place to mitigate the risk of inaccurate information being recorded, including systems of challenge and validation. As part of their medium-term plan of work, the internal audit service regularly review the systems of control and validation for performance information, and report to the Audit and Risk Committee regarding the level of assurance available in relation to those systems.

As an organisation registered with the Care Quality Commission, the Board recognises that it has a responsibility to be assured that the Trust is maintaining compliance with the requirements set out in the Health and Social Care Act 2012 (Regulated Activities) Regulations 2014, as amended. The Board, through the Quality and Patient Safety Committee, regularly reviews the assurance available regarding compliance with the various requirements: and this work is supported through the three clinical governance groups discussed earlier. During the year, the Care Quality Commission has conducted two inspections of specific services provided by the Trust; Medical Care (including Older People's Care) at Colchester Hospital, and Maternity and Neonatal Services at Colchester Hospital. The findings of these inspections have been reviewed by the Board, which has approved action plans to address those areas which were identified by the Care Quality Commission for improvement.

The Trust recognises the vital importance of data security and protection, as we hold sensitive personal data related to a large number of individuals, both patients and staff. The Trust has appropriate data security arrangements in place, including password-restricted access to systems and information, and systems to record all access to records. All staff receive regular update training on information governance and security measures; and the Trust takes appropriate disciplinary action against staff who have improperly accessed information.

The Board has undertaken a developmental well-led review, in line with the expectations of NHSE (previously NHS Improvement). The review was undertaken by Deloitte LLP, and included in-depth interviews and/or group discussions with governors, directors, senior colleagues, and a cross-section of Trust staff; together with a survey open to all staff. Overall, the review found that the governance of the Trust led by the Board was effective; but identified some areas where improvement could be made. The outcomes of the review were considered by the Board in a public session in May 2022, together with an implementation plan to address the learning points and recommendations found in the review.

The Trust has in place counter fraud arrangements through RSM from the NHS Counter Fraud Authority and has a named local counter fraud specialist. To ensure counter fraud resources are effective, there is a counter fraud plan and annual report which outlines the proactive, reactive and strategic counter fraud work undertaken for the Trust in 2022/23. The Trust has an Anti-Fraud, Bribery and Corruption Policy and Procedure in place, revised during the year.

During the year ended 31 March 2023, the Trust was subject to the Provider Licence issued by NHS Improvement which included a Condition (Condition FT4) setting out key requirements for effective governance, with which the Trust was required to comply. During the year, the key risk to those conditions, and the mitigations to manage it, was considered to be the governance structures proving to be ineffective. This was mitigated by ensuring that governance structures were regularly reviewed and refreshed, to ensure that there were clear lines of reporting and accountability. This was also supported by the work undertaken by the internal audit service through the course of the year, and by the developmental well-led review undertaken.

In 2022/23, a review was undertaken to ensure that the Board had appropriate arrangements in place to support its work through the Committee structure and those reporting into Committees. This included work to ensure that there were clear lines of reporting and accountability, as the Trust moved away from the Integrated Assurance Committee that had been in place during the COVID-19 pandemic period to a wider range of Committees being in place. As a result, the Terms of Reference for the various Committees were revised to reflect appropriate arrangements and ensure clarity, together with standardisation of procedures as appropriate.

Under the prior Provider Licence arrangements, the Trust was required to make a statement to NHS Improvement annually regarding its compliance with the requirements of Condition FT4. During the year, the Board used a number of mechanisms to gain positive assurance that the Trust continued to be in compliance with those requirements, in preparation for the making of the statement under that Condition. These included regular reporting from Board Committees regarding their levels of assurance in respect of the matters that they were delegated to oversee; receiving patient and staff stories to hear directly about the quality of care provided to patients; regular reviews of the Board Assurance Framework and reviewing the risks recorded within it; and regular consideration of key business plans, and updates on progress for the various projects within the Trust's strategic and transformation programme. The requirement to make a statement was removed when the updated NHS Provider Licence came into effect on 1 April 2023.

The effective management of risk is embedded as a key part of the 'ESNEFT way', and is reflected in the responsibilities of all staff, from the ward to the Board. All staff are required to report all incidents and/or 'near-miss' events through a single portal (Datix), and all incidents are then reviewed for action and learning as appropriate. It is the policy of the Board that feedback will be provided to all colleagues who report incidents, unless specific circumstances, such as a criminal or disciplinary investigation, make that inappropriate. Incidents reported are considered at a departmental and divisional level on a regular basis, and will also be considered on an aggregated Trust-wide basis at key executive-level meetings and in the Quality and Patient Safety Committee. The Board also regularly hears directly from patients and carers, which enables triangulation against the other information provided and challenge regarding both learning and implementing change as a result of incidents and 'near-misses'.

The Trust engages with public stakeholders in a number of ways regarding risks that affect them. As part of the Suffolk and North-East Essex ICS, and its 'place-based' Alliances structure, we engage with partner organisations across all sectors in the system to collaboratively address shared risks; these include the transfer of individuals across health and social care boundaries, supporting preventive community services and public health to improve individuals' conditions and prevent more serious treatment becoming necessary, and addressing the wider determinants of health that will impact on individuals across the area of the ICS.

There are a range of user and service-based groups that are associated with the services provided by the Trust, and through these we gain the benefit of patient and public experience which can help us improve how our services are provided and the experience for both patients and carers. We also have the benefit of governors, elected by those members of the public who have chosen to become members of the Trust, and who feed back views from members and the wider public on the services that the Trust provides.

The Board recognises the key importance of ensuring that staffing processes deliver safe, sustainable and effective staffing for the Trust. The Board has approved a Workforce Strategy, which sets out the key ambitions to support our staffing colleagues to develop and improve the quality of service that we can provide to our communities. Staffing metrics across the organisation and in any areas of concern are regularly reviewed by the Board through the Integrated Performance Report, supported by the detailed work undertaken by the People and Organisational Development Committee, and the Quality and Patient Safety Committee. Operationally, staff numbers are reviewed regularly during the day and action taken to address any areas where there are potential difficulties, through the use of our partners in supplying bank and/or agency staffing as appropriate.

The skill mix available to the Trust, with reference to the acuity of the care being required, is reviewed on a six-monthly basis, and presented to the Board by the Chief Nurse and the Chief Medical Officer. This review enables the Board to consider and gain assurance regarding the levels of staffing to provide a safe service and quality care, and also to review the actions being undertaken in respect of any areas where improvements are needed.

In October 2018 NHS Improvement launched a Workforce Safeguards toolkit to direct Trusts to ensure that there are appropriate safeguards in place that support NHS boards to make informed, safe and sustainable workforce decisions. Further information can be found at this link.

The Chief Medical Officer, Chief Nurse and Director of People and Organisational Development undertake a six-monthly assessment of our compliance against the toolkit in each financial year considered by the Board and its People and Organisational Development Committee. The review undertaken in September 2022 demonstrated that the Trust has progressed the work required to triangulate all of the data available, thereby supporting a clearer view on determining whether all aspects of the workforce are achieving maximum productivity and efficiency.

There remain further areas of focussed work particularly in medical and AHP staffing groups where there are currently no national standards for safe staffing levels and assessment is reliant primarily on professional judgement.

In line with the toolkit, the Chief Medical Officer, Chief Nurse and Director of People and Organisational Development are satisfied with the outcome of the assessment that staffing is safe, effective and sustainable. Furthermore, the actions that are required form part of the Workforce Planning programme, with key workstreams identified to improve on the identified gaps, in order to further strengthen systems and processes. A further assessment was considered early in 2023/24.

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

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 12 months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

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

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

The Foundation Trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of economy, efficiency and effectiveness of the use of resources
As a publicly-funded organisation, the Trust operates with a statutory requirement to ensure that resources are used economically, efficiently and effectively, under the *National Audit Office Act 1981*. The Trust operates a number of systems which apply to ensure that this statutory requirement is met:

- There is a detailed business planning process undertaken each year, to ensure that all departments, divisions and the Trust as a whole has a clear view of available resources, the required resource for workforce and quality of service, and has taken prioritised decisions regarding investments and service developments. The business planning process is overseen through the Performance Assurance/ Performance and Finance Committee, with the overall business plan being considered by the Board as a whole at various stages of development. The final business plan is approved by the Board, and sets fixed budgets for departments and divisions for the financial year, which they are required to abide by.
- There are comprehensive Standing Financial Instructions in place, which provide detailed controls to give assurance that resource is being used appropriately. These cover financial transactions, including appropriate separation of decision-making, ordering and reception of goods and services; processes for authorising recruitment of staff and changing grading of posts, both within the set establishment and (exceptionally) to increase establishment within the financial year; and to ensure the procurement of goods and services, including short-term staffing through internal bank or external agency arrangements, is appropriate and delivers value for money.

