East Sussex Healthcare
NHS Trust

Annual Report

2021/22

www.esht.nhs.uk

esh-tr.enquiries@nhs.net

0300 131 4500

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Welcome from our Chair and Chief Executive

Welcome to the 2021/22 East Sussex Healthcare NHS Trust Annual Report.

It was said that last year was a year like no other, but in 2021/22 we've continued to face challenges as we manage the ongoing COVID-19 pandemic as well as working to recover our services to pre-pandemic levels. Whether it was our community teams looking after people in their homes or our staff in our hospitals providing care to patients in their hour of need, the dedication, determination and drive of every member of staff ensured that we continued to provide the very best care to those who most need it.

Our focus on providing the very best care for our patients was underlined when our Lower GI and Cancer Services Teams recorded the best performance in England in January for providing an assessment and diagnosis to patients with suspected Lower Gastrointestinal cancer within 28 days of being referred.

We began the year with a focus on the restoration and recovery of our elective services by increasing activity while continuing to manage the pressure on critical care. Over the course of the year we have seen a significant rise in demand for all of our services. This came alongside the challenge of managing further waves of COVID-19 - most notably the third wave in July 2021 and the emergence of Omnicron in December 2021 and January 2022.

The Trust played its part in supporting national efforts to offer all adults over 18 a COVID-19 booster jab over Christmas and the new year with vaccination hubs running at both Eastbourne District General Hospital and Conquest Hospital, Hastings.

Social Media

YouTube: @ESHTNHS

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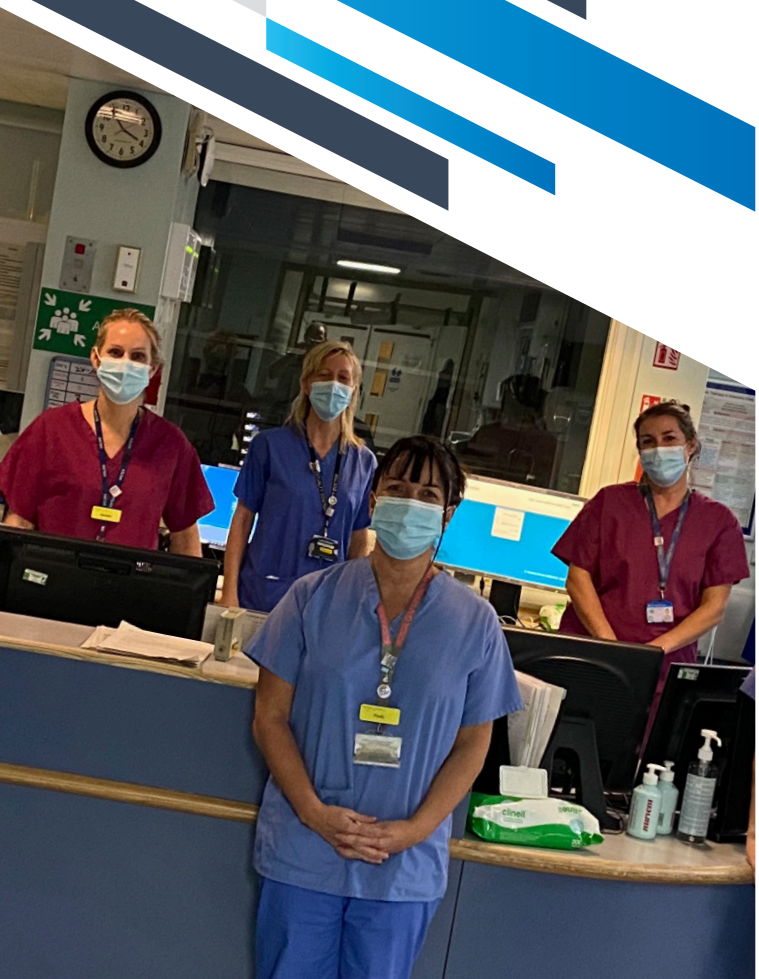
Alongside the resilience and compassion shown by all our staff who have stepped up to support each other, we have seen innovation too. Our endocrinology team started a new radioactive iodine (RAI) treatment service at Conquest Hospital, which means patients don't have to travel further afield to receive treatment for thyroid disorders and means they can receive care closer to their home.

Our progress towards the digitalisation of patient notes continued with the announcement from NHSX that we were one of just four Trusts nationally to receive funding to support the implementation of a full electronic patient record (EPR). This will give clinicians quick and easy access to the information they need at any time of day or night, reduce paperwork and free up time to spend with patients.

In April 2021 the Trust entered into an agreement with Spire Healthcare to transfer the operations and colleagues working at the Spire Sussex Hospital into the Trust by the end of March 2022. Sussex Premier Health has been established as the new brand for all private healthcare undertaken across our sites, including the rebranding of the services provided at Eastbourne and Bexhill (previously known as Michelham). This exciting new service aims to deliver outstanding private healthcare to patients in Sussex, Kent and surrounding areas.

We have continued to support the physical and emotional wellbeing of all our colleagues as they continued to deal with the pandemic and the emotional impact it has had. We have adapted the range of support that we offer to our staff and have continued to focus on the things our people are telling us make the biggest difference.

Our staff survey results showed continued progress in the way colleagues view the Trust and our overall response rate is higher than the national average. Highlights from this year's results include 87% of our people feel their role makes a difference to patients/service users and over 81% enjoy working with colleagues in their team.



This year we published our ambitious strategic plan which sets the overall direction for our services; enabling our residents to access the best care in the most appropriate place – at home, in the community or when they need to come into hospital. Our plan is built on four strategic aims of improving the health of our communities, collaborating to deliver better care, empowering our people and ensuring innovative and sustainable care. The strategy sets a plan to deliver Trust performance that ranks amongst the best in the country by 2026.

We also continued to focus on making sure our finances remain sustainable and ended the year having spent over £561m, resulting in a surplus of £68k. We are proud that this is the third year in a row we have met our financial targets.

This has also been a year in which the future shape of health and care became clearer. The Health and Care Bill, plus a number of other legislative proposals, sets out a collaborative approach in which provider Trusts will come together to ensure a more co-ordinated approach to services in our Place (East Sussex) and more widely across the Sussex system.

With a legacy of close working relationships locally, we welcome this direction which, in many ways, formalises what organisations in East Sussex have been working toward for some time, especially through our community-based care teams. In the year ahead we look forward to continuing our active role in East Sussex via the Health & Care Assembly, working alongside not only health and care partners but also with voluntary and community groups.

Finally, as we reflect on the past year, it is clear that we have only been able to achieve what we have done as a Trust thanks to the dedication and hard work of each and every member of the team that works with us. We are immensely proud of all they do to provide our patients and service users with outstanding care.

Joe Chadwick-Bell
Chief Executive

Steve Phoenix
Chairman


Emergency
Department

Overview and Performance

About the Trust

East Sussex Healthcare NHS Trust provides safe, compassionate and high quality hospital and community care to the half a million people living in East Sussex and those who visit our local area.

We are one of the largest organisations in East Sussex with an annual income of £568 million and we are the only integrated provider of acute and community care in Sussex. Our extensive health services are provided by over 7,000 dedicated members of staff working from two acute hospitals in Hastings and Eastbourne, three community hospitals in Bexhill, Rye and Uckfield, over 100 community sites across East Sussex, and in people's own homes.

In 2020 the Care Quality Commission (CQC) rated us as 'Good' overall, and 'Outstanding' for being Caring and Effective. The Conquest Hospital in Hastings and our Community Services were rated 'Outstanding' and Eastbourne DGH was rated 'Good'

Our two acute hospitals have Emergency Departments and provide 24 hour a day care, offering a comprehensive range of surgical, medical, outpatient and maternity services, supported by a full range of diagnostic and therapy services. Our centre for urology and stroke services is at Eastbourne DGH, while our centre for trauma services and obstetrics is at Conquest, Hastings.

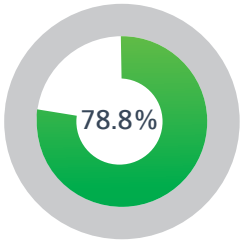
At Bexhill Hospital we offer a range of outpatients, day surgery, rehabilitation and intermediate care services. At Rye, Winchelsea and District Memorial Hospital we offer outpatients, rehabilitation and intermediate services.

At Uckfield Hospital we provide day surgery and outpatient care. We also provide rehabilitation services jointly with East Sussex County Council Adult Social Care.

In the community, we deliver services that focus on people with long term conditions living well outside hospital, through our Integrated Locality Teams working with district and Community Nursing teams. Community members of staff also provide care to patients in their homes and from a number of clinics, health centres and GP surgeries.

To provide many of these services we work in partnership with East Sussex County Council and other providers across Sussex, as part of a locally focused and integrated health and social care network. We aspire to provide locally-based and accessible services that are outstanding and always improving and our values shape our everyday work. Working together we drive improvements to care, services and the experience of local people and members of staff.

In the past year…



Our Emergency Departments were used over 150,000 times, an increase of almost 30% on last year. 78.8% of people using our EDs were seen, treated and either discharged or admitted, within four hours

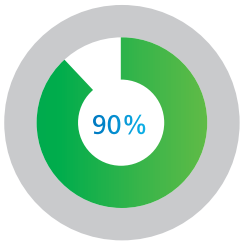
2,939 babies were born in our hospitals

Over 290,000 X-rays and scans were carried out

There were over 420,000 outpatient appointments, over 285,000 of these were consultant-led

Our switchboard answered almost 1.2 million calls during the year

Over 24,000 cancer referrals were made to us, between April 2021 and February



There were almost 50,000 elective admissions, 90% of these were day cases

Over the last few years, the Trust and other health and care organisations across Sussex have worked together as the Sussex Health and Care Partnership (SHCP) to make sure the experience of local people using services is more joined-up and better suited to their individual needs. SHCP brings together 13 organisations (NHS and local authorities) as an integrated care system (ICS).

80 members of staff were presented with awards for 25 years' service with a remarkable 66 colleagues marking 40 years' service

Our Values

Alongside work to develop our strategy, we also reviewed our values and kept them in place as they continue to reflect the organisation we want to be.

Working Together	"We care about building on everyone's strengths"
Improvement and Development	"We care about striving to be the best"
Respect and Compassion	"We care about acting with kindness"
Engagement and Involvement	"We care about involving people in our planning and decision-making"

Our Strategy

In 2021 we published our ambitious strategic plan which sets the overall direction for our services; enabling our residents to access the best care in the most appropriate place – at home, in the community or when they need to come into hospital.

With our Board, staff and partners we developed our five-year forward strategy "Better Care Together for East Sussex" that we believe is best for our residents and consistent with the Sussex-wide priorities. Our plan is built on four strategic aims:

- Improving the health of communities
- Collaborating to deliver care better
- Empowering our people
- Ensuring innovative and sustainable care

Improving the health of our communities

We will prioritise health outcomes for the people we serve. Given our demographics, this means an emphasis on older people's services and a focus into those areas of our county where we know deprivation and poorer access to care is greatest. COVID-19 has shown us that by using virtual and digital technologies we can help our patients using different approaches. Working smarter will be at the heart of how we develop our services to benefit our patients and service users.

Collaborating to deliver better care

We already work alongside health and care partners and this will become more important over the coming five years. Truly patient-focused services think about organisational interests last, not first. Our duty to collaborate will mean that when we plan our future, we will do this with more partners and patients involved in that process. We have built strong links with other providers and local authorities through our clinical work. In areas like primary care we know that we can build further with colleagues in General Practice to provide better care.

Empowering our people

We want to make the Trust a great place to work. This means strengthening our care and support for staff and ensuring we identify and develop our best and brightest. We know that if our people like working here that will show in the care we provide and the stories that patients and staff tell about us. We want staff to be proud to work here.

Ensuring Innovative and sustainable care

We recognise that "doing more of the same" is not going to be enough. COVID-19 showed us that we can be better when we are bolder. We want to design future-focused ways of working and caring for our patients that we can take with us into the new, improved hospitals that we are planning for on the Eastbourne and Hastings sites as part of our Building for our Future programme.

What the Trust will look like in 2026

The kind of Trust we want to see in five years is one where our performance is one of the best. Where we are:

- Providing excellent, high-quality care for patients, with national recognition for at least one service area (frailty)
- Recognised as a great place to be; for the quality of care we provide and the support we offer for our people
- Prioritising our approach to green/sustainability issues
- Developing new clinical roles and ways of working that are collaborative and innovative and that reach across organisational boundaries
- A digital-first way of working across our services
- A financially sustainable organisation within a viable Sussex system

We have also developed supporting strategies across the core areas that we know will enable us to deliver. Our supporting strategies – again developed with staff – cover:

- **Clinical:** Setting out the priorities for our services to enable us to serve patients the best we can
- **Digital:** Ensuring digital support for teams is at the heart of improvements in care for patients
- **People:** Supporting our teams and workplace culture, making the Trust a great place to work
- **Estates:** Making the best use of our sites for all our people and being environmentally aware

To be successful we will also need to work even more closely with our partners: in local government; in the NHS; and within our voluntary and community sector.

Principal risks to our strategy and objectives

Increased demand and ageing population

Our hospitals and community services continue to get busier every year as demand for our services increases. This demand has been exacerbated by the continued pressure caused by the COVID-19 pandemic on services across the NHS. This places ever greater pressure on our staff and requires us to work more efficiently and think of innovative ways to ensure that we meet the changing needs of our population. We continue to work closely with our adult social care, commissioner and other partners, and through our Sussex Integrated Care Partnership, to plan for increases in demand.

The population that the Trust cares for is relatively elderly. East Sussex has a relatively low birth rate and high inward migration amongst elderly age groups. Demographic trends in East Sussex indicate that pressure on health and social care services may increase more quickly in the future. Our over 85 population is also projected to grow at 3.5% per annum.

In populations that are over 75 (and more so in those over 85), certain factors tend to markedly increase the need for hospital or community based healthcare. More people are living with 'frailty' and older people are also more likely to have multiple, ongoing health problems (like high blood pressure, angina, diabetes and emphysema) which means that they are more likely to become ill and need hospital care.

We are focused on becoming the best at managing frailty in the country, and know that we need to make the 'acute' phase of someone's illness as short as possible, address frailty and the risks of frailty outside hospital, and manage ongoing health conditions as well as possible.

Our ability to manage this trend as a Trust and as a Sussex-wide healthcare system – in particular the impact of an increase in those living with frailty – will be a key priority over the next five to ten years to create a sustainable system.

COVID-19

We've continued to face challenges as we manage the ongoing COVID-19 pandemic alongside working to recover our services to pre-pandemic levels.

Throughout the year we have been focused on restoration and recovery of our elective services by increasing activity while continuing to manage the pressure on our critical care services. Over the course of the year we have seen a significant rise in demand for our services alongside the challenge of managing further waves of COVID-19 across East Sussex - most notably the third wave in July and the emergence of Omnicron cases in December and January.

We have continued to support the physical and emotional wellbeing of all our colleagues as they continued to deal with the pandemic and the emotional impact it has had. We have adapted the range of support that we offer to our staff and have continued to focus on the things our people are telling us make the biggest difference.

The Government published 'Living with COVID-19 in February 2022 with the plan outlining the removal of the remaining legal restrictions while protecting people most vulnerable to COVID-19 and maintaining resilience. This along with further guidance from NHS England is informing our continued approach to managing the pandemic.

Building for our Future

"Transforming our services and redeveloping our hospitals to provide outstanding, modern, safe and sustainable healthcare in East Sussex"

In 2021, Building for our Future (BFF) became the Trust's overarching transformation programme with an ambition of changing the way we deliver services and ensuring our estate is fit for purpose, provides value for money and is sufficiently flexible to adapt to changing models of care and the changing needs of our local population. The aim of the BFF programme is to transform Trust services and facilities to provide outstanding healthcare, putting patients and sustainability at the heart of the Trust's plans.

The Trust is within cohort 4 of the New Hospitals Programme (NHP), known as the full adopters, and confirmation has been received that the scheme will be delivered in the latter half of the decade. The Trust continues to work closely with the NHP team and received 'seed' funding for the project team. Regular engagement and national workstream meetings take place.

Being part of the New Hospitals Programme (NHP) will provide the Trust with significant capital funds to enable reconfiguration of our hospital estate in the long term, providing an opportunity to reconsider, remodel and redesign the Trust estate in accordance with patient and staff need.

During 2021 six overarching clinical transformation projects were established to consider how the Trust's traditional models of care could be improved to better reflect the changing needs and expectations of our patients and service users. The aim is to provide an increase in clinical space, more same day care and enhanced integration of hospital and community pathways.

Each transformation project looks at the delivery of new models of care, with an emphasis on ensuring:

- Patients can be seen promptly by the appropriate clinician whether on an emergency or planned care pathway
- Faster access to diagnostics, to ensure patients are treated by the right team with the fewest interventions
- Better integrated multi-disciplinary teams that work seamlessly within the hospital and the community
- Strengthened support and management for patients at home so they don't need hospital treatment
- Adoption of more digital solutions in the appropriate pathways to help avoid unnecessary trips to hospitals, for example using virtual consultations

We conducted a workscape survey to ask staff how they felt about working differently as a result of the pandemic, as we recognise that there is a direct link between staff health and wellbeing, and patient outcomes and experience. We asked about new working patterns and opportunities to improve and develop non-clinical facilities across the Trust to support wellbeing and collaborative working. Feedback highlighted a need to improve work place facilities including social and lunch spaces and areas for staff wellbeing. Concepts and designs have been developed with input and collaboration from staff and implementation will take place in 2022/23 when funding is secured.

