

A medical stethoscope with a black tube and silver chest piece is resting on a light blue clipboard. The clipboard holds a white form with various fields and text, including 'INSURANCE', 'Patient name', 'Address', 'Date of birth', 'Sex', 'Blood group', 'Allergies', 'Current medications', 'Past medical history', 'Social history', 'Family history', 'Work history', 'Current occupation', 'Current address', 'Current telephone number', 'Current email address', 'Current mobile number', 'Current fax number', 'Current postal code', 'Current country', 'Current region', 'Current county', 'Current town/village', 'Current street name', 'Current street number', 'Current postcode', 'Current country', 'Current region', 'Current county', 'Current town/village', 'Current street name', 'Current street number', 'Current postcode', 'Current country'. The background is a blurred clinical setting with a window and a blue container holding pens.

**Essex Partnership  
University NHS  
Foundation Trust  
Auditor's Annual Report**

Year ended 31 March 2022

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 21 December 2021.

This report is made solely to the Audit Committee, Board of Governors and management of Essex Partnership University NHS Foundation Trust in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit Committee, Board of Governors and management of Essex Partnership University NHS Foundation Trust those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, Board of Governors and management of Essex Partnership University NHS Foundation Trust for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# Introduction

## **Purpose**

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Trust or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

## **Responsibilities of the appointed auditor**

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued in March 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the annual report; and
- Whether the consolidation schedules are consistent with the Trust's financial statements for the relevant reporting period.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Trust;
- To the Secretary of State for Health and Social Care and NHS England if we have concerns about the legality of transactions or decisions taken by the Trust;
- If we identify a significant weakness in the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- Any significant matters that are in the public interest; and
- Any significant issues or outstanding matters arising from our work which are relevant to the NAO as group auditor.

## **Responsibilities of the Trust**

The Trust is responsible for preparing and publishing its financial statements, annual report and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



## Introduction (continued)

### 2012/22 Conclusions

<b>Financial statements</b>	Unqualified – the financial statements give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor’s report on 22 June 2022.
<b>Parts of the remuneration report and staff report subject to audit</b>	We had no matters to report.
<b>Consistency of the other information published with the financial statement</b>	Financial information in the annual report and published with the financial statements was consistent with the audited accounts.
<b>Value for money (VFM)</b>	We had no matters to report by exception on the Trust’s VFM arrangements. We have included our VFM commentary in Section 03.
<b>Consistency of the annual governance statement</b>	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Trust.
<b>Referrals to the Secretary of State and NHS England</b>	We made no such referrals.
<b>Public interest report and other auditor powers</b>	We had no reason to use our auditor powers.
<b>Reporting to the Trust on its consolidation schedules</b>	We concluded that the Trust’s consolidation schedules agreed, within a £300,000 tolerance, to the audited financial statements.
<b>Reporting to the National Audit Office (NAO) in line with group instructions</b>	We had no matters to report to the NAO.
<b>Certificate</b>	We issued our certificate on 29 June 2022.



# Audit of the financial statements

## Key findings

The Annual Report and Accounts is an important tool for the Trust to show how it has used public money and how it can demonstrate its financial management and financial health. The financial statements have been prepared properly in accordance with the Department of Health and Social Care Group Accounting Manual 2021 to 2022 and the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

On 22 June 2022, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 17 June 2022 Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant/Fraud risk	Conclusion
<b>Management override: Misstatements due to fraud or error</b>	We did not identify any evidence that management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements.
<b>Risk of fraud in revenue and expenditure recognition</b>	We did not identify any evidence of manipulation of revenue and expenditure through improper revenue and expenditure to inflate income or understate expenditure,
<b>Inappropriate capitalisation of revenue expenditure</b>	We did not identify any evidence of manipulation of expenditure through incorrect capitalisation of revenue expenditure.