- The Standing Financial Instructions include levels of authorisation/delegation to various levels, from departments up to decisions reserved to the Board, to ensure that there is appropriate oversight and challenge. Significant investment decisions (over £2.5 million, whether revenue or capital) require Board approval. All proposals for investment are required to be supported by a business case that sets out the options and reasoning for recommendations, at an appropriate level of detail for the size of the proposed investment.

A regular part of the medium-term planned work from the Internal Audit service is to review and assess the available level of assurance regarding the key controls for economy, efficiency and effectiveness; and to advise the Audit and Risk Committee and the Board of areas where controls and systems can be improved. In line with national requirements, the external auditor undertakes annually a Value-for-Money audit, focused on these areas, which assesses the assurance available that the Trust has delivered the statutory duty on economy, efficiency and effectiveness.

Information governance
The Trust recognises that it is trusted by patients and carers to handle sensitive data carefully and with full regard to the privacy rights of the individual. There are clear policies in place to ensure that data is handled appropriately and that data is only accessed when there is a clear and appropriate need to do so. These are supported in practice by a range of processes, including regular reviews of departmental systems by the information governance team; and by processes to review cases where access may have been inappropriate, which if shown will be followed by appropriate disciplinary actions.

During the year ended 31 March 2023, three incidents were reported to the Information Commissioner, as follows:

- Decommissioned laptops were stolen from offices on a Trust site, with one device having an unencrypted drive as it was part-way through the decommissioning process. As a result, the Trust updated its processes regarding the security and disposal of information technology kit that is due for decommissioning
- As part of the process towards establishing a car-sharing scheme, the personal data of staff was inappropriately shared with a third-party partner who was supporting the scheme. The data was deleted by the third party. A full review of learning was undertaken and the Trust's procedures regarding undertaking and gaining approval for Data Protection Impact Assessments were reviewed and emphasised
- Notes from patient handover were found in a public location and were reported by a local media organisation. Following a review of the circumstances, the Trust reminded colleagues of the importance of ensuring that all patient-identifiable information had been left in the Trust before leaving the site.

In each case, the Information Commissioner indicated that they were satisfied with the actions taken by the Trust, and had no further requirements.

Data quality and governance
The Board recognises that, in order to make appropriate decisions, it is important that it can rely on the accuracy of the data that is provided to it on both performance and quality. The quality and reliability of data is regularly reviewed and validated by management, and is overseen as part of the control systems by the Audit and Risk Committee, supported by the work of the internal audit service. The reliability and quality of data is also reviewed by the external auditors as part of their assurance work.

The Performance Assurance Committee has responsibility for providing assurance with regard to coding quality. Clinical coding is “the translation of medical terminology as written by the clinician to describe a patient’s complaint, problem, diagnosis, treatment or reason for seeking medical attention, into a coded format” which is then both nationally and internationally recognised. There are over 16,000 codes for different diagnoses and almost 10,000 for procedures or intervention. A six-monthly report is scheduled, most recently considered in December 2022, reviewing the depth of coding, audit information and training of staff.

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. Further independent assurances are made through internal audits of data quality, national validation programmes and third party support from specialist organisations with validation expertise.

Towards the end of the year, it became clear that a number of patients who had not previously been identified as at risk of exceeding 78 weeks between referral and completion of treatment (the 78-week-wait period) would in fact exceed that timescale, for which HM Ministers had set an expectation that all cases would have been completed by the end of March 2023. The consequence of this was that the Trust moved from expecting to report less than 30 outstanding cases at the end of March 2023, to a position of about 250 outstanding cases at that date. Whilst each case has its own factors, including the clinical position of the patient, the Board recognises that this appears to be a failure of the systems to ensure the accuracy and reliability of data related to elective waiting times. Senior management and the Board have commissioned a review by the internal audit service, which will report to the Audit and Risk Committee and is expected to identify areas where the control environment can be improved. The support of the national Elective Intensive Support Team was also requested by the Trust.

Review of effectiveness

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

Overall responsibility for the effectiveness of the systems of internal control lies with the Board of Directors, who retain responsibility for the approval of key items such as the Scheme of Delegation and the Schedule of Matters Reserved for Board decision. The Board regularly receives reports from its Committees, which are subject to critical review, and draw the Board’s attention to key matters which are being escalated for Board decision.

The main supporting Committee for the Board’s management of internal control systems is the Audit and Risk Committee. This Committee, composed entirely of non-executive directors and with a membership including recent and relevant financial experience, has delegated authority from the Board to review key internal control systems and make recommendations for improvement: and is regularly attended by the chief executive and director of finance. It receives the reports and agrees actions from the work of the internal

audit and local counter fraud services, and liaises on behalf of the Board with the external audit provider. Its regular agenda also includes reviewing any cases where waivers to usual requirements, such as tendering, have been required to ensure that they are appropriate; and work related to ensuring that all potential conflicts of interest for staff, directors and others working with the Trust have been declared appropriately and in line with national policy. As part of its controls work, it has oversight of the mechanisms being used by other committees to review and challenge Board Assurance Framework risks, whilst judgements and recommendations remain for those committees

The internal audit service is provided by RSM LLP, on a contract basis. The service provides a range of internal audits, based on a medium-term strategy and with an annual plan that is approved by the Audit and Risk Committee prior to the commencement of the financial year. The plan is designed to ensure that all areas identified requiring review are covered over a three-year cycle, whilst also having flexibility to adjust to changing circumstances and having some capacity to engage in additional reviews where a need is identified by the Board or management. During the 2022/23 year, the following reviews were carried out, with the reported level of assurance available as indicated:

Review title	**Level of assurance**
Inventory Stock Management	Reasonable
Workforce Planning	Substantial
Business Planning	Substantial
Infection Prevention and Control	Reasonable
Waiting List Management and COVID recovery	Reasonable
Medicines Management, Stage 2	Reasonable
Patient Complaints	Reasonable
Business Cases - capital projects	Substantial
Divisional Governance - Estates and Facilities	Partial
Cyber Risk Assessment	Partial
Nursing allocation and acuity	Reasonable
Divisional Governance – MSK and Specialist Surgery	Reasonable
Workforce Planning and Medical Staffing Recruitment	Reasonable
Risk Management	Reasonable
Grievances and Freedom to Speak Up Processes	Reasonable
Key Financial Controls	Substantial
Discharge Management	Reasonable
Medical Devices Management	Partial Assurance
Data Security and Protection Toolkit	Advisory report with rating based on NHS Digital scoring mechanisms – for 2023/24 reporting

Two reviews did not involve a formal audit opinion:

i. Safe and secure handling of medication processes
ii. Financial sustainability,

In relation to those reviews that provide partial assurance, the Audit and Risk Committee requires the responsible executive director to attend to provide further detail and assurance on the action to be taken and the timeframe for resolution:

- Divisional governance, Estates and Facilities – the re-audit demonstrated progress since the review which was undertaken in 2020/21. A number of control weaknesses were identified and management actions and timescales were confirmed. In early 2023/24 a new Director of Estates and Facilities will join the Trust. They will be responsible for demonstrating the required improvement
- Cyber risk assessment - in 2022/23 the Trust has identified through audit and self-assessment the need to improve its digital maturity to support its upcoming Electronic Patient Record development and to support the future maturity in relation to cyber security and its threat to service interruption as we become more digitally enabled. A new Digital Data and Technology Strategy will be presented to the Board in 2023/24 with a supporting Cyber Security Strategy and action plan to ensure improved IT security and compliance. Additional reporting to the Audit and Risk Committee has also been agreed
- Medical Devices management – for report to Committee in 2023/24. Action plan agreed with management to address the weaknesses identified. A positive trend and improvements in the control framework when compared to previous reviews.