Sussex Premier Health

In April 2021 the Trust entered into an agreement with Spire Healthcare that the operations and colleagues working at Spire Sussex Hospital would be transferred to the Trust. Following an initial transfer of fixed assets on 1st April 2021, there was a transition period during which the Trust and Spire Sussex Hospital team worked to enable the full business transfer to occur on 31st March 2022. Following a short period to install digital infrastructure and allow for refurbishments, Sussex Premier Health Hastings was re-opened to patients on Monday 11th April 2022.

Sussex Premier Health is the new brand name for all private activity undertaken across the Trust, including existing activity at Eastbourne and Bexhill. Sussex Premier Health aims to deliver outstanding private healthcare to patients in Sussex, Kent and surrounding areas. Sussex Premier Health will not use any NHS resources and is staffed independently by the same staff who previously worked for Spire Sussex and Michelham.

The Trust is excited to now be in a relatively unique position of having dedicated private facilities under the umbrella of an NHS organisation. We believe that this will be attractive to many of our patients, particularly as the profits generated by Sussex Premier Health will be reinvested back into the local health economy, rather than for the benefit of shareholders. It is also attractive to our consultant body, helping with recruitment and retention of valued and skilled clinicians and may also offer the opportunity to explore additional pathways and services in the future.

Sussex Premier Health looks forward to aligning closely with the Trust to consider opportunities to grow the provision of private healthcare in the local area, and increasing the choice available to patients.

More Information
can be found on the website www.sussexpremierhealth.com or via Instagram or Facebook.

Summary of Performance

Operational performance is measured against key access targets and outcome objectives set out in the single oversight framework:

A&E standard: A&E maximum waiting time of four hours from arrival to admission, transfer or discharge

RTT Standard: Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate

Cancer standard: All cancers – maximum 62-day wait for first treatment from:
Urgent GP referral for suspected cancer
NHS cancer screening service referrals

Indicator	Detail (national standard)	2020/21	2021/22
Standards	Four hour A&E (95%)	88.90%	78.8%
	RTT (92%)	78.50%	75.1%
	Cancer 62 days urgent referral (85%)	75.80%	73.6%
	Cancer 62 day Screening Standard (90%)	65.30%	57.8%
	Diagnostics (99%)	69.99%	81.1%
Length of Stay	Acute elective (days)	3.7	2.8
	Non-elective (days)	4.4	4.0
	Bexhill (days)	22.2	28.9
	Rye (days)	16.6	24.6
Community (seen within 13 weeks)	Podiatry	100%	90.63%
	Dietetics	100%	77.80%
	Speech and Language	86.80%	81.19%
	Neurological physio	58.30%	60.13%
	MSK (H&R)	64.10%	96.72%
	MSK (Total)		96.45%
	MSKt		97.37%
Community nursing	Rapid Response within two hours	1,392	1024
	24 Hour Referrals	7,817	8013

A&E standard

95% of patients attending the Emergency Departments at either Eastbourne DGH or Conquest Hastings should have a maximum waiting time of four hours from arrival to admission, transfer or discharge.

During 2021/22, the Trust achieved an annual average of 78.8%. We saw a large increase in attendances to A&E in comparison to the previous year, when the effects of the pandemic resulted in a decrease in attendances.

Performance against the four hour standard is dependent on the health and social care system, the Emergency Departments, the flow into wards and patient discharges home or to another place. The pressure that was seen throughout the NHS is reflected in the reduction in performance in meeting the 4 hour A&E target, despite the numerous targeted actions that have been taken by the Trust and across the system to improve patient care, quality and flow.

Referral To Treatment standard

Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate

The ongoing effects of the pandemic are reflected in a reduction of delivery against the referral to treatment (RTT) standard in 2021/22 to 74.3% against the national standard of 92%. We achieved 78.6% in 2019/20.

This performance placed the Trust in the upper quartile of providers for 2021/22, comparing well against the performance of our peers. Throughout the pandemic, the Trust continued to focus on out-patient and theatre transformation initiatives and productivity in order to continue to provide services to patients where safe to do so.

Diagnostic standard

Maximum 6-week wait for diagnostic procedures

Although the impact of the pandemic continued to be felt, we saw a significant improvement in diagnostic performance compared to the previous year from 69.99% to 81.1% against the diagnostics standard of 99%. Prior to the pandemic, in 2019/20, following a period of significant improvement against this standard, the Trust's performance was 98.5%.

Cancer standard

All cancers – maximum 62-day wait for first treatment from urgent GP referral for suspected cancer and NHS cancer screening service referrals

The Trust has continued to achieve the two week cancer standard and breast two week wait symptomatic standard. Compliance against the standard of treating 85% of patients within 62 days has continued to be challenging as referrals have increased significantly, with over 2000 referrals per month and the highest ever number of referrals received by month in September 2021.

Concentrated efforts have been made to reduce the backlog of patients waiting over 62 days and this has been achieved on a monthly basis with the exception of January 2022 which was mainly related to patient choice and a surge in COVID-19 related sickness.

The Trust has also focused efforts on the new Faster Diagnosis Standard with 75% of patients being notified of a negative diagnosis within 28 days of referral. Processes have been put in place to support the achievement of the standard and performance has seen a steady improvement throughout the year.

The Trust continues to work closely with healthcare partners and the Cancer Alliance to develop and share positive new pathways to support an improvement in performance and enhance patient experience.

Increased demand

The pandemic had a significant impact on demand in 2020/21 which saw a reduction in demand for all of our activity indicators. During 2020/21 there was therefore a significant increase in demand for our services.

Indicator	2020/21	2021/22	Variance
Day case and Elective Inpatients	38,104	49,911	30.98%
Non-Elective	51,017	57,102	11.93%
Outpatient	337,910	421,154	24.63%
A&E Attendances	116,213	150,864	29.82%
Cancer Referrals	21,172	26,892	15.44%

We continue to work closely with our adult social care and commissioner partners to meet these increasing demands, whilst also recovering our elective care performance and continuing to work through the pandemic.

Length of Stay

Non-elective length of stay decreased during 2021/22, from 4.4 days to 4.0 days. Acute elective length of stay also decreased from 3.7 days to 2.8 days.

Going Concern

After making enquiries, the directors have a reasonable expectation that the services provided by the Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

This performance report was approved by the Board on 21 June 2022 and signed on its behalf by:

Signed Joe Chadwick-Bell, Chief Executive

Date 21.06.22

Accountability Report

Directors' Report

Trust Board

The Board of Executive and Non-Executive directors manage the Trust, with the Chief Executive being responsible for the overall running of our healthcare services as the Accountable Officer.

Board members as at 31 March 2022	
Chair Steve Phoenix	• Chair of Trust Board • Member of Finance and Investment Committee • Member of Strategy Committee • Member of Remuneration Committee
Chief Executive Joe Chadwick-Bell	
Non-Executive Directors	
Jackie Churchward-Cardiff	• Vice Chair of Trust Board • Senior Independent Director • Chair of Strategy Committee • Chair of Remuneration Committee • Member of Finance and Investment Committee
Miranda Kavanagh	• Member of People and Organisational Development Committee • Member of Finance and Investment Committee • Member of Remuneration Committee • Member of Strategy Committee
Karen Manson	• Chair of Charity Committee • Member of Audit Committee • Member of Quality and Safety Committee • Member of Remuneration Committee • Member of Strategy Committee
Paresh Patel	• Chair of Audit Committee • Member of Finance and Investment Committee • Member of Strategy Committee • Member of Charity Committee
Nicola Webber	• Chair of Finance and Investment Committee • Member of Strategy Committee • Member of Audit Committee

Associate Non-Executive Directors	
Amanda Fadero	• Member of People and Organisational Development Committee • Member of Finance and Investment Committee • Chair of Quality and Safety Committee • Member of Strategy Committee
Carys Williams	• Chair of People and Organisational Development Committee • Member of Strategy Committee

Executive Directors and Officers
Tara Argent, Chief Operating Officer
Vikki Carruth, Chief Nurse & Director of Infection Prevention and Control (DIPC)
Damian Reid, Chief Finance Officer
Dr. David Walker, Medical Director
Steve Aumayer, Chief People Officer*
Richard Milner, Director of Strategy, Inequalities & Partnerships *
Lynette Wells, Director of Corporate Affairs*

* Non-voting Board member/officer

Board changes during the year are outlined below:

Name	Role/Position	Dates of Change
Richard Milner	Job title changed from Director of Strategy, Innovation & Planning to Director of Strategy, Inequalities & Partnerships	13 July 2021

Attendance at Trust Board meetings 2021/22

	13.04.21	08.06.21	10.08.21	12.10.21	14.12.21	08.02.22	
Steve Phoenix	x	✓	✓	✓	✓	✓	5/6
Jackie Churchward-Cardiff	✓	✓	✓	x	✓	✓	5/6
Miranda Kavanagh	x	✓	x	✓	✓	✓	5/6
Karen Manson	✓	✓	✓	x	✓	✓	5/6
Paresh Patel	✓	✓	✓	✓	✓	✓	6/6
Nicola Webber	✓	✓	✓	✓	✓	✓	6/6
Amanda Fadero*	✓	✓	✓	✓	✓	✓	6/6
Carys Williams*	✓	✓	✓	✓	✓	✓	6/6
Joe Chadwick-Bell	✓	✓	✓	✓	✓	✓	6/6
Tara Argent	✓	✓	✓	✓	✓	✓	6/6
Vikki Carruth	✓	✓	✓	✓	✓	✓	6/6
Damian Reid	✓	✓	✓	✓	✓	✓	6/6
Dr. David Walker	✓	✓	x	✓	✓	✓	5/6
Steve Aumayer*	✓	✓	✓	✓	✓	✓	6/6
Richard Milner*	✓	✓	✓	✓	✓	✓	6/6
Lynette Wells*	✓	-	-	-	-	-	1/1

* Non-voting Board member/officer

Trust Board Register of Interests

Non-Executive Directors	Steve Phoenix	• Wife is Chair of The Sussex Beacon, Sussex Audiology and sole director of Phoenix 2 Solutions Limited
	Jackie Churchward-Cardiff	• Chair of Avante Care and Support • Non-Executive Director 2gether Support Solutions Limited'
	Amanda Fadero	• Director at Consilium Partners, • Interim role as CEO at St Barnabas and Chestnut Tree House hospices for six months • Company Secretary for Ipanema Consulting Limited
	Miranda Kavanagh	• None
	Karen Manson	• Shareholding in Johnson & Johnson
	Paresh Patel	• Advisory role at OCL Ltd
	Nicola Webber	• Non-Executive Director of 2gether Support Solutions Limited • Mother-in-law is Associate Non-Executive Director at Maidstone and Tunbridge Wells NHS Trust • Non-Executive Director of the Westfield Contributory Health Scheme Limited
	Carys Williams	• None
Executive Directors	Joe Chadwick-Bell	• None
	Tara Argent	• None
	Steve Aumayer	• None
	Vikki Carruth	• Trustee on Board of Care for Carers
	Richard Milner	• None
	Damian Reid	• None
	Dr. David Walker	• Trustee of Parchment Trust • Private Cardiology Practice at Spire Sussex Hospital
	Lynette Wells	• None

Each director has confirmed that as far as he/she is aware there is no relevant audit information of which the Trust's auditors are unaware and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The following table outlines the notice periods for directors and officers in post at 31 March 2022:

Name	Start Date	Notice period
Joe Chadwick-Bell Chief Executive	November 2016	6 months
Dr. David Walker Medical Director	September 2016	6 months
Tara Argent Chief Operating Officer	November 2020	6 months
Steve Aumayer Chief People Office	November 2020	6 months
Vikki Carruth Chief Nurse & DIPC	October 2017	6 months
Richard Milner Director of Strategy Innovation & Planning	May 2020	6 months
Damian Reid Chief Finance Officer	June 2020	6 months
Lynette Wells Director of Corporate Affairs	February 2012	6 months

For statements on salary and pension benefits for all senior management who served during 2021/22, please see tables on pages 42 and 43.


MOUTH CARE TEAM

Trust Committees

Audit Committee

The Audit Committee was chaired by Nicola Webber until 29 July 2021 and by Paresh Patel thereafter. The Audit Committee met on eight occasions during 2021/22.

The Committee is responsible for providing the Board with advice and recommendations on matters which include:

- The effectiveness of the framework of controls within the Trust
- The adequacy of arrangements for managing risk and how these are implemented
- The adequacy of plans of internal and external audits and how they perform against these
- The impact of changes to accounting policy
- The review of tenders and waivers issued by the Trust
- The review of the annual report and accounts

The Trust's external auditor is Grant Thornton UK LLP, appointed for a period of three years in 2018 and extended for a further two years in 2021.

Committee Attendance
Non-Executives form the Audit Committee, Finance and Investment Committee, People and Organisational Development Committee, Quality and Safety Committee and Strategy Committee.

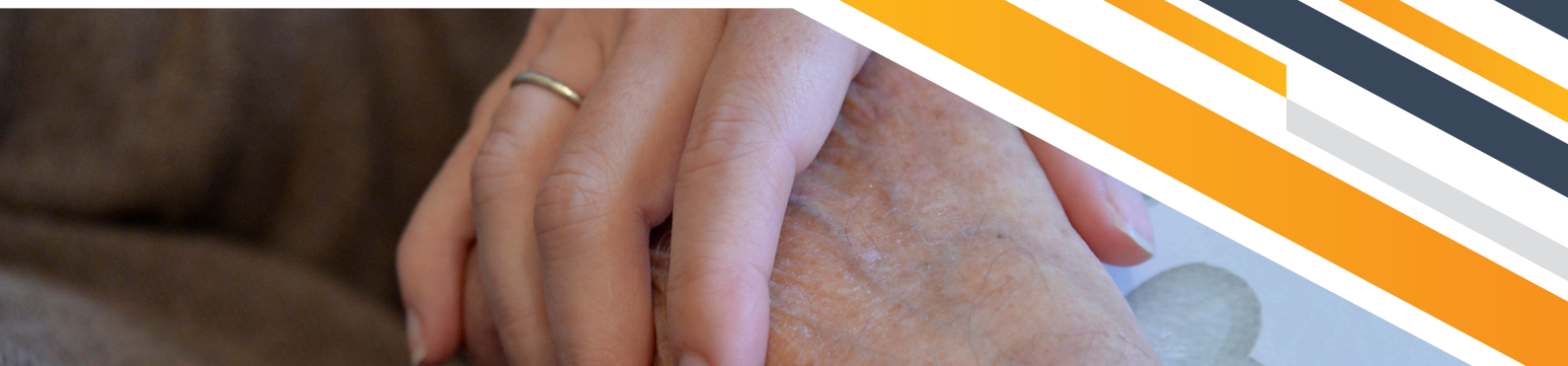
Committee Attendance during 2021/22 was as follows:

	Audit (8 meetings)	Finance and Investment (11 meetings)	People and Organisational Development (9 meetings)	Quality and Safety (12 meetings)	Strategy (5 meetings)
Jackie Churchward-Cardiff	1/1	10/11	-	5/5	5/5
Amanda Fadero		1/1	6/9	11/12	3/5
Miranda Kavanagh	-	9/11	9/9	4/4	4/5
Karen Manson	7/8	3/3	-	12/12	3/5
Paresh Patel	8/8	11/11	-	-	3/5
Steve Phoenix	-	9/11	-	-	4/5
Nicola Webber	8/8	9/11	1/1	-	2/5
Carys Williams	-	1/1	9/9	-	5/5

All of the meetings of the Trust's Committees during 2021/22 were quorate.

Public Engagement

The Trust will only achieve its vision by working in collaboration with those people and communities affected by the care we provide. We want to enable the public to input into and improve our organisation, the clinical care we provide and their own experience in hospital and community settings.



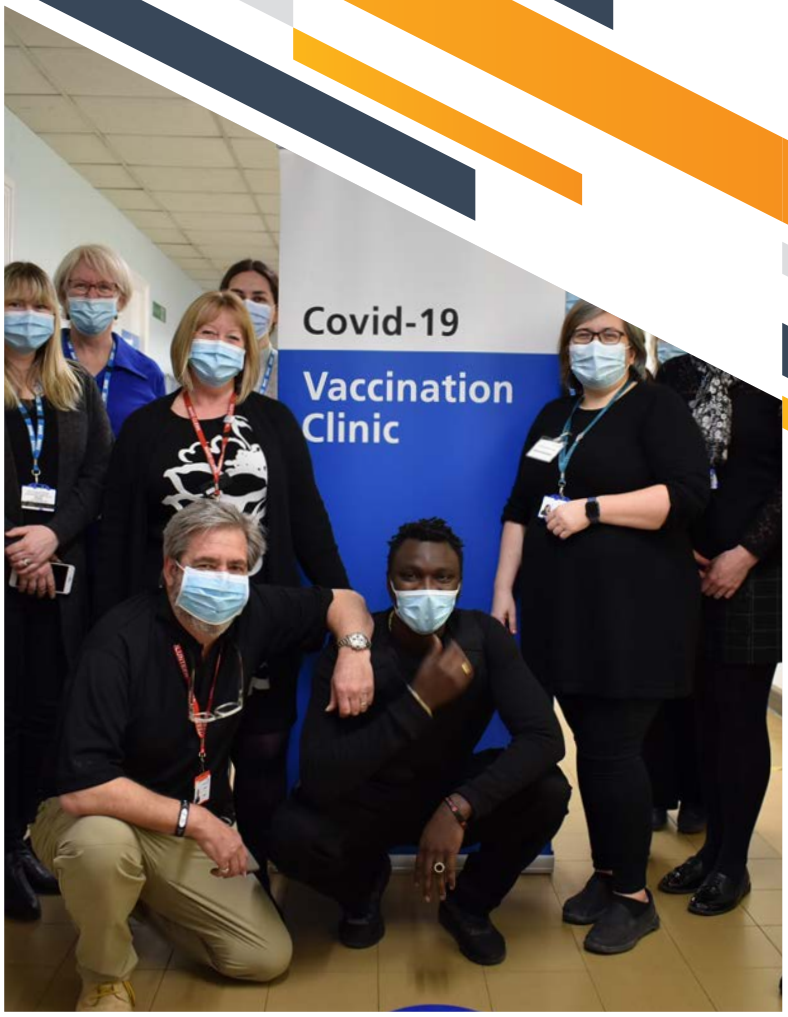
COVID-19 continued to impact ability to engage with members of the public. Building on the adaptions we made in the first year of the pandemic. We have used Microsoft Teams to hold our Board Meetings in public. We have invited members of the public to attend these meetings allowing them to ask questions of the Board. We also held our 2020/21 AGM virtually, broadcasting it to members of staff and the public. We reviewed our year, highlighting the work that the Trust had done during the year including our response to COVID-19.

