

annual report  
and accounts  
2007-2008

South Essex Partnership   
NHS Foundation Trust

‘providing services  
that are in tune with you’



# Table of Contents

		Page
1.	Introduction	1
2.	Chair's Statement	2
3.	Chief Executive's Statement	3
4.	Director's Report	4
5.	Background Information About the Trust	20
6.	Governance Review & Statement of Compliance with the Code of Governance	22
7.	Working in Partnership	51
8.	Public Interest Disclosures	55
9.	Remuneration Report	58
10.	Annual Accounts to 31 March 2008	61

# List of Tables

		Page
1	Performance Against Annual Healthcheck Targets	8
2	Monitor Key Targets	9
3	Operational KPIs	9
4	Key Points from the Accounts	14
5	Capital Expenditure	17
6	Efficiency and Income Generation Initiatives	18
7	Details of Directors Committee Membership	35
8	Details of Governors meeting attendance	43
9	Membership Analysis	49
10	Reported Incidents	55
11	Director's Salaries and Allowances	59
12	Director's Pension Benefits	59



**South Essex Partnership NHS Foundation Trust**

# **Annual Report and Accounts**

**2007 – 2008**

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

# Introduction

South Essex Partnership NHS Foundation Trust (SEPT) was authorised as an NHS Foundation Trust on 1 May 2006; one of the first three mental health organisations to achieve this at the time.

We are a responsive, innovative and dynamic Foundation Trust delivering leading edge mental health and learning disability services in a constantly changing environment. Our Trust has a turnover of approximately 100 million, employs approximately 2,000 people and operates across six district council boundaries with a total population of 725,000. We also provide specialist forensic services across Essex. Unlike acute hospital services, mental health and learning disability services are mainly provided in community settings with defined geographical localities. As a result we operate from about 50 locations across Essex.

We work with a range of partner organisations to deliver care and support to people in their own homes and from a range of hospital and community based premises. In line with national policy we have developed a range of modern community based services and aim to provide local services where possible.

Community services are delivered by teams of highly skilled and qualified health and social care staff to people in their own homes, in residential and nursing homes, and from our resource centres and clinics. Hospital based care is provided at Runwell hospital, Rochford hospital, Thurrock Community hospital and the Mental Health Unit at Basildon hospital.

South Essex Partnership NHS Foundation Trust focuses on providing a comprehensive range of services including:

- Mental health services for adults and older people;
- Essex wide forensic services;
- Low secure services;
- Specialist children's services;
- Learning disability services;
- Drug and alcohol services;
- Other specialist services.

The following report covers the financial year April 2007 to the end of March 2008 and highlights our key achievements in terms of clinical services, improvements to our hospitals and community resource centres and financial management.

As a Public Benefit Corporation the Foundation Trust has members. The members of the Foundation Trust are; Staff Members employed on permanent or fixed term contracts that run for 12 months or longer and Public Members, residents of Essex aged 12 and over.

# Chair's Statement

It gives me great pleasure to write my first introduction to the annual report for South Essex Partnership NHS Foundation Trust (SEPT). Having joined the Trust in March 2008, it would only be fitting to pay tribute to my predecessor, Jai Tout, who served the Trust for nine years and made an immense contribution to our success. I also recognise the involvement of our Vice-chair, Leslie Cuthbert, who stepped in and ably carried out the Chair's duties between Jai leaving in November 2007 and my joining on 3 March 2008.

This past year is one of excellence in operational terms – clinical, financial, management – and the focus on customer service has gone from strength to strength. This Trust's reputation was a major factor in my applying for the post of Chair, and it is with great pride that I will work with Directors and Governors to ensure that we continue to perform to such excellent standards.

Foundation Trusts are a fantastic way to genuinely involve our service users, carers, members and the community we serve. I believe it is vital to consider the views of service users and public in future plans and development of services. We have a very enthusiastic and committed Board of Governors who work with us. Each of our Governors is in touch with their local community and our members and they bring back views and suggestions about improving the services we provide.

Our financial performance remains constant with targets achieved in respect of income budgets and we exceeded our target in relation to our income generation budgets. Our overall performance resulted in a surplus of £4.2 million. We also met the targets set by our regulator, Monitor. The Quarter 4 Compliance Report saw SEPT achieving a Financial Risk Rating of 5, and Governance Rating of Green and a Mandatory Services Rating of Green – these being the highest rankings.

Excellence continues to be our byword. This year's Healthcare Commission rated us excellent in both categories that they measure – 'use of resources' and 'quality of services'.

This year we have continued with our capital programme and have upgraded and refurbished our clinical facilities and opened our state of the art hospital in Rochford. We look forward to the development of further projects in Brentwood and our new Forensic Unit on the Runwell Hospital site.

The pages that follow look back at another successful year for SEPT and I hope you find the information of interest. As for the coming year, I look forward to working with my fellow Directors and Governors in leading the Trust in new ways of working that will continue to improve services for the people of south Essex.

**Lorraine Cabel**

Chair

# Chief Executive's Statement

Our second year as a NHS Foundation Trust has proved to be an extremely successful one and our future plans are very exciting and will lead to the further development of high quality services and customer experience for the communities we serve in south Essex.

Customer service and the experiences of people who come into contact with our organisation have been a major priority this year and will continue to be high on the agenda in the coming year. This year we have developed customer service standards which we will be implementing across the Trust in 2008 / 2009. The customer service standards combined with our excellent clinical practice will assure our service users of a positive experience.

Some of the highlights of last year include performing well against all national and local targets; Healthcare Commission rating of excellent for 'use of resources' and 'quality of services' and we have achieved our contractual activity targets as well as a £4.2 million surplus that we can carry forward into 2008/09 to reinvest in local services.

Whilst these are fantastic achievements, they do not provide a full picture of all the great effort and work that is taking place within south Essex to ensure that local people with mental ill health or a learning disability receive the best service. Details of all our performance and financial targets are illustrated throughout the pages that follow.

However, there is one particular achievement that I am most proud of. In January 2008 we opened our new hospital in Rochford, on time and on budget. After many years of planning, we have developed a facility for people with mental ill health in the heart of the community that is absolutely fantastic. The hospital offers over 100 in-patient beds for adults and older people, the majority of which is provided in single rooms with ensuite bathroom facilities.

**"Exceptionally impressive. Very well thought out with excellent attention to detail. 10 out of 10!" Angela Gerrard, PPI Forum**

Our service users, staff and the local community are delighted with the bright, modern, state of the art accommodation which has replaced the 1930's built original wards at Runwell Hospital.

I would like to take this opportunity to acknowledge the retirement in November of Jai Tout. Jai held the position of Chair from 1998 to 2007 and made a significant contribution to the Trust and the success that it has enjoyed. However, I am delighted to welcome our new Chair, Lorraine Cabel. We are lucky to have attracted Lorraine to join SEPT and I am confident that she will ensure that the excellent momentum within the Trust will continue.

I am very proud to be Chief Executive of this Trust and to work in partnership with so many dedicated staff, service users, carers, partners and other stakeholders on a daily basis. Thank you all!

I would also like to record my thanks to our Board of Governors. This year has seen the real benefits of being a Foundation Trust come to fruition. Our directors, governors, members and staff have been working together and this partnership has brought about major improvements in our clinical services and community engagement and the promotion of positive mental health.

**Dr. Patrick Geoghegan OBE**  
Chief Executive

# Director's Report

Welcome to the Director's Report where we provide a balanced and comprehensive analysis of the development and performance of our organisation's business during the financial year which ended on the 31 March 2008. The following pages includes an operating and financial review of the Trust's activities for 2007 – 2008.

The Directors of South Essex Partnership NHS Foundation Trust present their report for the period 1 April 2007 to 31 March 2008. Details of the Trust's Directors is contained within the Governance review section of this document (page 22)

In preparing this report the directors confirm that they have provided the external auditors with a Letter of Representation. This letter has been considered by the Trust's Audit Committee and Board of Directors and confirms that all relevant audit information, of which the directors are aware, has been passed onto the external auditors. The Trust's directors have also taken all reasonable steps to ensure that the Trust's external auditors are aware of all material facts known to the Trust in relation to the Trust's annual report and accounts for 2007/08.

The Foundation Trust, is a legal entity in the form of a Public Benefit Corporation, licensed on 01 May 2006 under the Health and Social Care (Community Health and Standards) Act 2003, now superseded by the NHS Act of 2006 (Chapter 5).

## **Operating Review**

In our preparation for NHS Foundation Trust status, 13 priorities were agreed within our Service Development Strategy. These key priorities will be taken forward over the planning period 2006 – 2011. The Trust's Directors confirm that excellent progress was made in continuing to take these forward in 2007 – 2008. In our plans for the future we are continually adapting and developing these priorities to reflect the changes in our organisation and most importantly the needs of the community we serve.

**The Trust's Annual Plan for 2008/09 contains more detail on the progress of the key priorities and also our plans for the future. To receive your free copy of our Annual Plan, please contact our Communications Department on 01268 491378 or email [communications@southessex-trust.nhs.uk](mailto:communications@southessex-trust.nhs.uk).**

**A brief summary of progress against each priority for 2007/08 is shown below:**

**Priority 1 Runwell Hospital Closure and Modernisation**

The redevelopment of Rochford Hospital was completed in December, 2007, and services transferred from Runwell hospital in February, 2008. The Rochford scheme was completed on time and on budget. The construction of a new 'state of the art' medium secure facility for Essex commenced on the Runwell site in November 2007 following agreement of a £28 million Private Finance Initiative (PFI). The new secure services unit is due to be completed in the summer of 2009.

**Priority 2 Delivery of New Services for Brentwood**

Plans to develop a Mental Health Resource Centre in Brentwood were actively progressed during the year. The new facility will become operational during the summer of 2009.

**Priority 3 Delivering Quality Services**

The Trust achieved an 'excellent' rating for quality of services for 2006 – 2007 awarded by the Healthcare Commission. This reflects the effort that all of our staff put into making sure that our services meet national and local targets, standards, best practice guidance and our service users' needs.

**Priority 4 Realising the Benefits of FT Status**

During 2007/08 we continued our membership campaign and our full membership report is provided in the Governance Review section (page 22).

At the end of 2007/08 the Trust generated a surplus of £4.2 million which we are able to reinvest in local services in 2008/09. (Further details of the surplus are provided in the

Financial Review section of the Director's Report (page 11).

**Priority 5 Implementing the National Programme for Information Technology (NPFIT)**

The Trust continues to be at the forefront of developing and utilising technology to improve patient care and management systems.

**Priority 6 Transforming Training and Learning**

2007/08 has seen the Trust developing many training and development activities, including:

- hosting an innovative leadership programme facilitated by Yale University and the development of a pioneering two year course with Anglia Ruskin University for Associate Practitioners.

**Priority 7 Changing Culture to Meet Future Challenges**

During 2007/08 the Trust successfully brought about changes by developing and delivering a tailor made customer service training package, using evidence based practice and new ways of working to make a difference to the people that use our services.

**Priority 8 Human Resources (HR) Changes**

The advances made in HR practices were highlighted in 2007/08 by our excellent staff survey results. The Trust was also ranked 12th in the 'Nursing Times Top 100 employers'.

**Priority 9 Integrating Governance and Improving Patient Safety**

The Trust was successful in obtaining Level 2 accreditation of the revised mental health specific Risk Management Standards. We also received 'good' and 'excellent' ratings for all our hospital sites in the annual PEAT (Patient Environment Action Team) assessments.



### **Priority 10 New Legislation**

The Trust has reviewed internal processes to ensure compliance with the new Mental Capacity Act which came into force in October 2007. The Trust is currently reviewing the implication of a revised Mental Health Act due to come into effect in October 2008

### **Priority 11 Marketing Strategy**

Becoming a NHSFT provided the catalyst for increasing the Trust's marketing activities. During 2007 – 2008 the Trust reaped substantial reward and was successful in providing over 3,500 bed days for PCT commissioners who were outside of south Essex. .

Further market analysis has indicated demand for an in-patient child and adolescent mental health service in south Essex which led us to successfully bid for additional capital funds from the Department of Health. The new unit should be operational by the end of 2008/09.

### **Priority 12 Focusing on Best Value and Effective Resource Utilisation**

All financial targets that we set at the start of the year were met or exceeded. Full details of our financial performance during 2007 – 2008 are provided in the Financial Review section of the Director's Report (page 11).

The Trust is now looking to extend the range of flexible working practices offered to staff, and as a result provide more customer-focused services. As part of improving flexible working practice, the Trust reviewed its existing information technology and workforce with the aim of implementing home-enabled and flexible working.

Service users told us that they want our staff to spend more time with them. We responded to this by looking at how efficiencies in work processes can be identified that will 'free up time to care' through using the LEAN service improvement approach adapted from industry.

### **Priority 13 Strategic Partnerships**

Building on previous successes, we continued our effort during 2007 – 08 in developing a collaborative approach in the planning and delivery of our services by engaging with our statutory partners such as Local Strategic Partnerships (LSPs), Local Area Agreements (LAAs) and Safeguarding Children's Boards.

The use of Direct Payments to provide greater choice and a sense of empowerment for all service users and carers was further strengthened through our continued effort in promoting a greater awareness and take-up of Direct Payments.

Our supported employment and placement services for our service users were enhanced through on-going collaborative working involving Rethink, Primary Care Trusts (PCTs), Job Centres and Employers. We were the regional lead for the government's 'Mindful Employer Initiative' to help fight discriminatory employment practice and we were successful in securing 'sign off' from the majority of our local employment partners.

Finally, in conjunction with Anglia Ruskin University, we published the outcome of a two year research study, 'Mental health social inclusion and arts: developing the evidence base' which was commissioned by the Department for Culture Media and Sports and Department of Health. We also secured external funding for four years to appoint a part time art coordinator to further develop and implement art initiatives for our service users.

## Performance against Contracts

The Trust has legally binding contracts in place with local Primary Care Trusts to deliver mental health services across south Essex. The contracts include services provided to clients in hospital wards and in the community. The commissioners monitor that the Trust is delivering the agreed capacity through monthly reports and quarterly contract monitoring meetings.

Contract activity is based on the provision of specific numbers of care co-ordinators to deliver services in the community and providing specific numbers of in-patient beds.

As at the end of March 2008 the Trust over-performed against the mental health, CAMHs and learning disability care co-ordinator contracts and slightly under-performed against the forensic care co-ordinator contracts. Under-performance against the forensic care coordinator contract was due to an inability to recruit to a vacancy in this highly specialised service. The Trust fulfilled exactly the contract in place for in-patient beds.

## Performance Against Annual Health Check Requirements

In October 2007 the Trust was delighted to receive confirmation of the Healthcare Commission's Annual Health Check performance assessment for 2006/7. The Trust received a score of "excellent" for its use of resources and "excellent" for quality of services.

The Healthcare Commission calculates the annual health check rating for the Trust, based on the trust's performance during the year. This rating is based on a range of measures as shown in the table below. The Healthcare Commission is not due to publish the final performance rating of the Trust for 2007/8 until September 2008 but performance against the individual targets is identified as follows:

**Table 1 Performance Against Annual Healthcheck Targets**

Annual Health Check Component		Trust Position
Standards for Better Health	23 Core Standards	The Trust declared full compliance with all Core Standards for the period 1 April 2007 to 31 March 2008
Existing national target	5 CRHT teams in place	The Trust has 5 teams in place. and all meet DH criteria. All teams meet DH criteria.
	1. Audit Of Suicide prevention	The Trust achieved all of the criteria required.
	2. CMHT Integration (Older people)	All older peoples CMHTs meet the criteria for integration
	3. Data Quality On Ethnic Group	100% of MHMDS and 99% of HES records have a valid ethnic code
	4. Drug Misusers retained in Treatment	At the time of writing this report 84% of clients were retained in treatment for at least 12 weeks. This was below the level achieved in 2006/7. The final performance will not be confirmed until July 2008.
	5. Experience of Patients	At the time of writing this report the Healthcare Commission had not yet published the results of the National Mental Health Survey which was undertaken between January and April 2008. A range of action was undertaken during the year to improve levels of reported satisfaction compared to 2006/7.
	6. Infection Control 7.Support In the Community	The Trust achieved all of the criteria required. The Trust reported that 84% of patients discharged from in-patient care had a named care coordinator recorded.
	8. Compliance with NICE Obesity guidelines	The Trust achieved all of the criteria required.
	9. Compliance with NICE schizophrenia guidance	At the time of writing this report the Healthcare Commission had not yet published the results of an audit that was carried out to determine compliance levels. The trust believes that performance was much improved on that achieved in 2005/6.

## Monitor Key Targets

The NHS Foundation Trust regulator, MONITOR, assesses the Trust's clinical and quality performance on a quarterly basis. The compliance framework and subsequent risk

rating assesses achievement of DH core standards (see above) together with performance against four key targets:

**Table 2 –Key Targets**

	Target	Actual
Early Intervention Service activity	92 new cases	Achieved
Crisis/ Home Treatment Team activity	1222 new episodes	Achieved
Maximum waiting times for consultant out patient appointment	100% within 13 weeks of referral	Achieved
Hospital acquired infections	Year on Year reduction	Nil instances of MRSA since 2005/6. Target fully achieved.

## Other key performance indicators

In addition to the Healthcare Commission targets and those identified by Monitor, the

Trust is required to achieve the following DH targets:

**Table 3 – Operational KPIs**

Operational KPIs	Target	Actual
7 day follow up of patients discharged from hospital	100%	Achieved
Assertive Outreach team caseload	244	Achieved

## Analysis of Trends

In analysing the Trust's performance against the key priorities and key targets, the Directors believe that the Trust continues to maintain a strong and stable position. This firm foundation and the robust systems in place to monitor performance should enable the Trust to respond positively to all future targets set by the Healthcare Commission and Monitor

Looking ahead, the Directors are aware that there is a growing trend for commissioners to tender healthcare services. However,

the Directors have set processes in place to ensure the Trust is able to take full advantage of these opportunities.

## Risk Management

### Management of Risk and Assurance Processes

"Boards need to be confident that the systems, policies and people that they have put in place are operating in a way that is effective, is focused on key risks and is driving the delivery of objectives." (Assurance: The Board Agenda 2002).

Risks are uncertain future events that could influence the achievement of the Trust's strategic, clinical, financial and organisational objectives. The Trust has developed effective systems to manage risk and provide the Board with assurance of this.

Regular reports are provided throughout the year to the Audit Committee, Integrated Governance Steering committee and Board to ensure that progress with developing risk management and assurance systems is reported and to provide assurances that risk is being managed.

Throughout 2007/08 the Trust has taken action to ensure that the assurance system is effective and adds value. The Trust's financial plans included a number of key assumptions which were fully risk assessed and monitored throughout the year. Against each assumption the Trust's Directors considered any related risk in terms of its potential impact on cash and likelihood of the risk crystallising during the financial year. This process gave rise to five potential significant risks which through careful management did not ultimately pose a problem for the Trust.

Other key non-financial risks were identified at the beginning of the year. These were also successfully managed leaving one remaining residual risk facing this Trust in relation to 'potential damage to reputation'. This is a common risk for mental health organisations.

### **Assurance Framework**

The Assurance Framework focused on providing the Board with the assurance that the organisation's significant risks were being appropriately managed and that there was adequate evidence of this process. Gaps in controls and assurances were actively considered throughout the year to improve the level of assurance that was available to the Board.

The Board Assurance Framework was reviewed at each monthly meeting of the Board of Directors.

### **Head of Internal Audit Opinion (HIAO)**

The Head of Internal Audit Opinion for 2007/08 was issued on 23 April 2008. The overall opinion that it contains is :

**“Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.”**

The review of Risk Management, Control and Review Processes carried out by Internal Audit to support the audit opinion identified that there were adequate and appropriate arrangements for gaining assurance about the effectiveness of the organisation's system of internal control. The review made no recommendations for further improvement of the risk management system.

### **Risk Management Strategy**

The Trust is required to have a Board approved Risk Management Strategy that sets out the Trust's approach to the management of risk and implementation of a system, which enables informed management decisions in the identification, assessment, treatment and monitoring of risk. The strategy provides the framework and the plan by which the organisation will further develop to meet the demands of effective risk management. The Risk Management Strategy was revised in June 2007 to ensure that the organisation maintained an up to date strategy, and in September 2008 to ensure that the Trust was fully compliant with the Risk Management Standards level 2 accreditation.