Throughout the year, the internal audit service had direct and immediate access to the Audit and Risk Committee through their Chair, and to the Accounting Officer. The overall view of the Internal Audit on controls in place through the year is provided in the annual Head of Internal Audit opinion; for the 2022/23 year, that Opinion reported that overall the organisation has an adequate and effective framework for risk management, governance and internal control. However, the work of the Internal Audit service has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Operational risk is managed at an executive, divisional and departmental level, dependent on the potential impact of the risk eventuating and the judgement of likelihood. Operational risks that cross departments or divisions, or which could have a cross-Trust impact, although not being strategic risks, are managed at an executive level through the Corporate Risk Register, which is overseen by the Executive Management Committee. During the year, the Risk Oversight Committee was re-formed, with executive leadership and involving all divisions, to provide more focus on key operational risks; and to enable peer challenge from the divisions with a view to promoting consistency and understanding of the scoring process. Divisions and departments are responsible for the management of risks that have local effect. All levels are required to ensure that risks are being appropriately managed and mitigated, in line with Trust policies, and having regard to the risk appetite statements that have been approved by the Board.

The Board is supported in ensuring that there is appropriate governance regarding the quality of care and patient experience through the work of the Quality and Patient Safety Committee, which is appointed by and directly reports to the Board. At the executive level, quality governance is led by the Chief Medical Officer and the Chief Nurse, supported by their executive colleagues; it is a key responsibility of divisions and departments to ensure that their systems of quality governance are working well and are effective, supported by the central teams. The Board recognises in particular the need to ensure that learning is taken and effectively shared from adverse incidents and ‘near-misses’, and there are procedures in place to ensure that this occurs in practice. Full detail of the arrangements for quality governance, including metrics on performance and

plans to further develop and improve, can be found in the annual Quality Account that will be published by the Trust in accordance with statutory requirements.

The Trust has continued to participate in a programme of clinical audit work, in line with national requirements. This work has informed the views expressed in the Quality Account, which include details of the various clinical audit programmes that have been conducted during the course of the 2022/23 year.

Conclusion

For the year ended 31 March 2023, and from then until the date of the signing of this statement, there are no significant internal control issues that have been identified.

Nick Hulme
Chief Executive
16 January 2024

Glossary/Abbreviations

AF	Accountability framework
AGS	Annual Governance Statement
AHPs	Allied health professionals
AI	Artificial intelligence
AMSDEC	Acute medical same day emergency care
Audit	A continuous process of assessment, evaluation and adjustment
BAF	Board Assurance Framework
CDC	Clacton Community Diagnostic Centre
CQC	Care Quality Commission, who assess our quality of care
Capital	Spending on land and premises and provision, adaptation, renewal, replacement or demolition of buildings, equipment and vehicles
ED	Emergency Department
EDI	Equality, diversity and inclusion
EMC	Executive Management Committee
ENT	Ear, nose and throat
EPR	Electronic patient record
EPRR	Emergency Preparedness Resilience and Response
ESNEFT	East Suffolk and North Essex NHS Foundation Trust
FFT	Friends and Family Test
FTE	Full time equivalent (staffing)
HRBPs	Human Resources (workforce) business partners
ICS/ICB/ICP	Integrated Care System/Board/Partnership
KLOEs	Key Lines of Enquiry
KPIs	Key Performance Indicators
MECC	Making every contact count
NEDs	Non-executive directors
NHSE	NHS England leads the NHS in England
NNUH	Norfolk and Norwich University Hospitals NHS Foundation Trust
PALS	Patient advice and liaison service
PHSO	Parliamentary and Health Service Ombudsman
PSED	Public sector Equality Duty
RTT	Referral to Treatment
SDAT	Sustainable Development Assessment Tool
SMS	Short message - texting
SPF	Staff Partnership Forum
VCSE	Voluntary, community or social enterprise organisations
WRES/WDES	Equality – Workforce Race and Disability Equality Standards
WSFT	West Suffolk NHS Foundation Trust

Independent auditor's report to the Council of Governors

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 2023, 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), and as interpreted and adapted by the 2022-23 Government Financial Reporting Manual as contained in the Department of Health and Social Care's Group Accounting Manual 2022-23, and the NHS Foundation Trust Annual Reporting Manual 2022-23 issued by NHS England.

In our opinion the financial statements:

- give a true and fair view of the financial position of East Suffolk and North Essex NHS Foundation Trust as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the Department of Health and Social Care's Group Accounting Manual 2022-23; and
- have been prepared in accordance with 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 Accounting 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 Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

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

do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on information in the Remuneration and Staff Report

We have also audited the information in the Remuneration and Staff Report that is subject to audit, being:

- the table of salaries and allowances of senior managers and related narrative notes;
- the table of pension benefits of senior managers and related narrative note;
- the tables of exit packages and related notes;
- the analysis of staff numbers and related notes; and
- the table of pay multiples and related narrative notes.

In our opinion the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2022-23.

Matters on which we are required to report by exception

Use of Resources

We are required to report to you if, in our opinion, we identify any significant weaknesses in the arrangements that have been made by the Trust for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have completed our work on the Trust's arrangements. We have nothing to report in this regard.

Other matters on which we report by exception

We have nothing to report in respect of the following matters which Schedule 10 of the National Health Service Act 2006 requires us to report to you if:

- in our opinion the Annual Governance statement does not comply with the guidance issued by NHS England; or
- we refer a matter to NHS England under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.

Responsibilities of the Accounting Officer

As explained more fully in the Statement of Accounting Officers responsibilities in respect of the accounts, 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 they determine 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 Accounting Officer either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

As the accountable officer of the Trust, the Chief Executive is responsible for ensuring that value for money is achieved from the resources available to the Trust.

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, the Trust's head of internal audit, the Trust's local counter fraud specialist and those charged with governance, including obtaining and reviewing supporting documentation in respect of the Trust's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Trust's controls relating to Managing Public Money requirements;
- discussing among the engagement team and involving relevant internal and or external specialists, including information technology 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, cut off and expenditure recognition around the year end, and post-ing of unusual journals accruals; and

- 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, which requires that each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account. Other relevant laws and regulations identified include VAT legislation and PAYE legislation, and the NHS Group Accounting Manual and the NHS Foundation Trust Annual Reporting Manual.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, 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; and
- substantively selecting items of expenditure, both from bank statements and invoices, around the year end based on a lower threshold that reflected the level of risk.

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

We are required under the Code of Audit Practice 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 issued by the National Audit Office, having regard to the guidance issued by the Comptroller and Auditor

General in January 2023.

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

We certify that we have completed the audit of the accounts of East Suffolk and North Essex NHS Foundation Trust for the year ended 31 March 2023 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

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 Schedule 10 of the National Health Service Act 2006.

Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Council of Governors of the Trust, as a body, for our audit work, this report, or for the opinions we have formed.

DocuSigned by:
David Eagles
6514B0937C61408...

David Eagles
Partner

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

18 January 2024

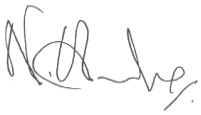
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Annual Accounts for the year ended 31 March 2023

Foreword to the accounts

East Suffolk and North Essex NHS Foundation Trust

These accounts, for the year ended 31 March 2023, 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

16 January 2024

Statement of Comprehensive Income

	Note	2022/23 £000	2021/22 £000
Operating income from patient care activities	3	958,205	891,494
Other operating income	4	61,904	69,629
Operating expenses	7,9	(1,014,090)	(957,794)
Operating surplus		6,019	3,329
Finance income		1,727	101
Finance expenses		(3,195)	(2,559)
PDC dividends payable		(10,108)	(6,525)
Net finance costs		(11,576)	(8,983)
Gains arising from transfers by absorption		-	22
Deficit for the year		(5,557)	(5,632)
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	11,13	11,800	10,120
Total comprehensive income for the year		6,243	4,488

Statement of Financial Position

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Intangible assets		9,845	10,369
Property, plant and equipment	11	431,155	370,747
Right-of-use assets	14	61,095	-
Receivables	15	2,240	2,416
Total non-current assets		504,335	383,532
Current assets			
Inventories		13,570	11,974
Receivables	15	44,622	30,634
Non-current assets for sale		1,947	1,947
Cash and cash equivalents	16	75,137	99,655
Total current assets		135,276	144,210
Current liabilities			
Trade and other payables	17	(128,513)	(133,259)
Borrowings	18	(11,523)	(5,735)
Provisions	19	(4,433)	(1,223)
Other liabilities		(2,497)	(2,333)
Total current liabilities		(146,966)	(142,550)
Total assets less current liabilities		492,645	385,192
Non-current liabilities			
Borrowings	18	(81,802)	(41,304)
Provisions	19	(3,690)	(4,719)
Other liabilities		(651)	(977)
Total non-current liabilities		(86,143)	(47,000)
Total assets employed		406,502	338,192
Financed by			
Public dividend capital		440,866	385,614
Revaluation reserve		44,839	33,093
Other reserves		754	754
Income and expenditure reserve		(79,957)	(81,269)
Total taxpayers' equity		406,502	338,192

The notes on pages 119 to 144 form part of these accounts.