We maintained dedicated Coronavirus information pages on our website. This included the latest Coronavirus information, symptoms to look out for, advice about keeping safe, details of changes to our hospital guidance, visiting arrangements and the wearing of face coverings. This information was updated regularly. We also provided links to information and advice published by the NHS and the Government.

The Trust is actively engaged with social media and the number of people following our official accounts rose over the last year across all channels. There are more than 4,928 followers on Facebook, 3,461 on LinkedIn, 14,189 on Twitter, and 528 subscribers on YouTube, which enables us to create regular two-way communication with patients, staff, clinicians and interested members of the public.

With colleagues at East Sussex CCG we undertook two public consultations with our local population on proposed changes to our cardiology and ophthalmology services. The proposals were developed by doctors and other health professionals and aim to improve care and cut waiting times. The consultations were conducted through a mix of virtual, and after the easing of restrictions, face to face events.

Remuneration and Staff Report



Remuneration Report

The Remuneration and Appointments Committee is a Non-Executive subcommittee of the Board and oversees the appointments of the Chief Executive and Executive Directors and agrees the parameters for the senior appointments process. The Committee agrees and reviews the Trust policies on the reward, performance, retention and pension matters for the executive team and any relevant matters of policy that affect all staff.

The Committee is chaired by the Senior Independent Non-Executive Director and membership also comprises the Chair of the Board and two other Non-Executive directors. The Chief Executive, Chief People Officer and Director of Corporate Affairs attend meetings in an advisory capacity except when issues relating to their own performance, remuneration or terms and conditions are being discussed.

Quoracy for the meeting is three members of which one must be the Committee Chair or, in their absence, the Trust Chair. Under delegated authority from the Trust Board, the Committee determines the appropriate remuneration and terms of service for the Chief Executive and Executive Directors having proper regard to national arrangements and guidance.

The Committee also advises on, and oversees, the appropriate contractual arrangements with the Chief Executive and Executive Directors, including the proper calculation and scrutiny of termination payments, taking account of national guidance as appropriate.

The remuneration rates are determined by taking into account national benchmarking and guidance in order to ensure fairness and proper regard to affordability and public scrutiny. The remuneration of the Chief Executive and Executive Directors are set at base salary only without any performance related pay. In line with national guidance, remuneration for all new Executive Directors includes an element of earn back pay related to achievement of objectives. The earn back figure is included in the base salary. Treasury approval for “Very Senior Managers” pay exceeding the Prime Minister’s salary is also required.

In addition, the Committee monitors the performance of the Chief Executive and executive directors based on their agreed performance objectives.

Matters considered in 2021/22 included:

- Chief Executive's report on individual Directors' performance and objectives
- Annual performance review for Chief Executive
- Review of Very Senior Manager (VSM) Salaries
- Approval of relevant appointments and terminations

Due to nature of the business conducted, Committee minutes are considered confidential and are therefore not in the public domain. The Chair of the Committee draws to the Board's attention any issues that require disclosure to the full Board or require Executive action.


DENTAL NURSE

Salary and Pension entitlements of senior managers - Single total figure table – audited

Single total figure table

A)

Name and Title	2021.22 Salary (bands of £5,000) £'000	Expense payments (taxable) to nearest £100 £	Performance pay and bonuses (bands of £5,000) £'000	Long Term Performance pay and bonuses (bands of £5,000) £'000	All pension-related benefits (bands of £2,500) £'000	**TOTAL (bands of £5,000)** £'000	2020.21 Salary (bands of £5,000) £'000	Expense payments (taxable) to nearest £100 £	Performance pay and bonuses (bands of £5,000) £'000	Long Term Performance pay and bonuses (bands of £5,000) £'000	All pension-related benefits (bands of £2,500) £'000	**TOTAL (bands of £5,000)** £'000
Steve Phoenix Chairman	50 - 55	100	0	0	0	**50 - 55**	35 - 40	100	0	0	0	**40 - 45**
Jackie Churchward-Cardiff Vice Chairman	15 - 20	0	0	0	0	**15 - 20**	10 - 15	0	0	0	0	**10 - 15**
Joanne Chadwick-Bell Chief Executive	195 - 200	0	0	0	105 - 107.5	**300 - 305**	165 - 170	0	0	0	170 - 172.5	**335 - 340**
Tara Argent Chief Operating Officer	130 - 135	0	0	0	65 - 67.5	**200 - 205**	50 - 55	0	0	0	60 - 62.5	**110 - 115**
Richard Milner Director of Strategy, Innovation & Planning	110 - 115	0	0	0	47.5 - 50	**160 - 165**	100 - 105	0	0	0	85 - 87.5	**185 - 190**
Victoria Carruth Chief Nurse & DIPC	130 - 135	0	0	0	40 - 42.5	**170 - 175**	120 - 125	0	0	0	37.5 - 40	**160 - 165**
Stephen Aumayer Chief People Officer	125 - 130	0	0	0	27.5 - 30	**155 - 160**	45 - 50	0	0	0	10 - 12.5	**55 - 60**
Damian Reid Chief Financial Officer	140 - 145	0	0	0	35 - 37.5	**175 - 180**	135 - 140	0	0	0	67.5 - 70	**205 - 210**
David Walker Medical Director *	205 - 210	200	0	0	0	**205 - 210**	235 - 240	300	0	0	0	**235 - 240**
Lynette Wells Director of Corporate Affairs	90 - 95	0	0	0	30 - 32.5	**120 - 125**	110 - 115	0	0	0	45 - 47.5	**160 - 165**
Chris Hodgson Director of Estates & Facilities	110 - 115	0	0	0	32.5 - 35	**145 - 150**						
Miranda Kavanagh Non-Executive Director	10 - 15	0	0	0	0	**10 - 15**	10 - 15	0	0	0	0	**10 - 15**
Karen Manson Non-Executive Director	10 - 15	0	0	0	0	**10 - 15**	10 - 15	0	0	0	0	**10 - 15**
Nicola Webber Non-Executive Director	10 - 15	0	0	0	0	**10 - 15**	10 - 15	0	0	0	0	**10 - 15**
Carys Williams Associate Non-Executive Director	10 - 15	0	0	0	0	**10 - 15**	10 - 15	0	0	0	0	**10 - 15**
Paresh Patel Non-Executive Director	10 - 15	0	0	0	0	**10 - 15**	10 - 15	0	0	0	0	**10 - 15**
Amanda Fadero Non-Executive Director Designate	10 - 15	0	0	0	0	**10 - 15**	5 - 10	0	0	0	0	**5 - 10**

** - Board related salary for the full year of £51k. Salary above includes both Board and Non-Board roles.*

Pension Benefits (audited)

B) **Pension Benefits**

Name and Title	Real increase in pension at pension age (bands of £2500) £'000	Real increase in pension lump sum at pension age (bands of £2500) £'000	Total accrued pension at pension age at 31 March 2022 (bands of £5000) £'000	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5000) £'000	Cash equivalent transfer value at 1 April 2021 £'000	Real increase in Cash Equivalent Transfer value £'000	Cash equivalent transfer value at 31 March 2022 £'000	Employer's contribution to stakeholder pension £'000
Joanne Chadwick-Bell Chief Executive	5- 7.5	5 - 7.5	55 - 60	125 - 130	943	96	1073	0
Tara Argent Chief Operating Officer	2.5 - 5	2.5 - 5	20 - 25	40 - 45	308	50	379	0
Richard Milner Director of Strategy, Innovation & Planning	2.5 - 5	2.5 - 5	30 - 35	50 - 55	468	38	525	0
Victoria Carruth Chief Nurse & DIPC	2.5 - 5	0 - 2.5	45 - 50	85 - 90	745	39	806	0
Stephen Aumayer Chief People Officer	0 - 2.5	0	10 - 15	0	135	19	173	0
Damian Reid Chief Financial Officer	2.5 - 5	0	35 - 40	40 - 45	543	34	600	0
David Walker Medical Director ******	0	0	0	0	0	0	0	0
Lynette Wells Director of Corporate Affairs	0 - 2.5	0	25 - 30	0	338	24	376	0
Chris Hodgson Director of Estates & Facilities	0 - 2.5	0 - 2.5	40 - 45	100 - 105	834	39	893	0

*** - Dr Walker chose not to be covered by the pension arrangements during the reporting year.*
Non-executive Directors do not receive pensionable remuneration, hence there are no entries in respect of pensions.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 200826.

The Government Actuaries Department has revised the NHS Pension Scheme's CETV factors following HM Treasury's published change to the discount rate used for calculating CETVs. The impact of the change in the discount rate is to increase all CETV factors. This does not affect the calculation of the real increase in pension benefits, column (a) and (b) of Table 2, or the Single total figure table, column (e) of Table 1.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

Payments to Past Directors (audited)

No payments to past directors were made during the year 2021/22.

Note on Pension-related benefits (Table A)

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide.

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

Factors determining the variation in the values recorded between individuals include but are not limited to:

- A change in role with a resulting change in pay and impact on pension benefits
- A change in the pension scheme itself
- Changes in the contribution rates
- Changes in the wider remuneration package of an individual

Pay Ratios (audited)

Year	25th Percentile Pay	Median Pay Ratio	75th Percentile Pay
2021-22	9.18:1	6.51:1	4.76:1
2020-21	10.83:1	7.71:1	5.63:1

The pay ratios have decreased from those of 2020/21 as a result of the banding of the highest paid director decreasing in 2021/22 (see below).

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director / member in their organisation against the 25th percentile, median and 75th percentile of total remuneration of the organisation's workforce. Total remuneration of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

Year	2021-22	2020-21	% change
Average cost per FTE for all employees excluding highest paid director (Annualised basis)	£44,358	£43,276	+2.50%

The increase in average cost is principally due to the wage awards applicable from 1st April 2021.


AMBULANCE

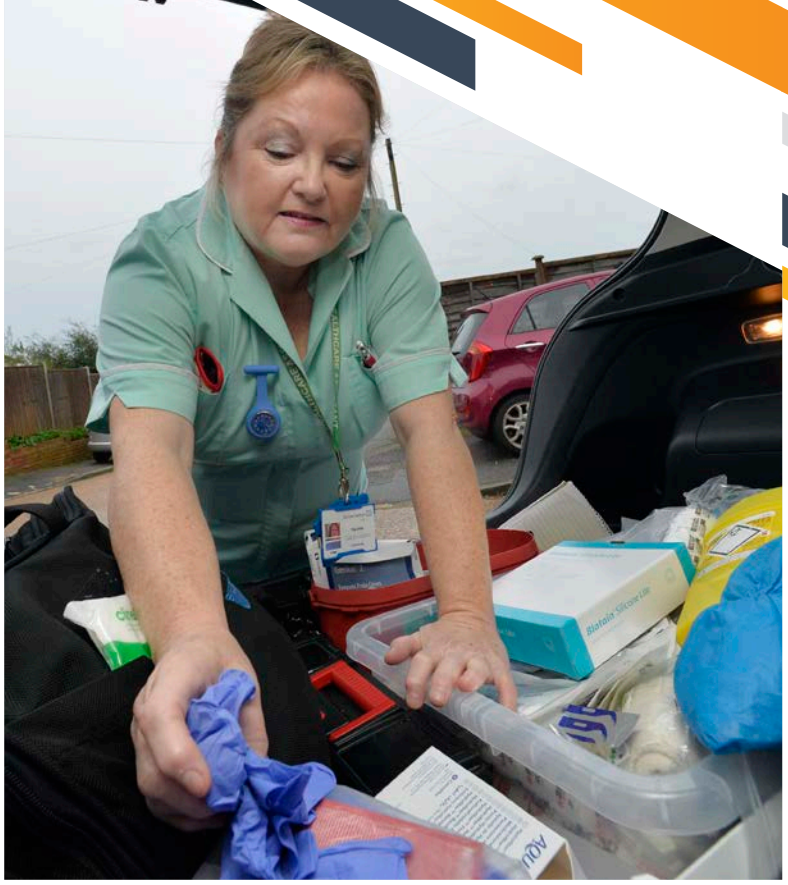
Year	2021-22	2020-21	% change
Band of highest paid director	£205k-£210k	£235k-£240k	-12.63%

The banded remuneration of the highest paid director in the Trust in the financial year 2021/22 was £205k-£210K (2020/21 £235k-£240k). The relationship to the remuneration of the organisation's workforce is disclosed in the table below.

2021-22	25th Percentile	Median	75th Percentile
Total remuneration (£)	22,611	31,896	43,592
Salary component of total remuneration (£)	22,611	31,896	43,592
Pay ratio information	9.18:1	6.51:1	4.76:1
2020-21			
Total remuneration (£)	21,924	30,799	42,193
Salary component of total remuneration (£)	21,924	30,799	42,193
Pay ratio information	10.83:1	7.71:1	5.63:1

In 2021/22 there were thirty-four (an increase on six employees in 2020/21) employees who received remuneration in excess of the highest paid director. Remuneration ranged from £5,000 to £330,100 (2020/21 £5,000 to £336,500).

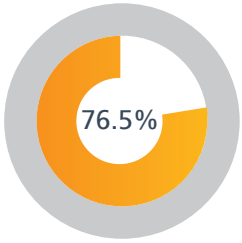
Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.



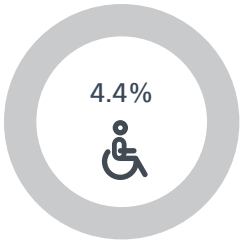
Staff Report

Staff fact file

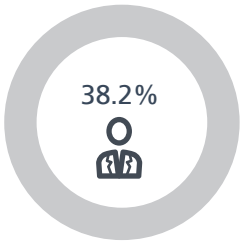
As of 31 March 2022:



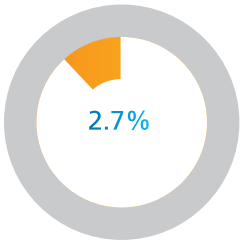
76.5% of our staff are female



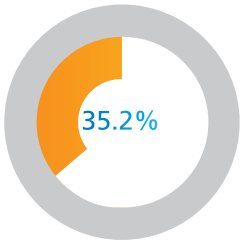
4.4% of staff identified themselves as disabled



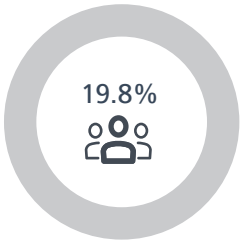
38.2% of all staff work part-time



2.7% identified themselves as either gay, lesbian, bisexual or other sexual orientation



35.2% of staff are over 50 years old



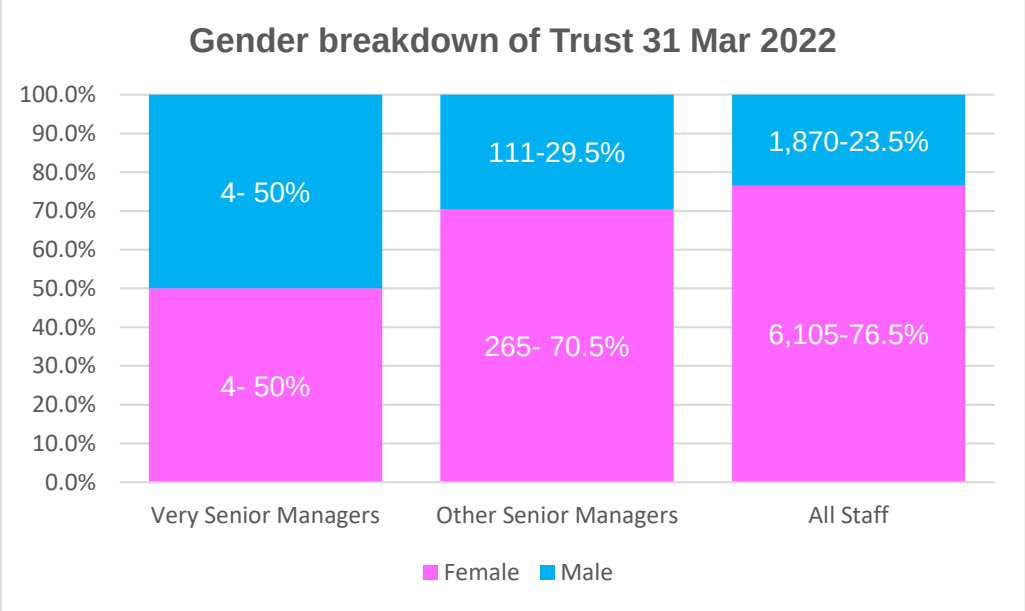
19.8% of staff are from a black or minority ethnic (BME) origin

Number of Senior Managers by band at 31st March 2022

Senior Managers	FTE
Very Senior Managers payscale	8.0
Agenda for Change Band 9	9.0
Agenda for Change Band 8d	9.8
Agenda for Change Band 8c	40.2
Agenda for Change Band 8b	80.9
Agenda for Change Band 8a	214.1