Area of Audit Focus	Conclusion
<b>Agreement of balances with commissioners</b>	We investigated differences from the agreement of balances exercise and did not identify any issues.
<b>International Financial Reporting (IFRS) 16 Leases disclosure</b>	We were satisfied that the Trust's lease disclosures relating to the future impact of IFRS16 were materially accurate. We did however note an error in the operating leases note related to properties leased from NHS Property Services which were initially included in the calculation of 'Future minimum lease payments due' using an assumption of three years compared to one year in the prior year. We challenged management on their use of a longer lease period and, in the absence of a signed agreement for the period, the Trust amended their disclosure to included only 1 year. This resulted in a decrease in 'Future minimum lease payments due' that are 'later than one year and not later than five years' by £10.2 million.
<b>Valuation of land and buildings</b>	In addition to testing a sample of the Trust's land and buildings, we employed the use of our own expert to support the work in relation to the valuation of these assets. They concluded that the valuer's methodologies used in developing the estimate were consistent with valuation practice given the characteristics of the asset being measured. The comparative analysis did not identify evidence that contradicts the specialist's significant assumptions used in developing the estimate. We are therefore satisfied that the Trust's valuation of land and buildings (including investment properties) are not materially misstated.
<b>Local Government Pension Scheme (LGPS)</b>	To gain assurance over the material accuracy of the balances related to the LGPS, we liaised with the administering authority (Essex Pension Fund) to obtain information and supporting evidence over the investment asset values and assessed the work of the Pension Fund actuary including the assumptions they used. We also undertook additional procedures using our own pensions specialists to gain assurance over this material estimate. We did not identify any matters arising from the work completed and are satisfied that the Trust's valuation of pension assets, liabilities and disclosures are not materially misstated.

We did not identify any risks of significant weaknesses in the Trust's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Trust and the wider public.

We had no matters to report by exception in the audit report.

## Scope

We are required to report on whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our preliminary VFM risk assessment to the Audit Committee members in March 2022 as part of our Audit Plan. We completed our risk assessment procedures during our audit, based on a combination of our cumulative audit knowledge and experience, our review of Trust Board and committee reports, meetings with the Executive Chief Financial Officer and Deputy Chief Executive, and evaluation of associated documentation through our regular engagement with Trust management and the finance team.

## Reporting

We completed our risk assessment procedures in June 2022 and did not identify any significant weaknesses in the Trust's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out on pages 7 to 9. The detailed arrangements underpinning the reporting criteria are set out in Appendix 1.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Trust plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
<b>Governance:</b> How the Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness:</b> How the Trust uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified



## Value for Money (continued)

### Financial Sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services

Essex Partnership University Trust has continued to improve the management of financial pressures over the year and has maintained both its governance and financial oversight arrangements. Particular improvements noted during the year have included the implementation of a new Accountability Framework Model (which focusses on six Care Units) and increased focus on longer term planning in the capital budget setting processes.

The Trust submitted a draft operating plan on 25 May 2022 which set out the key plans, challenges, and opportunities for the Trust for 2022/23. The draft operating plan has been developed with the new Care Units and is based on operating plans from each of them that summarise their successes in 2021/22, the key risks carried forward into 2022/23, the service priorities and the link to the Trusts strategic objectives. The plan also includes details of key corporate risks, overall budgets and workforce growth.

The Trust also submitted a financial plan for 2022/23 on the 27 April 2022 to the Board of Directors. This included an overview of the anticipated costs, allowances and risks as well as setting out the next steps to enable a financial risk assessment, in line with NHSE/I guidance. The proposed financial plan for 2022/23 highlighted that the Trust plans to achieve a breakeven position. The Trust also plans to achieve a breakeven position for its 5-year capital programme to 2026/27. We have noted that the Trust been prudent and have factored various costs into their short and medium-term plans, such as an increased provision for the costs of the mental health inquiry, energy and fuel cost increases and reduced covid-19 allocations.

The Trust continued to actively monitor any short-term financial pressures throughout the year. As these pressures have been identified, strategies have been put in place to mitigate them. These strategies have then been subject to frequent review and adjusted as required. The Trust achieved savings of £9.3 million against the total efficiency requirement for the year of £9.8 million in 2021/22 through a combination of both recurrent and non-recurrent measures.

In developing the financial plans for 2022/23, the Trust identified the need for £17.3 million of efficiencies. At present, the Trust has unidentified savings of £10.9 million but is developing plans being to mitigate this risk. We have evidenced the monitoring of these risks and mitigations through our review of the minutes for the Finance and Performance Committee.