### **Risk Management Accreditation Schemes**

During 2007/08 the Trust committed itself to piloting the new Risk Management Standards, which combine the existing CNST (Clinical Negligence Scheme for Trusts) and RPST (Risk Pooling Scheme for Trusts) standards. CNST and RPST required trusts to achieve risk management standards that are

designed to reduce the organisation's exposure to risk and therefore reduce the potential for claims to be made against it. The schemes offered a reduction in premiums payable depending on the level of accreditation achieved.

The external assessment was conducted during November 2007 and reviewed all affected strategies, policies and procedures. The outcome was that the Trust was successful in being awarded Risk Management Standards level 2, one of only three mental health trusts across the country to achieve this level.

## Financial Review

### Overview

This part of the Director's report provides a commentary on the Trust's excellent financial performance leading to a net surplus (excluding exceptional items) of £4.22m for the 2007/08 financial year. It provides an overview of the accounting process together with an analysis of financial performance. This includes information in relation to the Trust's capital plans, non healthcare activities, efficiency and income generation initiatives. Where appropriate, financial trends relating to last year's performance are also considered and provide an indication of future financial performance and activities for the Trust

### Financial Statements

The Trust's second set of annual accounts, as a Foundation Trust, cover the 12 month period from the 1 April 2007 to 31 March 2008. The full set of accounts is included within this document (pages 61 to 100) or if using CD Rom is included on disc 2.

The Trust's accounts have been prepared in accordance with directions given by Monitor, the Independent Regulator for Foundation Trusts. They are also prepared to comply with UK Generally Accepting Accounting Practice and are designed to present a true and fair view of the Trust's financial activities.

### Going Concern

The Trust's accounts have been prepared on the basis that the Trust is a 'going concern'. This means that the Trust's assets and liabilities reflect the ongoing nature of the Trust's activities. The Trust's Directors have considered and declared that:

"After making inquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis in preparing the accounts".

### Charitable Funds

The Foundation Trust also administers the South Essex Partnership NHS Foundation Trust General Charitable Fund (Charity No: 1053793). These charitable funds have resulted from fund raising activities and donations received over many years. The charitable funds are used to purchase equipment and other services in accordance with the purpose for which the funds were either raised or donated. The charity also has a General Purpose Fund which is used more widely to the benefit of patients and staff.

The Charitable Funds are administered by the Trust's Finance Department on behalf of the Partnership Trust and the two Primary Care Trusts across south Essex. The Board of Directors of the Foundation Trust acts as Corporate Trustee and meets regularly in the form of a Trustee Board to oversee the management of the Charitable Fund. The Board of Directors also operates an Investment Panel which has the responsibility of advising the Trustee Board on matters of investment policy.

The financial activities of the charity for the 2007/08 financial year are contained within the Annual Report and Accounts for the Funds Held on Trust. A copy of this document will be available from January 2009 free of charge from the Director of Finance.

## Financial Performance

2007/08 has been an excellent year for the Trust in financial terms. However, in reviewing the financial performance of the Trust, over this period, there were, inevitably, a number of key factors which had significant influence on the Trust's performance. In the lead up to the Trust's second year of operation as a Foundation Trust the NHS, at national level, was facing significant financial problems and this was particularly so within the East of England Strategic Health Authority area which covers the geographical area for services provided by the Trust. This had a significant impact on local commissioners during 2006/07. The Trust, however, co-operated and assisted local commissioners with both cash and revenue resources which were returned, to the Trust, in 2007/08.

The Trust had previously agreed three year legally binding contracts with its main commissioners prior to receiving Foundation Trust authorisation on the 1 May 2006. These arrangements protected the Trust's services from the kind of adverse impact regrettably experienced in other parts of the NHS. However, there were no significant service developments funded at the start of 2007/08. Fortunately, the financial position of the local south Essex commissioners improved dramatically throughout 2007/08 and as the year progressed commissioners were able to finance a number of new service initiatives.

The Trust has continued to benefit from the stability and financial freedoms brought about by Foundation Trust authorisation and despite the lack of new investment the Trust has been able to undertake a substantial range of environmental improvements and new capital developments throughout the year. The Trust has also extended its services to commissioners outside of Essex and this has enabled the Trust to spread the cost of its overheads over a wider range of services. This has released funding which has been to the benefit of direct patient services.

The Trust faced a potential shortfall in resources of around 0.8% for 2007/08 which was covered in practice by the Trust's Cost Improvement Programme. While this represents a significant sum, it is a considerable improvement over the funding shortfalls which had to be covered in previous financial years.

All these factors together with careful management throughout the year enabled the Trust to generate a net surplus (excluding exceptional items) of £4.22m with all key targets and major programmes achieved and in tact. The Trust also ended the year with a Monitor financial risk rating of 5 which is the highest achievable!

## Analysis of Financial Performance

### Comparative Information

The Trust's Annual Report and Accounts provides comparative information in relation to the 2006/07 financial year. However, since this represented the Trust's first year of authorisation it covered only the 11 month period from Foundation Trust authorisation on the 1 May 2006 to the 31 March 2007. Unfortunately, with the exception of the balance sheet this will make interpretation of the accounts and statements more difficult. However, the directors are able to confirm that there are three significant issues which have impacted on the Trust's accounts including an exceptional item and these are outlined below:

### Exceptional Item

For 2007/08, the Trust's accounts show an exceptional item of £7.2 million relating to the impairment (reduced value) of the Trust's asset base. These impairments relate to new capital developments which were part of the closure programme of Runwell Hospital. They relate to:

- a recent valuation of the Trust's Rochford Hospital site undertaken by the District Valuer

which produced a value of around £9.7 million less than the capitalised cost of the site, following redevelopment. Of this amount £6.4 million was charged to income and expenditure.

- A recent valuation of the Trust's new Hadleigh Unit and Harland Centre which has resulted in a reduction in valuation of £1.0 million of which £0.8 million was charged to income and expenditure.

The above impairments relate to the way in which valuations are undertaken by the District Valuer which does not fully reflect the replacement cost of an asset, based on current market conditions and a fully tendered contract process.

The related accounting changes are first adjusted within the balance sheet by offsetting any reduced value against the revaluation reserve. Where the reduced value exceeds the revaluation reserve for a particular asset, which is often the case with new developments such as Rochford Hospital, the Harland Centre and the Hadleigh Unit, then the remaining sum has to be charged to the income and expenditure account.

For 2007/08 this has had the effect of converting the Trust's income and expenditure surplus of £4.22m, before exceptional items, to a deficit of £3.03m after exceptional items. The Trust's Directors confirm, however, that this is a technical accounting adjustment that has no impact on the Trust's cash or financial risk rating.

### Three Year Revaluation of Estate

The District Valuer has provided the Trust with an interim (three year) valuation of its Estate. This has increased the value of land and buildings by £17.4 million excluding impairments. After accounting for the asset impairments outlined above it produces an increase to fixed assets on the balance sheet of £6.6 million.

### Income Generation

The Trust has marketed its clinical expertise over the past two years which has resulted in significant new income largely from commissioners outside of South Essex. For 2007/08 this has resulted in additional income of £3.6 million representing an increase of £1.9 million over the previous year.

### Key Metrics

The key metrics from the financial statements demonstrate that the Trust achieved:

- An EBITDA margin of 8.4%
- An income and expenditure surplus margin of 3.9%
- A return on assets of 7.2%
- A Liquidity ratio of 47 days

The Trust's earnings before interest, taxation, depreciation and amortisation (EBITDA) margin and income and expenditure surplus margin represent a strong financial performance by the Trust. This is further reflected by a return on assets of 7.2%. The Trust also ended the financial year with a strong cash position reflecting the receipt of all major income streams from local commissioners but also minor delays within the Trust's main capital programme.



## Key Points from the Accounts

Key information from the Trust's accounts is shown in the table below.

**Table 4 – Key Point from the Accounts**

	2007/08 £000
Total Income	108,020
Income from Mandatory Services	94,777
Retained Surplus for the Financial Year (excluding impairments)	4,200
Capital Expenditure	10,794
Capital Charges (Depreciation and Dividends)	5,562
Closing Cash Balance	9,355
Total Recognised Gain	14,801

### Operating Expenditure

The total operating expenditure excluding impairments for the 12 month period ended 31 March 2008 was £100.8 million. Figure 1 (see page 15) shows the Trust's expenditure analysed over the type of patient care provided. The single largest area of

expenditure relates to adult inpatient services followed by older people's inpatient services, medical staffing and forensic services. Within this the single largest area of expenditure related to staff cost and totalled £70.7 million. Figure 2 (see page 15) provides an analysis of expenditure over the different staff groups.

Figure 1 Total Operational Expenditure

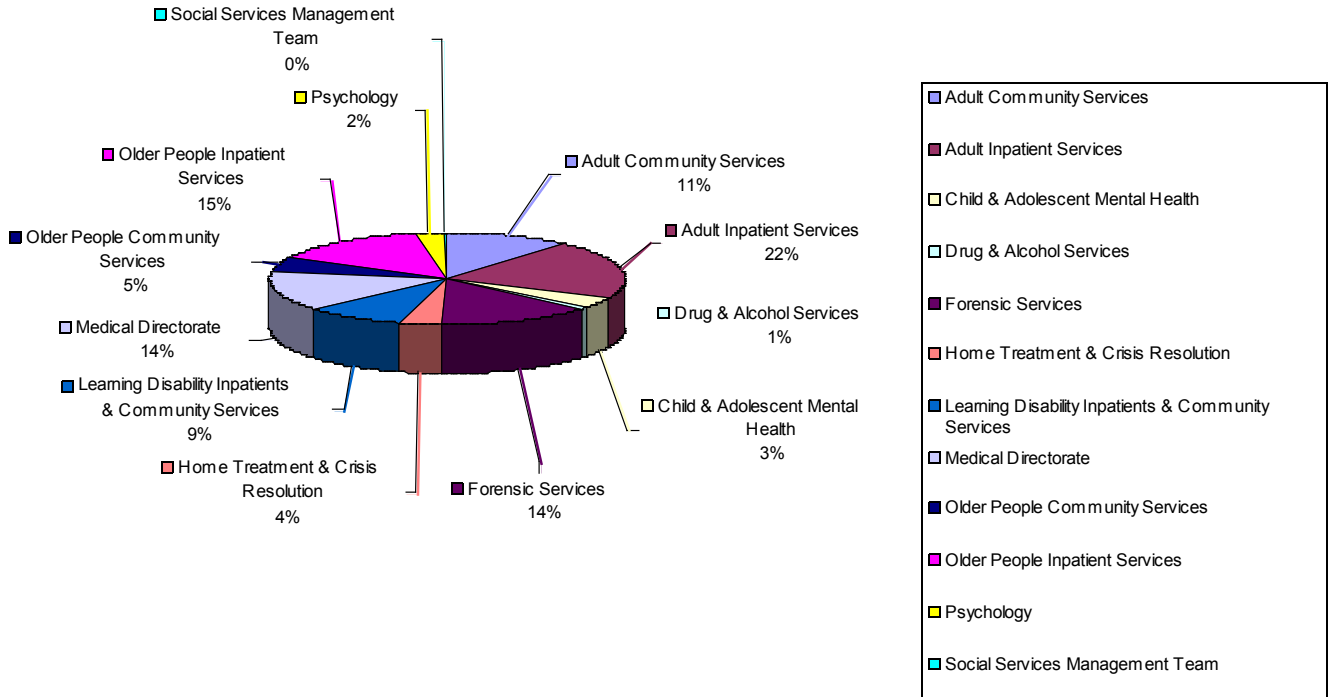
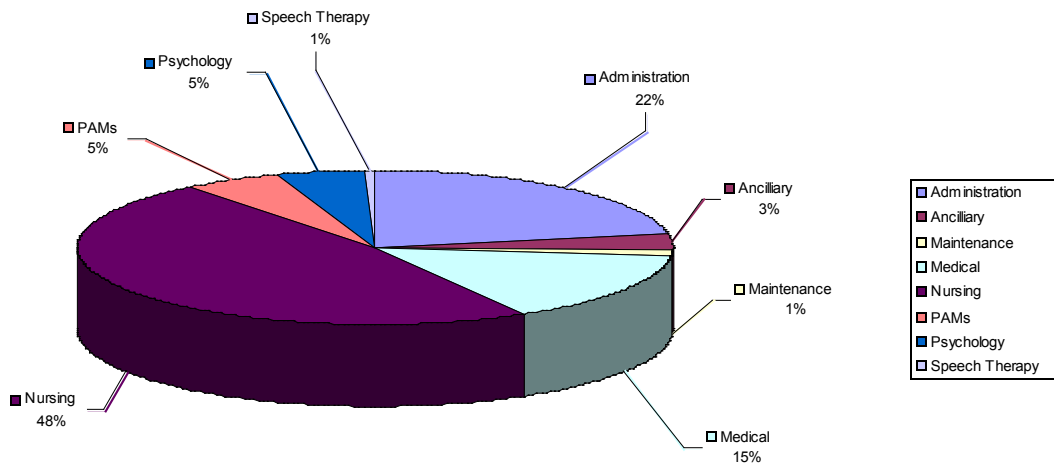


Figure 2 Pay Expenditure



### **Working Capital and Liquidity**

The Trust has robust cash management and forecasting arrangements. It is supported by a Cash Management Committee which is chaired by the Director of Finance and the membership includes the Director of Operations and a Non Executive Director.

The Trust has benefited from investing surplus cash on a day to day basis throughout 2007/08 and this has enabled the Trust to generate interest from cash management activities of £0.7 million. This has been used for the benefit of local patient care. The Trust has maintained a healthy cash position throughout the year and this together with the timely receipt of block payments from local commissioners and minor delays in the Trust's capital programme has ensured the Trust ended the year with a strong cash position and working capital (short term debtors + cash minus short term liabilities) of plus £4.6 million.

### **Post Balance Sheet Events**

The Trust's Directors confirm that there are no post balance sheet events applicable to the 2007/08 financial year.

### **Capital Structure, Expenditure and Investments**

Capital finance has historically been provided by the Treasury in the form of Public Dividend Capital and as a result the Trust is required to pay the Treasury dividends relating to this capital in September and March each year. The dividends payable are essentially agreed with the Treasury before the start of the financial year and are based on 3.5% of the Trust's estimated average value of assets during the financial year.

The Trust also has reserves relating to income and expenditure surpluses and asset revaluation resulting from the impact of valuations undertaken by the District Valuer. The Trust also has a small reserve in relation to donated assets. The total of the Trust's Public

Dividend Capital and reserves is equivalent to the taxpayers' equity in the Trust.

For 2008/09 the Department of Health has, once again, returned to the public financing of capital schemes in the form of interest bearing debt. For Foundation Trusts this is managed through the Foundation Trust financing facility and the Trust currently has prior agreement to secure up to £1.95m of capital finance relating to the Trust's proposed new inpatient Child and Adolescent Mental Health facility.

Foundation Trusts are also able to borrow externally, subject to a prudential borrowing limit set by Monitor, the independent regulator for Foundation Trusts.

### **Prudential Borrowing Limit**

Section 12 of the Health and Social Care (Community Health and Standards Act 2003) requires Monitor, the independent regulator of Foundation Trusts, to prepare a code (prudential borrowing code) to determine a limit on the total amount of borrowing that an NHS Foundation Trust is able to undertake. The code is designed to ensure that a Foundation Trust is able to operate with a degree of independence while at the same time not compromising the provision of required services.

Foundation Trusts continue to benefit from public financing in certain circumstances but in addition are able to borrow from commercial sources. This commercial borrowing is not backed by any form of government guarantee and therefore in these circumstances the Foundation Trust has to prove its credit worthiness in a normal commercial sense. To assist this process, Monitor sets a prudential borrowing limit, based on the code, which forms part of a Foundation Trust terms of authorisation.

The prudential borrowing limit for SEPT is:  
1. Maximum cumulative long term

borrowing: £22 million; and  
2. Approved working capital facility: Not to exceed £8 million.

The Trust has so far not had to borrow any external finance on a commercial basis. The Trust's capital investment plans over the next five years can also be met from the Trust's internally generated resources including a programme of sale of unprotected assets. At this stage, therefore, the Trust has no plans to borrow commercially.

### Capital Expenditure

Table 5 below summarises the Trust's capital resources and expenditure for 2007/08.

**Table 5 – Capital Expenditure**

Capital Expenditure	£'000
Rochford Redevelopment	10,170
EMI – Residual interest	70
PICU development	150
Lodge Car Park	60
Brentwood Resource Centre	30
Medical and other Equipment	40
IT Equipment	260
Other	20
<b>Total Capital Expenditure</b>	<b>10,800</b>

The Trust's programme for 2007/08 included the final stages of the refurbishment and redevelopment of Rochford Hospital as part of the Trust's plans relating to the closure of Runwell Hospital. The Rochford redevelopment scheme was completed in December 2007 and became fully operational in February 2008.

The Trust also invested a further £150,000 in relation to the new Hadleigh Psychiatric Intensive Care Unit. This brought the total investment for this scheme up to £3.5 million. The Trust also began work on a new £2.5 million resource centre in Brentwood.

In addition to expenditure, highlighted above, the Trust's directors have also allocated

a further £4.0 million on a range of essential equipment, security, IT and environmental upgrades which will be completed during 2008/09.

### Financial Investments

Foundation Trusts are able to make financial investments through a variety of means including joint ventures and subsidiary companies. The Trust has established an Investment Committee comprising the Chief Executive, the Director of Finance and three Non Executive Directors. This Committee will oversee any future investment proposals although the Trust has not so far made any investments in this respect. For the future, the Trust's Investment Committee, will consider opportunities, as appropriate, including the most efficient corporate structure to support the Trust's activities.

### Non Health Care Activities

The Trust provides a range of non health care activities in the form of shared support services to the two Primary Care Organisations across south Essex. These services include the provision of Treasury Management, Procurement and Paymaster Services and the management of related computerised financial ledgers and purchasing systems for all organisations.

The Trust also provides patient activity information services and estates and facilities management services to the two south Essex Primary Care Trusts. In addition, the Trust provides a car leasing service to the two local PCTs, Basildon and Thurrock University Hospitals Foundation Trust and several local Housing Associations. The value of these combined services is £2.3 million.

### Accounting Policies

The Trust has detailed accounting policies which comply with both the Financial Reporting Manual and Capital Accounting Manual for Foundation Trusts. Details of the

policies are shown on pages 75 to 83 of the 2007/08 accounts.

**Private Patient Income**

Foundation Trusts are set a private patient cap which limits the amount of private patient income that maybe generated within a particular accounting year. The Trust has a private patient cap of zero and therefore does not generate any private patient income.

**Efficiency and Income Generation Initiatives**

The Trust was required to generate savings of just over £0.8 million during 2007/08. This resulted from predominately local cost pressures in relation to drugs and other clinical expenditure and the need to provide for the introduction of a new Electronic Staff Record payroll system and the introduction of staff uniforms.

By the end of March 2008, the Trust had achieved the required saving levels through the initiatives shown in table 6 below:

**Table 6 – Efficiency and Income Generation Initiatives**

	<b>£'000</b>
Management restructure	217
Procurement	132
Domestic services	110
Willowbrook/ Heath Close merger	120
Relocation of Head Office	262
<b>Total Savings Achieved</b>	<b>841</b>

During 2006/07, the Trust reorganised its clinical management structure, in two phases. The second phase of this initiative was completed during 2007/08 generating savings of around £0.24 million. Further savings were achieved through the relocation of the Trust’s Head Office and through the market testing of domestic services at the Basildon Mental Health Unit.

Savings on procurement of £0.13 million were less than originally anticipated following a

disappointing performance from the East of England Procurement Hub. As a result the directors have recently terminated the Trust’s contract with the procurement service.