(NB FTE = Full-time Equivalent)

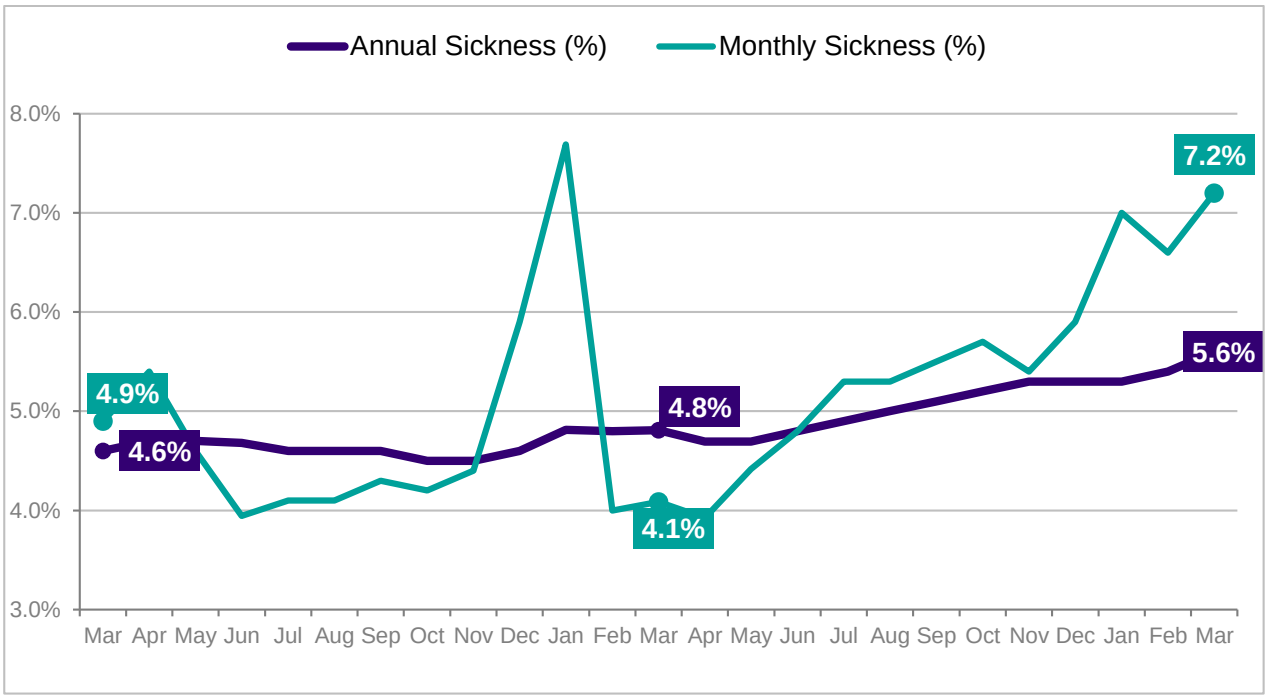
Gender distribution by Directors, Other Senior Managers and Staff



Senior Managers include all staff on Agenda for Change Bands 8a-8d.

Staff Absence Data

Our annual sickness rate increased during the year from 4.7% to 5.6%, as a result of the continuing impact of the pandemic. The average working days lost due to sickness per full time equivalent member of staff during the year to 31st March 2022 was 12.



Figures Converted by DH to Best Estimates of Required Data Items		Statistics Produced by NHS Digital from ESR Data Warehouse		
Average FTE 2021	Adjusted FTE days lost to Cabinet Office definitions	FTE-Days Available	FTE-Days Lost to Sickness Absence	Average Sick Days per FTE
6,783	81,182	2,475,743	131,695	12.0

NHS Sickness Absence Figures for NHS 2021-22 Annual Report and Accounts
Source: NHS Digital - Sickness Absence and Workforce Publications - based on data from the ESR Data Warehouse

Period covered: January to December 2021

Data items: ESR does not hold details of the planned working/non-working days for employees so days lost and days available are reported based upon a 365-day year. For the Annual Report and Accounts the following figures are used:
The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.

The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.

The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by Average FTE.

Staff Policies

We aim to ensure that vacancies for positions within the Trust are advertised both internally and externally, through our Trust website and NHS Jobs2. Applicants with a disability are encouraged to apply through the 'Positive about Disability' scheme indicator which enables managers to ensure that all applicants with a disclosed disability, who meet the minimum requirements as set out in the person specification, are called for interview under our guaranteed interview scheme. We treat internal and external applicants in exactly the same way.

We support disabled employees in maintaining their training and career development by undertaking an annual Personal Development Review, with a 6 month follow-up to ensure that agreed actions have been undertaken. Our Learning and Development service gives all our staff access to personal development training, and staff also have the support of the Occupational Health Service. Disabled staff also have the opportunity to join our Disability Staff Network which aims to support implementation of the new Workforce Disability Equality Standard (WDES) and promote inclusive practices across the Trust.

When necessary, our Human Resources Department will provide support for staff and for line managers to ensure that, wherever possible, staff seeking alternative posts due to health issues are supported to identify alternative suitable employment. Support is made available from the Occupational Health Department, the Equality and Diversity Team and Local Disability Advisors as required.

Our Equality, Diversity and Human Rights Manager takes the lead in ensuring that disability awareness is embedded throughout our Trust's policies, practices and overall culture. All of our staff undergo equality training, with the option of doing this online or face to face. All new staff attend a virtual or face to face session. We further ensure that equality is embedded throughout the Trust via Personal Development Reviews, team briefings, and within a variety of Trust communications.

Relevant policies are presented to the Staff Networks to ensure staff with protected characteristics are involved in decision making processes across the Trust.

Freedom to Speak Up Guardians

The Freedom to Speak Up Guardian role was created following Sir Robert Francis QC's report "The Freedom to Speak Up" (2015), which found that NHS culture did not always encourage or support workers to speak up, and that patients and workers suffered as a result. The Trust has two Freedom to Speak Up Guardians who support staff to raise concerns when they feel that they are unable to do so in other ways, and to promote a healthy speaking up culture.

During the last year 230 cases were brought to our Guardians. Nurses and healthcare assistants were the professional groups with the highest contact rates, followed by administrative and clerical staff. The most common concerns raised by our staff were consistent with national trends and included concerns about PPE, risk assessment and redeployment. As the year progressed these changed to concerns about poor conduct, self-isolation, management of caring responsibilities and concerns about mandated vaccinations.

For the first time in 2021, the NHS staff survey included a question which asked respondents if they felt safe in speaking up about anything that concerned them in their organisation. Our score for staff 'agreeing' or 'strongly agreeing' with this statement was 66.9% against a national average of 66%. Since the start of 2020, 97% of staff who have contacted our Guardians have fed-back that they would do so again if necessary, against a national average of 84%. The latest Freedom to Speak Up index survey showed that we achieved an index score of 80%, consistent with results from the previous two years. Any score above 70% is considered indicative of a healthy speak up culture.

Guardians regularly liaise with colleagues across the organisation to share insight into staff wellbeing, patterns and trends. This helps identify areas which may benefit from additional targeted support from the Trust. Walkabouts enable the Guardians to informally visit areas to speak directly with staff and to promote the speak up culture.

Wherever possible, the Guardians promote local and timely resolution of issues to enable staff to safely and professionally articulate their concerns, providing an environment where challenging, respectful conversations can take place. We recognise that persistent poor conduct negatively impacts upon individual and team wellbeing and functioning.

Recruitment and staffing

During the year we saw a 30% increase in our overall recruitment activity. We received a total of 43,095 applications for jobs in the Trust, with over 14,000 of these being for clinical roles. This continued interest in the Trust, alongside our planned approach to target hard to recruit posts with external support, meant that we successfully filled a number of these hard to recruit posts, particularly at consultant level. There remains a national shortage of candidates for some roles, so along with other NHS organisations across the country, the Trust still has shortfalls in some areas.

We reduced the average time taken to hire a new member of staff from 72 days in 2020/21 to 70 days during the year. Virtual interviews and shortlisting further reduced the time to hire, and we will be introducing software that allows us to improve the candidate experience and document processing, as well as book interviews, which should lead to even shorter recruitment periods.

International nurse recruitment has been maintained, despite COVID-19 travel restrictions and visa delays, with the Trust welcoming 170 new international nurses since September 2021. The Trust is on track to achieve its target of recruiting 190 International nurses in the 12-month period. Staff have been recruited from a number of countries around the world, with a key focus on the Philippines and India.

During the year:

- A total of 187 Healthcare assistants were recruited; 140 were bank only
- We conducted 8,067 interviews, mainly using Teams
- We carried out 2,696 virtual checks on new starters
- We appointed staff to 331 medical roles, including junior doctors
- Temporary Workforce activity increased by over 20% as operational demands for staff remained high due to the pandemic
- Just under 200,000 additional shifts were filled across the Trust, with 151,052 shifts filled by Trust Bank staff
- We now have 5,594 staff registered on our staff Bank

Equality, Diversity and Human Rights

Throughout the year we continued to see health inequalities, including those associated with COVID-19, disproportionately affect some of our communities. This included people from socially deprived neighbourhoods, minority ethnic communities, vulnerable groups such as older people, people who are pregnant, the disabled community, homeless people and people in contact with the criminal justice system. The Trust remains committed to addressing health inequalities and promoting equality, diversity and inclusion and continues to work to improve the experiences of all our patients and our workforce.

The Trust has developed two focussed programmes of work, one which focusses on addressing health inequalities, including the Trust's equality duties in respect of patients and the wider community. The second focusses on equality and diversity in the workforce. Key achievements of each workstream are set out below.

Health Inequalities

During the year the Trust reviewed its approach to improving health outcomes for patients and the wider community. As a result of this, a new post of Head of Health Inequalities was created to focus on improving health outcomes, making services more equitable, and reducing inequalities in provision, access and outcomes of treatment, ensuring that national requirements and local system and Trust priorities can be identified and addressed. The new postholder took up post in February 2022 and a comprehensive programme of work is in development. Priority work has already commenced on:

- **Integrated Care System health inequalities workstream,** in partnership with the Sussex Integrated Care System (ICS) health inequalities work streams.

- **Equality and Health Inequality Impact Assessment** (EHIA), ensuring that the Trust is considering how its work meets its legal duties to promote equality and reduce differences in health outcomes between groups.

- **Communication support,** including a review of the Trust's translation and interpretation support to ensure that patients' communication needs continue to be met in line with best practice and the changing needs of our population.

- **Hidden Disabilities Scheme,** where staff members and teams are trained to identify, acknowledge, or understand the daily challenges faced by people living with Hidden Disabilities.

- **Carer Awareness Training,** in partnership with Care for the Carers, to provide staff with training on the importance of 'thinking carer', identifying and supporting carers, Carers rights and to signpost.

- **Health Inequalities e-learning pilot** where the Trust was invited by the Office of Health Improvement and Disparities to participate in piloting a national health inequalities e-learning. Learning from the pilot will be used to inform national training programmes on health inequalities, and to ensure that these meet the needs of a range of staff groups.

Workforce Equality and Diversity

Through system wide working and collaborative working within the Trust, this year the Workforce Equality and Diversity team have contributed to:

- **Project Search and Little Gate Farm:** The Trust continues to offer intern placements for individuals with a learning difficulties through Project Search and Little Gate Farm. We provided five placements in areas such as the Laundry Department, Facilities and Estates.

- **Diversity Toolkit:** We have developed a Diversity Toolkit which is an innovative toolkit which will help our Divisions to review their diversity data and in turn support with effective succession planning, retention, and leadership development.

- **Staff Networks:** The Trust now has three flourishing networks: a BAME network, an LGBTQI network and a (Dis)Ability network. These meet bi-monthly, and organise events and advocate for change within the Trust. During their respective history months, the networks arranged for inspirational celebrity guest speakers to chat to our staff, including Hannah Cockcroft, Momma Cherri, and Rev Jide.

- **(Dis)Ability & Health Passport. During 2021 we launched our (Dis)Ability & Health passport and supporting documents:** The pandemic has disproportionately affected staff with either a disability and long-term health condition and the (Dis)Ability & Health passport helps facilitate conversations about workplace requirements. In conjunction with our Well-being conversations, the (Dis)Ability & Health passport supports us in our application to achieve 'Disability Confident' status.

- **Organisational Development:** During Black History Month 2021, the Organisational Development team held career progression workshops tailored for our BAME staff. Training sessions continue to be advertised through all the networks with the LGBTQI+ network chair developing his own LGBT training to be run throughout the Trust.

- **NHS Rainbow Badge Programme - Phase 2 Assessment:** After successfully completing the Rainbow Badge phase 1 assessment, the Trust have embarked on phase 2 of the programme. The Rainbow Badge Programme allows the Trust to pledge its commitment to reducing barriers the LGBT+ community face in healthcare. With big thanks to the LGBTQI+ network chair, we are excited to show our inclusivity for the LGBT+ community and to continue to work towards reducing health inequalities.

- **Recruitment:** The EDI team continue to work closely with colleagues in recruitment with the ambition of debiasing the recruitment process by creating inclusive and accessible advertisements, interviews, and information. The Trust is currently a Disability Confident Employer and is in the process of applying to become a Disability Confident Leader.

- **COVID-19 Vaccine Programme:** We continue to support our most vulnerable staff through the pandemic and are proud to have been in the top five Trusts in the Southeast with Risk Assessments for Ethnic Minority staff and the take-up of the vaccination.

- **System wide working:** We have worked with our partners across the system to address the health disparities present among our minority ethnic population. Our collaborative work teams and roadmaps led to the Sussex HealthCare Partnership being shortlisted for the HSJ Awards in the Race category in 2021.

Staff Health and Wellbeing

We continued to support the physical and emotional wellbeing of all our colleagues during the year and adapted the range of support that we offer during the pandemic. We've continued to focus on the things our people tell us make the biggest difference. Our work in supporting teams with evidence based psychological support continues and has been accessed by 37 of our teams, with individual support also available.

During the year we provided snacks and refreshments to our frontline teams, including Critical Care, Emergency Departments (ED), escalation wards and redeployed staff groups. We have received feedback that these small gestures have a very positive impact and make staff feel valued. We recognise the ongoing challenges faced by our ED colleagues who are seeing increased activity alongside an increase in incidents involving violence and aggression from members of the public and will continue to support them beyond March 2022.

We now have 20 fully trained Traumatic Risk Management (TRiM) practitioners, with a further cohort of 10 who are completing their training. We saw an increase in referrals for TRiM for individuals and teams as the year progressed. We also trained 135 staff in the Mental Health First Aid qualification and a further 145 are planned to be trained during 2022/23, supporting Wellbeing Conversations with colleagues in the Trust.

We have provided 105 health checks in conjunction with One You Sussex for our Over 55 years workforce, helping those people to make informed decisions about choosing a healthier lifestyle and making positive changes. Around 40% of our workforce are women aged 47 and over and we offer support and advice for these staff including menopause support. We also focused on men's health, particularly mental and physical wellbeing.

During the year the Friends of our Hospitals generously provided funds to support 130 teams to enhance their break areas. We also opened a new nursery building at the Conquest site in January 2022. This was inspected by Ofsted in February 2022 where it received a "Good" judgement with only two recommendations. The report said that "it is very clear that the organisation and the nursery staff have put wellbeing at the heart of what they do. The financial support for parents back in 2020 and the ongoing wellbeing check ins with families, who we recognise as NHS staff and who would have been at the forefront of the pandemic is wonderful to see and would have supported their wellbeing".

We continued to support managers and teams involved in the bereavement of colleagues and formed a group which focused on addressing colleague on colleague harassment and bullying incidents. We will continue to work closely with our staff to develop solutions and make improvements, contributing to a transformational change in culture in the Trust.

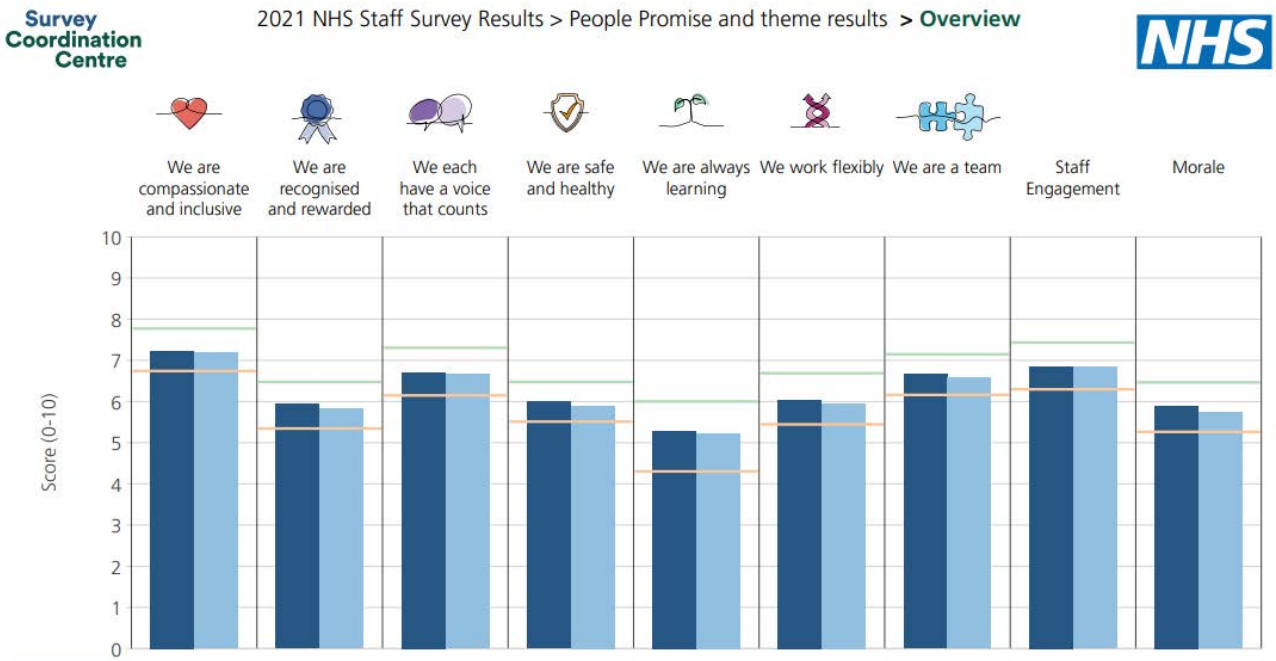
Project Wingman is a charity founded in March 2020 which allowed grounded airline crew from all airlines to support NHS staff during the pandemic. They were on site at EDGH during August and will visit the Conquest site in 2022. Staff can visit them to experience a 'first class' break, which includes being served refreshments by an airline steward or even the captain! We hope that a further visit can be arranged for Bexhill during 2022.