Nick Hulme

Chief Executive

16 January 2024

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2022	385,614	33,093	754	(81,269)	338,192
Total comprehensive income for the year					
Deficit for the year	-	-	-	(5,557)	(5,557)
Revaluations	-	11,800	-	-	11,800
Total comprehensive income for the year	-	11,800	-	(5,557)	6,243
Gains arising from transfers by modified absorption	-	-	-	6,815	6,815
Transfer to retained earnings on disposal of assets	-	(54)	-	54	-
Public dividend capital received	55,252	-	-	-	55,252
Total reserve movements for the year	55,252	11,746	-	1,312	68,310
Taxpayers' equity at 31 March 2023	440,866	44,839	754	(79,957)	406,502

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Other reserves	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2021	345,448	23,048	754	(75,712)	293,538
Total comprehensive income for the year					
Deficit for the year	-	-	-	(5,632)	(5,632)
Revaluations	-	10,120	-	-	10,120
Total comprehensive income for the year	-	10,120	-	(5,632)	4,488
Transfer to retained earnings on disposal of assets	-	(75)	-	75	-
Public dividend capital received	40,166	-	-	-	40,166
Total reserve movements for the year	40,166	10,045	-	(5,557)	44,654
Taxpayers' equity at 31 March 2022	385,614	33,093	754	(81,269)	338,192

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 and Social Care 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 represents 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.

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

Statement of Cash Flows

	Note	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Operating surplus		6,019	3,329
Non-cash income and expense:			
Depreciation and amortisation	7	30,487	21,596
Net impairments	8	6,410	12,591
Income recognised in respect of capital donations	4	(1,257)	(188)
Losses from disposal of property, plant and equipment		3,367	741
Amortisation of PFI deferred credit		(326)	(326)
Increase in receivables and other assets		(13,671)	(9,266)
Increase in inventories		(1,596)	(1,067)
Increase in payables and other liabilities		6,616	5,160
Increase / (decrease) in provisions		2,192	(741)
Other movements in operating cash flows		-	563
Net cash flows from operating activities		38,241	32,392
Cash flows from investing activities			
Interest received		1,535	60
Purchase of intangible assets		(1,574)	(2,922)
Purchase of property, plant and equipment		(93,637)	(62,906)
Sales of property, plant and equipment		62	172
Receipt of cash donations to purchase assets		1,100	-
Net cash flows used in investing activities		(92,514)	(65,596)
Cash flows from financing activities			
Public dividend capital received		55,252	40,166
Loans repaid to the Department of Health and Social Care		(3,036)	(3,341)
Other loans received		-	3
Other loans repaid		(141)	-
Capital element of lease liability repayments		(7,795)	(1,614)
Capital element of PFI and other service concession payments		(1,205)	(1,163)
Interest on loans		(280)	(304)
Other interest		(4)	-
Interest element of lease liability repayments		(1,022)	(900)
Interest paid on PFI and other service concession obligations		(1,961)	(1,780)
PDC dividend paid		(10,053)	(4,589)
Net cash flows from financing activities		29,755	26,478
Decrease in cash and cash equivalents		(24,518)	(6,726)
Cash and cash equivalents at 1 April		99,655	106,381
Cash and cash equivalents at 31 March	16	75,137	99,655

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England 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 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged 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 right-of-use assets and liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The Directors have a reasonable expectation that this will continue to be the case. In coming to this conclusion, we have considered opening cash balances, revenue and capital funding streams for the coming year and our exposure to loan facilities which need to be repaid. 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.

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 for 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 consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts
The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an integrated care system (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. These payments are accompanied by a variable-element that can adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differs from the agreed level set in the fixed payments, the variable element can either increase or reduce the income earned by the Trust at a rate of 75% of the tariff price.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred, for example to support the COVID pandemic, and this top-up income is accounted for as a variable consideration.

Elective Recovery Funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22 income earned by the system based on the achievement of elective activity targets was distributed between individual entities by local agreement, and income earned from the fund was accounted for as variable consideration.

The Trust also received income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

The Trust also receives funding from Health Education England for training and education, which is accounted for under IFRS15, and recognised when the training/activity takes place.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

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

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

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Property, plant and equipment

Note 1.7.1 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
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control

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

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

Note 1.7.2 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.

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 and plant 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.

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

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

Depreciation

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

Property, plant and equipment which has been reclassified as ‘held for sale’ cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

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 1.7.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition;

- 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Note 1.7.4 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 HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment.

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 1.7.5 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	2	67
Plant & machinery	2	15
Transport equipment	7	7
Information technology	2	15

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

Note 1.8 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 1.9 Financial assets and financial liabilities

Note 1.9.1 Recognition

Financial assets and 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 ONS.

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

Note 1.9.2 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. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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

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 PFI and 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.

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

Impairment of financial assets

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

The Trust adopts the simplified approach to impairment for contract, other receivables, and lease receivables, measuring expected losses 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.

Note 1.9.3 De-recognition

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

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

Note 1.10 Leases

A lease is a contract of part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes

lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meets the definition of a lease. The Trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

Initial application of IFRS16

IFRS16 Leases, as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS16 replaces *IAS17 Leases* and *IFRIC4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS17 and IFRIC4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

IFRS16 has not been applied to PFI contracts in the current year (see note 1.16).

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right-of-use asset was created equal to the lease liability. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022, or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS16.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS16 basis. Under IAS17 the classification of leases as operating or finance leases still applicable to lessors under IFRS16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right-of-use asset and a lease liability.

The right-of-use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less. Lease payments associated with these expenses are expensed on a straight-line basis over the lease-term. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right-of-use assets, unless the cost model is considered to be an approximate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an approximate proxy for the value of the right to use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also re-measured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such re-measurements are also reflected in the cost of the right-of-use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

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

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

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

- donated assets (including lottery funded assets)
- 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
- 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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.12 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 1.13 Losses and special payments

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

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

Note 1.14 Transfers of functions from other NHS bodies

For functions that have been transferred to the Trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities. An equivalent entry is recorded against Public Dividend Capital to reflect this net gain / loss in the Trust's taxpayer’s 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.

Note 1.15 Transfers of functions from other NHS bodies under modified absorption accounting

In 2022/23 the Trust recognised a gain resulting from the transfer of former Primary Care Trust assets from NHS Property Services to the Trust under the Asset Transfer Policy announced in May 2019. This transfer was accounted for via a modified absorption approach, in which the corresponding credit to reflect the gain is recognised directly in reserves.

The modification relates only to the scoring of the corresponding credit to the reserves. The treatment of pre transfer activity, valuation, accumulated depreciation and revaluation reserves applies equally to the modified absorption approach.

The treatment mirrors the approach taken in transferring properties into NHS Property Services in 2013-14.

Note 1.16 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases – application of liability measurement principles to PFI and other service concession arrangements

From 1 April 2023, the measurement principles of IFRS16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be re-measured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such re-measurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the statement of financial position. The effect of this has not yet been quantified.

Note 1.17 Critical judgements in applying accounting policies

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

The 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:

Property, plant and equipment valuation

Critical judgements have been applied in accounting for specialised buildings specifically in relation to the valuation assumptions. Department of Health and Social Care guidance specifies that the Trust's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore, the MEA is not a valuation of the existing land and buildings that the Trust holds, but a theoretical valuation for accounting purposes of what the Trust could need to spend in order to replace the current assets.

In determining the MEA, the Trust has to make assumptions that are practically achievable, however, the Trust is not required to have any plans to make such changes.

The Trust is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Trust, and would not impact on service delivery or the level and volume of service provided. This is because the chosen locations and the catchment areas for patients using the Trust's services has been taken into account when deciding on appropriate alternative sites.

The Trust does not intend to implement any of the changes to its property, plant and equipment that are implied by the theoretical assumptions that underpin the MEA valuation.

For the purpose of the MEA valuation, the Trust has assumed that the modern equivalent asset for both Colchester Hospital and Ipswich Hospital would be a multi-storey building, which would occupy less land. For the purpose of the MEA valuation, the Trust has not included unused space, unused land, under-utilised space and any space not used for healthcare purposes or required to directly support the delivery of healthcare, in the calculation of modern equivalent asset.