Moving forward into 2022/23, there will be a return to more historic contracting arrangements. System financial allocations will continue, and Integrated Care Board (ICB) governance and structures will be put in place. The Trust recognises the financial landscape into 2022/23 will be challenging with levels of Covid funding reducing and a national efficiency requirement of 1.1%.

Notwithstanding these challenges, the Trust has set a balanced financial position for 2022/23 with the financial plan formally agreed by the Board. The Trust's plans have improved its underlying deficit position from circa £7 million to £6 million. The Trust however recognises delivery and development of recurrent efficiencies will be required to further improve this position.

#### Conclusion

**The Trust had the arrangements we would expect to see in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**



## Value for Money (continued)

### Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

The Trust has continued to improve its governance structures through constant review of its existing frameworks throughout the year.

During the year, the Trust has strengthened governance oversight arrangements through the implementation of a new Accountability Framework Model (which focusses on six Care Units). Monthly meetings have taken place with the six new Care Units and further meetings have been planned for 2022 with regular times and dates for each team. This has enabled teams to meet internally to review their positions ahead of meeting the Executive Team representatives. It also provides a common structure to produce the supporting data packs. The administration of the meetings has been led by the Chief Finance Officer's office and the initial feedback from the Care Units has been positive, with the meetings having been used to encourage transparency and dialogue.

The supply of nurses to NHS organisations is a well-known and documented challenge for all NHS Trusts in the UK and for the Trust this is one of the key strategic risks. To address this risk, the Trust has developed an International Recruitment Business Case to tackle the issue of nurse retention and workforce supply. The Trust has identified key areas of funding to support the international recruitment, which includes strategic and financial backing from NHSE/I. The Trust recognises the need for a range of short-term and long-term strategies, in accordance with its People Plan, to ensure it has the right staff, in the right place, at the right time. The recruitment of international nurses is key to the Trust's strategy to move away from incurring high temporary staff costs. The business case produced by the Trust supports the need to recruit international nurses and was considered at Finance & Performance Committee and PEC and recommended to the Board in January 2022. The business case remains subject to commissioner funding confirmation.

In 2021/22, the Trust also entered provider collaborative arrangements with system and regional partners. A key priority for 2022/23 is to develop partnerships with new Provider Collaborative for Secure Services. Provider organisations have historically worked together to address mutual challenges, well before sustainability and transformation partnerships and ICSs were conceived. However, the requirement for some providers to be part of a collaborative arrangements in the structure of ICSs are new and need careful consideration. They have been more formally recognised in policy terms over recent years and are expected to be a key element of ICS delivery. EPUT is part of two provider collaborative structures (East of England Mental Health Provider Collaborative & Mid and South Essex Community Collaborative) acting as a lead provider for 'Secure Services' within the Community Collaborative. For the Mental Health Provider Collaborative, the Trust has a shared leadership and accountability model with leads which host each of the three service streams. All members share the risk and reward on each contract as co-commissioners, and co-ordinate through the joint Transformation and Commissioning Team as set out in the collaborative agreement and respective contracts.

The Essex Mental Health Independent Inquiry was announced by the Government on 21 January 2021 to investigate the circumstances of mental health inpatient deaths which occurred over a 20-year period between 1 January 2000 and 31 December 2020 at the former North Essex Partnership University NHS Foundation Trust, the former South Essex Partnership University Trust and the successor body, Essex Partnership University NHS Foundation Trust. On 10 November 2021, the Independent Inquiry announced its first call for evidence, including obtaining evidence from families, carers, and friends of those who died; others with experience of mental health inpatient care in Essex during the 21 year period; as well as staff, former-staff, relevant professionals, and organisations.

The Trust has established a Programme Team to service the inquiry and regular updates are presented at each key meeting, allowing the Executive Team to make decisions on a timely basis and the Audit Committee to discharge its governance responsibilities. Where there have been changes to the scope of the inquiry, the Trust has responded appropriately by reviewing the implications and ensuring that support has been provided in the form of legal representation, through internal and external communications, by back filling posts and re-aligning the financial provision.