The Trust Board and directors hugely value the work of all of their colleagues and a 'buddy' scheme was introduced during the year where Board members visit wards and departments to meet colleagues to understand more about what their roles involve. During Carers' week we provided support and advice for staff who have caring responsibilities and launched a Carers' passport for staff. Schwartz Rounds sessions continued throughout pandemic with sessions taking place via Microsoft teams. Compassion without burnout sessions took place to enable staff to recognise the causes and signs of burnout and to proactively explore ways in which work-related burnout could be minimised.

Staff Survey

Staff Survey

We were pleased to see a response rate to the 2021 National Staff Survey from our colleagues of 48%, which compared well to the national average of 44.7%. The Trust's results when compared to other similar organisations are good: we had 41 questions in the Survey where we scored significantly better than other comparable organisations, 56 questions where we were similar and only 2 questions where we were significantly worse than comparable organisations.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.8	6.5	7.3	6.5	6.0	6.7	7.1	7.4	6.5
Your org	7.2	5.9	6.7	6.0	5.3	6.0	6.7	6.8	5.9
Average	7.2	5.8	6.7	5.9	5.2	5.9	6.6	6.8	5.7
Worst	6.7	5.3	6.1	5.5	4.3	5.4	6.2	6.3	5.3
Responses	3,665	3,665	3,628	3,642	3,445	3,647	3,657	3,674	3,675

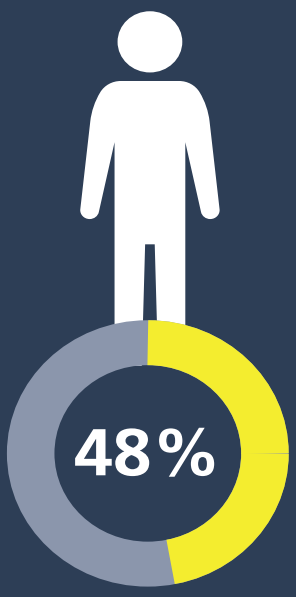
Positive messages:

- **'We are compassionate and inclusive'** 87% of our people feel their role makes a difference to patients/service users.
- **'We each have a voice that counts'** 75% feel secure in raising concerns about unsafe clinical practice but acknowledge that there has been a decline in the number of people who feel unable to raise general concerns. 73% of our people feel they have frequent opportunities to show initiative in their role.

- **'We are always learning'** We are proud that 66% of our people feel they are always learning and have the opportunity to improve their knowledge and skills
- **'We work flexibly'** 66.3% feel they can approach their immediate manager to talk openly about flexible working
- **'We are a team'** 81.3% of our people enjoy working with the colleagues in their team.
- **'We are safe and healthy'** We are delighted that we scored significantly higher than the sector relating to our staff experience of burnout

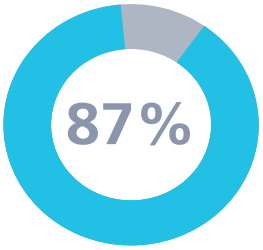
There was an increase in the numbers of our staff reporting poor behaviours, and to address this our focus on equality, diversity and inclusion continues. We champion the values and behaviours that underpin those values.

NHS Staff Survey Results 2021

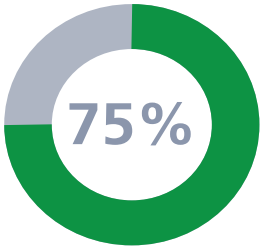


Response rate
3,682
members of staff
completed questionnaires

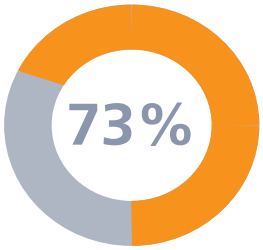
NHS
East Sussex Healthcare
NHS Trust



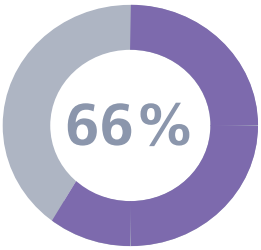
We are compassionate and inclusive
87% of our people feel their role makes a difference to patients and service users



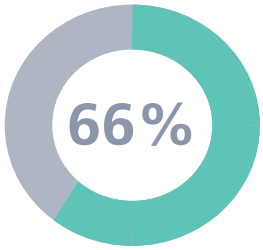
We each have a voice that counts (raising concerns)
75% of our people feel secure in raising concerns about unsafe clinical practice



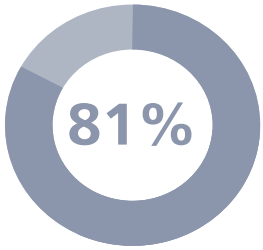
We each have a voice that counts (autonomy and control)
73% of our people feel they have frequent opportunities to show initiative in their role



We are always learning
66% of our people feel they are always learning and have the opportunity to improve their knowledge



We work flexibly
63% of our people feel they can approach their immediate manager to talk openly about flexible working



We are a team
81% of our people enjoy working with the colleagues in their team

Violence and Aggression

The Trust experienced low levels of crime during the year, but did see a rise in Violence and Aggression (V&A) towards our staff, a national trend seen across NHS organisations.

To create a safe environment for patients, visitors and staff, additional security guards were introduced within our A&E departments. This built on work undertaken by the V&A Workgroup to enforce the Trust's zero tolerance stance against violence and aggression to all. We worked hard to ensure that staff know that violence and aggression, in whatever form, is not acceptable and will not be tolerated and continue to adopt a proactive approach to ensure that action has been and will continue to be, taken against perpetrators. The Trust's focus is on both Equality, Diversity and Inequalities and on tackling bullying and harassment in any form.

The Security Department has developed links with Sussex Police and are developing bespoke responses to incidents, which will lead to positive action being taken against offenders and increased support from the police force. The Trust has also been invited to be part of Operation Cavell, which is an initiative launched by Sussex Police with the aim of supporting staff and reducing offending.

Counter Fraud

One of the basic principles of public sector organisations is the proper use of public funds. The majority of people who work in the NHS are honest and professional and they find that fraud and bribery committed by a minority is wholly unacceptable as it ultimately leads to a reduction in the resources available for patient care.

The Trust Board is committed to maintaining high standards of honesty, openness and integrity within the organisation. It is committed to the elimination of fraud, bribery and corruption within the Trust, and to the rigorous investigation of any suspicions of fraud, bribery or corruption that arise.

The Trust has procedures in place that reduce the likelihood of fraud, bribery or corruption occurring. These include Standing Orders, Standing Financial Instructions, authorised signatories, documented procedures, procurement procedures, disclosure checks, and "Whistleblowing". Additionally, the Trust, aided by its Local Counter Fraud Specialist (LCFS), attempts to ensure that a risk (and fraud) awareness culture exists within the organisation.

The Trust adopts a zero tolerance attitude to fraud and bribery within the NHS. The aim is to eliminate all fraud and bribery within the NHS as far as possible.

Sustainability

Care Without Carbon (CWC) is our programme to deliver a sustainable NHS. It reflects not only the Trust's strategic goal of 'value and sustainability', but also its wider vision to ensure the high quality of care being delivered today is available in the future.

This is reflected in the Trust's Sustainable Healthcare Principles:

- **Healthier lives:** Making use of every opportunity to help people to be well, to minimize preventable ill-health, health inequalities and unnecessary treatment, and to support independence and wellbeing.
- **Streamlined processes and pathways:** Minimising waste and duplication within the Trust and wider health system to ensure delivery of safe and effective care.
- **Respecting resources:** Where resources are required, prioritizing use of treatments, products, technologies, processes and pathways with lover carbon, environmental and health impacts.

The Trust's sustainability principles are aligned with clinical objectives and the improvement of quality, safety and operational standards, supporting our ambition to provide 'Better Care Together for East Sussex'.

We have recently updated our CWC strategy, set out in the new Green Plan (formerly a Sustainable Development Management Plan) which is line with NHSE/I's climate change strategy 'Delivering a Net Zero National Health Service'. The new Green Plan includes targets for the Trust to reach Net Zero Carbon (NZC) by 2040 for its direct emissions, and 2045 for its indirect emissions.

CWC sets out the actions we need to take across all areas of the Trust through eight elements to ensure a coordinated approach. These eight elements are designed to integrate sustainable thinking and planning into core operational activities, so that they become part of business as usual and key to the way the Trust functions.

Our environmental impact

Our environmental impact is measured by our carbon footprint. This is made up from the energy used to heat our premises; the electricity we consume; the water we use; emissions from Trust owned vehicles and from our business travel or 'grey fleet' mileage which includes the miles driven in staff-owned vehicles.

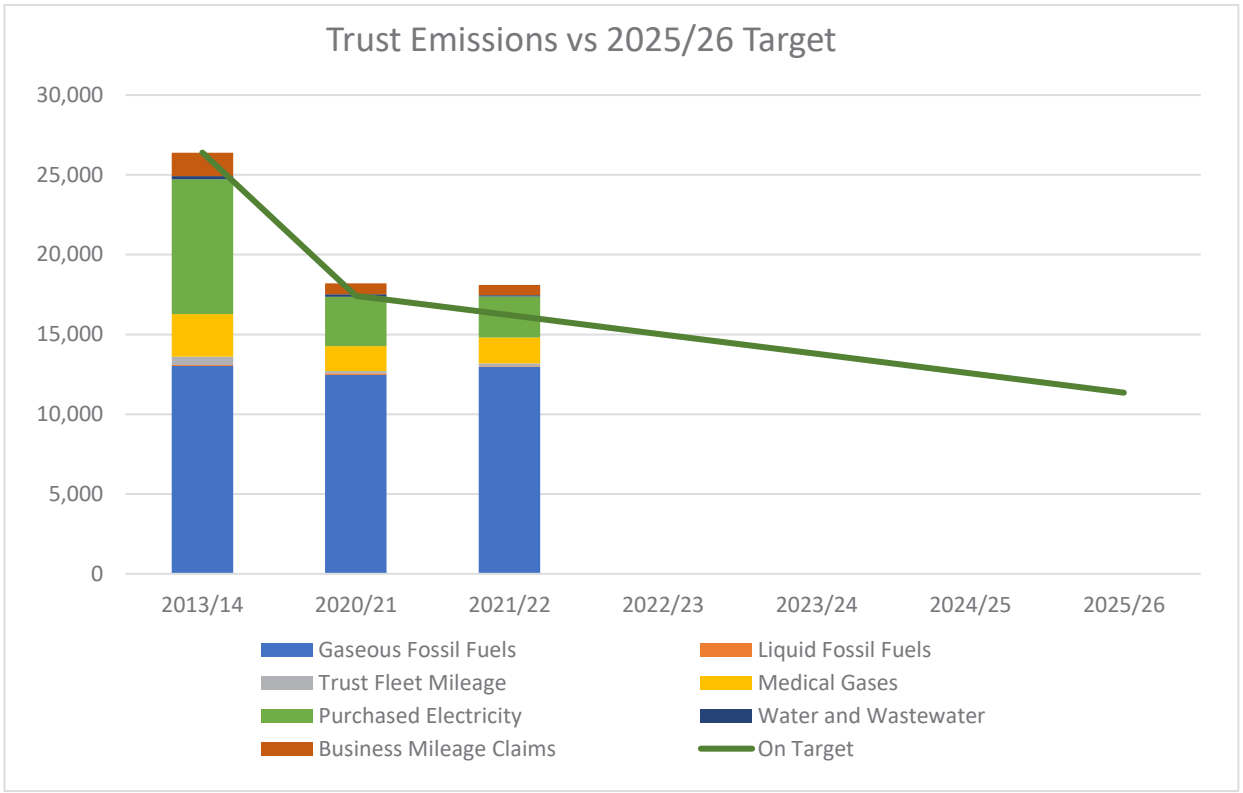


Figure 2: ESHT's Carbon emissions against 2025 targets

Emission Source	2013/14 (Base Year)	2021/22
ESHT Carbon Footprint – tonnes CO_2e[1]		
Natural Gas	13,021	12,962
Liquid Fuels	71	44
Purchased Electricity	8,447	2,570
Water & Wastewater	207	69
Medical Gases	2,659	1,632
Trust Fleet	519	178
Business Mileage	**1,473**	653
TOTAL	**26,396**	18,109

Figure 3: ESHT's Carbon Footprint

The Trust's absolute carbon footprint has reduced by 31% (8,287 tonnes CO2e) since our base year in 2013/14. We are aware of the need to continue to make considerable emissions reductions to meet our net zero carbon target by 2040. However, through the support of an ongoing Energy Performance Contract at Conquest hospital, and a successful bid for funding at EDGH through the Public Sector Decarbonisation Scheme, the Trust is set to see a significant decrease in the emissions from its buildings over the coming years.

Our journeys, which include all business related travel and staff driving their own vehicles for work purposes are also measured using our carbon footprint. We have seen a reduction in travel emissions of 58% since our base year. This is partly as a result of more agile working practices since the pandemic.

Governance

The delivery, monitoring and reporting of our sustainability strategy or, Green Plan is supported by Sussex Community NHS Foundation Trust's Sustainability and Environment Team. The team assists with implementing key aspects of the program, working alongside teams within in the Trust and feeding into the Trust's Board lead for sustainability, Chris Hodgson, Director of Estates and Facilities, reporting progress to board twice a year.

Analysis of Staff & Costs for 2021/22 (audited)

Staff Costs

			2021/22	2020/21
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	256,962	30,130	**287,092**	271,780
Social security costs	25,147	3,005	**28,152**	26,050
Apprenticeship levy	1,292	154	**1,446**	1,345
Employer's contributions to NHS pension scheme	41,784	4,992	**46,776**	43,916
Pension cost - other	84	10	**94**	85
Other post-employment benefits	-	-	**-**	-
Other employment benefits	-	-	**-**	-
Termination benefits	36	-	**36**	-
Temporary staff	-	12,207	**12,207**	14,528
Total gross staff costs	**325,305**	**50,498**	**375,803**	**357,704**
Recoveries in respect of seconded staff	-	-	**-**	-
Total staff costs	**325,305**	**50,498**	**375,803**	**357,704**
Of which costs capitalised as part of assets	1,646	-	**1,646**	834

Average Number of Employees (WTE Basis)

			2021/22	2020/21
	Permanent Number	Other Number	**Total Number**	**Total Number**
Medical and dental	665	138	**803**	775
Ambulance staff	-	-	**-**	-
Administration and estates	1,307	75	**1,382**	1,355
Healthcare assistants and other support staff	2,018	340	**2,358**	2,273
Nursing, midwifery and health visiting staff	1,943	188	**2,130**	2,085
Nursing, midwifery and health visiting learners	-	-	**-**	0
Scientific, therapeutic and technical staff	639	37	**675**	653
Healthcare science staff	147	18	**165**	160
Social care staff	-	-	**-**	-
Other	8	-	**8**	8
Total average numbers	**6,727**	**796**	**7,522**	**7,309**
Of which:				
Number of employees (WTE) engaged on capital projects	23	1	**24**	17

Exit Packages (audited)

Reporting of compensation schemes - exit packages 2021/22	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
Exit package cost band (including any special payment element)			
<£10,000	-	2	**2**
£10,000 - £25,000	-	-	-
£25,001 - 50,000	-	2	**2**
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	**4**	**4**
Total cost (£)	£0	£82,000	**£82,000**

Reporting of compensation schemes - exit packages 2020/21	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
Exit package cost band (including any special payment element)			
<£10,000	-	3	**3**
£10,000 - £25,000	-	3	**3**
£25,001 - 50,000	-	-	**-**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**-**	**6**	**6**
Total cost (£)	£0	£59,000	£59,000

Exit packages: other (non-compulsory) departure payments								
	2021/22				2020/21			
	Payments agreed		Total value of agreements		Payments agreed		Total value of agreements	
	Number		£000		Number		£000	
Voluntary redundancies including early retirement contractual costs	1		46		3		54	
Mutually agreed resignations (MARS) contractual costs	-		-		-		-	
Early retirements in the efficiency of the service contractual costs	-		-		-		-	
Contractual payments in lieu of notice	3		36		3		5	
Exit payments following Employment Tribunals or court orders	-		-		-		-	
Non-contractual payments requiring HMT approval	-		-		-		-	
Total	**4**		**82**		**6**		**59**	
Of which:								
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-		-		-		-	

Expenditure on Consultancies

During 2021/22, the Trust's total spending on consultancies was £37,000 (see Accounts, note 6)

Off-payroll Engagements

Table 1: Off-payroll engagements longer than 6 months

For all off-payroll engagements as of 31 March 2022, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2022	7
Of which, the number that have existed:	
for less than one year at the time of reporting	5
for between one and two years at the time of reporting	2
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

Table 2: New Off-payroll engagements

For all new off-payroll engagements, or those that reached six months in duration, between 1st April 2021 and 31st March 2022, for more than £245 per day and that last for longer than six months

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2022	14
Of which	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	14
Number engaged directly (via PSC contracted to the entity) and are on the entity's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year.	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 3: Off-payroll board member/senior official engagements

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	0
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officers with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements.	17

This accountability report was approved by the Board on 21 June 2021 and signed on its behalf by:

Signed  Chief Executive

Date 21.06.22

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the **NHS Trust Accountable Officer Memorandum**. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the trust;
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed  Chief Executive

Date 21.06.22

Annual Governance Statement

1. Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accountable Officer Memorandum.