The Trust’s plans for 2007/08 did not require any additional contribution from income generation activities over and above the level planned for 2006/07. However the Trust continued to market its clinical services during 2007/08 and ended the year with additional income of £3.6 million relating to:

- £2.72 million PICU services
- £0.36 million Learning Disability services
- £0.23 Training/recruitment including SEPT/ YALE leadership programme
- £0.08 Children’s services
- £0.17 Forensic services

For the future, the Trust’s five year financial plan which forms part of the Trust’s Service Development Strategy identifies a full range of further cost efficiencies required throughout the planning period. These include further reviews of clinical services and savings from flexible working generated through the Trust’s Worksmart Initiative.

In total the Trust anticipates achieving efficiency savings of around £14.0 million over the next five years together with £2.6 million contribution from income generation. These initiatives will be used to ensure the Trust is able to meet any local cost pressures and cover risks relating to the national inflation uplift.

**Future Financial Performance**

The Trust’s directors have set out a detailed financial plan covering the five year period from 2008/09 to 2012/13. This plan was approved by the Board of Directors at a meeting held on the 26 March 2008. The plan demonstrates that the Trust intends to make a minimum surplus of income over expenditure of around £1.1 million in 2008/09 increasing to £1.2 million in future years. This is likely to give the Trust a predicted financial risk rating set by Monitor of 4 throughout the

planning period.

The financial stability of the NHS has settled considerably during 2007/08 and there is now a reasonable prospect that local commissioners will have additional funds for investment over the planning period.

However, at national level, significant service efficiencies are required and this translates into a 3% reduction to the annual inflation uplift for the three year period commencing 2008/09. This will present the Trust with a significant challenge particularly in relation to mental health services for which income is largely fixed and no national tariff is currently applied.

The Trust's directors have developed a comprehensive efficiency programme but will, in addition, be exploring other potential options of expansion to ensure the Trust is able to continue to deliver high quality services that are both effective and efficiently provided.

The Trust's directors are rightly proud of the Trust's track record of delivering excellent services alongside excellent financial performance and this experience is likely to be invaluable over the years ahead.

### **The Board of Directors**

June 2008.

## Background information about the Trust

South Essex Partnership NHS Foundation Trust (SEPT) is one of the largest NHS providers in the country of health and social care services for people with mental health problems and people with learning disabilities. In south Essex, we cover a population of around 715,000, and we have an annual income of around £100 million to deliver services for local people. We also deliver forensic mental health services for the whole of Essex.

In the 2007 Healthcare Commission ratings we were one of only two mental health and learning disability trusts in the country to achieve the top score of 'excellent' for quality of services and 'excellent' for use of resources. In fact, this was the best score in Essex of all NHS Trusts.

In the previous year's ratings, SEPT achieved a score of 'good' for quality of services and 'excellent' for use of resources – we were the only mental health and learning disability trust in the country to achieve this. In previous years we scored a hat trick of three start ratings year on year.

The Trust was established in April 2002, following a full public consultation with formal Partnership Agreements (Section 31) with Essex County Council, Southend-on-Sea Borough Council and Thurrock Council. The partnership agreements mean that we have social care colleagues integrated within our community teams and ward based clinical staff. This ensures effective and efficient health and social care for our service users in hospital and in the community.

### External Audit

The Trust's external auditors are the Trust's Practice Section, of the Audit Commission. The Trust's Engagement Lead is Rob Murray and Emma Patchett is the Trust's External Audit Manager.

During 2007/08, the Trust's external auditors have primarily focused on the audit work covered by the Code of Audit Practice for Foundation Trusts. The Trust's Annual Audit Letter for the 2007/08 financial year was presented to the Board of Directors in July 2008. Reports issued relating to the 2007/08 financial year were as follows:

- Audit Plan for 2007/08
- Annual Audit Letter
- ISA260 Report for those charged with governance
- Review of financial statements 2007/08
- Opinion on accounting treatment of private finance (PFI) scheme

The total fee for external audit for 2007/08 was £65,924. This comprises the following:

Audit Area	Audit Fee
	<b>£</b>
Accounts	57,714
PFI Opinion	8,210
<b>Total</b>	<b>65,924</b>

### Complaints and Compliments Report

A total of 150 formal complaints were received during year 2007-2008 and all of these were thoroughly investigated. Investigating complaints assists the Trust in making improvements to our services. We encourage our service users and carers to tell our staff if they are not happy with the service they are receiving and prefer to resolve issues locally before they become a formal complaint.

98.7% of complaints this year were resolved within 25 working days. 116 were completed within 20 days or less (77.9%), 31 were completed between 21 and 25 working days (20.8%), one complaint took between 26 to 30 days (0.7%) and one complaint took longer than 30 days to complete (0.7%). Both complaints that took longer than 25 days were extended with the complainant's

permission due to the complexity of the complaint (0.7%). One complaint remained active at the end of the year. The average time taken to respond to complaints was 15 days.

### **PALs**

The PALs (Patient Advice and Liaison Service) gives service users and carers an alternative to making a formal complaint. PALs is contactable between 09.00 and 17.00 Monday to Friday and also through the Trust's website by email. If you are a service user or carer and have a question, a concern or just want to find out more about our services, please contact PALs on freephone 0800 0857935.

### **NHS Pensions and Director's Remuneration**

The accounting policy in relation to employee pension and retirement benefits is set out on page 79 of the annual accounts for 2007/08. Details of the remuneration of Directors is contained within the Remuneration Report section of this document (page 58)

### **Private Finance Initiative (PFI) – Developments**

As part of the Trust's re-provision of services from Runwell Hospital, the Trust has entered into a privately funded scheme (PFI) for the provision of 70 beds for elderly mentally ill patients. These new services were completed and became operational in June 2004.

The Trust achieved financial close on a second PFI scheme relating to the provision of a medium and low secure unit to be relocated on the Runwell Hospital site in October 2007. Construction work is currently underway and it is expected that the new unit will become operational in the summer of 2009.



## Governance Review

### Accountability

The Board of Directors is accountable to the Board of Governors (see Page 29 for further details), majority of who are elected by the Public and Staff Members, for the performance of the Foundation Trust and to ensure that the Foundation Trust does not breach its Terms of Authorisation.

This accountability is discharged by the Chief Executive; in the form of a performance report to the Board of Governors every quarter and together with other relevant information.

The Board of Directors will present to the Board of Governors at a general meeting scheduled for September 2008 the following information:

- the annual accounts;
- any report of the auditor on them;
- the annual report; and,
- forward planning information for the next financial year.

For the meeting scheduled in September 2008 the Board of Governors will present to the members:

- a report on steps taken to secure that (taken as a whole) the actual membership of its public constituencies and of the classes of the staff constituency is representative of those eligible for such membership;
- the progress of the membership strategy;
- any proposed changes to the policy for the composition of the Board of Governors and of the Non-Executive Directors report of any other external auditor of the Foundation Trust's affairs;
- forward planning information for the next financial year; and,
- the results of the election and appointment of Governors and the appointment of Non-Executive Directors will be announced.

The Foundation Trust has also put in place mechanisms and processes to understand the governors, members and the wider communities views that influence the strategic direction of the Foundation Trust. Throughout the year Constituency Meetings are held where members of the Foundation Trust and the public are invited to attend. Presentations are given by the Foundation Trust and members of the Foundation Trust and public are encouraged to share their views. These Constituency Meetings are chaired by the members of the Board of Governors with the Chair and the Chief Executive in attendance. Other Directors and Senior Managers of the Foundation Trust also attend these meetings.

### Accounting Officer Status

The NHS Act 2006 (Chapter 5) designates the Chief Executive of the NHS Foundation Trust as the Accounting Officer. In this capacity the Chief Executive reports to the Board of Directors how the expected outcome and goals are intended to be delivered through the Foundation Trust's Business Plan, identifying key risks and mitigation strategies. During the year the Chief Executive, as Accounting Officer, provides the Board of Directors with updates on progress towards these outcomes and goals through actual and forecast results. In addition, the Chief Executive in discharging his function as Accounting Officer discusses with the Board of Directors all strategic projects and developments and all other matters of material interest which are current or will retrospectively affect the performance of the Foundation Trust. Specific areas for discussion are under or poor performance.

(See Page 62 for the Accounting Officer's responsibilities in the preparation of the accounts)

### Board of Directors

Biographical details of the Board of Directors are set out on pages 23 to 26.

In accordance with the Constitution as at the date of this report indemnities are in place under which South Essex Partnership NHS Foundation Trust has agreed to indemnify its directors and governors who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions, save where they have acted recklessly. Any costs arising in this way will be met by the South Essex Partnership NHS Foundation Trust.

### **External Auditors**

In accordance with NHS Act 2006 (Chapter 5) Schedule 1 it is for the Board of Governors to appoint or remove the external auditor at a general meeting of the board. The Foundation Trust's external auditors the Audit Commission offers itself for re-appointment at the annual general meeting as external auditors of South Essex Partnership NHS Foundation Trust. This re-appointment is recommended to the Board of Governors by the Foundation Trust's Audit Committee.

By order of the Board

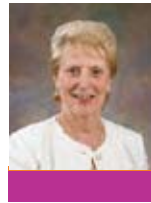
**Cynthia Fernandez**  
**Acting Trust Secretary**

**Date: June 2008**



**Lorraine Cabel, Chair**  
**(From March 2008)**

Lorraine has over 30 years experience of the NHS in roles that include nursing, public health and executive board level. Lorraine chairs both the Board of Directors and Board of Governors. Lorraine is a graduate in social sciences she has an in depth understanding of the causes of health inequalities, their impact on health and well-being and how strong partnerships between organisations can begin to address and reduce these. She has a proven track record of effective partnership working across local authority, health and third sector boundaries.



**Jai Tout, Chairman**  
**(Until 30 November 2007)**

Jai has been involved throughout her working life in social work and management practice, initially in a national charity and then in local government, working within child and family, mental health, learning disabilities and with homeless families.



**Leslie Cuthbert, Non Executive Director, Vice Chair (From May 2007 – November 2007 and March 2008 onwards), Acting Chair (From December 2007 to February 2008), Senior Independent Director (from March 2008)**

Leslie has a wide and varied background, primarily as a Higher Courts Solicitor-Advocate before criminal courts as well as having been a Principal (Partner) in the well respected criminal defence firm - McCormacks Solicitors LLP. Leslie has been with McCormacks for over 10 years and during this time has represented a number of people suffering from different forms of mental illness and accordingly has dealt with a number of other professionals in trying to assist those suffering from such conditions.



**Geoff Williams, Independent Non Executive Director and Vice Chair (until 30 April 2007)**

Geoff lives in Basildon and is the Trust's liaison link for the Basildon, Billericay, Wickford and Brentwood locality. Geoff is a member of the Audit Committee, HR & Improving Working Lives Steering Group. Geoff comes from an educational background and is a District and County Councillor.



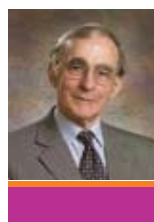
**Janet Wood, Independent Non- Executive Director and Acting Senior Independent Director (From December 2007 to February 2008)**

Janet is a qualified chartered accountant and worked in NHS finance from 1992 to 1999 holding various posts. She took a career break in 1999, keeping her technical skills up to date by working part-time for the HFMA (Healthcare Financial Management Association). Janet's spare time is taken up by her two children and she is an active fundraiser for their school.



**Joan Holden, Independent Non Executive Director**

Joan lives in Castle Point and is the Trust's liaison link for the Castlepoint locality. She is also Chair of the Trust's Audit Committee, a member of the Foundation Trust Financing Facility Committee and the East of England Audit Chair's Forum. Joan was also a local councillor for four years, the Chair of Governors of a Foundation Trust primary school for 11 years, a member of the Community Health Council and a member of the Citizens Advice Bureau Management Board.



**Tony Skidmore, Independent Non Executive Director (until 31 October 2007)**

Tony has a background of working in the private, public and voluntary sectors, and he is a Fellow of two professional bodies and is a Basic Skills literacy teacher, plus a Master of Business Administration (MBA). A key part of Tony's background is his experience with Ford during a period of expansion across Europe. He has experience NHS through membership of the Community Health Council (CHC) in east Hertfordshire, until it was disbanded, and the successor Patients Forum organisation



**George Sutherland,  
Independent Non  
Executive Director**

George lives in Hockley, has a substantial depth of experience at Chairman and Executive Director level in the logistics and business services sectors. He has a Masters in Business Administration (Dist) and a Diploma in Management Studies. He is a Fellow of the Institute of Directors, a Member of the Chartered Institute of Logistics and Transport and a Member of the Chartered Institute of Marketing.



**Steve Currell,  
Independent Non Executive  
Director (From June 2007)**

In July 2006 after 33 years service as a police officer Steve retired whilst holding the rank of superintendent. Steve is currently a director of two charities, Southend United Community Education Trust and Chairman of the Board of LRBC Community Ltd. He is also an advisor for local churches and a national charity on Child Protection and until recently was on the council of reference of a charity working with sex offenders.

**Executive Directors**



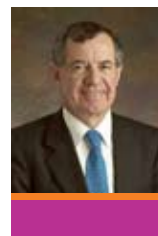
**Dr Patrick Geoghegan  
OBE, Chief Executive**

Patrick has worked in the NHS for over 34 years holding a number of senior positions. He is passionate about mental health and learning disabilities, particularly addressing the social stigma often associated with people who use these services. He sees leadership, both from general management and clinical leadership as the key to improving services. Furthermore, Patrick has developed links with academia, namely Yale University, University of Pavia in Italy and links with Universities in Australia and New Zealand. He is very enthusiastic about service users and carers involvement in shaping and delivering services.



**Philip Howe, Director  
of Partnerships and  
Specialist Services**

Philip is a qualified social worker with over 30 years experience. Along with his operational responsibility for child and adolescent mental health services, forensic and substance misuse services, Philip's remit also includes developing an integrated approach to health and social care across the Trust.



**Dr Mike Lowe, Medical  
Director**

Mike is a General Medical Council Examiner and worked as a Consultant in General Adult psychiatry in Thurrock for 26 years. He has been involved in medical management since 1995 when he became Trust Clinical Director and subsequently was appointed Medical Director in 1999. He supports Thurrock MIND as a Trustee Board Member.



### **Ray Jennings, Director of Finance and Resources**

Ray is a chartered management accountant and has responsibility for the Trust's finance, purchasing and catering services.



### **Nikki Richardson, Director of People Management and Business Development and Deputy Chief Executive**

Nikki has worked for this organisation for 26 years in a number of roles; speech and language therapist, senior manager responsible for therapy services, assistant unit general manager at South Ockendon and as a director whose portfolio included older people's mental health, learning disabilities, specialist nursing and therapy services. She remains a registered speech and language therapist and has represented the profession at national level.



### **Sally Morris, Director of Operations**

Sally has been involved with mental health and learning disability services for a number of years, ranging from consultancy work when in the private sector to director of mental health commissioning at South Essex Health Authority and lead for mental health at the Essex Strategic Health Authority. She has a history of partnership working and was Chairman of the South Essex Mental Health Local Implementation Team and established the Bullwood Hall Prison Health Partnership Steering group.



### **Oliver Shanley, Director of Integrated Governance and Executive Nurse**

Oliver qualified as a registered mental nurse in 1990 at Runwell hospital and holds a Masters Degree from King's University. He has worked in a variety of settings spending most of his clinical career working with mentally disordered offenders, including establishing one of the first criminal justice mental health teams in Essex. He has a long history of partnership working, including working for three years as a group leader with Essex Probation Services Multi Agency Sex Offender Treatment Programme.

## Code of Governance

### Compliance with the Code of Governance

The Independent Regulator for NHS Foundation Trusts (Monitor) published a Code of Governance in October 2006 by bringing together the best practice of public and private sector corporate governance. Foundation Trusts are expected to be fully compliant by 2007/2008 with all sections of the Code.

Monitor requires NHS Foundation Trusts to make a disclosure statement in two parts as required by the UK Listing Authority on listed companies on the application of the combined code. The two parts are:

- report on how it applies the main and supporting principles of the code; and
- either confirms that it complies with the provisions of the code or where it does not, to provide an explanation.

### Board of Director's Statement on Main and Supporting Principles

The Boards of Governors and Directors unequivocally support the main and supporting principles of the Code of Governance published by the Independent Regulator of NHS Foundation Trusts. In the Directors' opinion South Essex Partnership NHS Foundation Trust complied throughout the review period with the main and supporting principles of the Code of Governance excepting the following supporting principle:

"Desirability of using the Senior Independent Director to lead the Non-Executives in the evaluation of the Chair (D.2)".

A joint working group consisting of governors and directors has been set up to review compliance with the Code of Governance. The group is also tasked with ensuring any non-compliance does not affect the governance of the Foundation Trust.

### The Board of Directors, Chair and Executive, and Board Balance. Directors

The Board of Directors believes the Foundation Trust is led by an effective Board, as the Board is collectively responsible for the exercise and the performance of the NHS Foundation Trust.

The Board of Directors reviews the size, composition and succession of directors in line with the Foundation Trust's business objectives and makes recommendations as appropriate to the Board of Governors. Currently under the Constitution the Board shall include up to eight Non Executive Directors (including the Chair) and up to eight Executive Directors (including the Chief Executive). In the event of an equality of votes the Chair has a second and casting vote.

### Chair and Chief Executive

The Board of Directors has agreed on a clear division of responsibilities between the chairing of the Board of Directors and Governors, and, the executive responsibility for the running of the Foundation Trust's Business.

The Chair is responsible for providing leadership to the Boards of Directors and Governors ensuring governance principles and processes of the Boards are maintained whilst encouraging debate and discussion. The Chair is also responsible for ensuring the integrity and effectiveness of the Governors and Directors relationship. The Chair also leads the performance appraisals of both Boards as well as the Non Executive Director's performance appraisals.

Mrs. Jai Tout (up to end of November 2007), Mr. Leslie Cuthbert (acting Chair from December 2007 to February 2008) and Mrs. Lorraine Cabel (appointed in March 2008), the Chairs of the Foundation Trust under the period of review have had no other significant commitments during the period of review.

## Board of Directors

The Board of Directors believes that there is a balance of executive and non-executive directors and that no individual group or individuals dominate the board meeting.

The following Non Executive Directors have joined the Foundation Trust under the period of review:

- Mrs Lorraine Cabel as Chair on 03 March 2008; and,
- Mr Steve Currell as Non Executive Director on 01 June 2007

The following Non Executive Directors have left the Foundation Trust under the period of review:

- Mr Geoff Williams, Non Executive Director and Vice Chair, on 30 April 2007;
- Mrs Jai Tout, Chair on 30 November 2007; and,
- Mr Tony Skidmore as Non Executive Director on 31 October 2007.

The Board of Directors is satisfied that the Non Executive Directors who served on our Board of Directors for the year under review were independent.

## Statement of the decisions taken by the Board of Governors

The roles and responsibilities of the Board of Governors, which are to be carried out in accordance with the Foundation Trust's Constitution, Terms of Authorisation and Code of Governance, are:

at a General Meeting

- to appoint or remove the Chair and the other Non Executive Directors;
- to approve an appointment (by the Non Executive Directors) of the Chief Executive;
- to decide the remuneration and allowances, and the other terms and conditions of office, of the Non Executive Directors;
- to appoint or remove the Foundation Trust's financial auditor;

- to appoint or remove any other external auditor appointed to review and publish a report on any other aspect of the Foundation Trust's affairs;
- to be presented with the annual accounts, any report of the financial auditor on them and the annual report;
- to hold the Board of Directors to account for the performance of the Foundation Trust; and as required:
- to provide their views to the Board of Directors when the Board of Directors is preparing the document containing information about the Foundation Trust's forward planning;
- to respond as appropriate when consulted by the Board of Directors;
- to undertake such functions as the Board of Directors shall from time to time request;
- to prepare and from time to time review the Foundation Trust's membership strategy and its policy for the composition of the Board of Governors and of the Non Executive Directors;
- when appropriate to make recommendations for the revision of this constitution.

Five governor/director project groups have been set up to ensure regular links between the governors and the directors in the areas of:

- Stigma • Social Inclusion • Volunteering
- Employment • Membership Communication

Each of these groups meets regularly (at least bi-monthly) providing important regular opportunities for dialogue between the two Boards.

An important part of their role is to communicate with the group of people who elected them, whether staff, patients or members of the public in the surrounding area. Public Governors hold constituency meetings/surgeries around the membership area with a different 'theme' bi-monthly. Governors also have opportunities to meet members on Open Days and at the Annual General Meeting.