**Conclusion: The Trust had the arrangements we would expect to see in 2021/22 to enable it to make informed decisions and properly manage its risks.**



## Value for Money (continued)

### **Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services**

The Trust has a variety of ways of measuring its performance across all aspects of its operations. It brings these together in the form of monthly reporting to the Board against national and local indicators. The Integrated Quality & Performance Report sets out the performance of the Trust against a range of key indicators. Where performance is below plan, these reports highlight the action being taken to seek the required improvement.

In terms of financial review, monthly finance reports are reported to the Finance & Performance Committee. A detailed summary of the finance position is provided in these reports covering the current surplus/deficit position along with a forecast to the year end and this is challenged regularly by the Committee. At year end, the Trust had successfully achieved savings of £9.3 million against the total requirement of £9.8 million.

The Trust has an Internal Audit service which, in addition to providing assurance services, also provide operational recommendations and controls reviews. The outcome of these and any recommendations are tracked at various Audit and Assurance Committees. This information is used in conjunction with financial and performance information to identify areas for improvement.

Internal Audit undertook a number of reviews during 2021/22. Part of their programme of work included review of site visits, medical device management policies and the Trust's property management processes for tenancy accommodation at the Lodge. The reviews resulted in limited assurance in effectiveness of controls across these three audits, and limited assurance in full for management processes for tenancy accommodation. Management are developing plans to Internal Audit's recommendations and progress on the implementation of these plans will be routinely followed up to establish compliance through the Audit Committee.

The Trust also has an established Mental Health Partnership Board which provides oversight of its active role within the local Integrated Care System (ICS). An executive director and non-executive director head up work in each of the three of the ICS's in which the Trust operates: Mid and South Essex Health and Care Partnership, Hertfordshire and West Essex and Suffolk and North East Essex. This has ensured a strong Trust presence at decision-making ICS meetings, ensuring mental health and community health services remain a high priority in all system-wide considerations. This has also enabled ongoing scrutiny of the equality of service delivery to different groups.

The progression of the ICS is one of the key areas to address for the Trust heading into 2022/23. The formation of Integrated Care Boards and Integrated Care Partnerships alongside place-based health and care partnerships, will help to maintain inclusive focus of West Essex within the Herts and West Essex ICS. The Trust recognise creating and forming these new organisational structures and new strategic ways of working will allow more opportunities for the Trust and for them to work in partnerships with others to achieve strategic objectives.

**Conclusion: The Trust had the arrangements we would expect to see in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.**

# Appendices



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## Appendix A – Summary of arrangements

### Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Trust's Finance and Performance (F&amp;P) Committee maintains and provides oversight over the financial performance of the Trust. They also have oversight over the Board Assurance Framework (BAF) to identify and evaluate any changes in financial performance related risks. F&amp;P reports monthly on financial performance to the Board and has received assessments of forecast outturn predictions during the year.</p> <p>The month end outturn position (and the associated report) is subject to review at a number of levels – it is reviewed by the finance team including senior (Director level) officers. Sign off meetings prior to regulatory submissions occur. The position is also reviewed at Executive level and the finalised reports are presented at monthly Board meetings. Key areas of variances are identified at each Board meeting and corrective actions are taken (e.g. high levels of bank/ agency use were address by tight control over staffing level and recruitment to fill vacant post). The Trust also runs monthly Accountability Framework meetings with each Care Unit. These new forums discuss operational, safety, quality and performance matters including financial performance. The Accountability Framework supports an operational and clinical led organisation with a continued drive for devolved decision making and empowerment.</p> <p>In preparation for the 2022/23 revenue budgets, the budget setting process included the identification of cost pressures along with a review at Executive level. In additional, the Trust's capital programme has been planned over longer time horizons with three year allocations in place and five year indication plans produced. These plans have been formed based on a risk based prioritisation with key forums supporting these including a system capital group and local capital planning group supplemented by sub groups.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>Management makes recommendations to the Board regarding savings required to address any funding gaps. Monthly reporting on financial performance and planning to the F&amp;P Committee enable the Trust to identify gaps in funding and monitor progress on meeting savings targets. The Board then takes decisions in relation to areas such as strategic initiatives and major transactions and probes for explanations of past results (e.g. budget variances/gaps). There is evidence of constructive challenge by the Board and relevant subcommittees, such as the F&amp;P Committee and the Quality Committee. The Trust has also established a Transformation Board whose terms of reference includes review and approval of transformational projects.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Trust has a vision and a long-term strategic plan (5 years) which articulates how it will deliver its statutory responsibilities. During the year, the Trust has reset its strategic objectives, vision and purpose. The primary focus is to deliver safe and high quality integrated care. Strategic objectives have been underpinned by programmes of work. The Trust is a key system partner and as such its objectives and strategy focus on delivery of sustainable services beyond traditional NHS boundaries.</p> <p>The Trust translates its strategy into an annual operating plan, including the financial plans for enabling sustainable delivery of services. The system also produces an overarching operational plan and financial strategy including a stewardship programme.</p>