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 East Sussex Healthcare NHS Trust, to evaluate the likelihood of those risks materialising and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in East Sussex Healthcare NHS Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

There are robust processes in place throughout the organisation to enable identification and management of current risk and anticipation of future risk. Leadership arrangements for risk management are clearly documented in the Trust's Risk Management Policy which provides a clear, systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, management and financial processes across the organisation. This Policy was updated in December 2020.

Leadership starts with the Chief Executive having overall responsibility, with delegation to named Executive Directors and Divisional and clinical leaders. The leadership is further embedded by ownership at a local level by managers taking responsibility for risk identification, assessment and analysis. Terms of reference clearly outline the responsibilities of committees for oversight of risk management.

All new members of staff are required to attend a mandatory induction that encompasses key elements of risk management. This is further supplemented by local induction. The organisation provides mandatory and statutory training that all staff must complete, and in addition to this, specific training about individuals' responsibilities is also provided. There are many ways that the organisation seeks to learn from good practice and this includes incident reporting procedures and debriefs, complaints, claims and proactive risk assessment. This information is filtered to frontline staff through incident reporting feedback, team meetings and briefings, the extranet and newsletters.

4. Risk and Control Framework

The Trust has in place an ongoing process to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically;
- Ensure lessons are learnt from concerns and incidents in order to share best practise and prevent reoccurrence.

Risk management requires participation, commitment and collaboration from all staff. Risks are identified, analysed, evaluated and controlled through a robust governance process which includes incident reporting, risk assessment reviews, clinical audits and other clinical and non-clinical reviews with a clearly defined process of escalation to risk registers.

The risk registers are real-time documents which are populated through the organisation's risk assessment and evaluation processes. This enables risks to be quantified and ranked. A corporate high level risk register populated from the risk registers of divisions and departments is produced and establishes the organisational risk profile. The Trust's risk appetite has been defined by the Board and was refreshed in September 2020. The appetite indicates how much, or little, risk the Trust wishes to accept when reviewing service changes or investment.

The Trust manages its financial risks using a wide range of management tools. Performance against budgetary targets is recorded, analysed and reported monthly. This information is monitored and challenged both internally and externally. In addition to performance assessment, financial control and management is continually assessed by internal and external audit, and counter fraud teams. Reports from these parties are presented to the Audit Committee. Operational management, finance, purchasing and payroll teams are segregated to reduce conflicts of interest and the risk of fraud. Segregation is enhanced and reinforced by IT control systems which limit authority and access.

Compliance with statutory and regulatory requirements is monitored and actions agreed. This includes Board reviews of an integrated performance report at each Board meeting, tracking performance against standards and actions taken to address variances.

Data security is reported at each meeting of the Audit Committee. Through the Trust's Information Governance Steering group, risks are highlighted and mitigating actions scrutinised.

All risks are routinely reviewed at Divisional Governance Meetings and Team Meetings and discussed at Integrated Performance Reviews (IPRs) which take place monthly and involve divisions and the executive team. The High Level Risk Register is scrutinised by the Senior Leaders Forum and is also presented to the Audit and Quality and Safety Committees. The Trust's Board Assurance Framework (BAF) provides assurance that a robust risk management system underpins the delivery of the organisation's principal objectives. It clearly defines the:

- Trust's principal objectives and the principal risks to the achievement of these objectives
- Key controls by which these risks can be managed
- Independent and management assurances that risks are being managed effectively
- Gaps in the effectiveness of controls and assurance; and
- Actions in place to address highlighted gaps

The BAF is updated quarterly and was regularly reviewed and revised by the Board and by all of its sub-committees. Gaps in control and assurance related to workforce and finance were also considered by the People and Organisational Development Committee and Finance and Investment Committee. The Board considered that the BAF identified the principle strategic risks to the organisation and that these risks were effectively controlled and mitigated in order for the Trust to achieve its strategic aims and objectives.

Internal audit gave Reasonable Assurance over the BAF and Risk Management processes in March 2022. The audit recognised that the overall processes regarding the design, adequacy and effectiveness of the BAF and Risk Management arrangements remained compliant. Improvement actions identified included undertaking a review of the BAF to ensure that it remained aligned with both the Trust and the System's for 2022/23 and a review of risk appetite measures.

NHS Provider Licence Conditions: The Trust Board completes an annual self- certification to confirm the organisation can meet the obligations set out in the NHS provider licence and has complied with governance requirements.

Workforce Safeguards: 'Developing Workforce Safeguards' (DWS), a comprehensive set of national guidelines on workforce planning was introduced in 2019 and includes recommendations on reporting and governance approaches to support safe, sustainable and productive workforce planning.

Whilst the impact of the global pandemic has continued to significantly impact our staffing levels, we continue to work with health and social care partners to develop and embed workforce safeguards. As well as the recognised models for Safer Staffing already being utilised such as Shelford and Birth Rates Plus, we are continuing to embed Community Nursing and Emergency Care models. The Trust workforce plan strategy is currently being redefined to support the delivery of healthcare excellence across short, medium and long-term timelines. This plan continues to integrate with the ICS/STP Workforce Strategic priorities; maintaining workforce through retention, boosting workforce supply through recruitment, meeting demand differently through skill mix/transformation and reducing temporary staff usage through efficiency to ensure we maintain the right staff, with the right skills, in the right place, at the right time. These themes have not changed, as they are recognised as both regional and national challenges so a greater focus has been placed on developing a collaborative system solution to address workforce priorities.

Ensuring that staffing processes are safe, sustainable and effective is paramount in all aspects of planning and deployment. A robust governance framework is in place to facilitate this, including workforce governance and quality and safety governance policies, effective systems and processes. In addition, the Quality and Safety Committee scrutinise a broad range of detailed information to provide assurance, oversee the mitigation of risk and focus on achieving excellent patient and staff outcomes. The Trust Board receives quality, performance, workforce and financial information in the IPR on a bi-monthly basis, presented at meetings that are open to public scrutiny.

Annual ward nurse staffing establishment reviews are undertaken and support the business planning process and the timing is synchronised to deliver safe, quality care based on the level of activity, to in turn deliver financial sustainability. All plans are developed and reviewed through a number of operational meetings, groups and committees to assure quality, safety, financial and logistical impacts have been assessed and approved appropriately. Where available, clinical staffing establishments are developed using evidence based tools as well as guidance, professional judgement and outcomes. Not all specialties and staff groups have a formal model in place to ratify planning assumptions. However, where the tools and guidance are available, they are used to support establishment setting. The consistency of information is being strengthened across all staff groups and provided to the clinical leads to support the establishment review process with professional judgement and consideration of patient and staff outcomes by specialty.

Staff deployment through e-rostering is in place with further development of e-job planning to ensure coverage of doctors, Specialist Nurses and AHPs. This supports efficient deployment and identification of opportunities for improving productivity and the elimination of waste, focusing on freeing up clinicians' time with patients. There are new planning and deployment tools available for leaders and the management teams to plan, monitor and risk assure workforce planning level by skill set including new rostering performance infographics and Chief of Nurse led compliance review meetings.

The Trust successfully completed a Rostering Optimisation Review for all staff groups to ensure the maximisation of substantive resource, reducing pressure on our Temporary Workforce Solutions resources and improving fill rates for all services. This will include mapping of processes, digitalisation of all manual entry where appropriate and an education leaders' programme to support workforce planning and deployment excellence. The outputs focus on technology, process and people whereby they inform a programme of continuous improvement to maximise and refine the benefits of developing workforce safeguards.

For ward nursing, there is a Safecare Lead has successfully focused on compliance assurance and acts as a 'critical friend' for the teams over and above the support service already provided. Nursing teams also access the Trust Excellence in Care dashboard to review and monitor agreed quality, safety and workforce key metrics. There are also twice daily staffing reviews using Safe Care to ensure that staff are safely deployed on the day. Assurance is also provided via a monthly safer staffing meeting. Care Hours Per Patient Day (CHPPD) is in place for ward nursing staff; however there is an absence of any national metrics / NHSE/I guidance guidance for other professional staff groups.

The Developing Workforce Safeguards action plan and recommendations are being monitored via the People and Organisational Development Committee to reach full compliance and the information provided to the Board in the IPR has been strengthened to increase visibility of staff deployment across all staff groups. The ESHT People Strategy for sets out the key people priorities, programmes of work, enablers and initiatives. As part of this, the Trust is supporting the design and development of a workforce planning sensitivities model that will map the safer staffing profile for the Trust today and how our profile will change in the Future as part of our Building For Our Future Transformation plans. This will work less by the traditional division and function, and more by focusing on patient pathways using safer staffing tools.

Care Quality Commission (CQC): The Trust is fully Compliant with the registration requirements of the CQC. The Trust was last inspected at the end of 2019 and was rated Good overall; Outstanding for being caring and effective; and Good for being safe, responsive and well-led. Conquest Hospital and Community services were both rated outstanding overall. The Trust was rated Requires Improvement for using its resources productively.

Register of Interests: The Trust has a policy in place in respect of declarations of interest. Declarations are accessed and recorded through the electronic staff record system, with ongoing communication to raise awareness of the requirements and process. The Trust published an up-to-date register of interests on its website, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

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

Equality and Diversity: Control measures are in place to ensure that the Trust complies with obligations under equality, diversity and human rights legislation are complied with. The Trust has an Equality Strategy which details how the Trust will eliminate discrimination, advance equality and foster good relations between people who share certain characteristics and those who do not. The Board also considers an Annual Equality Information Report and progress against delivering the outcomes of the Equality Delivery System and Workforce Race Equality Standards. Equality impact assessments are completed for all Trust policies, significant projects and service redesign to identify and address existing or potential inequalities.

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

5. Review of the effectiveness of risk management and internal control

The Trust has a robust process in place for incident reporting and investigation, complaints handling, risk management and the BAF. There is a programme of training for root cause analysis and risk, and incident reporting and duty of candour are embedded across the organisation. Training and awareness supports an effective incident reporting culture, although levels of incidents relating to patient harm remain low.

Categories of Serious Incidents are outlined in a national framework and include acts or omissions in care that result in: unexpected or avoidable death; unexpected or avoidable injury resulting in serious harm - including those where the injury required treatment to prevent death or serious harm; abuse; Never Events; incidents that prevent (or threaten to prevent) an organisation's ability to continue to deliver an acceptable quality of healthcare services; and incidents that cause widespread public concern resulting in a loss of confidence in healthcare services.

The Trust reported 40 Serious Incidents during 2021/22, a reduction on the previous year. Each incident was investigated and actions agreed and implemented. The Trust had three Never Events in 2021/22 (also included in the SI figures). Serious Incidents are reviewed by the Quality and Safety Committee and Trust Board.

The Trust has a Duty of Candour Policy and ensures that, as part of any investigation into Serious Incidents or complaints, there is clear, open and honest communication with patients and their families/carers and that a process for shared learning is in place.

The Trust has an accountability framework which sets out expectations regarding roles, responsibilities and accountability; the leadership model at all levels; and the Trust operating structure to ward and service level.

6. Governance Framework

Agreed Standing Orders, a Scheme of Matters Reserved to the Board, a Scheme of Delegation to officers and others and Standing Financial Instructions are in place. These documents, in conjunction with policies set by the Board provide the regulatory framework for the business conduct of the Trust and define its ways of working. The Standing Orders, Scheme of Delegation and Standing Financial Instructions were reviewed and strengthened and approved by the Trust Board in April 2022.

Best practice in governance states that the Board should be of sufficient size that the balance of skills, capability and experience is appropriate for the requirements of the business. The Trust Board has a balance of skills and experience appropriate to fulfilling its responsibilities and is well balanced with a Chairman, five non-executive directors and five voting executive directors. In line with best practice, there is a clear division of responsibilities between the roles of Chairman and Chief Executive. The Board complies with the HM Treasury/Cabinet Office Corporate Governance Code where applicable.

There was only one change to the Board during the period. Richard Milner's job title was changed on 13th July 2021 from Director of Strategy, Innovation & Planning to Director of Strategy, Inequalities & Partnerships.

It was also recognised that Chris Hodgson, Director of Estates and Facilities, should be included within senior manager remuneration information in the Annual Report from 1st April 2021. This was due to his developing role and close working relationship with Executive Directors, alongside his wider engagement and an increased sphere of influence not only with the Trust Board, but all colleagues at the Trust.

In addition to the responsibilities and accountabilities set out in their terms and conditions of appointment, Board members also fulfil a number of "Champion" roles where they act as ambassadors for matters including health and safety, staff wellbeing, business continuity, maternity and organ donation.

The Trust has nominated a non-executive director, Jackie Churchward-Cardiff, as Vice Chairman and Senior Independent Non-Executive Director (SID). The role of the SID is to be available for confidential discussions with other directors who may have concerns which they believe have not been properly considered by the Board, or not addressed by the Chairman or Chief Executive, and also to lead the appraisal process of the Chairman. The SID is also available to staff in case they have concerns which cannot, or should not, be addressed by the Chairman, Executive Directors or the Trust's Speak Up Guardians as outlined in the Trust's Raising Concerns (Whistleblowing) Policy.

The Trust has a Fit and Proper Persons Policy and processes to ensure that people who have director level responsibility for the quality and safety of care, and for meeting the Care Quality Commission fundamental standards, are fit and proper to carry out their roles. Directors and officers complete an annual declaration that they remain 'Fit and Proper Persons' to be directors and this is reviewed by the Remuneration Committee.

Board Effectiveness: All Board members participate in the annual appraisal process and objectives are agreed and evaluated.

The Board has a tailored seminar programme in place to support the development of Board knowledge and allow in depth discussion and exploration of key issues. The Board also undertakes development both as a group and individually. This includes facilitated sessions as well as attendance at national events and individual coaching and mentoring.

Pre- COVID-19, Board members undertook 'board walks' to develop their understanding of the organisation and the organisation's understanding of the Board. These visits add to and complement the assurance provided to the Board through regular reporting on compliance with local, national and regulatory quality standards. Board members resumed visits to teams and departments, albeit in a more limited capacity than pre-pandemic, during the year.

Committee Structure: The Trust Board meets bi-monthly in public and also holds seminars covering key issues and Board development in months where there are no public Board meetings. Committees of the Board include Audit, Remuneration and Appointments, Finance and Investment, Quality and Safety, People and Organisational Development and Strategy. All the Committees are chaired by a non-executive director of the Trust and membership of the Audit and Remuneration and Appointments Committees comprise only non-executive directors. Terms of reference outline both quoracy and expected attendance at meetings, and the Board receives a report from each Committee Chair at each Board meeting.

The Board and its Committees moved to virtual meetings in response to the COVID-19 Pandemic. Members of the public were able to join virtual public Board meetings as observers, and recordings of the public Board meetings are put onto the Trust's website to ensure the public accountability remains. Committee chairs have held regular calls with Executive colleagues and fortnightly catch up meetings take place between the CEO and Non-Executives to ensure everyone remains appraised of key matters.

Information Governance (IG): During 2021/22 staff reported 207 IG incidents on our Trust incident reporting system. 194 of these were scored against the Trust's incident scoring as either 'negligible or none' for severity, 10 were scored as 'low or minor', three were scored as 'medium or moderate'. None were scored as 'major'. This indicates that the majority of incidents had no impact upon information security. All incidents are investigated and actions implemented to prevent reoccurrence. During the year three incidents were reported to the Information Commissioner's Office (ICO), but all were closed by the ICO with no enforcement action taken against the Trust.

Data Quality: Data quality and integrity is central to our commitment to provide continual assurance at a Trust level, within forums and through quality assurance audits, including external review by TIAA audits and other external companies. The Trust assures the quality and accuracy of NHS Constitutional mandatory reporting and at an operational level, patient tracking lists (PTL), including those on the 'Referral To Treatment' and cancer pathways, are scrutinised in weekly PTL and performance meetings.

7. Review of economy, efficiency, effectiveness of the use of resources

Financial governance arrangements are reviewed by internal and external auditors to provide assurance of economic, efficient and effective use of resources. The Trust also reviews data such as the Model Hospital to benchmark itself against other providers and seeks to make improvements. There has been positive engagement with the GIRFT workstreams across the organisation.

The Trust ended the 2021/22 financial year with a £68,000 surplus.

8. Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. The Annual Quality Account for 2021/22 is being developed in line with relevant national guidance and priorities have already been developed following feedback from patients, staff and external stakeholders.

Quality is a core component of our strategy to be Outstanding and always improving and through the hard work and commitment of our staff we continue to deliver safe, effective and high quality services whilst at the same time targeting priority areas for improvement. Quality is considered through our divisional governance structure and this feeds up to the Quality and Safety Committee.

9. Review of effectiveness

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

The review of effectiveness of the system of internal control is informed by the work of the Trust's internal auditor, TIAA, who deliver a risk based annual plan of audits over a wide range of areas and track progress on implementing agreed recommendations arising from their work. The auditor's overall opinion was that reasonable assurance could be given that there was a generally sound system of internal control, designed to meet the organisation's objectives, and that controls were generally being applied consistently. There were some weaknesses in the design and/or inconsistent application of controls which put the achievement of particular objectives at risk and the Trust will continue to work with auditors to increase assurance in these areas.