The MEA valuations used by the Trust have been provided to the Trust by the Valuation Office Agency. The Trust has used component lives based upon information provided by the Valuation Office Agency to depreciate buildings on a component basis.

Adoption of IFRS 16 Leases

Under IFRS 16, when initially measuring right-of-use assets and lease liabilities, the Trust needs to determine the lease term. IFRS 16 defines the lease term as the non-cancellable period for which the Trust has the right to use an underlying asset,

together with both i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Trust has several instances of leased properties with NHS Property Services for which there are no formally documented leasing agreements, and therefore the Trust has applied accounting judgements to these leases, most notably making an assumption regarding the term of the lease.

Where no formal lease is in place, the Trust has determined that it is appropriate to align the lease term to that of the community-based service contract, whose services are largely provided from these leased properties, the underlying assumption being that the leased property is necessary only to provide those services, and should the contract be awarded to an alternative provider in the future, the leasing arrangements would also be transferred at the same time.

Non Consolidation of Charitable Funds

International Accounting Standard number 27 (IFRS10) requires production of consolidated accounts where there is a parent/subsidiary relationship. IFRS10 defines a subsidiary as an entity that is controlled by another entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Trust is Corporate Trustee of the Charitable Fund and meets the definition of control.

Materiality is an overriding consideration in preparation of the accounts. The international Accounting Standards Board (IASB) states that "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements".

The net assets of the Charitable Fund are less than 2% of the Trust's net assets. Charitable income is less than 0.5% of Trust income. The Directors therefore consider that the significant amount of work which would be necessary to consolidate the accounts of the Charitable Fund with those of the Trust is not justified on the grounds of materiality.

Note 1.18 Sources of estimation uncertainty

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

Property, plant and equipment valuation

The Trust considers that the valuation of property, plant and equipment assets poses a significant risk relating to estimates and assumptions about their carrying value. To mitigate the risk of material misstatement, the Trust engages the services and advice of a professional RICS qualified valuer as detailed in note 13. The qualified valuer is recognised as a suitable provider of a range of valuation and surveying services to public sector bodies and their estimates can be relied upon in respect of these services, including estimates of the remaining useful economic lives of property assets.

The key assumptions that are most likely to affect the valuations are:

Cost data: The valuer uses actual cost data where it is available however this is adjusted to reflect price changes since the construction date and any differences between those costs and the costs that would be incurred in constructing the modern equivalent asset. Where actual cost data is not available the valuer relies on indices that are informed through the Building Cost Information Service (BCIS) all in tender price index, which provides statistical data across a wide range of buildings and more accurately reflects tender levels in the industry. The BCIS and location factor for the alternative site are applied to the costs associated with the construction of the Modern Equivalent Asset and allows the costs to be adjusted to the valuation date. The Trust requires asset valuations at a given valuation date for accounting purposes and the valuer assists in providing these asset valuations having regard to the forecast tender cost information available at the time. However, the final BCIS figure does not become fixed until some 6 to 9 months after the relevant calendar valuation date which could give rise to some variation to the values reported at the valuation date. As an illustration of this for the Colchester Hospital site, if the BCIS were 5% higher this would have an impact on the value of specialised properties recorded in the Statement of Financial Performance of an increase of £6.3 million.

Gross Internal Area (GIA): The GIA of the Trust's buildings is a key valuation characteristic of the overall asset value as the BCIS and location factor for the alternative site are applied to GIA figures in estimating the costs associated with the construction of the Modern Equivalent Asset. As the Trust has assumed that its modern equivalent assets would occupy less land and has not included unused space, unused land, under-utilised space or any space not used for healthcare purposes or required to directly support the delivery of healthcare, any variation in the GIA could lead to differences in the values reported at the valuation date. As an example, for the Colchester Hospital site, the Trust currently assumes an overall reduction in GIA of 15% for its modern equivalent asset. If this percentage was decreased to 10% this would have an impact on the value of specialised properties recorded in the Statement of Financial Performance of an increase of £8.0 million.

The valuer also reviewed the useful economic lives of the Trust buildings. Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives by category of an asset are detailed in note 1.7.5.

Adoption of IFRS16 Leases

In applying a judgement over the determination of the lease term for properties leased from NHS Property Services, the Trust has used the remaining duration of the community-based, namely 5.5 years for the Suffolk Community Contract and 10 years for the North Essex Community Contract.

As the lease term is a key characteristic in determining the initial value of the right-of-use asset and corresponding liability, the Trust has examined the impact on the carrying value of these by re-assessing the North Essex Community contract leases over a lease term of 15 years instead of the 10 years used during the adoption of IFRS 16, where 15 years is the lease period of similar leasing arrangements for which a formal lease agreement is in place.

For this sample of leases, a revised lease term of 15 years would increase the carrying value of both the right-of-use asset and liability by £2.1m, with a nil overall impact on the Trust's total assets employed. Furthermore, a 15 year lease would have generated additional lease interest charges of £19k in 2022/23 but this would have been offset by lower depreciation. There would have been no bearing on cash as the lease payments do not alter as a result of a change to this accounting judgement.

Note 2 Operating Segments

The Trust has determined that the chief operating decision maker (as defined by IFRS 8 Operating Segments) is the Board of Directors, on the basis that all strategic decisions are made by the Board.

All of the Trust's activities are in the provision of healthcare, which whilst provided across two main hospital sites, is an aggregate of all the individual specialty components included therein. Similarly, the large majority of the Trust's revenue originates with the UK Government. The majority of expenses incurred are payroll expenditure on staff involved in the production or support of healthcare activities generally across the Trust together with the related supplies and overheads needed to establish this production. The business activities which earn revenue and incur expenses are therefore of one broad combined nature.

Consequently the Board of Directors considers that all the Trust's activities fall under a single segment of provision of healthcare, and no further segmental analysis is therefore required.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)

	2022/23 £000	2021/22 £000
Acute services		
Income from commissioners under API contracts [1]	820,541	789,923
High cost drugs income from commissioners (excluding pass-through costs)	50,737	47,055
Other NHS clinical income	1,070	2,375
Clinical partnerships providing mandatory services (including S75 agreements)	16,365	12,017
All services		
Private patient income	1,541	1,643
Elective Recovery Fund	21,516	14,151
Agenda for change pay offer central funding [2]	19,816	-
Additional pension contribution central funding [3]	21,896	20,203
Other clinical income	4,723	4,127
Total income from activities	958,205	891,494

1. Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents. https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

2. NHS England has provided funding to cover the additional costs of the formal pay offer made by the Government to Agenda for Change unions for staff subject to Agenda for Change pay, terms and conditions. The Trust has accrued its share of income based on national cost estimates.

3. 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)

	2022/23 £000	2021/22 £000
Income from patient care activities received from:		
NHS England	167,212	130,247
Clinical commissioning groups	180,188	752,963
Integrated care boards	603,428	-
Other NHS providers	1,070	2,375
NHS other	43	139
Local authorities	61	12
Non-NHS: private patients	1,541	1,643
Non-NHS: overseas patients (chargeable to patient)	258	99
Injury cost recovery scheme	1,250	1,120
Non NHS: other	3,154	2,896
Total income from activities	958,205	891,494

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2022/23 £000	2021/22 £000
Income recognised this year	258	99
Cash payments received in-year	192	31
Amounts added to provision for impairment of receivables	128	143
Amounts written off in-year	34	17

Note 4 Other operating income

	2022/23			2021/22		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Other operating income from contracts with customers:						
Research and development	3,630	-	3,630	1,162	-	1,162
Education and training	24,251	-	24,251	24,632	-	24,632
Non-patient care services to other bodies	4,130	-	4,130	5,248	-	5,248
Reimbursement and top up funding	4,007	-	4,007	9,522	-	9,522
Income in respect of employee benefits accounted on a gross basis	4,639	-	4,639	3,022	-	3,022
Car parking income	2,614	-	2,614	1,754	-	1,754
Pharmacy sales	2,259	-	2,259	2,171	-	2,171
Staff contribution to employee benefit schemes	1,319	-	1,319	996	-	996
Restaurant sales	1,114	-	1,114	863	-	863
Facilities Management services	1,080	-	1,080	763	-	763
Crèche services	691	-	691	624	-	624
Other non-contract operating income:						
Gains on disposal of property, plant and equipment	-	53	53	-	144	144
Education and training - notional income from apprenticeship fund	-	1,028	1,028	-	930	930
Receipt of capital grants and donations						
Donations of physical assets from NHS charities	-	1,257	1,257	-	188	188
Received from NHS charities	-	532	532	-	595	595
Received from other bodies	-	15	15	-	-	-
Equipment and consumables donated from DHSC for COVID-19 response	-	1,606	1,606	-	2,214	2,214
Rental revenue from operating leases	-	827	827	-	803	803
Amortisation of PFI deferred credits	-	326	326	-	326	326
Other income	6,526	-	6,526	13,672	-	13,672
Total other operating income relating to continuing operations	56,260	5,644	61,904	64,429	5,200	69,629

Note 5 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:

	2022/23 £000	2021/22 £000
Income from services designated as commissioner requested services	888,713	851,370
Income from services not designated as commissioner requested services	69,492	40,124
Total	958,205	891,494

Note 6 Operating Leases

The Trust as lessor

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

The Trust has applied IFRS16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS17 compared to IFRS16.