## Appendix A – Summary of arrangements

### Financial Sustainability

Reporting Sub-Criteria	Findings
<p>How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>EPUT has a Board Assurance Framework (BAF) in place which identifies business risks, evaluates the significance of those risks and the likelihood of occurrence against strategic priorities. The BAF is reviewed by Executive Operational Committee and Audit Committee regularly. The Trust has aligned its financial plans with its BAF which is a key enabler of delivering its strategic plan, operational plans and statutory duties.</p>
<p>How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Trust reports to each Board meeting on key performance areas including Patients, Sustainability, People and Quality. The Trust's financial plans include reporting on these wider areas as part of the Trust's mechanisms for monitoring the achievement of targets for each of the key performance areas. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the BAF, which enables it to identify the necessary financial resources required to implement the actions. The Trust's BAF provides a mechanism for the Board to monitor the risks to delivery of the Trust's strategic objectives as well as the effectiveness of the controls and assurance processes. The BAF is reviewed by Executive Operational Committee and Audit Committee regularly.</p> <p>Accountability Framework meetings facilitate triangulation of workforce, operational and finance matters. Likewise the Trust has moved towards a business partnering model. As part of the Trust's annual plan submissions triangulation tools are run to provide consistency checks between workforce, finance and activity plans. The Quality Committee provide assurance to the Board and oversight of the Trust's active role within the local Integrated Care System.</p> <p>The Trust is the System lead for the Capital planning process and chairs the System Investment Group (SIG). As part of this role the Trust takes a wider System view of capital plans and coordinates and assists in the prioritisation process across other System Providers and Primary Care organisations.</p>
<p>How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>	<p>The Trust maintains an integrated performance report that is reported to the Board and F&amp;P Committee. The report includes the actual financial outturn as well as the expected/projected outturn position for the financial year. Within this report the Trust will identify if there are additional risks to financial resilience and required mitigations to deliver financial targets. During the 2021/22 financial year, the National response to Covid-19 continued, this included continuation of the adapted financial regime whereby the traditional approach to contracts was replaced by simplified flows of funding. This provided more certainty over levels of income with allocations made to systems.</p> <p>Moving forward into 2022/23, there will be a return to more historic contracting arrangements. System financial allocations will continue and ICB governance and structures will be put in place during 2022/23. The Trust recognises the financial landscape into 2022/23 will be challenging with levels of Covid funding reducing and a National efficiency requirement of 1.1%. Notwithstanding these challenges, the Trust has set a balanced financial position with plan formally agreed at Board level. The Trusts plans have improved its underlying position from c£7 million to £6 million and the Trust recognises delivery and development of recurrent efficiencies will be required to further improve this position.</p>

## Appendix A – Summary of arrangements (continued)

### Governance

#### Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

#### Findings

The Trust's BAF is refreshed annually to match its strategic aims and align to strategic priorities and risks. The BAF outlines the actions being undertaken by the Trust to provide assurance that risks are being mitigated to an acceptable level. This framework provides a comprehensive method for the effective management of the potential risks that may prevent the achievement of the key items (i.e. strategic priorities) agreed by the Board.