The Trust has used the internal audit service to investigate areas where it was felt that the Trust would benefit from independent scrutiny and, consequently, four areas of 'limited assurance' were identified. Action plans were put in place to address the issues identified and progress with implementation was regularly monitored by the Audit Committee.

In addition, the Trust has received external accreditation from other external bodies such as JAG accreditation for endoscopy services and quality assurance reports for services including cervical screening and antenatal and newborn screening.

My review of the effectiveness of the systems of internal control has also taken account of the work of the executive management team within the organisation, which has responsibility for the development and maintenance of the internal control framework and risk management within their discrete portfolios.

The Board and its sub-committees maintain continuous oversight of the effectiveness of the Trust's risk management and internal control systems. The Board meets every other month in public and holds seminars in the month where there are not public meetings. The Audit Committee supports the Board by critically reviewing the governance and assurance processes on which the Board places reliance. This encompasses: the effectiveness of Trust governance; risk management and internal control systems; the integrity of the financial statements of the Trust, in particular the Trust's Annual Report; the work of internal and external audit and any actions arising from their work; and compliance by the Trust with relevant legal and regulatory requirements.

As one of the key means of providing the Trust Board with assurance that effective internal control arrangements are in place, the Audit Committee requests and receives assurances and information from a variety of sources to inform its assessments. This process has also included calling managers to account, when considered necessary, to obtain relevant assurance and updates on outcomes. The Committee also works closely with executive directors to ensure that assurance mechanisms within the Trust are fully effective, and that a robust process is in place to ensure that actions identified by internal audits and external reviews are implemented and monitored by the Committee. The need to provide assurance of controls in place in relation to cybersecurity, transition to meet the requirements of the General Data Protection Regulations and updates on the work of both internal and external audit and counter fraud have been reviewed by the Committee.

Alongside the Audit Committee, the Finance and Investment and Strategy Committees provide support to the Trust Board to understand the financial challenges, risk and opportunities for the Trust and to provide oversight of the effectiveness of the Trust's financial governance.

The Quality and Safety Committee assists the Board in being assured that the Trust is meeting statutory quality and safety requirements and to gain insight into issues and risks that may jeopardise the Trust's ability to deliver quality improvement. During the year, the Quality and Safety Committee reviewed and endorsed the Trust's quality improvement priorities for subsequent publication in the Quality Account. It undertook "deep dive" reviews of areas highlighted through external review and internal risk management processes.

Strategic oversight of workforce development, planning and performance is within the People and Organisational Development Committee's remit. It provides assurance to the Board that the Trust has the necessary strategies, policies and procedures in place to ensure a high performing and motivated workforce that is supporting the Trust's objectives and organisational success.

COVID-19 Recovery

Our controls and assurances have continued to be tested by the pandemic which had a significant impact on the Trust over the past two years. Over the past 12 months the Trust has worked tirelessly to ensure that services are returned to pre-pandemic level of provision. Although the need for COVID-19 critical care capacity has reduced, we have continued to see an increase in patients requiring general acute care for other comorbidities who have presented with COVID-19 or acquired it whilst in hospital. This in turn has placed pressure on our 'Red' bed capacity and provided the Trust with further challenges such as discharging patients to a community setting.

To ensure co-ordinated and effective controls were in place a governance framework was implemented to support managing the incident including a daily multi-disciplinary management meeting. Risks related to the pandemic were identified and included on a risk register, including challenges faced by staff sickness and self-isolating or shielding. A range of tactical groups, including a clinical advisory group, met to review and make recommendations on any clinical matters and reported in to the Incident Management Team.

10. Conclusion

In line with the guidance on the definition of the significant internal control issues, I have not identified any significant control issues.

Joe Chadwick-Bell

Chief Executive

Annual Accounts

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other items of comprehensive income and cash flows for the year. In preparing those accounts, the directors are required to:

- Apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- Make judgements and estimates which are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

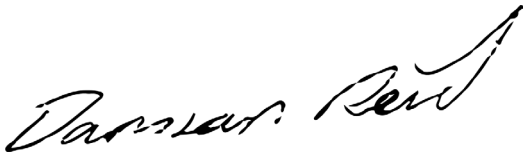
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy.

By order of the Board

21.06.22 Date  Chief Executive

21.06.22 Date  Chief Financial Officer

Certificate on summarisation schedules

Trust Accounts Consolidation (TAC) Summarisation Schedules for East Sussex Healthcare NHS Trust

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2021/22 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:

- The financial records maintained by the NHS trust
- Accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
- The template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.

2. I certify that the TAC schedules are internally consistent and that there are no validation errors.

3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust.

Damian Reid, Chief Financial Officer, 21.06.22

Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the Trust is required to submit to NHS Improvement.

2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

Joe Chadwick-Bell, Chief Executive, 21.06.22

Meeting our financial plan

Like all NHS organisations the impact of COVID-19 has had a material impact on the Trust's finances, both in regards to level of expenditure and income, but also in the financial regime in which we have operated.

Funding levels were calculated and prescribed at a fixed level by NHSE/I to deliver core services. In addition, NHS organisations were able to recover some incremental costs resulting from their COVID-19 pandemic response albeit the majority of this was fixed based on national expectations of spend.

The Trust had a plan for breakeven over 2021/22 (across both the planning horizons of "Half One" and "Half Two") and we are pleased to report we were able to outperform this and deliver a small surplus of £0.1m.

Cost Improvement

The COVID-19 pandemic had a material impact on our ability to deliver efficiency savings through a normal Cost Improvement Programme (CIP) which looks to reduce costs relative to activity levels without reducing quality or safety of the care we provide. This is both because of the limitations the pandemic created on service changes but also as the Trust transitions between a state of emergency response to the pandemic to more business as usual activity,

Despite this context, we maintained a reduced CIP programme and were able to deliver cash-out efficiency savings of £14.7m on a like for like basis. This is based on the Model Hospital and GIRFT programmes, which aim to improve quality and safety and thereby deliver efficiencies.

We achieved these savings by reducing our use of expensive agency staff, embracing new technology such as the digital management of medical notes, reducing unnecessary lengths of stay in hospital and by making efficiencies in medicine management. These changes have reduced the amount we spend, whilst also providing better care and outcomes for our patients.

Operating and Financial Review

During 2021/22 the Trust continued to experience increased cost from the impact of the COVID-19 pandemic both in terms of treating patients with COVID-19 but also on staff sickness, personal protective equipment, and the need to run different pathways for other services. Continuing the approach to the second half of 2020/21, apart from specific services the Trust operated on a fixed level of income regardless of how these cost fluctuated.

The financial arrangements continued to be that income was calculated and prescribed at a fixed level by NHSE/I to deliver core services. In addition to this the Trust had access to the Elective Recovery Fund and Targeted Investment Fund to support the delivery of elective activity to recover services and begin to address the backlog and was able to significantly over-perform the national baseline meaning additional financial support for the Trust but more importantly the ability to treat more of our patients.

The Trust had a plan for breakeven over 2021/22 (across both the planning horizons of "Half One" and "Half Two") and we are pleased to report we were able to outperform this and deliver a small surplus of £0.1m. This is now the third year in a row the Trust has delivered its Financial plan. We were able to deliver this through additional funding under the elective recovery fund as set out above and also by delivering our efficiency plan of £14.7m. We achieved these savings by reducing our use of expensive agency staff, embracing new technology such as the digital management of medical notes, reducing unnecessary lengths of stay in hospital and by making efficiencies in medicine management. These changes have reduced the amount we spend, whilst also providing better care and outcomes for our patients.

We have a clinical strategy in place which will ensure clinical and financial stability across all of our key services. We have used the national Model Hospital toolkit, GIRFT initiative, other benchmarking tools, and worked with NHSE/I teams to help us develop and address the issues driving our deficit. The 2021/22 financial plan, and the associated Cost Improvement Plan, were based around these drivers, including income recovery, service sustainability, workforce costs, infrastructure costs and technology requirements, and have been where we have focused our attention in to help us deliver a balanced financial position.

We are pleased to report that the Trust was able to invest a significant amount of capital in the year through support of the ICS and additional funding from NHSE/I and DHSC. Total capital expenditure of property plant and equipment was £36.3m in 2021/22 compared to £37.4m in 2020/21. In addition, we have used alternative forms of capital funding (e.g. leasing) to make improvements across our sites. The continued generosity of the Friends of our Hospitals must be noted, as these donations directly improve patient care and experience – these donations have continued across the year and are welcomed by our staff.

However, whilst this has helped address some of the historical issues, we have an ageing estate with significant backlog maintenance. There remains an ongoing need to invest in capital items such as IT and medical equipment. We have limited internal capital funds to invest in these requirements and will not be able to meet these needs without externally sourced funds. This presents a risk that essential works may not be affordable.

In September 2019, the DHSC published a paper on a "New Hospital Building Programme" (HIP2). This set out a long-term programme of investment in health infrastructure that included capital to build new hospitals, invest in diagnostics and technology, and to help eradicate critical safety issues in NHS estates. The Trust was identified for investment under the programme and initial funding provides the opportunity to reconsider, remodel and redesign our estate to ensure that it is fit for purpose, to meet the health care needs of our population and to deliver safe and sustainable service in the future. During 2021/22, the Trust received and spent £1.9m allowing us to continue enabling works and developing our business case building on the strategic outline case developed during 2020/21.

Looking forward to 2022/23, we will be looking to maximise every opportunity of obtaining capital funding to supplement our core capital allocation of c.£26.4m, in particular we have been successful in bidding for a Public Sector Decarbonisation Grant of £28.8m for work on our Eastbourne site. Our capital budget, which has more demands on it than funds available, will support the much needed investment in infrastructure, IT and equipment across the organisation.

Despite the external environment, the Trust continued to make significant progress in improving its financial governance in 2021/22, including acting on the key drivers of the underlying deficit and maintaining financial control and with particular focus on capital controls given the significant levels of expenditure. To make sure these improvements are maintained, we will continue to strengthen our financial controls, our financial planning and to improve our reporting.

In 2022/22, the Trust continued to strengthen its cash flow management procedures, maintaining a health cash balance throughout the period and making sustained improvements on the "Better Payment Practice Code". The Trust remains committed to supporting local suppliers and routinely reviews its creditor position to ensure that delays in payment are minimised.

In 2022/23, we will continue to use Service Line Reporting and Patient Level Information Costing as tools to increase clinical engagement in understanding and improving our cost drivers and profitability, as well as providing management with better information on which to make business decisions. The Trust is fully engaged in the national operational productivity programme, led by NHSI, and the GIRFT clinical improvement programme. These programmes help the Trust understand the links between clinical activity and cost across the organisation and, working with our partners within the local health economy, to ensure that the right models of care are put in place to ensure that we continue to deliver high quality care to all of our patients.

The Trust Board gains assurance on financial matters through the Finance and Investment Committee, which ensures that all material financial risks and developments are closely scrutinised and that senior management is properly held to account for the Trust's financial performance. Clinical representation at this Committee helps to ensure that clinical quality and patient safety issues are always considered alongside financial performance and risk. In addition to the scrutiny provided by the Finance and Investment Committee, key financial risks form part of the Trust-wide high level corporate risk register, which is regularly updated and assessed by the Audit Committee and referred onwards to the Trust Board where significant risks are considered and appropriate action taken.

The Trust has also continued to work with and alongside key partners in the local health economy, including the clinical commissioning groups (CCG) and East Sussex County Council, to strengthen local plans for the improvement of health outcomes for the East Sussex population. The local health economy faces financial challenges and the management of these is being addressed on a system wide basis. This includes joint working on key change programmes, including supporting the development of primary care and community services to provide support and care closer to home.

Despite the pandemic, close working continues to take place with our CCGs to ensure that we can achieve financial balance as a system. To do this, the system must:

- Realise more recurrent cost improvement plans for the Trust and quality, innovation, productivity and prevention (QIPP) plans for the CCGs;
- Significantly reduce recent increases in demand trends in our Accident and Emergency Departments as well as reducing non-elective demand;
- Change the pattern of investment with more investment in out of acute settings, front loading clinical capacity at the acute 'front door' clinical services and reducing unnecessary or lower planned care interventions and acute outpatient services; and
- Transform the system's operating model to one with a lower cost base per head.

All of this must be achieved within a constrained capital and revenue investment environment and in the context of high growth in our over 85 population – the patient cohort most in need of support. The Trust has worked together with our local CCGs and local partners on progressing system financial sustainability to ensure that our patients receive the highest quality care in an appropriate setting for their needs.

Looking ahead to 2022/23, the financial arrangements that existing under COVID-19 regime are reverting to a local contractual relationship with discretion to amend the values and overall approach. However, national guidance is to build contract values and general approaches off of the 2021/22 Half Two position and this means the arrangements that will be operating in Sussex are broadly similar to 2021/22. NHS planning guidance asset out an expectation that at a system level we are expected to break- even. However due to inflation being higher than previous expected and on-going costs of COVID-19, like most Integrated Care Systems this does not appear to be a feasible expectation in the current climate and the NHS organisations with Sussex collectively and individually are planning on a deficit position for 2022/23. As part of this the Trust's budget deficit is £13.5m however this is subject to ongoing discissions with NHS England/Improvement.

Accounts Highlights	2021/22	2020/21
	£000	£000
Surplus/(Deficit) for the year	68	346
Public Dividend Capital Payable	(7,850)	(5,785)
Value of Property, Plant and Equipment	278,183	251,886
Value of Borrowings (including loans)	0	0
Cash at 31 March	61,108	66,559
Creditors - trade and other	(41,650)	(53,806)
Debtors - trade and other	13,261	16,390
Revenue from Patient Care Activities	527,270	456,591
Clinical Negligence Costs	13,142	10,662
Gross Employee Benefits	374,727	357,704

	2021/22	2020/21
Financial Position	£000	£000
Operating Income from Patient Care	527,270	456,591
Other operating income	41,066	77,397
Annual Income	**568,336**	**533,988**
Total Spend for the Year	(561,882)	(527,958)
Operating Surplus/(Deficit) from continuing operations	**6,454**	**6,030**
Finance Expenses	(7,820)	(5,862)
Other Gains/(Losses)	10	2
Surplus/(Deficit) for the year	**(1,356)**	**170**
Remove Impairments	811	632
Remove impact of capital grants	375	105
Remove net impact of inventories received from DHSC group bodies for COVID-19 response	238	(561)
Adjusted financial performance Surplus/(Deficit)	**68**	**346**

	2021/22	2020/21
Financial Headline	£000	£000
Capital Spend (Gross)	37,916	38,225
Total Income for the Charity	286	681
Total Income from NHS Charities Together	105	247
Consultancy Costs	37	63

Better Payment Practice Code

	2021/22		2020/21	
	Number	£000	Number	£000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	109,186	209,410	98,756	171,278
Total non-NHS trade invoices paid within target	89,688	197,100	73,410	153,734
Percentage of non-NHS trade invoices paid within target	82.1%	94.1%	74.3%	89.8%
NHS Payables				
Total NHS trade invoices paid in the year	1,932	35,374	1,970	25,001
Total NHS trade invoices paid within target	1,831	35,232	1,739	24,049
Percentage of NHS trade invoices paid within target	94.8%	99.6%	88.3%	96.2%

East Sussex Healthcare NHS Trust

Annual accounts for the year ended 31 March 2022

Independent auditor's report to the Directors of East Sussex Healthcare NHS Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of East Sussex Healthcare NHS Trust (the 'Trust') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022.

In our opinion, 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;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group accounting manual 2021 to 2022 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of the Directors and Those Charged with Governance for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS England or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except on 22 June 2021 we referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 in relation to East Sussex Healthcare NHS Trust's ongoing breach of its statutory breakeven duty for the three-year period ending 31 March 2022.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained in the Statement of directors' responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. The Audit Committee is Those Charged with Governance.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  – the identification, evaluation and compliance with laws and regulations;
  – the detection and response to the risks of fraud; and
  – the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, improper revenue recognition, improper expenditure recognition particularly in respect of correct period cut-off of expenditure, validity of accruals and capital additions and the valuation of Property, Plant and Equipment. We determined that the principal risks were in relation to:
  – large and unusual manual journals and those manual journals with a direct impact on the financial performance of the Trust;
  – the valuation accounting estimate for land and buildings; and
  – potential management bias in income and expenditure accruals estimates and in recognition of capital additions.

- Our audit procedures involved:

  – evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;

  – journal entry testing, with a focus on large and unusual manual journals and those manual journals with a direct impact on the financial performance of the Trust;

  – challenging and testing for reasonableness the information and assumptions used by the professional valuer in estimating the valuation of land and buildings;

  – testing the information provided by the Trust to the professional valuer for them to undertake the valuation of land and buildings;

  – substantive testing of material streams of income and expenditure;

  – challenging assumptions and judgements made by management in its significant accounting estimates in respect of year-end revenue and expenditure accruals;

  – increased testing of capital additions recognised late in the financial year; and

  – assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, potential for fraud in recognition of capital additions and the significant accounting estimates related to land and building valuations and completness and accuracy of income and expenditure accruals and payables. As noted above, we have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 in relation to East Sussex Healthcare NHS.

- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  – understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  – knowledge of the health sector and economy in which the Trust operates;
  – understanding of the legal and regulatory requirements specific to the Trust including:
  – the provisions of the applicable legislation;
  – NHS England's rules and related guidance;
  – the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  – The Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, the nature of its material accounting estimates, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  – The Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, they will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Accountable Officer

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

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- 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.