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.

Note 6.1 Operating lease income

	2022/23 £000	2021/22 £000
Operating lease revenue		
Minimum lease receipts	827	803
Total in-year operating lease income	827	803

Note 6.2 Future lease receipts

	31 March 2023 £000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	829
- later than one year and not later than two years	756
- later than two years and not later than three years	755
- later than three years and not later than four years	738
- later than four years and not later than five years	730
- later than five years	12,737
Total	16,545

	31 March 2022 £000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year	806
- later than one year and not later than five years	2,873
- later than five years	13,061
Total	16,740

Note 7.1 Operating expenses

	2022/23 £000	2021/22 £000
Purchase of healthcare from NHS and DHSC bodies	9,746	8,672
Purchase of healthcare from non-NHS and non-DHSC bodies	28,853	33,539
Staff and executive directors costs	632,653	562,442
Remuneration of non-executive directors	221	267
Supplies and services - clinical (excluding drugs costs)	84,010	85,417
Supplies and services - general	24,559	21,879
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	86,995	81,639
Inventories written down	149	101
Consultancy costs	261	557
Establishment	9,745	9,787
Premises - business rates collected by local authorities	2,830	2,381
Premises – other	40,603	41,818
Transport (business travel only)	1,759	1,302
Transport - other (including patient travel)	2,293	599
Depreciation on property, plant and equipment	28,436	18,774
Amortisation on intangible assets	2,051	2,822
Net impairments	6,410	12,591
Loss on disposal of property, plant and equipment	3,123	885
Loss on disposal of intangibles	297	-
Movement in credit loss allowance: contract receivables	358	(945)
Decrease in other provisions	(461)	(399)
Change in provisions discount rate	(173)	27
Fees payable to the external auditor - statutory audit *	192	118
Internal audit costs	89	79
Clinical negligence	25,606	25,795
Legal fees	567	610
Insurance	922	932
Research and development	-	3,756
Education and training	4,056	7,107
Expenditure on short term leases (current year only)	400	-
Operating lease expenditure (comparative only)	-	8,033
Charges to operating expenditure for on-SoFP PFI schemes	1,008	856
Recruitment fees	366	506
Grants	53	6,102
Professional services	14,916	14,103
Licence fees	58	512
Car parking & security	420	623
Hospitality	61	23
Losses, ex gratia & special payments	65	42
Other services, e.g. external payroll	374	484
Other	219	3,958
Total relating to continuing operations	1,014,090	957,794

* Audit fees are disclosed inclusive of VAT.

Note 7.2 Other auditor remuneration

Other remuneration paid to the external auditor was nil (2021/22: nil).

Note 7.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2021/22: £1 million).

Note 8 Impairment of assets

	2022/23 £000	2021/22 £000
Net impairments charged to operating surplus resulting from:		
Changes in market price	6,410	12,591
Total net impairments	6,410	12,591

The impairments recognised in 2021/22 and 2022/23 are the result of the revaluation of the Trust's building assets.

Note 9 Employee benefits

	2022/23 £000	2021/22 £000
Salaries and wages	450,052	398,320
Social security costs	44,331	38,695
Apprenticeship levy	2,124	1,983
Employer's contributions to NHS pensions	71,229	66,600
Pension cost – other	122	131
Early termination benefits	118	54
Temporary staff (including agency)	65,260	57,007
Total staff costs	633,236	562,790
Of which		
Costs capitalised as part of assets	583	348

Note 9.1 Retirements due to ill health

During 2022/23 there was 1 early retirement from the Trust agreed on the grounds of ill health (2 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £29k (£66k in 2021/22).

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

Note 10 Pension costs

The Trust offers two pension schemes to staff, the NHS pension scheme and the National Employment Savings Trust (NEST).

NHS Pension Scheme

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

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 2023 is based on valuation data as 31 March 2022, updated to 31 March 2023 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 actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

NEST

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Pension

Scheme, the Trust used an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations. NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which for the tax year 2022/23 were £6,240 up to £50,270. Total contributions are 8%, with employee contributions at 4%, employer contributions at 3% and government contributions (tax relief) at 1%. More details on NEST can be found on the NEST website www.nestpensions.org.uk.

Note 11.1 Property, plant and equipment - 2022/23

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022	19,500	234,465	59,245	110,059	18	14,661	-	437,948
IFRS16 implementation	-	(7,194)	-	(10,168)	-	-	-	(17,362)
Transfers by absorption	964	6,187	-	-	-	-	-	7,151
Additions	-	571	78,085	3,575	-	111	-	82,342
Impairments	-	(9,956)	-	-	-	-	-	(9,956)
Revaluations	496	5,776	-	-	-	-	-	6,272
Reclassifications	-	35,278	(50,497)	12,195	-	3,024	-	-
Disposals / de-recognition	-	(2,371)	(283)	(7,218)	-	(1,996)	-	(11,868)
Valuation/gross cost at 31 March 2023	20,960	262,756	86,550	108,443	18	15,800	-	494,527
Accumulated depreciation at 1 April 2022	-	-	-	57,723	-	9,478	-	67,201
IFRS 16 implementation	-	-	-	(6,964)	-	-	-	(6,964)
Transfers by absorption	-	336	-	-	-	-	-	336
Provided during the year	-	8,550	-	10,284	3	1,570	-	20,407
Impairments	-	(3,546)	-	-	-	-	-	(3,546)
Revaluations	-	(5,325)	-	-	-	-	-	(5,325)
Disposals / de-recognition	-	(15)	-	(6,778)	-	(1,944)	-	(8,737)
Accumulated depreciation at 31 March 2023	-	-	-	54,265	3	9,104	-	63,372
Net book value at 31 March 2023	20,960	262,756	86,550	54,178	15	6,696	-	431,155
Net book value at 1 April 2022	19,500	234,465	59,245	52,336	18	5,183	-	370,747

Note 11.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021	18,550	219,357	32,238	102,076	-	13,274	-	385,495
Transfers by absorption	-	-	-	31	-	(5)	-	26
Additions	-	744	62,615	7,873	-	77	-	71,309
Impairments	-	(15,499)	-	-	-	-	-	(15,499)
Revaluations	950	4,322	-	-	-	-	-	5,272
Reclassifications	-	25,541	(35,608)	8,055	18	1,994	-	-
Disposals / de-recognition	-	-	-	(7,976)	-	(679)	-	(8,655)
Valuation/gross cost at 31 March 2022	19,500	234,465	59,245	110,059	18	14,661	-	437,948
Accumulated depreciation at 1 April 2021	-	-	-	55,362	-	8,559	-	63,921
Transfers by absorption	-	-	-	3	-	1	-	4
Provided during the year	-	7,756	-	9,421	-	1,597	-	18,774
Impairments	-	(2,908)	-	-	-	-	-	(2,908)
Revaluations	-	(4,848)	-	-	-	-	-	(4,848)
Disposals / de-recognition	-	-	-	(7,063)	-	(679)	-	(7,742)
Accumulated depreciation at 31 March 2022	-	-	-	57,723	-	9,478	-	67,201
Net book value at 31 March 2022	19,500	234,465	59,245	52,336	18	5,183	-	370,747
Net book value at 1 April 2021	18,550	219,357	32,238	46,714	-	4,715	-	321,574

Note 11.3 Property, plant and equipment financing – 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & equipment	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	20,960	227,727	86,550	53,149	15	6,696	395,097
On-SoFP PFI contracts and other service concession arrangements	-	32,302	-	-	-	-	32,302
Owned – donated/granted	-	2,727	-	1,029	-	-	3,756
NBV total at 31 March 2023	20,960	262,756	86,550	54,178	15	6,696	431,155

Note 11.4 Property, plant and equipment financing – 31 March 2022

	Land	Buildings excluding dwellings	Assets under construction	Plant & equipment	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	19,500	193,658	59,245	47,914	18	5,183	325,518
Finance leased	-	7,194	-	3,208	-	-	10,402
On-SoFP PFI contracts and other service concession arrangements	-	31,058	-	-	-	-	31,058
Owned – donated/granted	-	2,555	-	1,214	-	-	3,769
NBV total at 31 March 2022	19,500	234,465	59,245	52,336	18	5,183	370,747

Note 11.5 – Property plant and equipment assets subject to an operating lease (Trust as a lessor) – 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	353	1,332	-	-	-	-	1,685
Not subject to an operating lease	20,607	261,424	86,550	54,178	15	6,696	429,470
Total net book value at 31 March 2023	20,960	262,756	86,550	54,178	15	6,696	431,155

Note 12 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 £37k (2021/22: £188k) in addition to £1,100k as a cash contribution to building construction. The Trust also received £1,606k of personal protective equipment (2021/22: £1,216k) and £120k of diagnostic equipment centrally procured by DHSC to support COVID.