The BAF is supported by corporate and service risk registers. The risks assessed are wider than just financial, due to the nature of the Trust's activities. The Trust assesses impact of risks on a matrix of likelihood and occurrence against a strategic priority, with a combined score produced to assess the importance of the risk. The Trust has a risk appetite statement that defines acceptable levels of risk for its activities. The BAF is reviewed regularly, with the Executive Operational Standard Committee (EOSC) receiving reports monthly and the Board every two months or as per the Board meeting schedule. In 2021, the EOSC oversaw a complete refresh of the BAF to ensure work is run in parallel to the high-level governance and accountability framework projects. The Trust is currently working on ensuring BAF risks can be consolidated where practical and ensuring that the Trust achieves regular Executive engagement on a monthly basis.

The Trust has an Internal Audit service to help provide assurance over the effective operation of internal controls. It also has a Local Counter Fraud Specialist (LCFS) as part of its arrangements to prevent and detect fraud. The Trust's LCFS regularly reviews the Trust's policies and procedures and inputs into the Trust's counter fraud policy to ensure the Trust's internal processes are robust as possible. In addition to this, LCFS also run a series of counter fraud awareness sessions throughout the year and online surveys are undertaken and used to check staff awareness of counter fraud processes.

The Executive Chief Finance Officer is responsible for the adequate provision of Internal Audit with oversight from the Audit Committee. Trust management is responsible for responding appropriately to the Internal Audit findings in a timely manner with challenge from the Audit Committee. The Audit Committee receives a copy of the counter fraud plan each year and approves the activities and proactive audits to be undertaken. LCFS attend all Audit Committee meetings and updates members on the progress of all investigations, proactive audits and awareness sessions. For 2021/22, the Trust Internal Auditors have issued a Head of Internal Opinion with a moderate assurance rating.

How the body approaches and carries out its annual budget setting process

The Trust has improved its budget setting process for 2022/23. The Trust submitted draft financial plans on the 17 March and 28 April. A final plan, incorporating National inflationary uplifts was submitted on 20 June. Plans were approved at Executive, Board and System level with wide stakeholder engagement. The budget setting process included identification of financial risks and pressures. Budgets were aligned to the new Care Unit model with a greater level of sign off than in previous years. Budget sign off sheets were produced which gave a clear reconciliation between budget proposals and its comparison to 2020/21 budget. Setting capital budgets equally involved wider engagement and longer terms plans being produced. To support this the Trust increased the frequency of its internal capital group to monthly and instigated sub-groups to work on element of specific plans e.g. estates, IT and medical equipment.

## Appendix A – Summary of arrangements (continued)

### Governance

#### Reporting Sub-Criteria

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

#### Findings

The Operational CFO oversees the adoption and operation of the Trust’s Standing Financial Instructions (SFIs) including the rules relating to budgetary control, procurement, banking, losses and controls over income and expenditure transactions. During the year, the Trust reviewed its SFIs and scheme of delegation. The CFO reports to the F&P Committee that oversees and ensures that effective processes and systems are in place to ensure budgetary control. This is evident through the quarterly reporting by the F&P Committee and to the Board on the actual financial outturn compared to the budget/plan. Hot spots for overspend are identified at each Board meetings and corrective action are taken (e.g. high level of bank/ agency use was addressed by tight control over staffing level and recruitment to fill vacant post).

Reporting to the Board also includes the full range of non-financial management information on all the Trust’s key performance areas. The Trust deliver a wide range of services commissioned by different Clinical Commissioning Groups (CCGs) and specialist commissioners. There are therefore a large number and wide variety of mandated, contractual, and locally identified key performance indicators (KPIs) that are used to monitor the performance and quality of services delivered.

Each year, the Board of Directors approve a performance framework for the Trust that includes target levels of performance across the entire range of the organisation’s activities; from front line customer care; to the efficiency of back-office functions; to the well-being of staff. The targets that have been agreed by the Board are then monitored at inpatient ward, community team and individual consultant level. In addition to these targets, managers at the Trust monitor local trends and measure the other work that EPUT to compare how well their services are performing. Activity is recorded and sent in a report to the CCGs. These monthly reports compare the levels of activity that have been planned to the actual activity that has taken place and highlight any areas of concern.