Governors are involved in many activities of the Foundation Trust and participated in providing their views for the Foundation Trusts forward plan together with staff, stakeholder and members. They are also actively involved in the following governor sub-committees:

- Remuneration Sub-Committee • Joint Code of Governance Project Group
- Nominations Sub-Committee • Membership Sub-Committee
- Rules and Regulations Committee

### **Statement of the decisions taken by the Board of Directors:**

The business of the Foundation Trust is to be managed by the Board of Directors, who shall exercise all the powers of the Foundation Trust, subject to any contrary provisions of the NHS Act 2006 as given effect by the Foundation Trust's Constitution, which is set out above.

### **Board of Governors**

The Board of Directors believes that the Board of Governors are representative, act in the best interest of the Foundation Trust, hold the Directors to account and regularly feed back to the constituencies and stakeholder organisation that elected or appointed them.

The Board of Governors consists of Public Governors, Staff Governors, PCT Governors, University Governors, Local Authority Governors and other Partnership Governors. Members of the Foundation Trust elect Governors from the public and staff constituencies and these elections are conducted under the auspices of the Electoral Reform Service in accordance with the requirements of the Foundation Trust Constitution. The Foundation Trust is pleased to state that our Governors are the first democratically elected representatives from our local community with ability to influence and guide the strategic direction of Mental Health and Learning Disability in Essex.

The composition of the Board of Governors is shown below:

### **Twenty-eight Public Governors from the following public constituencies**

- six Governors each from the constituencies of Basildon, Brentwood and Castle Point;
- three Governors each from the constituencies of Brentwood, Castle Point and Rochford;
- one Public Governor from the constituency of rest of Essex;

### **Five Staff Governors, one each from the following classes**

- registered medical practitioners, nursing, other clinical specialties, social workers, support staff
- two PCT Governors, one appointed by each by South West Essex PCT and South East Essex PCT
- four Local Authority Governors, two appointed by Essex County Council, and one each appointed by Thurrock Council and Southend on Sea Borough Council;
- eleven Partnership Governors appointed by partnership organisations. The partnership organisations that may appoint a Partnership Governor are:
  - Essex University and Anglia Ruskin University jointly – one Partnership Governor;
  - Commissioned Service User Network – one Partnership Governor;
  - Council for Voluntary Services – four Partnership Governors;
  - The Patients' Forum of the Foundation Trust – one Partnership Governor;
  - Essex Police – one Partnership Governor;
  - Prison Service – one Partnership Governor;
  - Basildon and Thurrock Hospitals NHS Foundation Trust – one Partnership Governor;
  - Southend Hospital NHS Foundation Trust – one Partnership Governor.

The size and composition of the Board of Governors has been reviewed by the Governors and Directors and the Foundation Trust is in the process of implementing the recommendations of this review.



## Terms of Office for Governors

Elected Governors hold office for a period of three years commencing immediately after the annual meeting at which their election is announced and are eligible for re-election at the end of that period and may not hold office for more than six consecutive years, and shall not be eligible for re-election if they have already held office for more than three consecutive years.

Appointed Governors hold office for a period of three years commencing immediately after the annual members meeting at which their appointment is announced, are eligible for re-appointment at the end of that period and may not hold office for longer than six consecutive years, and shall not be eligible for re-appointment if they have already held office for more than three consecutive years. For the purposes of these provisions concerning terms of office for Governors, 'year' means a period commencing immediately after the conclusion of the annual meeting, and ending at the conclusion of the next annual meeting.

Table 8 (page43) shows the number of meetings of the Board of Governors and attendance by individuals

## Contacting a Governor

Members are free to contact governors at any time via their dedicated email address which can be accessed via our website <http://www.southessex-trust.nhs.uk>

Members can also contact the dedicated membership office on the following contact number 0800 023 2059.

An election to the seats falling vacant as a result of terms of office coming to an end, resignations and removal of Governors for non-attendance at Board of Governors meetings was held under the auspices of the Electoral Reform Services during the period July to September 2007. The Governors elected were:

Public Governors – Basildon:  
Ms Violet Rita Sage  
Ms Susan Ann Lovett

Public Governor – Brentwood:  
Mr Graham Lucas

Public Governor - Castle Point:  
Mrs Lynda Galley

Public Governor – Rochford:  
Ms Julie Turner (re-elected)

Public Governor – Southend:  
Mrs Shurleea Harding  
Ms Sandra Roberts (re-elected)

Public Governors - Thurrock:  
Mrs Irene Lewsey  
Mr Paul Langman (re-elected)  
Ms Margaret Frances Verity

Staff – Medical:  
Mr Kishore Seewoonarain (re-elected)

In addition the following public Governors were appointed to vacant seats using the Constitutional provision to invite the next highest polling candidate for that seat at the most recent election, who is willing to take office, to fill the seat until the next annual election, at which time the seat will fall vacant and subject to election for any unexpired period of the term of office.

Public Governor – Brentwood;  
Mrs Megan Justins

Public Governor – Rochford:  
Mr Brian Taylor

During the year 2007/2008 resignations were received from:

Public Governors:  
Mr Paul Langman (Thurrock)  
Mrs Sandra Ellis (Basildon)  
Mr Graham Lucas (Brentwood)  
Mr Keith Gregory (Rochford)

Stakeholder Governors:  
Cllr Georgette Polley (Thurrock Council)  
Cllr Nigel Holdcroft (Southend Council)  
Mr Jed Pattison (Prison Service)

## Declaration of Interests

All Governors are asked to declare any interest on the Register of Governors' Interests at the time of their appointment. This is reviewed and maintained by the Foundation Trust Secretary. The register is available for inspection by members of the public. Anyone who wishes to see the Register of Governors' Interests should make enquiries to the Foundation Trust Secretary at the Foundation Trust's head office.

Table 8 shows the list of those Governors who have disclosed details of their interests, including details of company directorships held by Governors where those companies are likely to do business or are possibly seeking to do business with the Foundation Trust.

## Appointment and Terms of Office

The Governors' Nominations Committee leads the process for the appointment of Non Executive Directors (including the Chair's) and the Directors Nominations Committee leads the process for the appointment of Executive Directors.

The Board of Directors and Governors have agreed a policy on the Board of Directors Composition and Succession Framework to ensure the Board of Directors are renewed without compromising its continued effectiveness.

## Board of Director Appointments

Non Executive Director Appointments that predate Foundation Status were appointed by the NHS Appointments Commission for terms of four years. Any new Non Executive Directors (excluding the Chair) terms of office will be three years. The re-appointment of a Non Executive Director after their first term of office is subject to a satisfactory performance

appraisal. Any term beyond six years (i.e. two terms) for a Non Executive Director is subject to a particularly rigorous interview and satisfactory appraisal, and should take into account the need for progressive refreshing of the board. A vacancy arising as a result of a Non Executive Director serving more than six years is advertised externally. Non Executive Directors may serve longer than nine years (e.g. three three-year terms), only in exceptional circumstances and will be subject to annual re-appointment.

The Chair is appointed by the Board of Governors for two terms of office of four years, the second term of office being subject to satisfactory appraisal. Any term beyond this will be subject to external competition. For the appointment of the Chair, the Nomination Committee of the Board of Directors prepares a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A Chair's other significant commitments will be disclosed to the Board of Directors and the Board of Governors before appointment and will be included in the annual report.

The Board requires all its directors to devote sufficient time to the work of the Board to discharge the office of director and to sue their best endeavors to attend meetings. The attendance of meeting of the board of directors and those committees and individual attendance by directors is set out in Table 7.

For the year under review there have been two new appointments of Non Executive Directors, one of whom is the Chair.

## Nominations Committee

The Foundation Trust has two Nominations Committees; the Directors' Nominations Committee and the Governors' Nominations Committee. Committee membership and attendance of Directors and Governors at meetings is set out in Table 8.

The Directors' Nominations Committee makes recommendation to the Board of Directors for the appointment of replacement or additional Executive Directors. It is also responsible for succession planning. This committee also reviews the balance of skills, knowledge and experience of the Board of Directors against current and future requirements of the Foundation Trust, and, as appropriate draws up a list of required attributes.

The Governors' Nominations Committee makes recommendations to the Board of Governors for the appointment of replacement of additional Non Executive Directors. The Committee bases its recommendations on the attributes of Non Executive Directors drawn up by the Directors' Nominations Committee.

During the year under review the Governors' Nominations Committee undertook two recruitment processes as stated previously. On both occasions open advertising was used for the appointments. A robust and thorough recruitment process was overseen by the Governors' Nominations committee to ensure that the relevant knowledge, skills and experience of those seeking appointment were of a high calibre and effectively complemented and added to the Board of Directors existing strengths to create an effective Board Team. On both occasions successful appointments were made. For both appointments the Chair of another Foundation Trust was invited to be an Independent Assessor. When the Chair was appointed the Governors' Nominations Committee comprised only of Governors and the views of the Chief Executive was taken into account.

### **Information, Development and Evaluation**

Reports from the Executive Directors, which include in-depth financial information and performance, are circulated to Board Directors prior to every Board of Directors meeting enabling them to discharge their respective duties. Senior management give

presentations to the Board on significant matters during the year.

As reported on Page 28 the Board of Governors receives regular presentations from the Chief Executive to enable them to discharge their duties.

### **Induction**

On appointment or election all Directors and Governors are offered an appropriate induction course and are thereafter encouraged to keep abreast of matters affecting their duties as a Director or Governor and to attend training relevant to their role.

### **Performance Evaluation of the Board Of Directors, its Committees and Individual Directors (Including The Chair)**

Robust processes are in place for the annual appraisal of the Board of Directors. The Chair leads the Non Executive Directors in their appraisal and the Chief Executive for Executive Directors. The Chief Executive is appraised by the Chair

### **Appointment of External Audit**

The Board of Governors is responsible for the appointment of the Trust's external auditors based on the recommendation of the Trust's Audit Committee. The Board of Governors has also approved a policy ensuring external auditors' independence and undertaking work outside of the Audit Code. During 2007/08 the Trust's external auditors have undertaken one audit task which was outside the scope of the Audit Code and this related to providing an opinion on the accounting treatment of the Trust's privately financed secure services scheme.

### **Audit Committee Report**

#### **Membership and meeting schedule:**

The Audit Committee consists solely of independent Non Executive Directors. Its membership is selected to provide a broad

set of financial, legal and commercial expertise appropriate to fulfil the Committees' duties. Members of the Audit Committee are:

- Joan Holden, Chair
- Leslie Cuthbert
- George Sutherland
- Janet Wood.

In accordance with Monitor's Code of Governance for NHS Foundation Trust's the Board of Directors is satisfied that Joan Holden, Janet Wood and George Sutherland have recent and relevant financial experience.

At the request of the Audit Committee Chair, each meeting is attended by the External Audit representative, Internal Audit Manager and the Director of Finance. The Chief Executive is asked to attend the Audit Committee to present the Statement of Internal Control on an annual basis.

The attendance of individual members' attendance is disclosed in the table on pages 35 to 42.

The Audit Committee has devised a comprehensive work plan which ensures the activities undertaken fully comply with the good practice guidance set out in the NHS Audit Committee Handbook.

## Relations with Stakeholders

### Board of Director's Statement on Code Provisions:

The Board of Directors are required to either confirm that it complies with the provisions of the code or where it does not, to provide an explanation.

The Boards of Governors and Directors unequivocally support the Code Provision of the Code of Governance published by the Independent Regulator of NHS Foundation Trusts. In the Directors' opinion South Essex Partnership NHS Foundation Trust complied throughout the review period with these provisions excepting the following:

Led by the Senior Independent Director, the Non Executive Directors should meet without the Chairman at least annually to evaluate the Chair's performance (A.1.3)

The recently appointed Chair of the Foundation Trust was an Executive Director of a local Primary Care Trust where we have a material business relationship and is a member of the NHS Pensions Scheme (A.3.1)

At least half the Board of Directors (excluding the Chair) does not comprise of Non Executive Directors (A.3.2). The composition is eight Non Executives including the Chair and eight Executives with the Chair having a second and casting vote.

The Chair has been appointed for an initial term of four years subject to reappointment for a second term of four years following satisfactory performance review (C.2.2).

**The Joint Working Group of Directors and Governors has reviewed the Foundation Trust's compliance with the Code Provisions and is satisfied that the exceptions do not constitute a breach of Governance.**

### Governance of the Foundation Trust

The Board of Directors focuses its attention on strategic issues. It delegates detailed consideration of operational issues to the respective sub-committee. These sub-committees are:

- Executive Operational Team
- Integrated Governance
- Audit Committee
- Integrated Strategic Planning
- Mental Health Act Managers
- Director's Remuneration
- Joint Code of Governance
- Director's Nominations Committee
- Cash Management Committee
- Investment Committee

Reports from these Committees (excepting Remuneration and Nominations Committees) are publicly available. In common with the Board of Directors, each committee has access to independent advice as required and supported, if required, by the Foundation Trust Secretary who is demonstrably independent of the executive management of the Foundation Trust.

### **Registers of Interest**

The Foundation Trust maintains a formal Register of Directors Interest. The register is available for inspection, on request, at the Foundation Trust Headquarters at The Lodge, Runwell Chase, Wickford, Essex SS11 7XX (Telephone 0845 606 6288).

Board members do not hold directorships in companies with whom the Foundation Trust has done business within this financial year. However, Geoff Williams – Non Executive Director, is a trustee of the Laindon Community Centre. The Foundation Trust has entered into an agreement with the community centre to rent additional car parking spaces.

Dr Mike Lowe, Medical Director, is the Chair of Thurrock Mind.

The Board of Directors does not consider these interests to be material and therefore does not compromise these Directors independence.

**Table 7** The details of the Board of Directors, their committee membership status and

Name / Position	Date of appointment	Current expiry of term	Board of Directors meeting	
			No of Meetings	No attended
Mrs Jai Tout – Chairman of SEPT, Chairman of the Directors Remuneration Committee, Directors Nominations Committee and Governors Nominations Committee	22 Feb 1999	End Nov 2007	10	9
Mrs Lorraine Cabel Chairman of SEPT, Chairman of the Directors Remuneration Committee, Directors Nominations Committee and Governors Nominations Committee	03 March 2008	Feb 2012	1	1
Mr Leslie Cuthbert – Vice Chairman & Senior Independent Director (Appointed November 2007) (Was Acting Chairman for the period December 2007 to February 2008)	01 May 2005	April 2009	13	11
Mr Steve Currell – NED	01 June 2007	May 2010	10	6
Mrs Joan Holden – NED and Chairman of the Audit Committee	1 Aug 2001	Nov 2008	13	10
Mr George Sutherland – NED	01 May 2005	Apr 2009	13	9
Mrs Janet Wood – NED	01 Nov 2005	Oct 2009	13	10
Mr Tony Skidmore – NED	01 May 2005	Left Oct 2007	6	6
Dr Patrick Geoghegan OBE – Chief Executive, Chairman of the Executive Operational Team and Chairman of Integrated Governance Committee	June 1996	End April 2011	13	11
Mr Ray Jennings – Director of Finance and Chairman of the Integrated Strategic Planning Committee	Nov 1992	End April 2011	13	10
Dr Mike Lowe – Medical Director		End April 2011	13	9
Ms Sally Morris – Director of Operations	Jan 2006	End April 2011	13	12

attendance at Board and Committee meetings are as follows:

	Audit Committee Meeting		Directors Nominations Committee		Directors Remuneration Committee		Mental Health Act Managers Committee		Executive Operational Team		Integrated Governance Committee		Integrated Strategic Planning Committee		Joint Code of Governance	
	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended
					2	2	4	2			4	1	4	1	3	3
					0	0	0	0			0	0	0	0	0	0
	8	4					4	4			5	4	4	1	3	3
															3	3
					4	3	4	3			1	1	4	1		
	8	8	3	3			4	2			5	2			3	1
	8	6	3	3	4	4	4	4					4	3		
	8	7					4	1					4	3		
							2	1			3	3				
			3	3					48	39	5	1	4	1	3	3
									48	39	5	5	4	4	3	3
									48	39	5	1				
									48	40	5	3	4	4		

**Table 7 (continued)** The details of the Board of Directors, their committee memberships

Name / Position	Date of appointment	Current expiry of term	Board of Directors meeting	
			No of Meetings	No attended
Mr Oliver Shanley – Director of Integrated Governance & Executive Nurse	July 2003	End Apr 2011	13	12
Mr Philip Howe – Director of Partnerships and Specialist Services	Apr 2002	End Apr 2011	13	10
Ms. Nikki Richardson – Director of People Management and Business Development and Deputy Chief Executive	Oct 2003	End April 2011	13	10



Attendance status and attendance at Board and Committee meetings are as follows:

	Audit Committee Meeting		Directors Nominations Committee		Directors Remuneration Committee		Mental Health Act Managers Committee		Executive Operational Team		Integrated Governance Committee		Integrated Strategic Planning Committee		Joint Code of Governance	
	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended	No of Meetings	No attended
									48	35	5	5				
									48	43	5	5				
			3	3					48	39	5	2	4	2		

**Table 7 (continued)** The details of the Board of Directors, their committee membership

Name / Position	Date of appointment	Current expiry of term	Cash Management Investment Committee	
			No of Meetings	No attended
Mrs Jai Tout – Chairman of SEPT, Chairman of the Directors Remuneration Committee, Directors Nominations Committee and Governors Nominations Committee	22 Feb 1999	End Nov 2007		
Mrs Lorraine Cabel Chairman of SEPT, Chairman of the Directors Remuneration Committee, Directors Nominations Committee and Governors Nominations Committee	03 March 2008	Feb 2012		
Mr Leslie Cuthbert – Vice Chairman & Senior Independent Director (Appointed November 2007) (Was Acting Chairman for the period December 2007 to February 2008)	01 May 2005	April 2009		
Mr Steve Currell – NED	01 June 2007	May 2010		
Mrs Joan Holden – NED and Chairman of the Audit Committee	1 Aug 2001	Nov 2008		
Mr George Sutherland – NED	01 May 2005	April 2009		
Mrs Janet Wood – NED	01 Nov 2005	Oct 2009	2	2
Mr Tony Skidmore – NED	01 May 2005	Left Oct 2007		
Dr Patrick Geoghegan OBE – Chief Executive, Chairman of the Executive Operational Team and Chairman of Integrated Governance Committee	June 1996	End April 2011		
Mr Ray Jennings – Director of Finance and Chairman of the Integrated Strategic Planning Committee	Nov 1992	End April 2011	2	2
Dr Mike Lowe – Medical Director		End April 2011		
Ms Sally Morris – Director of Operations	Jan 2006	End April 2011	2	2

Attendance status and attendance at Board and Committee meetings are as follows:

	New Investment Committee	
	No of Meetings	No attended
	1	1
	1	1
	1	1
	1	1
	1	1

**Table 7 (continued)** The details of the Board of Directors, their committee memberships

Name / Position	Date of appointment	Current expiry of term	Cash Management Investment Committee	
			No of Meetings	No attended
Mr Oliver Shanley – Director of Integrated Governance & Executive Nurse	July 2003	End Apr 2011		
Mr Philip Howe – Director of Partnerships and Specialist Services	Apr 2002	End Apr 2011		
Ms. Nikki Richardson – Director of People Management and Business Development and	Oct 2003	End April 2011		

Attendance status and attendance at Board and Committee meetings are as follows:

	New Investment Committee	
	No of Meetings	No attended

**Table 8 Details of Governors meeting attendance**

Category	Constituency / Appointing Organisation	Name	Period of Office	In post as at 31 March 2008	Term of Office
Public	Basildon	Chris Draper	1	No	May 06 to Sept 07
		Sandy Ellis	1	No	May 06 to Sept 07
		Jan Bentley	2	Yes	May 06 to Sept 08
		Dot Johnson	2	Yes	May 06 to Sept 08
		Keith Bobbin	3	Yes	May 06 to Sept 09
		Klaus Kopp Chairman, Membership Sub Committee	3	Yes	May 06 to Sept 09
		Susan Lovett	3	Yes	Sep 07 to Sept 10
		Violet Sage	3	Yes	Sep 07 to Sept 10
	Brentwood	Megan Justins+	1	Yes	May 06 to Sept 07
		Sylvia Fenton	2	Yes	May 06 to Sept 08
		Frances Heywood	3	Yes	May 06 to Sept 09
	Castle Point	Megan Justins+	3	Yes	Feb 08 to Sept 10
		Tarant Hobbs	1	No	May 06 to Sept 07
		Eileen Greenwood	3	Yes	May 06 to Sept 09
		Lynda Galley	3	Yes	Sep 07 to Sept 10
		Phil Stepney	3	Yes	May 07 to Sep 09
	Rest of Essex	Debbie Shaw	3	Yes	May 06 to Sept 09
	Rochford	Julie Turner (re-elected)	3	Yes	Sep 07 to Sept 10
		Keith Gregory	3	No	May 06 to Sept 09
		Brian Taylor	3	Yes	Feb 08 to Sept 10
Paul Armstrong		3	Yes	May 07 to May 10	
Southend	Margaret O'Conner	1	No	May 06 to Sept 07	
	Sandra Roberts (re-elected)	3	Yes	Sep 07 to Sept 10	
	Sharon Adams	2	Yes	May 06 to Sept 08	



**Table 8 (continued) Details of Governors meeting attendance**

Category	Constituency / Appointing Organisation	Name	Period of Office	In post as at 31 March 2008	Term of Office
	Thurrock	John Rolfe	2	Yes	May 06 to Sept 08
		Ken Ellard	3	Yes	May 06 to Sept 09
		Herman Prestcote	3	Yes	May 06 to Sept 09
		Shurleea Harding	3	Yes	May 07 to Sept 10
		Julia Gernon	1	No	May 06 to Sept 07
		Paul Langman (re-elected)	3	No	Sep 07 to Sept 10
		Hayley Bruton	2	No	May 06 to Sept 08
		Rowland Nakanda	2	Yes	May 06 to Sept 08
		Yvonne Pennycook	3	Yes	May 06 to Sept 09
		Asif Rahmati	3	No	May 06 to Sept 09
		Irene Lewsey	3	Yes	Sep 07 to Sept 10
		Margaret Verity	3	Yes	Sep 07 to Sept 10
Staff	Medical	Kishore Seewoonarain	*3	Yes	Sep 07 to Sept 10
	Nursing	Elaine Taylor	*2	Yes	May 06 to Sept 08
	Support Staff	Gaynor Abbott-Simpson	*2	Yes	May 06 to Sept 08
	Other clinical Specialties	Elspeth Clayton	*3	Yes	May 06 to Sept 09
	Social Worker	Robin Oldfield	*3	Yes	May 06 to Sept 09
Partnership	Essex Police	Steve Currell	*3	No	May 07
	Anglia Ruskin University/ Essex University	Gill Green	*3	Yes	May 06 to Sept 09
	Service User Network	Steve Kent	*3	Yes	May 06 to Sept 09
	Council for Voluntary Services	Ahmad Khwaja JP	*3	Yes	May 06 to Sept 09
	Prison Service	Ged Pattison	*3	No	May 06 to Sept 09
	Public , Patient Involvement	Roy Birch Chairman, Governor's Remuneration Committee	*3	Yes	March 08
Local Authority	Southend-on-Sea B.C	Nigel Holdcroft	*3	No	Nov 06 to Sept 09
	Southend-on-Sea B.C	vacancy		No	
	Thurrock Unitary Council	Georgette Polley	*3	No	May 06 to Sept 09
	Thurrock Unitary Council	vacancy		No	
	Essex CC	John Schofield	*3	Yes	May 06 to Sept 09
	Essex CC	Mavis Webster	*3	Yes	May 06 to Sept 09
PCT	South East Essex PCT	vacancy			
	South West Essex PCT	vacancy			

\* subject to continued employment or changes by nomination by stakeholder organisations

\* no longer exists





## Membership

To ensure that we achieve the benefits associated with having a membership, the Foundation Trust has encouraged members to be involved in a range of activities that will contribute to the development of the Trust and the well being of the community served by the Trust. As at March 2008 we have recruited around 10,500 members.

We have two categories of membership for South Essex Partnership NHS Foundation Trust:

### Public Members

All people aged 12 and over and living in Essex are invited to join the NHS Foundation Trust.

### Staff Members

All staff on permanent or fixed term contracts that run for 12 months or longer are automatically members (unless they don't want to be). Staff who are seconded from our partnership organisations and working in our Foundation Trust on permanent or fixed term

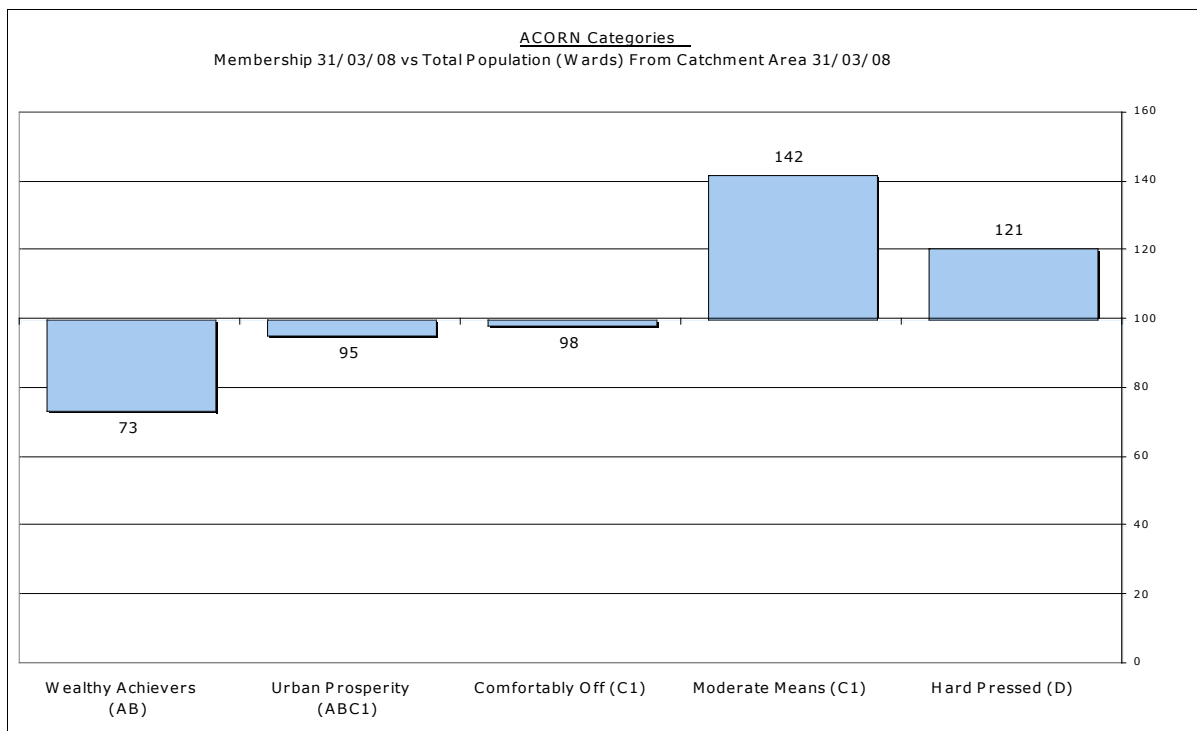
contracts that run for 12 months or longer are also automatically eligible to become members. All staff are members of the Foundation Trust and as at the 31 March 2008 numbered 1900.

### Membership Analysis

The Trust is keen to ensure a representative and engaged membership. It is also keen to ensure that the membership grows and membership in areas of under-representation is addressed with targeted campaigns. Please chart below for details our membership and the representativeness of our public membership.

### Membership Strategy

Our strategy is to build a broad representative membership that is evenly spread geographically across the local area served by the NHS Foundation Trust and reflects the ages and diversity of our local population. The public membership includes all people who use our services, their carers and families, as well as the broader community of Essex. Further details are available on our web-site <http://www.southessex-trust.nhs.uk>



+First term of office ends September 2007.  
Invited as the next highest polling candidate  
to fill a vacant post in February 2008.

**Table 6 Membership Analysis**

<b>Membership Analysis (including representativeness)</b>							
<b>TOTAL</b>				<b>BASILDON</b>			
	Number of Members	% of Membership	% of Population		Number of Members	% of Membership	% of Population
<b>Age</b>				<b>Age</b>			
12-19	626	7%	15%	12-16	258	10%	15%
20+	4731	58%	85%	20+	1597	62%	85%
Unknown	3002	35%		Unknown	734	28%	
<b>Ethnicity</b>				<b>Ethnicity</b>			
White	6500	77.76%	98%	White	2133	82%	98%
Black	172	2.06%	0.4%	Black	46	2%	0.5%
Asian	185	2.22%	1.3%	Asian	61	2%	1.2%
Other Chinese	93	1.11%	0.1%	Other Chinese	28	1%	0.3%
Mixed	57	0.68%	0.2%	Mixed	17	1%	
Other	1352	16.17%		Other	304	12%	
<b>ROCHFORD</b>				<b>SOUTHEND ON SEA</b>			
12-19	57	7%	14%	12-19	119	6%	14%
20+	408	52%	86%	20+	1051	54%	86%
Unknown	324	41%		Unknown	790	40%	
<b>Ethnicity</b>				<b>Ethnicity</b>			
White	625	79%	99%	White	1428	73%	97.7%
Black	2	0.3%	0.2%	Black	31	2%	0.3%
Asian	4	0.6%	0.7%	Asian	43	2%	1.7%
Other Chinese	17	2%	0.1%	Other Chinese	26	1%	0.3%
Mixed	1	0.1%		Mixed	14	1%	
Other	140	18%		Other	418	21%	

as at 31 March 2008

	BRENTWOOD			CASTLE POINT			
	Number of Members	% of Membership	% of Population		Number of Members	% of Membership	% of Population
<b>Age</b>				<b>Age</b>			
12-19	13	3%	13%	12-19	52	7%	14%
20+	281	65%	87%	20+	389	52%	86%
Unknown	140	32%		Unknown	309	41%	
<b>Ethnicity</b>				<b>Ethnicity</b>			
White	321	74%	98%	White	609	81%	99%
Black	3	0.7%	0.4%	Black	4	0.5%	0.2%
Asian	27	6.7%	1.5%	Asian	5	0.7%	0.7%
Other Chinese	3	0.6%	0.1%	Other Chinese	7	1%	0.1%
Mixed	6	1%		Mixed	1	0.1%	
Other	74	17%		Other	124	16.7%	
	THURROCK			REST OF ESSEX			
12-19	86	6%	15%	12-19	41	10%	14%
20+	861	61%	85%	20+	144	56%	86%
Unknown	465	33%		Unknown	240	34%	
<b>Ethnicity</b>				<b>Ethnicity</b>			
White	1084	76.9%	98%	White	300	70.5%	98.1%
Black	80	5.7%	0.5%	Black	6	1.4%	0.4%
Asian	36	2.5%	1.5%	Asian	9	2.1%	1.2%
Other Chinese	12	0.8%	0.5%	Other Chinese	0	0%	0.3%
Mixed	11	0.8%		Mixed	7	1.7%	
Other	189	13.3%		Other	103	24.3%	

## Working in partnership

Working in Partnership with our Service Users and Carers

What we do, providing the best possible health and social care services to improve the lives of people with mental health needs and learning difficulties, is very important.

The experience we provide for those who use our services is critical. A poor experience undermines the effectiveness of the clinical and social care we provide. A good experience can make all the difference, helping people to feel valued as individuals and to engage better with their treatment.

Throughout the year we worked with a wide range of 'customers' to develop a Customer Service Strategy. We are delighted with the outcome of this work and now have a clear set of customer service standards which we are committed to delivering and which we can be held to account against.

Recognition that service user satisfaction is influenced by attitude and behaviours as much as clinical effectiveness saw the implementation of a comprehensive programme of activity aimed at introducing a culture of excellent customer service during 2007/8.

Approximately 1000 staff members have participated in our internal customer service

workshops and SEPT was the first NHS organisation to join the Institute of Customer Service (ICS). Staff have the opportunity to gain an accredited Customer Service qualification through a work based training programme offered by the institute.

Whether you call them service users or clients or patients, it is essential that we treat the people who use our services as valued customers. Over the last year we have listened to lots of customers with experience across our services – both external and internal – and have developed a new Vision and Values for the Trust.

### Our Vision:

**“Providing services that are in tune with you”**

### Our Strategy:

Our aim is to provide high quality health services:

- in accordance (or in tune) with the NHS principles and standards;
- that are delivered in partnership with our service users, their carers, our staff, local authorities and other healthcare providers;
- that are innovative;
- that promote recovery, independence and well being;
- and maximise opportunities to develop and expand services in related areas.

People who use the service In tune with me	VALUES	Colleagues (including partners) In tune with me
We believe you can live a fulfilling life	<b>OPTIMISTIC</b>	Everything we do - every intervention - is focused on helping you feel better
We respect you as an individual, and expect you to respect us too	<b>RESPECTFUL</b>	We value each other's contributions
We listen to your point of view, and think about things in the context of your life	<b>EMPATHISING</b>	We consider each other's perspective
We will give you choices	<b>INVOLVING</b>	We work together as teams, within our organisation and with partners
We help you to take control of your life	<b>EMPOWERING</b>	We all have permission to innovate
We'll help you to play an active part too	<b>ACCOUNTABLE</b>	We want to be judged by our results

### Service User and Carer involvement

The Trust has maintained its high momentum around involving service users and carers in policy, practice and service development. We work closely with the PPI Forum, Sunrise (a local service user organisation) and stakeholders in the voluntary and third sectors, including MIND, Rethink, Shields Parliament (for people with a learning disability), the Independent Complaints Advocacy Service and various housing a young people's organisations. We would like to thank all the service users, carers and stakeholders who have volunteered to work with us on these issues. We look forward to working with the new Local Involvement Networks (LINKs).

### Recruitment panels

A typical example of involvement is around staff recruitment. All clinical appointment panels, including those for doctors, must have a service user and /or a carer on them, with the same voice and vote as everyone else. Service users/carers also speak to all new staff at the induction to remind all staff to look through the eyes of those who use the service.

### Patient Experience Group – PEx

All involvement activity is reported to the Patient Experience Group. The membership is made up of service users and carers and discusses all aspects of the patient experience at the Trust, including regular reports about complaints, compliments and the Patient Advice and Liaison Service (PALS). (See Page 20) for full report on Complaints, Compliments and PALS).

### Committees

Service users are involved in many committees and working groups. There is a an Acute Care Forum (for adult inpatient serves), Secure Services Forum (for forensic inpatients), Dual Diagnosis Steering group, Mental Capacity Implementation Group, NICE Implementation Group and Care Programme Approach Steering Group. All these groups have service users and carers on them. The Service User Reference Group looks at progress reports on new builds and refurbishments. Recent issues included Heath Close (inpatient unit for people with a learning disability) and the Psychiatric Intensive Care Unit. Updates on the new Brentwood resource centre and Rochford Hospital have been provided.

## Self Harm

This group includes service users and is producing a policy on self harming. Members of the group have visited a unit in north Essex and are looking at policies produced by other mental health trusts.

## Carers

There is a Carers Steering Group. On Carers' Rights Day in 2007 the Trust held a number of events for carers. One launched the Trust's training pack and DVD for staff about caring and carers issues. A newsletter, For Carers, was also launched and later the same day Angela Smith MP for Basildon and East Thurrock launched two other projects involving services for older people. The first was a joint Trust /Alzheimer's Society pamphlet called Lasting Memories. This is an information pack available for people who are given a diagnosis of dementia. The second project was called My Life Story which is an extension of the Patient Stories project chronicling a person's life with stories and photographs.

## Families and carers

We have worked with staff to increase their understanding of carer's issues in terms of their needs and providing support. We have developed a training pack including a DVD of carers talking about their experiences. We have set up a steering group comprising of carers to help improve the services to carers.

## Junior doctors

This year our junior doctors met with 32 service users and carers. The purpose of this event was to look at the 'Competency Framework for Shared Decision Making with Patients' on medication to see if the method it proposes will help the partnership from a doctors and a service users / carers' perspective. The feedback was very positive with 87% of service users finding it personally useful and more than 90% asking for it to be repeated. Most found the opportunity to discuss with doctors in

training was a very valuable and worthwhile exercise. The format of the event is being adapted to use with psychologists and nurses, as well as a further event for doctors.

## Mystery Shoppers

We ask service users and carers to send us their experiences of how appointments go and how telephone calls are responded to. Mystery Shoppers fill out a basic questionnaire. Results and locations are anonymised but it provides more evidence about what the actual patient experience is like.

## PIPED information

The Patient Information and Plain English (PIPE) Group is part of the Trust's



Customer Service work and the promise to abolish jargon. Any leaflet, poster or booklet for the public must be approved by this group first (and a PIPE seal of approval is added to the material).

The group includes nine service users, six carers, and three governors, with representatives from Family Mosaic, Shields Parliament, Carers' Centre Thurrock, Sunrise, ICAS, PPI Forum, Rethink, Mind, and the PPI Department. There are also readers who comment on material sent to them by post. The group has been very productive and discussed a wide variety of material from simple appointment letters to the Advance Directive booklet.

### **Info4U**

This is a project to provide personalised information to those who need it, when they need it. It is a web-based library. Material is 'prescribed' by the doctor on the first appointment or by other staff at subsequent reviews. The information can be printed off there and then, or printed at the local MIND offices or the Trust PALS service can be contacted to print the material off and post it to the person.

### **Translation and interpretation**

The Trust continues to operate a Translation and Interpretation Service. Top six requested languages are Albanian, Czech, Farsi, Polish, Cantonese and Arabic.

### **Work with schools and Young people**

We have worked in more than 20 schools and youth groups. We've spoken to around 5,000 young people about attitudes to mental health, combating stigma, understanding eating disorders and self harming, looking after yourself and Choose Life! (About suicide). We also provide careers advice (which has often led onto us being invited in on the broader health issues)

We've had two schools put on plays for the Trust; others have produced and displayed works of art – posters and paintings and photographs. One school had us in to speak to every assembly for a week, and to about 70 staff on eating disorders and then take the same messages to a group of parents, staff and school counsellors.

We've been accompanied by brave service users, who have talked about many issues, from depression, eating disorders, dissociation, suicidal behaviour and self harming. They are always thunderously received. Service users have also found it therapeutic. Trust staff have spoken about running a ward and what it is really like. We usually use a multiple choice quiz, giving people five minutes to answer the 22 questions – covering all aspects of mental health. We then go through the answers. This allows the discussion topics to self selecting. Additionally we have been able to refer a small number to specialist services (like Early Intervention) as well as reassure teaching staff about various conditions. The PALS numbers and website are given out. We produce Stress Buster cards for handing out to students and pupils.

The Trust has started a two-year project with Barnardo's where we have a young person's involvement worker now. Part of his work will be young people's engagement.

Another initiative underway is 'Silver Lining'. This was an idea from two young service users. Basically, every pupil in school is given the card to hand to teachers if they have a mental health or emotional issue to talk about. We have approached four schools for a trial, with training offered to staff and launch events for the pupils.

We have also worked with youth groups (mainly through Connexions) in Basildon, Barstable, Brentwood (complementary education), the Young Essex Assembly, Southend Youth Council and Brentwood Youth Council. We also spoke at two young carers groups in Rayleigh.

## Working in partnership with staff

### Staff Consultation

We have a range of systems to keep staff informed. This year there was a major consultation in respect of the Rochford reprovision as staff moved to the new location and the management restructure. Another key issue was the switch to ESR (Electronic Staff Record) where we provided briefings to staff. We also continued with the regular JSF (Joint Staff Forum) meetings and LNC (Local Negotiating Committee) where ongoing dialogue is held regarding employment issues.

### Equality and diversity

We developed schemes for all our employees and service users that go beyond the basic legal requirement of race, disability and gender by extending into areas such as age, sexual orientation and religion/belief. In each of these areas, we have made a commitment as both 'an employer' and 'a service provider'. We have specific policies covering disability in employment and this is further covered through our single equality scheme which has been published and consulted upon with staff, service users and other stakeholders. We have an ongoing disability working group who undertake a

range of activities, including audits of physical access of premises. We hold the Positive about Disability awards (Two ticks) and Mindful Employer.