Note 13 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, transport equipment and information technology 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 have been undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by the HMT Treasury FReM compliant Department of Health and Social Care Group Accounting Manual. They are also prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation - Global Standards 2017 and RICS Valuation – Professional Standards UK (January 2014, revised April 2015), commonly known together as the Red Book, in so far as these are consistent with IFRS and the aforementioned guidance; RICS UKVS 1.14 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 full valuation of land and buildings was prepared by the District Valuer Service as at 31 March 2023 based on site inspections undertaken in March 2023. This resulted in an upward revaluation of buildings by £5.187m. £6.410m of this value was an impairment charged to operating expenses with the other £11.597m being an increase to the revaluation reserve.

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 14 Leases – East Suffolk and North Essex NHS Foundation Trust as a lessee

This note details information about leases for which the Trust is a lessee. These are predominantly property leases along with a smaller number of equipment and vehicle leases.

The Trust has applied IFRS16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS17 basis.

Note 14.1 Right-of-use assets – 2022/23

	Property (land & buildings)	Plant & machinery	Transport equipment	Total	Of which leased from DHSC group bodies
	£'000	£'000	£'000	£'000	£'000
IFRS16 implementation – reclassification of existing finance leased assets from PPE	7,194	10,168	-	17,362	-
IFRS16 implementation – adjustments for existing operating leases/subleases	55,480	6	93	55,579	47,531
Additions	2,683	-	356	3,039	1,492
Re-measurements of the lease liability	(84)	-	-	(84)	(198)
Revaluations	(37)	-	-	(37)	-
Disposals / de-recognition	(13)	-	-	(13)	-
Valuation/gross cost at 31 March 2023	65,223	10,174	449	75,846	48,825
IFRS16 implementation – reclassification of existing finance leased assets from PPE		6,964	-	6,964	-
Provided during the year	6,945	1,010	74	8,029	5,814
Revaluations	(240)	-	-	(240)	-
Disposals / de-recognition	(2)	-	-	(2)	-
Accumulated depreciation at 31 March 2023	6,703	7,974	74	14,751	5,814
Net book value at 31 March 2023	58,520	2,200	375	61,095	43,011

Note 14.2 Revaluation of the carrying value of lease liabilities

For right-of-use assets accounted for under IFRS 16, the Trust does not apply the revaluation model in IAS 16. Instead, where changes in future lease payments result from a change in an index or rent review, the lease liabilities are re-measured using the HM Treasury incremental borrowing rate. For leases commencing, transitioning or being re-measured in the 2022 calendar year under IFRS 16 this rate was 0.95%, and for the 2023 calendar year it was increased to 3.51%.

Note 14.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 18.1.

	2022/23 £'000
Carrying value at 31 March 2022	14,398
IFRS16 implementation – adjustments for existing operating leases	55,579
Lease additions	3,039
Lease liability measurements	(84)
Interest charge arising in year	965
Early terminations	(11)
Lease payments (cash outflows)	(8,817)
Carrying value at 31 March 2023	65,069

Lease payments for short term leases (£400k in 2022/23) are recognised in operating expenditure. These payments are disclosed at note 7.1.

Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 14.4 Maturity analysis of future lease payments at 31 March 2023

	Total	Of which leased from DHSC group bodies
	31 March 2023 £'000	31 March 2023 £'000
Undiscounted future lease payments payable in:		
not later than one year	9,840	6,050
later than one year and not later than five years	32,034	23,031
later than five years	32,303	15,781
Total gross future lease payments	74,177	44,862
Finance charges allocated to future periods	(9,109)	(1,632)
Net lease liabilities at 31 March 2023	65,068	43,230

Note 14.5 Maturity analysis of finance lease liabilities as at 31 March 2022 (IAS17 basis)

The following table details the maturity of obligations under leases the Trust previously determined to be finance leases under IAS17 at 31 March 2022.

	31 March 2022 £'000
Undiscounted future lease payments payable in:	
not later than one year	2,223
later than one year and not later than five years	7,265
later than five years	12,878
Total gross future lease payments	22,366
Finance charges allocated to future periods	(7,968)
Net lease liabilities at 31 March 2022	14,398
Of which payable:	
not later than one year	1,343
later than one year and not later than five years	4,492
later than five years	8,563

Note 14.6 Commitments in respect of operating leases at 31 March 2022 (IAS17 basis)

This note discloses costs incurred in 2021/2022 and commitments as at 31 March 2022 for leases the Trust has previously determined to be operating leases under IAS17.

	2021/22 £'000
Operating lease expense	
Minimum lease payments	8,033
Total	8,033

	31 March 2022 £'000
Future minimum lease payments due:	
Not later than one year	7,312
Later than one year and not later than five years	21,716
Later than five years	21,368
Total	50,396

Note 14.7 Initial application of IFRS16 on 1 April 2022

IFRS16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 14.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022 £000
Operating lease commitments under IAS17 as at 31 March 2022	50,396
Impact of discounting at the incremental borrowing rate	
IAS17 operating lease commitment discounted at incremental borrowing rate	48,211
Less:	
Commitments for short term leases	(420)
Commitments for leases of low value assets	(21)
Irrecoverable VAT previously included in IAS17 commitment	(1,056)
Other adjustments:	
Differences in the assessment of the lease term	9,306
Public sector leases without full documentation previously excluded from operating lease commitments	246
Rent increases reflected in the lease liability, not previously reflected in the IAS17 commitment	840
Finance lease liabilities under IAS17 as at 31 March 2022	14,398
Other adjustments	(1,527)
Total lease liabilities under IFRS16 as at 1 April 2022	69,977

Note 15.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	35,467	19,412
Allowance for impaired contract receivables / assets	(2,590)	(2,415)
Prepayments (non-PFI)	5,818	7,061
PFI lifecycle prepayments	2,316	2,271
Interest receivable	233	41
Operating lease receivables	238	222
VAT receivable	3,116	3,988
Clinician pension tax provision reimbursement funding from NHSE	24	54
Total current receivables	44,622	30,634
Non-current		
Contract receivables	1,571	1,327
Allowance for impaired contract receivables	(391)	(298)
Clinician pension tax provision reimbursement funding from NHSE	1,060	1,387
Total non-current receivables	2,240	2,416
Of which receivable from NHS and DHSC group bodies:		
Current	26,164	10,028
Non-current	1,060	1,387

Note 15.2 Exposure to credit risk

The Trust has no significant exposure to credit risk as the majority of the Trust's revenue comes from contracts with other NHS bodies.