Performance against all KPIs are provided to the F&P Committee each month and any areas of significant under-achievement are advised to the Board of Directors as ‘Inadequate indicators’ each month. Updates on how the Trust address these ‘inadequate indicators’ are also reported on and are evaluated and approved by the Board of Directors.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The effective operation of the Board, supported by regular, clear and relevant information, is the Trust’s key tool for ensuring that it makes properly informed decisions. Published Board papers and minutes evidence the challenge made by non-executive members and the transparency in decision making. The Audit Committee meets bi-monthly, is comprised of appropriately skilled and experienced members, has clear terms of reference which emphasises the Committee’s role in providing effective challenge and has an annual work plan to help ensure that it focuses on the relevant aspects of governance, internal control, and financial reporting. We attend all meetings of the Audit Committee and have directly observed the challenge given by non-executives in their role as the body charged with governance for the Trust.

## Appendix A – Summary of arrangements (continued)

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### Governance

#### Reporting Sub-Criteria

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

#### Findings

The Trust has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. These policies and procedures are monitored and reviewed by the Audit Committee annually. The Trust has an appointed 'Principal Freedom to Speak Up' guardian as well as local guardians, which allow staff to raise any further concerns.

The Trust has a comprehensive system of internal control; this includes Standing Orders (SOs), Standing Financial Instructions (SFIs), Standards of Business Conduct (SBC), and disciplinary procedures in relation to fraud. The SOs, SFIs and SBC are set out in the Scheme of Reservation & Delegation (SoRD) and Governance Manual approved by the Board and circulated to all staff. The aim of the Standards of Business Conduct is to protect the Trust and its staff from any suggestion of corruption, partiality, or dishonesty by providing a clear framework through which the Trust can provide assurance that staff conduct themselves with honesty, integrity, and probity.

The Trust has specific policies for staff and non-executive directors in respect of gifts and hospitality and conflicts of interest. Annually, all Senior Staff and non-executive directors as well the governors are required to make declarations. These declarations are recorded in a register and disclosed within the Annual Report.

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## Appendix A – Summary of arrangements (continued)

### Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<p>How financial and performance information has been used to assess performance to identify areas for improvement</p>	<p>The Director of Operational Finance produces a finance report which is considered by the F&amp;P Committee and forms part of the Integrated Performance Report presented to every meeting of the Trust Board. This considers the current and forecast financial performance and position of the Trust, details of variations from plan, updates on funding arrangements which have changed throughout the year due to the impact of Covid-19, financial risks to the Trust and mitigating actions as appropriate.</p> <p>This is presented together with extensive reporting on performance, quality and workforce metrics so that a complete balanced scorecard for the whole Trust and its outputs can be considered by executives and non-executives. This is then used to identify areas that need to be improved and is also linked through to the BAF and wider risk management arrangements where areas needing improvement create corporate risks for the Trust.</p> <p>The Board receives reports on performance in its key areas, which includes Patients, Sustainability, People, Quality and Systems &amp; Partnerships. The reports clearly outline performance against planned targets and outcomes. Depending on the performance area, a Board committee will have oversight of the actions being identified and taken to address areas where performance is below plan. Each committee has a process in place for monitoring agreed actions and these are then included in subsequent Board reports.</p>
<p>How the body evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The Trust has a variety of ways of measuring its own performance across all aspects of its operations. It brings these together in the form of monthly reporting to the Board against national and local indicators. The Integrated Quality &amp; Performance Report sets out at the performance of the Trust against a range of key indicators. Where performance is below plan, these reports highlight the action being taken to seek the required improvement. The Finance and Performance Committee, People Equality and Culture Committee, and Quality Committee have a responsibility to receive and scrutinise action plans that mitigate significant potential risks identified. The Trust will publish an annual Quality Report outlining its performance against a wide range of quality measures.</p> <p>The Trust is regularly inspected by the Care Quality Commission (CQC), with the current status being ‘registered with conditions’ as a result of findings from the investigation into services provided at Clifton Lodge and Rawreth Court Nursing Homes. During 2021/22, CQC carried out a focused inspection into Child and Adolescent Mental Health Service (CAMHS) and in June 2021 the CQC served the Trust with a Notice of Decision not to admit any new services users without written permission from CQC as well as other requirements. The CAMHS service was subsequently re-rated from ‘outstanding’ to ‘inadequate’ in September 2021.</p> <p>The Trust have subsequently taken remedial actions and, in March 2022, the CQC re-inspected the CAMHS service. The CQC are currently drafting their report on this inspection and at present there has not been any formal communication to the Trust in terms of the outcome. However, following informal communication with the CQC, the Trust applied for the removal of the s31 notice on the CAMHS service and we have seen correspondence from CQC which has confirmed that the CAMHS service may start to admit children and young people whilst their application to remove the s31 notice is being considered.</p>