### Shape Your Life

This initiative was developed to support staff with a healthy work-life balance. The Shape Your Life initiative gives staff the opportunity to seek advice on a variety of life related matters.

Staff at the Trust all have access to a Shape Your Life handbook which gives advice on smoking cessation, flexible working, pensions, childcare options and more. Since the launch of the initiative, staff have saved £75,000 in childcare costs, a team of three joined a gym at a discounted rate and lost a total of two and a half stone and SEPT received their best ever results in the National Staff Survey.

## Public Interest Disclosures

### Information on health and safety performance

We strengthened our Integrated Risk Management service through the creation of a new structure and appointment of a Deputy Director of Integrated Governance (Patient Safety and Risk). Zero incidences of MRSA Bacteraemia infection and only one

**Table 10 – Reported Incidents**

Location of Incident	2006/07	Q1	Q2	Q3	Q4	07/08
Adult wards	4	0	0	4	3	7
Community	0	2	1	2	3	8
Elderly wards	9	3	2	3	0	8
Low Secure	1	1	1	1	0	3
Runwell	2	0	0	0	1	1
<b>TOTAL</b>	<b>16</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>7</b>	<b>27</b>

There has been a substantial increase in the number of incidents reported, however the numbers remain below average for an organisation the size of SEPT. The increase is due, in part, to effective training regarding the importance of comprehensive reporting and the embedding of a 'fair blame' culture throughout the organisation. The Trust view such an increase in reporting as positive as it provides evidence that the re-structured reporting system is capturing all reportable incidents. The Integrated Risk Management Department are responsible for, and process the reporting all RIDDOR incidents directly to the Health & Safety Executive.

### **Hospital Acquired Infections**

The local target is a reduction in the number of blood borne cases of MRSA Bacteraemia. The Department of Health and Health Protection Agency mandatory reporting scheme for MRSA Bacteraemia cases only involves acute trusts. Since April 2007, although there have been no recorded cases of MRSA Bacteraemia on the wards, one case of Clostridium Difficile has been detected.

### **Adverse Incidents**

There were 3714 reported incidents in 2007/08, a decrease of 14.5% on the previous year's total of 4344. There has been an in year increase in reported assaults by both inpatients (50% increase) and by community services where the number increased more than threefold between the first and third quarter. This reflects a greater willingness on behalf of staff to report violent events and in accordance with the Mental Health Act 'Code of Practice' (Chapter 19; Patients Presenting Particular Management Problems'), a service user's behaviour should be seen in its context and normally be dealt with as a case management and nursing care issue. Reporting levels of violence have gone up, however, the Risk Management Committee has analysed the data and these are confirmed as low level incidents. External validation is provided by other sources of data i.e. National Patient Safety

Agency (NPSA) National Reporting and Learning System (NRLS) which confirms that the majority of incidents have been categorised as no or low harm.

Furthermore, the Security Management Service (SMS) national report which specifically addressed violence against staff demonstrated that SEPT have a lower level of incidents than the national average. The Healthcare Commission confidential staff survey also demonstrates that (higher than national average) staff know how to report, feel confident in the investigation process but experience lower levels of incidents than most comparable organisations. The internal data recorded and verified by external agencies can be considered positive and is reflective of an organisation that takes the issue of violence and aggression seriously and is proactive in its response to and management of same.

### **Fire Safety Inspection**

With the introduction of the Regulatory Reform (Fire Safety) Order 2005, the Trust has been subject to inspections at Runwell Hospital and Basildon MHU by the Essex Fire & Rescue Service. It is pleasing to note that in both cases a positive report was received.

### **Risk Management**

The Risk Management Strategy was reviewed and approved by the Board of Directors in Oct 2007.

### **Emergency Planning**

The Civil Contingencies Act 2004  
The Executive Team has undergone training in Major Incident Response and Management, a rolling programme of 'live' exercises are planned to test organisational and team response. The Trust is represented on a number of regional emergency planning for a and the Chief Executive is routinely rostered on 'Gold Command' for Essex County Major Incident Response.

## Payment of Suppliers

The Non NHS Trade Creditor Payment Policy of the NHS is to comply with both the CBI Prompt Payment Code and Government Accounting Rules. The Government Accounting Rules state: "The timing of payment should normally be stated in the contract. Where there is no contractual provision, departments should pay within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later".

As a result of this policy, the Trust ensures that:

- a clear consistent policy of paying bills in accordance with contracts exists and that finance and purchasing divisions are aware of this policy;
- payment terms are agreed at the outset of a contract and are adhered to;
- payment terms are not altered without prior agreement of the supplier;
- suppliers are given clear guidance on payment terms;
- a system exists for dealing quickly with disputes and complaints;
- bills are paid within 30 days unless covered by other agreed payment terms.

During the 2007/08 financial year the Trust achieved an average of 91% of all trade invoices paid within 30 days.

## Counter Fraud Activities

The Trust receives a dedicated local counter fraud specialist advice service from the Parkhill Audit Agency and has developed a comprehensive counter fraud work plan in accordance with guidance received from the NHS counter fraud and security management service. The Trust also has a counter fraud policy and response plan approved by the Board of Directors.

Anyone suspecting fraudulent activities within the Trust's services should report their suspicions to the Director of Finance or telephone the confidential hotline on 0800 028 4060

## Remuneration Report

This section covers the remuneration of the Trust's most senior management in relation to those persons in senior positions who have authority or responsibility for directing or controlling major activities of the Foundation Trust. In practical terms this relates to the Trust's Board of Directors including both Executive and Non Executive Directors.

Over the next few pages information is provided in relation to the Board of Directors Remuneration Committee and Board of Governors Remuneration Committee. The overall policy on remuneration is also outlined below and more detailed information in relation to the remuneration of all Board Executive and Non Executive Directors is shown on page 59.

### Board of Directors Remuneration Committee

The Trust has established a Remuneration and Terms of Service Committee which is a key sub group committee of the Board of Directors. The Committee has delegated responsibility to review and set the remuneration and terms of service of the Executive Directors. The Committee which comprises Non Executive Directors met on four occasions during the year. Membership of the committee and the number of times each member met during this period is included in the Governance Review on page 43.

The Remuneration Committee made a cost of living award to the Executive Director's in line with the pay award made to other NHS staff.

The Remuneration agreed as part of last year's review of salaries, to develop a broader framework in which to assess the applicability of any performance related bonus payments and this year have given consideration to Executive bonus payments based on the overall performance of the Trust and achievement of corporate, directorate and

individual objectives. Achievement of objectives has regularly been monitored throughout the year by the Board of Directors.

All Directors are employed on substantive contracts with a minimum notice period of six months. The Director of Specialist Services and Partnerships is currently on secondment from Essex County Council and as a result, the gross cost (including employer's superannuation and national insurance contribution) paid by the Trust to the County Council was £150,000.

The Trust does not make termination payments to Executive Directors which are in excess of contractual obligations. There have been no such payments during the 2007/08 financial year.

### Board of Governors Remuneration Committee

The Board of Governors has established a Remuneration Committee which has delegated responsibility for assessing and making recommendations to the Board of Governors in relation to the remuneration of the Trust's Non Executive Directors.

The Committee met on seven occasions during 2007 – 2008. The Committee members and the number of times each member attended Committee meetings during this period is included in the Governance Section on page 43.

### Dr Patrick Geoghegan OBE Chief Executive

**Table 11 – Directors Salaries and Allowances**

		<b>Salary 2007/08</b> <i>(bands of £5,000)</i>	<b>Other Remuneration 2007/08</b> <i>(bands of £5,000)</i>
		<b>£000</b>	<b>£000</b>
Patrick Geoghegan	Chief Executive	170-175	0
Michael Lowe	Medical Director	90-95	0
Raymond Jennings	Director of Finance & Resources	125-130	0
Sally Morris	Director of Operations	115-120	0
Philip Howe	Director of Partnerships	110-115	0
Oliver Shanley	Director of Integrated Governance	100-105	0
Nikki Richardson	Director of People Management & Business Development	115-120	0
Lorraine Cabel	Chair (New – from March 2008)	0-5	0
Jai Tout	Chair (Retired – 30 November 2007)	35-40	0
Geoffrey Williams	Non-Executive Director	0-5	0
Joan Holden	Non-Executive Director	15-20	0
Janet Wood	Non-Executive Director	15-20	0
George Sutherland	Non-Executive Director	15-20	0
Tony Skidmore	Non-Executive Director	5-10	0
Leslie Cuthbert	Non-Executive Director	25-30	0
Steve Currell	Non-Executive Director	10-15	0

**Table 12 – Directors Pension Benefits**

		<b>Benefits In Kind</b>	<b>Real Increase in Pension and related lump sum at age 60</b>
			<b>£000</b>
Patrick Geoghegan	Chief Executive	nil	7.5-10.0
Michael Lowe	Medical Director	nil	N/A
Raymond Jennings	Director of Finance & Resources	nil	12.5-15.0
Sally Morris	Director of Operations	nil	5-7.5
Philip Howe	Director of Partnerships	nil	25.0-27.5
Oliver Shanley	Director of Integrated Governance	nil	2.5-5.0
Nikki Richardson	Director of People Management & Business Development	nil	5.0-7.5

<b>Benefits in Kind 2007/08 (Rounded to the nearest £00)</b>	<b>Salary 2006/07 (bands of £5,000)</b>	<b>Other Remuneration 2006/07 (bands of £5,000)</b>	<b>Benefits in Kind 2006/07 (Rounded to the nearest £00)</b>
<b>£00</b>	<b>£000</b>	<b>£000</b>	<b>£00</b>
0	160-165	0	0
0	85-90	0	0
0	120-125	0	0
0	105-110	0	0
0	90-95	0	0
0	90-95	0	0
0	110-115	0	0
0	N/A	N/A	N/A
0	50-55	0	0
0	15-20	0	0
0	15-20	0	0
0	10-15	0	0
0	10-15	0	0
0	10-15	0	0
0	15-20	0	0
0	N/A	N/A	N/A

<b>Total Accrued pension and related lump sum age 60 31 March 2008</b>	<b>Cash Equivalent Value at 31 March 2008</b>	<b>Real Increase in cash equivalent Transfer Value</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>
275-280	1,125.73	62
N/A	N/A	N/A
185-190	757.10	72
65-70	227.45	23
155-160	685.89	119
100-105	323.03	23
155-160	605.66	39

# South Essex Partnership NHS Foundation Trust Annual Accounts 2007/2008

	<b>Page</b>
<b>Certificates for Annual Accounts</b>	
Statement of the Chief Executive's Responsibilities as the Accounting Officer of the Trust	62
Statement on Internal Control 2007/08	63
Independent Auditors' Report	68
<b>Annual Accounts and notes to the accounts</b>	
Foreword to the Accounts	70
Income and Expenditure Account	71
Balance Sheet	72
Cash Flow Statement	73
Statement of Total Recognised Gains and Losses	74
Note 1 Accounting Policies and Other Information	75
Note 2 Income from Activities	84
Note 3 Other Operating Income	84
Note 4 Operating Expenses	85
Note 5 Staff Costs and Numbers	86
Note 6 Late Payment of Commercial Debts (Interest) Act	88
Note 7 Profit (Loss) on Disposal of Fixed Assets	88
Note 8 Interest Payable	88
Note 9 Intangible Fixed Assets	88
Note 10 Tangible Fixed Assets	89
Note 11 Stocks and Work in Progress	91
Note 12 Debtors	91
Note 13 Investments	92
Note 14 Creditors	92
Note 15 Provision for Liabilities and Charges	93
Note 16 Movements in Reserve	94
Note 17 Notes to the Cashflow Statement	94
Note 18 Capital Commitments	95
Note 19 Post Balance Sheet Events	95
Note 20 Contingencies	95
Note 21 Related Party Transactions	95
Note 22 Prudential Borrowing Limit	96
Note 23 Private Finance Transactions	96
Note 24 Financial Instruments	97
Note 25 Third Party Assets	100
Note 26 Losses and special payments	100



## **STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF THE TRUST**

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

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

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

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

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

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

**Dr Patrick Geoghegan OBE**  
Chief Executive

Date: 11th June 2008

## STATEMENT OF INTERNAL CONTROL FOR THE YEAR ENDED 31 MARCH 2008

### 1. Scope of Responsibility

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

The Foundation Trust has Health and Social Care Act (Section 75) 2006 Partnership agreements with Essex County Council, Southend on Sea Borough Council and Thurrock Council. I have constructed systems and processes to ensure effective working with these partner organisations. These include establishment of a Joint Partnership Board where chief officers from the partner organisations meet on a quarterly basis to oversee the partnership arrangements.

### 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Essex Partnership 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 South Essex Partnership NHS NHS Foundation Trust for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts.

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.

### 3. Capacity to Handle Risk

As part of my role of providing leadership to the risk management process I am Co-Chair of the Integrated Governance Steering Committee, which is a sub-committee of the Board of Directors. The Integrated Governance Steering Committee is responsible for overseeing the risk management and assurance systems within the Trust. The Trust's governance structure was reviewed by the Board to ensure it is fit for purpose and meets the requirements of a NHS Foundation Trust. The role of the Audit Committee was also reviewed in the light of the Audit Committee Handbook (2005)

The Director of Performance Management and Business Development has delegated responsibility for managing the strategic development and implementation of organisational risk management and assurance systems. The Director of Integrated Governance has responsibility for managing operational, organisational and clinical risk. The Director of Finance and Resources has responsibility for managing financial risk.

The Trust trains all staff in various aspects of risk management and ensures that where staff require specialist advice and training, that this is provided through attendance on specific course and attendance at conferences. Risk specialists are employed by the Trust and the organisation also contracts with independent risk specialists to develop or address specific training needs.

#### **4. The Risk and Control Framework**

The Board has regularly considered the development of an Assurance Framework since March 2003. A review of the Assurance Framework for the period April 2007 to March 2008 was carried out by Internal Audit in March 2008 and has confirmed that:

- There were cross-membership links between the Audit and Integrated Governance Steering Committees, which ensured that key issues and risks were dealt with at the appropriate level and with the required urgency. Each Committee identified risks or issues requiring escalation to the Board Of Directors. The Audit Committee had considered and made arrangements to comply with the Audit Committee Handbook (2005) and revised its Terms of Reference in February 2008. The output from the Audit and Integrated Governance Committees had been formally reported to the Board Of Directors.
- There were no identified actions that the Trust needed to undertake or recommendations that the Trust needed to consider, arising from the interim review on the Assurance Framework and risk management processes.
- Based on Internal Audit work performed on the Board Assurance Framework during the year ended 31st March 2008, Internal Audit opinion is as follows:

An Assurance Framework has been established which is designed and operating to meet the requirements of the SIC and provide reasonable assurance that there is an effective system of internal control to manage the principal risks.

The Risk Management Strategy was reviewed and agreed by the Trust's Board of Directors in September 2007. The strategy confirms the accountability arrangements for risk management within the Trust of both individuals and of committees, including Service Management Boards, the Audit Committee, the Executive Operational Team, and the Integrated Governance Steering Committee. The strategy outlines the framework for delivery of effective risk management, including a tiered approach of risk registers at Board, Corporate and Directorate level. These registers are underpinned by an improved Risk Identification process which is fed from a spectrum of sources such as complaints; incidents/accidents reports; claims ; audit ; risk assessment ; patient surveys; waiting list trends; staff recruitment / retention trends and performance information. The Trust has put in place effective systems that assess and identify risks to achieving objectives at the start of the year and continues throughout the year to identify any new risks that arise and evaluate any changes to existing risks. The strategy outlines how risks are prioritised in a consistent manner throughout the organisation, including the potential impact on the organisation and the assessment of the likelihood of the risk crystallising. Furthermore, the strategy details the way in which controls are identified and how assurance is provided and also evaluated.

The Trust's appetite for risk is to identify all potential sources of threat prior to evaluation. This rating is used to determine the severity of the risk. Thereafter, all identified risks are managed through the establishment of actions and controls and are verified by appropriate assurance. The severity of the risk determines the level in the organisation at which the risk is managed but does not affect the organisation's appetite for identifying all potential threats in a managed and controlled manner.

Risk Management is embedded within the organisation in several ways. Risk Registers are regularly presented at Service Management Boards for discussion and update. Training and Education are key elements of the development process by providing staff with the necessary knowledge to work safely and to minimise risk at all levels. The process starts at Induction and continues through general and specific training programmes that include workshops, seminars, policies and procedures. In addition, a range of policies and procedures have been developed to minimise risk. These policies and procedures are subject to regular review and update and are made accessible to all staff through an intranet and via policy folders.

Public stakeholders such as the Local Authority partners of the Trust are involved in managing key shared risks through an established committee structure that oversees the operations and potential threats to the fully integrated community teams. These committees are responsible for identifying shared risks and for agreeing appropriate remedial action, including referral and escalation of the risks, where appropriate. In addition, the Board of Governors are advised of key risks which may have arisen or are likely to materialise through a regular series of meetings and workshops.

In December 2007 the Department of Health requested all NHS organisations to undertake a review of their information security in light of events regarding the loss of person identifiable data. The Trust completed an immediate review and was able to report back to the Department of Health that there were no immediate concerns or major issues. In addition, all staff were reminded of the Trust's policies in relation to information security and processes were tightened in relation to portable media (i.e laptops, memory sticks).

In January 2008, Monitor, the Independent Regulator of Foundation Trusts, required all Foundation Trusts to make a declaration against the Information Governance Standards issued by the Department of Health. I was able to confirm that the Trust's procedures for securing personal data, including personal data in transit, were compliant with relevant information governance guidance and the Data Protection Act 1998.

The Trust has monitored compliance with the Information Governance Standards and Data Protection Act through the Information Governance Toolkit issued by the Department of Health. For the 2007/08 year the Trust has been given a "Green" rating indicating a high level of compliance with the standards.

For 2007/08 the Trust had no serious untoward incidents to report in relation to the security of personal data. In addition, the Trust is fully compliant with the Health Care Commission core standards.

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

The Executive Team has responsibility for overseeing the day-to-day operations of the Trust and for ensuring that resources are being used economically, efficiently and effectively. To inform

them in these matters the Team receives regular monthly finance and performance reports which highlight any areas of concern.

At a strategic level, the Integrated Strategic Planning Committee is responsible for ensuring that the use of resources is planned in an efficient and effective manner. The Executive team and the Integrated Strategic Planning Committee are both sub-committees of the Board of Directors, which reviews regular reports from them and itself receives a regular integrated finance and performance report.

Internal Audit conduct a review of the Trust's systems of internal control processes as part of an annually agreed audit plan. This review encompasses the committee structure, the flow of information pertaining to risk and its assurances through the organisation, ensuring that systems are appropriate, are in place and can be evidenced by a range of documents available within the organisation. Audits performed by internal audit have reviewed the governance arrangements within the organisation over a range of financial functions and activities to ensure that there is an appropriate and robust approach to the use of resources. The Board reviews the Trust's financial position monthly and approves the quarterly compliance reports which are required by the independent regulator, MONITOR.

## 6. 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 and the executive managers within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework, and 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 committee and a plan to address weaknesses and ensure continuous improvement of the system in place.

The processes that have been applied in maintaining and reviewing the effectiveness of the system of internal control, include the roles of the following:

- The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit Opinion for 1st April 2007 to 31st March 2008 is as follows:

"Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently."

- The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.
- Internal Audit and other external assessments such as the NHSLA Risk Management Standards and the National Patient and Staff Surveys.
- The Board Of Directors has identified the strategic risks facing the organisation during the period and have monitored the controls in place and the assurances available to ensure that these risks are being appropriately managed.

- The Audit Committee provides the Board with an independent and objective view of arrangements for internal control within the Trust and to ensure the Internal Audit service complies with mandatory auditing standards, including the review of all fundamental financial systems.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, Integrated Governance Steering Committee and Trust Board. A plan to ensure continuous improvement of the systems is in place.

There are no significant internal control issues that have been identified between 1 April 2007 and 31 March 2008 that require disclosure in the SIC.