Note 16 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2022/23 £000	2021/22 £000
At 1 April	99,655	106,381
Net change in year	(24,518)	(6,726)
At 31 March	75,137	99,655
Broken down into:		
Cash at commercial banks and in hand	26	35
Cash with the Government Banking Service	75,111	99,620
Total cash and cash equivalents as in SoFP	75,137	99,655

Note 17 Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	13,519	15,663
Capital payables	19,607	30,860
Accruals	75,796	69,016
Receipts in advance and payments on account	92	26
Social security costs	3,924	3,485
Other taxes payable	8,340	7,458
PDC dividend payable	206	151
Pension contributions payable	7,029	6,600
Total current trade and other payables	128,513	133,259
Of which payables from NHS and DHSC group bodies:		
Current	6,416	10,104

Note 18.1 Borrowings

	31 March 2023 £000	31 March 2022 £000
Current		
Loans from DHSC	1,196	3,046
Other loans	141	141
Lease liabilities*	8,938	1,343
Obligations under PFI or other service concession contracts	1,248	1,205
Total current borrowings	11,523	5,735
Non-current		
Loans from DHSC	10,714	11,902
Other loans	173	314
Lease liabilities*	56,130	13,055
Obligations under PFI or other service concession contracts	14,785	16,033
Total non-current borrowings	81,802	41,304

*****The Trust has applied IFRS16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 14.7.

Note 18.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Loans from DHSC	Other loans	Finance leases	PFI schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2022	14,948	455	14,398	17,238	47,039
Cash movements:					
Financing cash flows - payments and receipts of principal	(3,036)	(141)	(7,795)	(1,205)	(12,177)
Financing cash flows - payments of interest	(280)	-	(1,022)	(618)	(1,920)
Non-cash movements:					
Impact of implementing IFRS16 on 1 April 2022	-	-	55,579	-	55,579
Additions	-	-	3,039	-	3,039
Lease liability re-measurements	-	-	(84)	-	(84)
Application of effective interest rate	278	-	965	618	1,861
Early terminations	-	-	(11)	-	(11)
Carrying value at 31 March 2023	11,910	314	65,069	16,033	93,326

Note 18.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Other loans	Finance leases	PFI schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2021	18,289	452	15,549	18,401	52,691
Cash movements:					
Financing cash flows - payments and receipts of principal	(3,341)	3	(1,614)	(1,163)	(6,115)
Financing cash flows - payments of interest	(304)	-	(900)	(660)	(1,864)
Non-cash movements:					
Additions	-	-	312	-	312
Application of effective interest rate	304	-	487	660	1,451
Other changes	-	-	564	-	564
Carrying value at 31 March 2022	14,948	455	14,398	17,238	47,039

Note 19.1 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 2022	196	1,155	62	4,529	5,942
Change in the discount rate	(9)	(164)	-	(953)	(1,126)
Arising during the year *	6	30	40	4,761	4,837
Utilised during the year	(63)	(91)	(27)	(823)	(1,004)
Reversed unused	-	-	(18)	(519)	(537)
Unwinding of discount	(2)	(9)	-	22	11
At 31 March 2023	128	921	57	7,017	8,123
Expected timing of cash flows:					
- not later than one year;	55	91	57	4,230	4,433
- later than one year and not later than five years	62	348	-	1,306	1,716
- later than five years	11	482	-	1,481	1,974
Total	128	921	57	7,017	8,123

* Within the "other" category is an amount of £1,084k relating to clinicians' pension tax. Trusts are required to apply paragraph 54 of IAS 37 and offset income to be reimbursed against this expenditure by the Department of Health and Social Care (see note 15.1). Therefore, no costs are reflected in operating expenditure for this provision decrease.

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, and only in that year, 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 19.2 Clinical negligence liabilities

At 31 March 2023, £422,016k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Suffolk and North Essex NHS Foundation Trust (31 March 2022: £657,758k).

Note 20 Contractual capital commitments

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	40,390	27,983
Intangible assets	20	41
Total	40,410	28,024

Note 21 On-SoFP PFI arrangements

Note 21.1 On-SoFP PFI obligations

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.

The following obligations in respect of the PFI arrangements are recognised in the statement of financial position:

	31 March 2023 £000	31 March 2022 £000
Gross PFI liabilities	20,549	22,372
Of which liabilities are due:		
- not later than one year;	1,823	1,823
- later than one year and not later than five years;	5,360	5,843
- later than five years.	13,366	14,706
Finance charges allocated to future periods	(4,516)	(5,134)
Net PFI obligation	16,033	17,238
- not later than one year;	1,248	1,205
- later than one year and not later than five years;	3,419	3,767
- later than five years.	11,366	12,266

Note 21.2 Total on-SoFP PFI commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2023 £000	31 March 2022 £000
Total future payments committed in respect of the PFI arrangements	68,137	64,685
Of which payments are due:		
- not later than one year;	5,241	4,620
- later than one year and not later than five years;	20,965	18,482
- later than five years.	41,931	41,583

Note 21.3 Analysis of amounts payable to PFI operator

This note provides an analysis of the unitary payments made to the PFI operator:

	2022/23 £000	2021/22 £000
Unitary payment payable to PFI operator	4,611	4,267
Consisting of:		
- Interest charge	618	660
- Repayment of balance sheet obligation	1,205	1,163
- Service element and other charges to operating expenditure	932	846
- Contingent rent	1,343	1,121
- Addition to lifecycle prepayment	513	477
Other amounts paid to operator due to a commitment under the PFI contract but not part of the unitary payment	76	10
Total amount paid to PFI operator	4,687	4,277

Note 22 Financial instruments

Note 22.1 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 integrated care boards and the way those integrated care boards 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

As the majority of the Trust's revenue comes from contracts with other NHS bodies, the majority of the Trust's customers are integrated care boards, NHS providers and NHS England. As such, credit risk in this area is considered to be linked to disputes over activity rather than the customers' ability to pay. Other potential customers may be subject to an appropriate credit check or restricted credit limit before activity is undertaken (where clinical priorities allow). Where debtors exceed any agreed credit terms appropriate provision is made against that class of debt. Therefore, the Trust considers that it has a low exposure to credit risk.

Liquidity risk

The NHS Trust's net operating costs are incurred under annual service contracts with local integrated care boards, 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. The Trust therefore has low exposure to interest rate fluctuations.

Note 22.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	Held at amortised cost £000
Trade and other receivables excluding non-financial assets	35,612
Cash and cash equivalents	75,137
Total at 31 March 2023	110,749

Carrying values of financial assets as at 31 March 2022	Held at amortised cost £000
Trade and other receivables excluding non-financial assets	19,730
Cash and cash equivalents	99,655
Total at 31 March 2022	119,385

Note 22.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost £000
Loans from the Department of Health and Social Care	11,910
Obligations under finance leases	65,068
Obligations under PFI and other service concession contracts	16,033
Other borrowings	314
Trade and other payables excluding non-financial liabilities	115,599
Total at 31 March 2023	208,924

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost £000
Loans from the Department of Health and Social Care	14,948
Obligations under finance leases	14,398
Obligations under PFI and other service concession contracts	17,238
Other borrowings	455
Trade and other payables excluding non-financial liabilities	122,139
Total at 31 March 2022	169,178

Note 22.4 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 2023 £000	31 March 2022 £000
In one year or less	128,599	129,372
In more than one year but not more than five years	42,319	18,174
In more than five years	51,631	34,734
Total	222,549	182,280

Note 22.5 Fair values of financial assets and liabilities

As at 31 March 2023 there are no significant differences between fair value and carrying value of any of the Trust's financial instruments.

Note 23 Losses and special payments

	2022/23		2021/22	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	28	22	33	28
Bad debts and claims abandoned *	36	68	31	974
Stores losses and damage to property	2	125	2	101
Total losses	66	215	66	1,103
Special payments				
Ex-gratia payments **	78	97	61	644
Total special payments	78	97	61	644
Total losses and special payments	144	312	127	1,747

* In 2021/22 the Trust suffered a loss of £759k from irrecoverable debts resulting from the liquidation of Concordia Community Outpatients Limited.

** Guidance issued for 2020/21 year end asked employers to accrue the cost of the nationally agreed corrective payments and associated income based on the nationally generated estimates. These payments are considered special payments for which HMT approval was sought nationally by NHS England on local employers' behalf. As the losses and special payments note is prepared on an accruals basis (excluding provisions), these amounts should have been disclosed in 2020/21 accounts.

However, the retrospective payments to the affected employees were made during 2021/22 and have been reported in that year.

Note 24 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 arm's 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 (over £5m) with other government departments and other central and local government bodies during the year:

West Suffolk NHS Foundation Trust
NHS Ipswich & East Suffolk CCG
NHS Mid Essex CCG
NHS North East Essex CCG
NHS West Suffolk CCG
NHS Mid & South Essex ICB
NHS Suffolk & North East Essex ICB
NHS England
Health Education England
NHS Resolution
NHS England – Central Commissioning Hub
East of England Regional Office
HM Revenue & Customs
NHS Pension Scheme
NHS Professionals
NHS Property Services
Community Health Partnerships
Suffolk County Council

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 25 Events after the reporting date

The financial statements were authorised for issue by the Trust Board on 16 January 2024. There were no events after the reporting date which are required to be disclosed in the financial statements in the current year.