## Appendix A – Summary of arrangements (continued)

### Improving economy, efficiency and effectiveness

#### Reporting Sub-Criteria

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

#### Findings

The Trust has an established Mental Health Partnership Board which provides oversight of its active role within the local Integrated Care System (ICS). An executive director and non-executive director head up work in each of the three of the integrated care systems that EPUT operates in: Mid and South Essex Health and Care Partnership, Hertfordshire and West Essex and Suffolk and North East Essex. This has ensured a strong Trust presence at decision-making ICS meetings, ensuring mental health and community health services remain a high priority in all system-wide considerations. This has also enabled ongoing scrutiny of the equality of service delivery to different groups.

An integral part of the Trust is the Council of Governors, which brings the views and interests of the public, service users and patients, carers, staff and other stakeholders into the heart of the Trust's governance. This group of committed individuals has an essential involvement with the Trust and contributes to its work and future developments to help improve the quality of services and care for all our service users and patients.

The Trust believes that receiving and acting on feedback from its service users is crucial to maintaining the high-quality standards it sets itself and work has continued throughout 2021/22 to increase the feedback received and actions taken. The Trust uses a range of mechanisms to gather feedback from service users, including; Organisational and national patient surveys; "Your Voice" meetings giving service users, carers, members of the Trust and Governors as well as the public a chance to speak directly to the Chief Executive about the services provided by EPUT; Stakeholder Reference Group set up to involve service users in transformation work within the Trust.

During 2020/21, the Patient Experience Team finalised a project to engage with professionals with experience in their field (such as doctors, nurses and therapists) to co-produce the Trust's new Patient Experience Framework for 2020-2023, which is available on the Trust's website. The Trust also has a Membership Framework in place that recognises the need to put service users and the public at the heart of engagement. It outlines the visions for membership and includes the priorities to build an effective, responsive and representative membership body that will assist in ensuring the Trust is fit for its future in the changing NHS environment. The Trust seeks to ensure it is inclusive in its approach in engaging the community, appreciating the wide social and cultural mix of its constituencies. This Framework will be reviewed in 2022/23 to ensure that it is still current and in line with the future membership plans and the Trust's emerging strategy for the coming years.

## Appendix A – Summary of arrangements (continued)

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### Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<p>How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits</p>	<p>The Trust use national contracts or agreements wherever possible, primarily through NHS Supply Chain, the Crown Commercial Service and NHS Commercial Alliance. Where it is not possible to use a national agreement, contracts are advertised in the public domain via the government portal Contracts Finder.</p> <p>Procurement of services is undertaken by the Trust’s in-house Procurement team. The team has appropriately qualified staff and policies to ensure that procurement is undertaken in accordance to legislation. Where specialist knowledge is required, the Trust will obtain advice, legal advice relating to tender or routes to market. The Trust did not receive any procurement challenges during 2021/22.</p> <p>The Trust takes all reasonable steps to ensure laws and regulations are complied with. This includes ensuring appropriate knowledge and expertise of its own staff and, where required obtaining professional and specialist advice in certain areas e.g. VAT, employment, health and safety. The Trust receives a quarterly update from its legal advisors which identifies all recent legal cases or legislation potentially relating to Trust business. The Executive Operational Committee are provided with details of any material claims from the Executive Director for Corporate Governance.</p> <p>Public stakeholders, including Clinical Commissioning Groups, Sustainability and Transformation Partnerships (STPs) and Local Authorities are involved in managing key risks through well-established contract management and partnership committee structures that oversee the operational delivery of and potential threats to services delivered in partnership. In addition, the Trust imparts information to the Council of Governors on key risks that may have arisen or are likely to materialise, through regular meetings. System wide partnerships, working arrangements and mutual aid principles have proved invaluable during the Covid-19 crisis.</p>

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