**Dr Patrick Geoghegan OBE**

Chief Executive

Date: 11th June 2008

## **Independent Auditor's report to the Board of Governors of South Essex Partnership NHS Foundation Trust**

I have audited the financial statements of South Essex Partnership NHS Foundation Trust for the year ended 31 March 2008 under the National Health Service Act 2006. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Governors of South Essex Partnership NHS Foundation Trust as a body in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. My work was undertaken so that I might state to the Board of Governors those matters I am required to state to it in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Foundation Trust as a body, for my audit work, for the audit report or for the opinions I form.

### **Respective responsibilities of the Accounting Officer and auditor**

The Accounting Officer's responsibilities for preparing the financial statements in accordance with directions made by the Independent Regulator of NHS Foundation Trusts (Monitor) are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with statute, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts. I also report to you whether, in my opinion, the information which comprises the Directors' Report included in the Annual Report, is consistent with the financial statements.

I review whether the Accounting Officer's statement on internal control reflects compliance with the requirements of Monitor contained in the NHS Foundation Trust Financial Reporting Manual 2007/08. I report if it does not meet the requirements specified by Monitor or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accounting Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, the Chief Executive's Statement, Background Information, Operating Review, the sections on the Board of Governors, the Board of Directors, membership and public interest disclosures and the un-audited part of the Remuneration Report included in the Annual Report is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinion

I conducted my audit in accordance with the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor, which requires compliance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of South Essex Partnership NHS Foundation Trust as at 31 March 2008 and of its income and expenditure for the year then ended in accordance with the accounting policies adopted by the Trust;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts; and
- information which comprises the Directors' Report, included in the annual report, is consistent with the financial statements.

## Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

.....

Date: 13 June 2008

Rob Murray (Officer of the Audit Commission)  
 Audit Commission, Regus House, 1010 Cambourne Business Park, Cambourne, Cambridge,  
 CB23 6DP.



## FOREWORD TO THE ACCOUNTS

### South Essex Partnership NHS Foundation Trust

South Essex Partnership NHS Foundation Trust ('the Trust') is required to prepare annual accounts in such form as Monitor, the independent regulator of Foundation Trusts, may with the approval of HM Treasury, direct. These requirements are set out in paragraphs 24 and 25 of schedule 7 to the National Health Service Act 2006.

In preparing the accounts the Trust has complied with any directions given by Monitor, with the approval of HM Treasury, as to the methods and principles according to which the accounts are to be prepared and the information to be given in the accounts. The accounts are designed to present a true and fair view of the Trust's activities (paragraph 25(3), schedule 7 to the 2006 Act).

If you require any further information on these accounts please contact:

The Director of Finance and Resources  
South Essex Partnership NHS Foundation Trust  
Head Office – The Lodge  
Runwell Hospital  
Runwell Chase  
Wickford  
Essex SS11 7XX

Telephone: 01268 366000

**Dr Patrick Geoghegan OBE**

Chief Executive

Date: 11th June 2008

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008**

 11 Month  
Period  
2006/07

	NOTE	£000	£000
<b>Income from activities:</b>			
Continuing operations	2	101,368	86,502
<b>Other operating income</b>			
Continuing operations	3	6,652	7,155
<b>Operating expenses:</b>			
Continuing operations	4-5	(100,767)	(89,409)
<b>OPERATING SURPLUS (DEFICIT)</b>		<b>7,253</b>	<b>4,248</b>
Exceptional items	4.2	(7,245)	0
Profit (loss) on disposal of fixed assets	7	17	108
<b>SURPLUS (DEFICIT) BEFORE INTEREST</b>		<b>25</b>	<b>4,356</b>
Finance income		679	443
Other finance costs - unwinding of discounts		(75)	(41)
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>		<b>629</b>	<b>4,758</b>
Public Dividend Capital dividends payable		(3,657)	(3,087)
<b>RETAINED SURPLUS (DEFICIT) FOR THE YEAR</b>		<b>(3,028)</b>	<b>1,671</b>

The notes on pages 84 to 100 form part of these accounts. All income and expenditure is derived from continuing operations.

## BALANCE SHEET AS AT 31 MARCH 2008

			2006/07	
	NOTE	£000	£000	£000
<b>FIXED ASSETS</b>				
Intangible assets	9	130		154
Tangible assets	10	100,065		100,065
			<b>114,113</b>	<b>100,219</b>
<b>CURRENT ASSETS</b>				
Stocks and work in progress	11		7	7
Debtors: Amounts falling due after one year	12	2,057		1,552
within one year		3,893		4,366
Cash at bank and in hand	17.3		9,355	9,794
			<b>15,312</b>	<b>15,719</b>
<b>CREDITORS : Amounts falling due within one year</b>	14		(8,632)	(10,701)
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<b>6,680</b>	<b>5,018</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>120,793</b>	<b>105,237</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15		(3,506)	(2,991)
<b>TOTAL ASSETS EMPLOYED</b>			<b>117,287</b>	<b>102,246</b>
<b>FINANCED BY: TAXPAYERS EQUITY</b>				
Public dividend capital			71,704	67,807
Revaluation reserve	16		41,379	28,459
Donated asset reserve	16		22	20
Income and expenditure reserve	16		4,182	5,960
<b>TOTAL TAXPAYERS EQUITY</b>			<b>117,287</b>	<b>102,246</b>

The financial statements on pages 71 to 74 were approved by the Board on 11th June 2008 and signed on its behalf by,

**Dr Patrick Geoghegan OBE**  
Chief Executive

Date: 11 June 2008

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

11 Month  
Period  
2006/07

	NOTE	£000	£000	£000
<b>OPERATING ACTIVITIES</b>				
Net cash inflow from operating activities	17		9,213	8,372
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</b>				
Interest received		679		443
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			<b>679</b>	<b>443</b>
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets		(12,485)		(14,414)
Receipts from sale of tangible fixed assets		1,938		652
Payments to acquire intangible fixed assets		(24)		(83)
<b>Net cash inflow (outflow) from capital expenditure</b>			<b>(10,571)</b>	<b>(13,845)</b>
<b>DIVIDENDS PAID</b>				
			(3,657)	(3,368)
<b>Net cash inflow/(outflow) before financing</b>			<b>(4,336)</b>	<b>(8,398)</b>
<b>FINANCING</b>				
Public dividend capital received			3,897	17,011
<b>Net cash inflow (outflow) from financing</b>			<b>3,897</b>	<b>17,011</b>
<b>Increase (decrease) in cash</b>			<b>(439)</b>	<b>8,613</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR  
THE YEAR ENDED 31 MARCH 2008**

11 Month  
Period  
2006/07

	£000	£000
Surplus for the financial year before dividend payments	629	4,758
Fixed asset impairment losses	(3,492)	0
Unrealised surplus on fixed asset revaluations/indexation	17,662	75
Increase in donated asset reserve from interim fixed asset revaluation	2	0
<b>Total gains and losses recognised in the financial year</b>	<b>14,801</b>	<b>4,833</b>

## NOTES TO THE ACCOUNTS

As a consequence of the Trust attaining Foundation Trust status on 1 May 2006, it should be noted that all prior year comparatives contained in the accounts for the year ended 31 March 2008 are based on the eleven month period from 1 May 2006 to 31 March 2007.

### 1. Accounting Policies and Other Information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trusts Financial Reporting Manual, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2007/08 NHS Foundation Trusts Financial Reporting Manual issued by Monitor. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS Foundation Trust. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Foundation Trusts, in compliance with HM Treasury's Financial Reporting Manual, are not required to comply with the FRS 3 requirements to report 'earnings per share' or historical profits and losses.

#### 1.2 Income Recognition

Income is accounted for by applying the accruals convention. The main source of income for the Trust is under contracts from

commissioners in respect of healthcare services. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

#### 1.3 Expenditure

Expenditure is accounted for applying the accruals convention.

#### 1.4 Intangible Fixed Assets

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

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

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the term of the licence and their useful economic lives.

#### 1.5 Tangible Fixed Assets

##### Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- Individually have a cost of at least £5,000; or
- Form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous

disposal dates and are under single managerial control; or

- Form part of the initial equipping and setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

## Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are revalued using professional valuations in accordance with FRS 15 every five years. A three yearly interim valuation is also carried out.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last asset valuations were undertaken in 2008 as at the prospective valuation date of 1 April 2008. The revaluation undertaken at that date was accounted for on 31 March 2008.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use. Residual interests in off-balance sheet Private Finance Initiative properties are included in assets under construction within tangible fixed assets at the amount of unitary charge allocated for the acquisition of the residual with an adjustment. The adjustment is the net present value of the change in the fair value of the residual as estimated at the start of the contract and at the balance sheet date.

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amounts. Equipment assets, with the exception of IT assets, are adjusted each year by indexation rates.

## Depreciation, Amortisation and Impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. No depreciation is provided on freehold land, and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trusts professional valuers. Leaseholds are depreciated over the primary lease term.

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

The Foundation Trust applies the following useful lives to equipment assets,

Main Asset Category	Sub Category	Useful Economic Life (Years)
Buildings	Structure	60
	Building Finishes	10
	Fixtures and Fittings	10
	Engineering and Installations	10
	External Works	25
Equipment	Other Engineering Works	5, 10 or 15
	Vehicles	7
	Furniture	10
	Soft Furnishings	7
	Medical & Surgical Equipment	5, 10 or 15
	Office Equipment	5
	IT Hardware	5
	IT Software (intangible)	5

Fixed asset impairments resulting from losses of economic benefits are charged to the income and expenditure account. All other impairments are taken to the revaluation reserve and reported in the statement of total recognised gains and losses to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

### 1.6 Donated Fixed Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the net book value of the donated

asset is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

### 1.7 Investments

Investments in subsidiary undertakings, associates and joint ventures are treated as fixed asset investments and valued at market value. Fixed asset investments are reviewed annually for impairments.

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cash flow statement. These assets, and other current assets, are valued at cost less any amounts written off to represent any impairments in value, and are reviewed annually for impairments.

### 1.8 Government Grants

The Trust has no Government Grants in respect of capital or revenue expenditure.



### **1.9 Private Finance Initiative (PFI) Transactions**

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of application note F to FRS 5.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the Trust has contributed land and buildings, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

### **1.10 Stocks and Work-In-Progress**

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Work-in-progress comprises goods in intermediate stages of production.

### **1.11 Cash, Bank and Overdrafts**

Cash, bank and overdraft balances are recorded at the current values of these balances in the NHS Foundation Trust's cash book. These balances exclude monies held in the NHS Foundation Trust's bank account belonging to patients (see 'third party assets'

below). Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within creditors. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'interest receivable' and 'interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

### **1.12 Research and Development**

Expenditure on research is not capitalised. The Trust does not undertake any expenditure on development that qualifies to be capitalised.

### **1.13 Provisions**

The NHS Foundation Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

### **Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one of more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 20 where an inflow of economic benefits is probable.

Contingent liabilities are provided for where a transfer of benefits is probable. Otherwise, they are not recognised, but are disclosed in note 20 unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed by the

occurrence of one or more uncertain future events not wholly within the entity's control; or

- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

### **Clinical Negligence Costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 15.

### **Non-Clinical Risk Pooling**

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

#### **1.14 Pension Costs**

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the

cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period. The total employer contributions payable in 2007/08 were £6,048,000

The Scheme is subject to a full actuarial investigation every four years. The main purpose of which is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such investigation, on the conclusions of which scheme contribution rates are currently based, had an effective date of 31 March 2004 and covered the period from 1 April 1999 to that date. Between the full actuarial valuations, the Government Actuary provides an annual update of the scheme liabilities for FRS17 purposes. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division website at [www.nhspa.gov.uk](http://www.nhspa.gov.uk). Copies can also be obtained from The Stationery Office.

The conclusion of the 2004 investigation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. This is after making some allowance for the one-off effects of pay modernisation, but before taking into account any of the scheme changes which come into effect on 1 April 2008. Taking into account the changes in the benefit and contribution structure effective from 1 April 2008, employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008 employees paid contributions at the rate of 6% (manual staff 5%) of their pensionable pay. From 1 April 2008, employees will pay

contributions according to a tiered scale from 5% up to 8.5% of their pensionable pay.

The scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year pensionable pay for death in service, and up to five times their annual pension for death after retirement, is payable. 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 income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The scheme provides the opportunity to members to increase their benefits through money purchase additional voluntary contributions (AVC) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to their pension benefits. The benefits payable relate directly to the value of the investments made.

### 1.15 Taxation

South Essex Partnership NHS Foundation Trust is a Health Service body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within

the categories covered by this. There is a power for the Treasury to disapply the exemption in relation to specified activities of a Foundation Trust (s519 A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000pa. There is no tax liability arising in the current financial year.

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

### 1.16 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the income and expenditure account.

### 1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

### 1.18 Leases

Where substantially all risks or rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in

the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

### 1.19 Public Dividend Capital

Public Dividend Capital (PDC) is a type of public sector equity finance.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

### 1.20 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

## 1.21 Financial assets and financial liabilities

### 1.211 Recognition

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

Regular way purchases or sales are recognised or de-recognised, as applicable, using the settlement date.

All other financial assets and liabilities are recognised when the Trust becomes party to the contractual provisions of the of the instrument

### 1.212 De-recognition

All financial assets are derecognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

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

### 1.213 Classification and Measurement

Financial assets are classified as loans and receivables or available for sale financial assets. Financial liabilities are classified as other financial liabilities

### 1.214 Loans and Receivables

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

The Trust's loans and receivables comprise: current investments, cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

Loans and receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the income and expenditure account.

### 1.215 Available for sale financial assets

Available for sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long term assets unless the Trust intends to dispose of them within 12 months of the balance sheet date.

Available for sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains and losses recognised in reserves. When items classified as 'available for sale' are sold or impaired, the accumulated fair value adjustments recognised in reserves are included in the income and expenditure account.

### 1.216 Other financial liabilities

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

They are included in current liabilities except for amounts payable more than 12 months after the balance sheet date, which are classified as long term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to the income and expenditure account.

### 1.217 Determination of fair value

For financial assets and liabilities carried at fair value, the carrying amount is the amortised cost.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

### **1.218 Impairment of financial assets**

At the balance sheet date, the Trust assesses whether any financial asset is impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

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

## 2 Income from Activities

### 2.1 Provision of Healthcare Services

	11 Month Period 2006/07	
	£000	£000
Block Contract income	93,620	81,013
Other clinical income from mandatory service	7,748	5,489
	<b>101,368</b>	<b>86,502</b>

### 2.2 Source of Income from Activities

	£000	£000
NHS Foundation Trusts	280	11
NHS Trusts	2,083	645
Strategic Health Authorities	152	1
Primary Care Trusts	96,173	83,744
Local Authorities	2,433	1,501
Department of Health - Other	34	199
NHS Other	105	336
Non-NHS Other	108	65
	<b>101,368</b>	<b>86,502</b>

### 2.3 Mandatory and Non Mandatory Clinical Income

Under the Trust's Terms of Authorisation, the Trust is required to provide mandatory health services. The allocation of operating income between mandatory health services and other services is detailed below,

	11 Month Period 2006/07	
	£000	£000
Mandatory Services	94,777	81,536
Non Mandatory Services	6,591	4,966
	<b>101,368</b>	<b>86,502</b>

The Trust received £nil private patient income during the year ended 31 March 2008

### 3 Other Operating Income

	£000	£000
Education & training	1,674	1,624
Research & development	55	39
Other	4,923	5,492
	<b>6,652</b>	<b>7,155</b>

Included within other is income of £2,270,000 for the Trust providing shared accounting services to its main local commissioners.

## 4 Operating Expenses

### 4.1 Operating expenses comprise:

	11 Month Period 2006/07	
	£000	£000
Services from NHS Foundation Trusts	1,084	888
Services from NHS Trusts	551	240
Services from other NHS bodies	326	292
Executive Directors costs	1,137	949
Non-Executive Directors costs	157	156
Staff costs	69,366	62,238
Drug costs	2,314	1,950
Supplies and services		
- clinical (excluding drug costs)	550	515
- general	1,764	1,415
Establishment	4,575	3,909
Research and Development	148	18
Transport	126	99
Premises	13,010	12,243
Bad debts	185	83
Depreciation and amortisation	1,905	1,655
Fixed Asset Impairments	0	27
Audit fees		
- audit services - statutory audit	65	65
Other auditors remuneration		
- internal audit services	103	
- other services	46	193
Clinical negligence	104	104
Other	3,251	2,370
	<b>100,767</b>	<b>89,409</b>

### 4.2 Exceptional item

	£000	£000
Fixed asset impairment (see note 10.4)	7,245	0
	<b>7,245</b>	<b>0</b>

### 4.3 Operating Leases

#### 4.3.1 Operating expenses comprise:

	11 Month Period 2006/07	
	£000	£000
Other operating lease rentals	1,744	1,708
	<b>1,744</b>	<b>1,708</b>



#### 4.3.2 Annual commitments under non-cancellable operating leases:

	Land & Buildings		Other Leases	
	£000	11 Month Period 2006/07 £000	£000	11 Month Period 2006/07 £000
<b>Operating leases which expire:</b>				
Within 1 year	29	642	253	231
Between 1 and 5 years	0	25	444	407
After 5 years	995	542	0	0
	<b>1,024</b>	<b>1,209</b>	<b>697</b>	<b>638</b>

Non cancellable operating leases are operating leases with a total committed cost at outset of at least £5,000.

## 5 Staff Costs and Numbers

### 5.1 Staff Costs

	Total £000	Permanently Employed £000	Other £000	11 Month Period 2006/07
				£000
Salaries and wages	<b>60,022</b>	57,494	2,528	52,253
Social Security costs Employers	<b>4,447</b>	4,447	0	4,102
Contributions to NHSPA	<b>6,034</b>	6,034	0	5,563
Agency / contract staff	<b>0</b>	0	0	1,426
<b>Total</b>	<b>70,503</b>	<b>67,975</b>	<b>2,528</b>	<b>63,344</b>

### 5.2 Average number of persons employed

	Total Number	Permanently Employed Number	Other Number	11 Month Period 2006/07
				Number
Medical and dental	<b>109</b>	109	0	110
Administration and estates	<b>381</b>	381	0	404
Healthcare assistants & other support staff	<b>369</b>	369	0	401
Nursing, midwifery & health visiting staff	<b>485</b>	485	0	501
Scientific, therapeutic and technical staff	<b>189</b>	189	0	189
Bank & agency staff	<b>366</b>	0	366	397
Other	<b>129</b>	117	12	130
<b>Total</b>	<b>2,028</b>	<b>1,650</b>	<b>378</b>	<b>2,132</b>

### **5.3 Employee benefits**

There are no non pay benefits which are not attributable to individual employees.

### **5.4 Retirements due to Ill-Health**

During the year ended 31 March 2008, there were 5 early retirements from the Trust agreed on grounds of ill-health. The estimated additional pension liability of these ill- health retirements will be £239,942. The cost of these ill-health retirements will be borne by the NHS Pensions Agency.

## **6 The Late Payment of Commercial Debts (Interest) Act 1998**

There are no amounts included within Interest Payable (Note 8) arising from claims made by small businesses under this legislation.

## 7 Profit (Loss) on Disposal of Fixed Assets

Profit/loss on the disposal of fixed assets is made up as follows:

	11 Month Period 2006/07	
	£000	£000
Profit on the disposal of land and buildings	24	108
Loss on disposal of land and buildings	(7)	0
	<b>17</b>	<b>108</b>

## 8 Interest Payable

The Trust made no interest payments during the year ended 31 March 2008.

## 9 Intangible Fixed Assets

	11 Month Period 2006/07	
	£000	£000
Gross cost at 1 April 2007	940	857
Additions - purchased	24	83
Gross cost at 31 March 2008	964	940
Accumulated amortisation at 1 April 2007	786	739
Charged during the year	48	47
Accumulated amortisation at 31 March 2008	834	786
Net book value at 1 April 2007 - Purchased	154	118
Net book value at 31 March 2008 - Purchased	<b>130</b>	<b>154</b>

## 10 Tangible Fixed Assets

### 10.1 Tangible fixed assets at the balance sheet date comprise the following elements:

	Total	Land	Buildings (excluding dwellings)	Dwellings
	£000	£000	£000	£000
<b>Cost or valuation:</b>				
At 1 April 2007	<b>108,525</b>	43,858	39,460	279
Additions - purchased	<b>10,770</b>	0	8,968	0
Reclassifications	<b>0</b>	0	14,612	0
Impairments	<b>(3,492)</b>	0	(3,492)	0
Other revaluations	<b>17,692</b>	13,760	3,704	146
Disposals	<b>(1,965)</b>	(694)	(1,256)	0
At 31 March 2008	<b>131,530</b>	<b>56,924</b>	<b>61,996</b>	<b>425</b>
<b>Accumulated Depreciation:</b>				
At 1 April 2007	<b>8,460</b>	0	1,137	7
Charged during the year	<b>1,857</b>	0	1,170	8
Other revaluations	<b>30</b>	0	0	0
Impairments	<b>7,245</b>	0	7,245	0
Disposals	<b>(45)</b>	0	(35)	0
At 31 March 2008	<b>17,547</b>	<b>0</b>	<b>9,517</b>	<b>15</b>
Net book value:				
At 1 April 2007				
- Purchased	<b>100,045</b>	43,851	38,310	272
- Donated	<b>20</b>	7	13	0
<b>Total at 1 April 2007</b>	<b>100,065</b>	<b>43,858</b>	<b>38,323</b>	<b>272</b>
Net book value:				
At 31 March 2008				
- Purchased	<b>113,960</b>	56,916	52,464	410
- Donated	<b>23</b>	8	15	0
<b>Total at 31 March 2008</b>	<b>113,983</b>	<b>56,924</b>	<b>52,479</b>	<b>410</b>

Of the totals at 31 March 2008, £nil relates to land or buildings valued at open market value.

### 10.2 Analysis of Tangible Fixed Assets

	Total	Land	Buildings (excluding dwellings)	Dwellings
	£000	£000	£000	£000
Net Book Value				
- Protected	<b>93,944</b>	52,091	41,853	0
- Unprotected	<b>20,039</b>	4,833	10,626	410
<b>Total at 31 March 2008</b>	<b>113,983</b>	<b>56,924</b>	<b>52,479</b>	<b>410</b>

Assets under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings
£000	£000	£000	£000	£000
14,800	3,293	291	4,573	1,971
132	354	0	641	675
(14,612)	0	0	0	0
0	0	0	0	0
0	59	4	0	19
0	(3)	0	0	(12)
<b>320</b>	<b>3,703</b>	<b>295</b>	<b>5,214</b>	<b>2,653</b>

0	1,637	251	3,698	1,730
0	227	15	364	73
0	15	3	0	12
0	0	0	0	0
0	(2)	0	0	(8)
<b>0</b>	<b>1,877</b>	<b>269</b>	<b>4,062</b>	<b>1,807</b>

14,800	1,656	40	875	241
0	0	0	0	0
<b>14,800</b>	<b>1,656</b>	<b>40</b>	<b>875</b>	<b>241</b>

320	1,827	26	1,152	845
0	(1)	0	0	1
<b>320</b>	<b>1,826</b>	<b>26</b>	<b>1,152</b>	<b>846</b>

Assets under Construction	Plant and Machinery	Transport Equipment	Information Technology	Furniture and Fittings
£000	£000	£000	£000	£000
0	0	0	0	0
320	1,826	26	1,152	846
<b>320</b>	<b>1,826</b>	<b>26</b>	<b>1,152</b>	<b>846</b>

### 10.3 The net book value of land and buildings at the balance sheet date comprises:

	Total £000	Pro- tected £000	Unpro- tected £000	2006/07 £000
Freehold	109,813	93,944	15,869	82,453
	<b>109,813</b>	<b>93,944</b>	<b>15,869</b>	<b>82,453</b>

### 10.4 The impairment of fixed assets arising during the year are analysed as follows:

Revaluation Reserve £000	Income and Expenditure Account £000	Total £000
3,492	7,245	10,737
<b>3,492</b>	<b>7,245</b>	<b>10,737</b>

The impairment relates to losses incurred in respect of the revaluation of buildings brought into use as part of a fundamental reorganisation of the Trust's service model. Trust buildings are valued at depreciated replacement cost.

**10.5** There were no assets held under finance leases and hire purchase contracts at the Balance Sheet date and therefore there was no depreciation charged in the Income and Expenditure Account.

## 11 Stocks and Work in Progress

	2006/07 £000	£000
Raw materials and consumables	7	7
	<b>7</b>	<b>7</b>

## 12 Debtors

### Amounts falling due within one year:

	£000	2006/07 £000
NHS debtors	2,030	2,478
Provision for debtors impairment	(245)	0
Prepayments and accrued income	1,547	460
Other debtors	561	1,428
	<b>3,893</b>	<b>4,366</b>

### Amounts falling due after more than one year:

NHS debtors	2,057	1,552
	<b>5,950</b>	<b>5,918</b>

### 12.1 Provision for Impaired debts

	2006/07 £000	£000
At 1 April 2007	0	0
Provision for debtors impairment	(245)	0
At 31 March 2008	<b>(245)</b>	<b>0</b>

### 12.2 Analysis of Impaired debts

Ageing of impaired debts

	2006/07 £000	£000
Up to three months	83	0
In three to six months	16	0
Over six months	0	0
	<b>245</b>	<b>0</b>

At 31 March 2008, the Trust had one impaired debt for £245,000 against which full provision has been made reflecting the age of the debt and likelihood of recovery. No collateral is held against recovery of the debt.

### 12.3 Analysis of non impaired debts past their due dates

	£000	2006/07 £000
Ageing of non-impaired debts past their due dates		
Up to three months	730	481
In three to six months	0	61
Over six months	0	169
	<b>730</b>	<b>711</b>

Debts are past their due date if payment is not received within the settlement terms. The standard settlement terms of the Trust are 30 days from the date on which the invoice is issued.

At the balance sheet date none of these debts were considered doubtful, with full settlement therefore expected.

### 13 Investments

There were no investments held by the Trust as at 31 March 2008.

## 14 Creditors

Creditors at the Balance Sheet date are made up of:

	£000	2006/07 £000
<b>Amounts falling due within one year:</b>		
NHS creditors	435	1,512
Tax and social security costs	1,026	2,291
Non NHS trade creditors - revenue	1,874	458
Non NHS trade creditors - capital	464	26
Accruals and deferred income	4,833	6,414
	<b>8,632</b>	<b>10,701</b>

### 14.1 Loans

The Trust had no loans or commitments as at 31 March 2008.

### 14.2 Finance Leases

The Trust had no finance lease obligations or commitments as at 31 March 2008.

## 15 Provisions for liabilities and charges

	<b>Pensions - former Directors £000</b>	<b>Pensions - other Staff £000</b>	<b>Other £000</b>	<b>Total £000</b>	<b>2006/07 £000</b>
At 1 April 2007	102	2,499	390	<b>2,991</b>	3,113
Arising during the year:	8	737	34	<b>779</b>	1,105
Utilised during the year	(6)	(246)	(87)	<b>(339)</b>	(1,172)
Reversed unused	0	0	0	<b>0</b>	(96)
Unwinding of discount	2	66	7	<b>75</b>	41
At 31 March 2008	<b>106</b>	<b>3,056</b>	<b>344</b>	<b>3,506</b>	<b>2,991</b>
<b>Expected timing of cashflows:</b>					
Within 1 year	6	248	14	<b>268</b>	<b>273</b>
1 - 5 years	25	993	57	<b>1,075</b>	<b>925</b>
Over 5 years	75	1,815	273	<b>2,163</b>	<b>1,793</b>
	<b>106</b>	<b>3,056</b>	<b>344</b>	<b>3,506</b>	<b>2,991</b>

£3,743,051 is included in the provisions of the NHS Litigation Authority (NHSLA) at 31 March 2008 in respect of clinical negligence liabilities of the Trust.

## 16 Movement in Taxpayers Equity

	<b>£000</b>	<b>2006/07 £000</b>
Taxpayers equity at 1 April 2007	102,246	83,489
Surplus / (deficit) for the financial year	629	4,758
Public dividend capital dividends	(3,657)	(3,087)
Fixed asset impairments	(3,492)	0
Surplus / (deficit) from revaluations of fixed assets	17,662	75
New public dividend capital received	3,897	17,011
Addition in donated asset reserve	2	0
<b>Taxpayers equity at 31 March 2008</b>	<b>117,287</b>	<b>102,246</b>

### 16.1 Movement in Public Dividend Capital

	<b>£000</b>	<b>£000</b>
Public dividend capital at 1 April 2007	67,807	50,796
New public dividend capital received	3,897	17,011
<b>Public dividend capital at 31 March 2008</b>	<b>71,704</b>	<b>67,807</b>



## 16.2 Movements on Reserves

Movements on reserves in the year comprised the following:

	<b>Revaluation reserve £000</b>	<b>Donated Asset reserve £000</b>	<b>Income and Expenditure reserve £000</b>	<b>Total £000</b>
At 1 April 2007	28,459	20	5,960	<b>34,439</b>
Transfer from I & E Account	0	0	(3,028)	<b>(3,028)</b>
Fixed asset impairments	(3,492)	0	0	<b>(3,492)</b>
Surplus (deficit) on revaluation / indexation of fixed assets	17,662	0	0	<b>17,662</b>
Receipt of donated assets	0	2	0	<b>2</b>
Other transfers between reserves	(1,250)	0	1,250	<b>0</b>
<b>At 31 March 2008</b>	<b>41,379</b>	<b>22</b>	<b>4,182</b>	<b>45,583</b>

The Trust had no Government Grant or Other Reserves during the year.

## 17 Notes to the cash flow statement

### 17.1 Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities

	<b>£000</b>	<b>2006/07 £000</b>
Total operating surplus (deficit)	7,253	4,248
Depreciation and amortisation	1,905	1,655
Fixed Asset Impairment	0	27
(Increase)/decrease in stocks	0	3
(Increase)/decrease in debtors	(32)	3,256
Increase/(decrease) in creditors	(353)	(654)
Increase/(decrease) in provisions	440	(163)
Net cash inflow from operating activities	<b>9,213</b>	<b>8,372</b>

The operating surplus for the year ended 31 March 2008 does not include fixed asset impairments of £7,245,000 classified as exceptional items and shown after operating surplus in the income and expenditure account.

## 17.2 Reconciliation of net cash flow to movement in net debt

	£000	2006/07 £000
Increase/(decrease) in cash in the period	(439)	8,613
Change in net debt resulting from cashflows	(439)	8,613
Net debt at 1 April 2007	9,794	1,181
Net debt at 31 March 2008	<b>9,355</b>	<b>9,794</b>

## 17.3 Analysis of changes in net debt

	At 1 April 2007 £000	Cash Change in year £000	At 31 March 2008 £000
Commercial cash at bank and in hand	9,174	(298)	<b>8,876</b>
OPG cash at bank	620	(141)	<b>479</b>
	<b>9,794</b>	<b>(439)</b>	<b>9,355</b>

## 18 Capital Commitments

There were no commitments under capital expenditure contracts as at 31 March 2008.

## 19 Post Balance Sheet Events

There are no post balance sheet events to report.

## 20 Contingencies

The Trust had no contingent liabilities at year end.

## 21 Related Party Transactions

South Essex Partnership NHS Foundation Trust is a body corporate established by the Secretary of State. The Independent Regulator of NHS Foundation Trusts ("Monitor") and other Foundation Trusts are considered related parties. The Department of Health is regarded as a related party as it exerts influence over a number of transactions and

operating policies of the Trust. During the year ended 31 March 2008 the Trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department of those entities.

The Trust had material transactions with the following entities:

Basildon and Thurrock NHS Foundation Trust (£2.4 million expenditure)  
 East of England Strategic Health Authority (£1.6 million income)  
 Essex County Council (£1.2 million income)  
 Norfolk and Waveney Mental Health NHS Foundation Trust (£2.0 million income)  
 South East Essex Primary Care Trust (£44.1 million income)  
 South West Essex Primary Care Trust (£47.0 million income)  
 West Essex Primary Care Trust (£7.7 million income)  
 Southend Hospital NHS Foundation Trust (£1.4 million expenditure)

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies.

During the year none of the Board Members, Governors or members of the key management staff or parties related to them has undertaken any material transactions with South Essex Partnership NHS Foundation Trust. The members appointed to the Board of Governors may also be members of Boards and Committees of local stakeholders. Local stakeholders have the right to nominate a Governor for the Board under the following arrangements:

- Three Primary Care Trust Governors (one appointed by South East Essex PCT and two appointed by South West Essex PCT)
- Four Local Authority Governors, two appointed by Essex County Council, and one each appointed by Thurrock Council and

Southend on Sea Borough Council.

Eleven Partnership Governors may be appointed by Partnership organisations including:

- Essex University and Anglia Ruskin University jointly (one Partnership Governor)
- Commissioned Service User Network (one Partnership Governor)
- Council for Voluntary Services (four Partnership Governors)
- The Patients' Forum of the Foundation Trust (one Partnership Governor)
- Essex Police (one Partnership Governor)
- Prison Service (one Partnership Governor)
- Basildon and Thurrock University Hospitals NHS Foundation Trust (one Partnership Governor)
- Southend Hospital NHS Foundation Trust (one Partnership Governor)

South Essex Partnership NHS Foundation Trust is the Corporate Trustee of the South Essex Partnership NHS Foundation Trust General Charitable Fund, from which the Trust received £26,000 of revenue income during the year ended 31 March 2008. The Trust did not receive any capital payments. All the members of the Corporate Trustee are also members of the South Essex Partnership NHS Foundation Trust Board.

## 22 Prudential Borrowing Limit

The NHS Foundation Trust is required to comply and remain within a prudential borrowing limit. This is made up of two elements:

1. the maximum cumulative amount of long-term borrowing. This is set by reference to the five ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit.
2. the amount of any working capital facility approved by Monitor

The Trust has a maximum cumulative long term borrowing limit of £22.6 million. The Trust did not require any loans during the eleven months ended 31 March 2008.

The Trust has an £8.0 million approved working capital facility which has not been utilised.

Financial ratio	Actual ratio	Plan ratio	Approved PBL ratio
Minimum dividend cover	2.67	1.74	>1

## 23 Private Finance Transactions

As part of the reprovision of services from Runwell Hospital, the Trust has entered into a privately funded scheme (PFI) for the provision of 70 beds for the Elderly Mentally Ill (EMI) patients. The EMI homes opened in June 2004.

In addition, in October 2007, the Trust reached financial closure on a PFI Contract for the provision of a new medium and low secure unit for forensic patients. The construction of the new unit is planned for completion in 2009/10.

The schemes have been treated as off-balance sheet as follows,

<b>23.1</b>	<b>£000</b>
Amounts included within operating expenses in respect of PFI transactions:	
Gross	837
Residual Interest	<u>(67)</u>
<b>Net charge to operating expenses</b>	<b><u>770</u></b>
<b>The Trust is committed to make the following payments during the next year in which the commitment expires:</b>	
Within one year	0
2nd to 5th years (inclusive)	0
6th to 10th years (inclusive)	0
11th to 15th years (inclusive)	0
16th to 20th years (inclusive)	0
21st to 25th years (inclusive)	0
26th to 30th years (inclusive)	871
Estimated capital value of project	6,117
Total length of project (years)	30
Number of years to the end of the project	26

The annual amount paid under the scheme is expected to increase each year in line with inflation. On this basis the projected payment in the final year will be £1,895,000.

## 24 Financial Instruments

FRS 29, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with the local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Foundation 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 FRS 29 mainly applies. The NHS Foundation 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 NHS Foundation Trust in undertaking its activities.

As allowed by FRS 29, comparatives of carrying amounts with fair values have not been disclosed for short term financial assets and liabilities where the carrying amount is a reasonable approximation of fair value.

### Credit Risk

Over 90% of the Trust's income is from contracted arrangements with commissioners. As such any material credit risk is limited to administrative and contractual disputes .

Where a dispute arises, provision will be made on the basis of the age of the debt and the likelihood of a resolution being achieved.

### Liquidity Risk

The Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. South Essex Partnership NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

As at 31 March 2008 the Trust had no financial liabilities represented by provisions under contract.

### Interest-Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. South Essex Partnership NHS Foundation Trust is not, therefore, exposed to significant interest rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:

#### 24.1 Financial Assets

Currency	Total £000	Floating Rate £000	Fixed Rate £000	Non-Interest Bearing £000
At 31 March 2008				
Sterling	14,003	0	2,057	11,946
Other	0	0	0	0
<b>Gross financial assets</b>	<b>14,003</b>	<b>0</b>	<b>2,057</b>	<b>11,946</b>
At 31 March 2007				
Sterling	14,897		1,552	13,345
Other	0			
<b>Gross financial assets</b>	<b>14,897</b>	<b>0</b>	<b>1,552</b>	<b>13,345</b>

#### 24.1 Financial Liabilities

Currency	Total £000	Floating Rate £000	Fixed Rate £000	Non-Interest Bearing £000
At 31 March 2008				
Sterling	10,176	0	3,506	6,670
Other	0			
<b>Gross financial liabilities</b>	<b>10,176</b>	<b>0</b>	<b>3,506</b>	<b>6,670</b>
At 31 March 2007				
Sterling	10,660	0	2,991	7,669
Other	0			
<b>Gross financial liabilities</b>	<b>10,660</b>	<b>0</b>	<b>2,991</b>	<b>7,669</b>

## 24.2 Financial Assets by Category

Assets as per balance sheet	Total	Loans and Receivables
	£000	£000
NHS Debtors (net of provision for irrecoverable debts)	3,717	3,717
Accrued income	871	871
Other debtors	60	60
Cash at bank and in hand	9,355	9,355
<b>Total as at 31 March 2008</b>	<b>14,003</b>	<b>14,003</b>
NHS Debtors (net of provision for irrecoverable debts)	4,030	4,030
Accrued income	0	0
Other debtors	1,073	1,073
Cash at bank and in hand	9,794	9,794
<b>Total as at 31 March 2007</b>	<b>14,897</b>	<b>14,897</b>

## 24.3 Financial Liabilities by Category

Assets as per the Balance Sheet	Total	Other Financial Liabilities
	£000	£000
NHS creditors	435	435
Other creditors	5,381	5,381
Accruals	4,360	4,360
<b>Total as at 31 March 2008</b>	<b>10,176</b>	<b>10,176</b>
NHS creditors	(1,512)	(1,512)
Other creditors	(3,449)	(3,449)
Accruals	(5,699)	(5,699)
<b>Total as at 31 March 2007</b>	<b>(10,660)</b>	<b>(10,660)</b>

## 24.4 Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

## 24.5 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2008.

	<b>Book Value £000</b>	<b>Fair Value £000</b>	<b>Basis of Fair Valuation</b>
<b>Financial Assets:</b>			
Debtors over 1 year	2,057	2,057	Note a
<b>Total</b>	<b>2,057</b>	<b>2,057</b>	
<b>Financial Liabilities:</b>			
Creditors over 1 year:	3,506	3,506	Note b
<b>Total</b>	<b>3,506</b>	<b>3,506</b>	

The Trust's financial liabilities as at 31 March 2008 comprise provisions for early retirement, but do not include public dividend capital. As a Foundation Trust, in accordance with guidelines issued by Monitor, public dividend capital previously shown as non interesting bearing debt, is not classified as a financial liability.

### Notes:

- a** These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount. In line with note b below, fair value is not significantly different from book value.
- b** Fair value is not significantly different from book value since, in the calculation of the book value, the expected cashflows have been discounted by the Treasury discount rate of 3.5% in real terms.

## 25 Third party assets

The Trust held £390,401 cash at bank and in hand at 31 March 2008 which relates to monies held by South Essex Partnership NHS Foundation Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

## 26 Losses and special payments

There were 25 cases of losses and special payments totalling £51,177 approved during 2007/08.

# [www.southessex-trust.nhs.uk](http://www.southessex-trust.nhs.uk)

## **If you need help**

- Face to face interpreters
- Document translation into other languages
- Signing (at BSL level 3)
- Document translation into Braille
- Document translation onto audio tapes
- Over the telephone translation

Contact PALS (Patient Advice and Liaison Service)  
for more information on 0800 0857 935  
or email [pals@southessex-trust.nhs.uk](mailto:pals@southessex-trust.nhs.uk)