We document our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for East Sussex Healthcare NHS Trust for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

Darren Wells, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London

22 June 2022

Independent auditor's report to the Directors of East Sussex Healthcare NHS Trust

In our auditor's report issued on 22 June 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2022, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

• Completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 22 June 2022 we reported that, in our opinion 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;

- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group accounting manual 2021 to 2022; and

- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

Report

Report on other legal and regulatory requirements - the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

Responsibilities of the Accountable Officer

The Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;

- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and

- 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.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of East Sussex Healthcare NHS Trust for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Directors of the Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Trust's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

Darren Wells, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London

20 July 2022

Statement of Comprehensive Income

	Note	2021/22 £000	2020/21 £000
Operating income from patient care activities	3	527,270	456,591
Other operating income	4	41,066	77,397
Operating expenses	6, 8	(561,882)	(527,958)
Operating surplus from continuing operations		**6,454**	**6,030**
Finance income	11	34	-
Finance expenses	12	(4)	(77)
PDC dividends payable		(7,850)	(5,785)
Net finance costs		**(7,820)**	**(5,862)**
Other gains	13	10	2
Surplus / (deficit) for the year from continuing operations		**(1,356)**	**170**
Surplus / (deficit) for the year		**(1,356)**	**170**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(4,851)	(8,072)
Revaluations	17	11,981	8,452
Total comprehensive income for the year		**5,774**	**550**

Note to the Statement of Comprehensive Income

Adjusted financial performance (control total basis):		
Surplus / (deficit) for the year	(1,356)	170
Remove net impairments not scoring to the Departmental expenditure limit	811	632
Remove I&E impact of capital grants and donations	375	105
Remove net impact of inventories received from DHSC group bodies for COVID response	238	(561)
Adjusted financial performance surplus	**68**	**346**

Statement of Financial Position

	Note	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Intangible assets	14	3,632	2,623
Property, plant and equipment	15	278,183	251,886
Receivables	19	2,615	2,272
Total non-current assets		**284,430**	**256,781**
Current assets			
Inventories	18	8,595	8,155
Receivables	19	10,646	16,390
Cash and cash equivalents	20	61,108	66,559
Total current assets		**80,349**	**91,104**
Current liabilities			
Trade and other payables	21	(41,650)	(53,806)
Provisions	24	(322)	(296)
Other liabilities	22	(7,230)	(2,361)
Total current liabilities		**(49,202)**	**(56,463)**
Total assets less current liabilities		**315,577**	**291,422**
Non-current liabilities			
Provisions	24	(4,793)	(5,889)
Total non-current liabilities		**(4,793)**	**(5,889)**
Total assets employed		**310,784**	**285,533**
Financed by			
Public dividend capital		444,694	425,217
Revaluation reserve		97,745	90,615
Income and expenditure reserve		(231,655)	(230,299)
Total taxpayers' equity		**310,784**	**285,533**

Notes 1 to 35 form part of these accounts.

Name Joanne Chadwick-Bell
Position Chief Executive
Date 21June 2021

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**425,217**	**90,615**	**(230,299)**	**285,533**
Deficit for the year	-	-	(1,356)	**(1,356)**
Impairments	-	(4,851)	-	**(4,851)**
Revaluations	-	11,981	-	**11,981**
Public dividend capital received	19,477	-	-	**19,477**
Taxpayers' and others' equity at 31 March 2022	**444,694**	**97,745**	**(231,655)**	**310,784**

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**162,619**	**90,235**	**(230,469)**	**22,385**
Surplus for the year	-	-	170	**170**
Impairments	-	(8,072)	-	**(8,072)**
Revaluations	-	8,452	-	**8,452**
Public dividend capital received	262,598	-	-	**262,598**
Taxpayers' and others' equity at 31 March 2021	**425,217**	**90,615**	**(230,299)**	**285,533**

Information on reserves

Public dividend capital

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

During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital.

Revaluation reserve

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

Income and expenditure reserve

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

Statement of Cash Flows

	Note	2021/22 £000	2020/21 £000
Cash flows from operating activities			
Operating surplus		6,454	6,030
Non-cash income and expense:			
Depreciation and amortisation	6	16,871	15,310
Net impairments	7	811	632
Income recognised in respect of capital donations	4	(760)	(992)
Decrease in receivables and other assets		5,069	32,327
Increase in inventories		(440)	(815)
Increase in payables and other liabilities		588	24,388
Increase / (decrease) in provisions		(1,074)	2,945
Other movements in operating cash flows		(54)	(284)
Net cash flows from / (used in) operating activities		**27,465**	**79,541**
Cash flows from investing activities			
Interest received		34	-
Purchase of intangible assets		(1,656)	(834)
Purchase of PPE and investment property		(44,186)	(35,227)
Sales of PPE and investment property		68	8
Receipt of cash donations to purchase assets		760	455
Net cash flows from / (used in) investing activities		**(44,980)**	**(35,598)**
Cash flows from financing activities			
Public dividend capital received		19,477	262,598
Movement on loans from DHSC		-	(234,624)
Interest on loans		-	(1,315)
Other interest		-	(1)
PDC dividend paid		(7,413)	(6,142)
Net cash flows from / (used in) financing activities		**12,064**	**20,516**
Increase / (decrease) in cash and cash equivalents		**(5,451)**	**64,459**
Cash and cash equivalents at 1 April - brought forward		**66,559**	**2,100**
Cash and cash equivalents at 31 March	20	**61,108**	**66,559**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2021/22 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting Convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Revenue from contracts with customers

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

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

Under the NHS standard contract, the Trust is paid according to a prescribed timetable based on estimated activity and performance levels. The contract then has a range of mechanisms for raising and resolving performance issues within specified timeframes. A reconciliation is performed between the paid and final agreed amounts and adjustments are applied where appropriate.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at an Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

In 2021/22, some high cost drugs commissioned by NHS England were on a cost and volume basis, and all Cancer Drug Funds were commissioned on a cost and volume basis. Both organisations make a monthly payment, with a final adjustment based on the reconciled final drug report. This will be completed after May 2022, and the Trust have made an estimate of the final reconciled value.

Revenue from non-NHS contracts – SMSKE Partnership
The Trust receives income for musculoskeletal services from a non-NHS commissioner. This uses the same contracting arrangements as NHS contracts. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as health care is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the non-NHS commissioner but the customer benefits as services are provided to the patient. Even where a contract could be broken down into separate performance obligations, health care generally aligns with delivery of a series of goods or services that are substantially the same and have a similar

Revenue from non-NHS contracts – Local Authority
The Trust receives income for two distinct services – provision of healthcare services and provision of staff. The healthcare service uses a similar contracting arrangement as the NHS contract. A performance obligation relating to delivery of an episode of health care is generally satisfied over time as health care is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner but the customer benefits as services are provided to the patient. Even where a contract could be broken down into separate performance obligations, health care generally aligns with the delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer.

For the provision of staff, revenue is recognised as and when performance obligations are satisfied during the period covered by the recharge.

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

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

Non-patient care services to other bodies

The Trust supplies a range of staff and goods to a range of customers, and also rents out facilities. For these services, revenue is recognised as and when performance obligations are satisfied during the period covered by the recharge.

Revenue from education and training

Where education and training contracts fall under IFRS 15, revenue is recognised as and when obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. in these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. it is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. The Trust may defer revenue into future periods until the performance obligation has occurred.

Note 1.4 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from Commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

Note 1.6 Expenditure on other goods and services

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

Note 1.7 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

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

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

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

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

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

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

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

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

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

De-recognition

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

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

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

Note 1.9 Intangible assets

Recognition

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

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

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software
Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

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

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) methodology, however the Pharmacy system, uses the weighted average cost formula so drugs are valued in this way. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

In 2020/21 and 2021/22, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.

Impairment of financial assets

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

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

The Trust does not normally recognise expected credit losses in relation to other NHS bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

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

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

Note 1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as a lessee

Finance leases

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

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The Trust as a lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2022.

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 24.1 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 25 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 25, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

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

Note 1.16 Public dividend capital

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

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

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

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

Note 1.18 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.19 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 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 that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

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

Note 1.21 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	28,671
Additional lease obligations recognised for existing operating leases	(28,560)
Net impact on net assets on 1 April 2022	**111**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,247)
Additional finance costs on lease liabilities	(268)
Lease rentals no longer charged to operating expenditure	3,398
Estimated impact on surplus / deficit in 2022/23	**(117)**

Estimated in-year impact on Statement of Cash Flows	**£000**
Cash flows from operating activities	
Operating surplus / (deficit)	3,398
Non-cash income and expense:	
Depreciation and amortisation	(3,247)
Net cash flows from / (used in) operating activities	151
Cash flows from investing activities	
Purchase of PPE and investment property	(28,671)
Net cash flows from / (used in) investing activities	(28,671)
Cash flows from financing activities	
Capital element of finance lease rental payments	28,560
Interest paid on finance lease liabilities	(268)
Net cash flows from / (used in) financing activities	28,292
Increase / (decrease) in cash and cash equivalents	**(228)**

Note 1.23 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Charitable Funds

The East Sussex Healthcare NHS Trust Charitable Fund is not consolidated with the Trust accounts on the grounds of materiality.

Valuation of Land and Buildings

The Department of Health and Social Care (DHSC) guidance specifies that the Trust's land and buildings should be valued on the basis of depreciated replacement cost (DRC), applying the Modern Equivalent Asset (MEA) concept. This concept is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore the MEA is not a valuation of the existing land and buildings held by the Trust, but a theoretical valuation for accounting purposes of what the Trust could need to spend in order to replace the existing assets. In determining the MEA, the Trust has to make assumptions that are practically achievable, however the Trust is not required to have any plans to make these changes.

The Trust is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Trust, and would not impact on service delivery or the level and volume of service provided.

The land and buildings asset valuation carried out on 31 March 2022 was completed on a modern equivalent asset basis (MEA). The Trust's estate was classified as specialised operational properties and an existing use value alternative, was used. This assumes that the assets would be replaced with a modern equivalent, and although not necessarily a building of identical arrangement and composition, the service provision would be the same as the existing asset.

The alternative modern equivalent asset may be smaller under the Trust's alternative modern equivalent asset valuation with modern alternative hospitals giving rise to the same service potential but on a smaller footprint, Gross Internal Area (GIA), to serve the catchment area of the local population.

The MEA valuations used by the Trust have been provided by the external valuers, Gerald Eve LLP.

Note 1.24 Sources of estimation uncertainty

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

Property, plant and equipment valuations

The estimation of the valuation of Property and Land is based on professional valuer methodologies for applying modern equivalent asset (MEA) concepts to the estimation of depreciated replacement cost (DRC).

The main estimation uncertainty of the modern equivalent asset method would be the cost of the building at a new site and also the floor area required to deliver healthcare services within this new build. The current carrying value of buildings is £204,373k and a 5% reduction or increase in floor area or building costs would lead to a reduction or

Note 2 Operating Segments

The Trust has considered IFRS8 Operating Segments and has taken the view that its activities should be reported as a single entity rather than in a segmental manner. Although financial performance is reported to the Executive Board Members at a divisional level, the key financial information for decision making purposes is based on the single entity as a whole. Furthermore, the Trust's business is the delivery of acute and community healthcare across a single economic environment. No separate reportable segments have therefore been identified.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3.

Note 3.1 Income from patient care activities (by nature)

	2021/22	2020/21
	£000	£000
Acute services		
Block contract / system envelope income	384,687	332,884
High cost drugs income from commissioners (excluding pass-through costs)	41,986	38,978
Other NHS clinical income	469	3,730
Community services		
Block contract / system envelope income	49,839	43,351
Income from other sources (e.g. local authorities)	9,477	9,592
All services		
Private patient income	1,547	997
Elective recovery fund	10,470	-
Additional pension contribution central funding*	14,265	13,408
Other clinical income	14,530	13,651
Total income from activities	**527,270**	**456,591**

*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2021/22	2020/21
Income from patient care activities received from:	**£000**	**£000**
NHS England	69,096	67,703
Clinical commissioning groups	435,558	364,646
Department of Health and Social Care	20	24
Other NHS providers	39	45
NHS other	-	24
Local authorities	9,477	9,592
Non-NHS: private patients	1,547	997
Non-NHS: overseas patients (chargeable to patient)	252	47
Injury cost recovery scheme	804	409
Non NHS: other*	10,477	13,104
Total income from activities	**527,270**	**456,591**
Of which:		
Related to continuing operations	527,270	456,591

*Services to Sussex MSK Services £10.4m (2020/21 £12.6m)

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

	2021/22	2020/21
	£000	£000
Income recognised this year	252	47
Cash payments received in-year	92	53
Amounts added to provision for impairment of receivables	137	50
Amounts written off in-year	11	60

Note 4 Other operating income

	2021/22			2020/21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	864	-	**864**	482	-	**482**
Education and training	11,751	697	**12,448**	10,367	518	**10,885**
Non-patient care services to other bodies	9,410		**9,410**	4,960		**4,960**
Reimbursement and top up funding	7,006		**7,006**	43,326		**43,326**
Income in respect of employee benefits accounted on a gross basis	1,163		**1,163**	1,112		**1,112**
Receipt of capital grants and donations		760	**760**		992	**992**
Charitable and other contributions to expenditure		2,361	**2,361**		10,937	**10,937**
Rental revenue from operating leases	1,245	-	**1,245**	1,066	-	**1,066**
Other income	5,809	-	**5,809**	3,637	-	**3,637**
Total other operating income	**37,248**	**3,818**	**41,066**	**64,950**	**12,447**	**77,397**
Of which:						
Related to continuing operations			41,066			77,397

Rental revenue from other operating leases restated in 2020/21 from Non-patient care services to other bodies and Other income.

Following the change in funding arrangements made during 2020/21, new funding in the form of Reimbursement and Top-up funding was received (£39.2m). In 2021/22, the equivalent funding was received via CCGs and is included within Income from Patient Care Activities (Note 3.1 and Note 3.2).

Further analysis of 'Other income'	2021/22 £000	2020/21 £000
Car Parking income	509	263
Catering	386	349
Property rental (not lease income)	328	124
Staff accommodation rental	1,635	1,548
Staff contribution to employee benefit schemes	129	-
Crèche services	607	550
Clinical excellence awards	123	66
Other income generation schemes (recognised under IFRS 15)	2,092	633
Other income not already covered (recognised under IFRS 15)	-	104
	5,809	**3,637**

Note 5 Additional information on contract revenue (IFRS 15) recognised in the period

	2021/22 £000	2020/21 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,361	1,350

Note 6 Operating expenses

	2021/22	2020/21
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	4,005	4,769
Purchase of healthcare from non-NHS and non-DHSC bodies	7,884	6,308
Staff and executive directors costs	373,024	356,808
Remuneration of non-executive directors	154	129
Supplies and services - clinical (excluding drugs costs)	45,352	42,208
Supplies and services - general	5,866	6,159
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	51,800	47,982
Consultancy costs	37	63
Establishment	6,607	6,357
Premises	17,772	17,926
Transport (including patient travel)	773	940
Depreciation on property, plant and equipment	16,224	14,731
Amortisation on intangible assets	647	579
Net impairments	811	632
Movement in credit loss allowance: contract receivables / contract assets	220	428
Increase/(decrease) in other provisions	445	2,912
Change in provisions discount rate(s)	44	71
Fees payable to the external auditor		
audit services- statutory audit (including £19k irrecoverable VAT)	115	100
Internal audit costs	194	177
Clinical negligence	13,142	10,662
Legal fees	147	327
Insurance	362	328
Education and training	2,226	2,178
Rentals under operating leases	2,825	2,850
Early retirements	11	3
Redundancy	46	59
Car parking & security	-	15
Hospitality	-	(3)
Other	11,149	2,260
Total	**561,882**	**527,958**
Of which:		
Related to continuing operations	561,882	527,958

Professional Fees of £9.2m are within Other Operating Expenditure.

Note 6.1 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2020/21: £2 million).

Note 7 Impairment of assets

	2021/22 £000	2020/21 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	811	632
Total net impairments charged to operating surplus / deficit	**811**	**632**
Impairments charged to the revaluation reserve	4,851	8,072
Total net impairments	**5,662**	**8,704**

The net impairments of £5,662k relate to a change in value of the Trust's estate following the annual review carried out by the external valuer, Gerald Eve LLP.

Note 8 Employee benefits

	2021/22 Total £000	2020/21 Total £000
Salaries and wages	286,016	271,780
Social security costs	28,152	26,050
Apprenticeship levy	1,446	1,345
Employer's contributions to NHS pensions	46,776	43,916
Pension cost - other	94	85
Termination benefits	36	-
Temporary staff (including agency)	12,207	14,528
Total staff costs	**374,727**	**357,704**
Of which		
Costs capitalised as part of assets	1,646	834

Note 8.1 Retirements due to ill-health

During 2021/22 there were 5 early retirements from the Trust agreed on the grounds of ill-health (7 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is £531k (£310k in 2020/21).

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

Note 9 Pension costs

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see link 1 below) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website (see link 2 below).

1. Actuarial valuations of public service pensions schemes - GOV.UK (www.gov.uk)
2. https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports

c) National Employeess Savings Trust (NEST)

The Trust participates in the National Employees Savings Trust (NEST) scheme as an alternative for those employees who are not able to join the NHS Pension Scheme. This came into effect in July 2013 for this Trust as part of the auto enrolment requirements introduced by the Government. NEST is a defined contribution scheme with a phased employer contribution rate, set at 3% for 2021/22 (3% for 2020/21). Trust contributions under the NEST scheme for 2021/22 financial year totalled £94k (£85k for 2020/21).

Note 10 Operating leases

Note 10.1 East Sussex Healthcare NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where East Sussex Healthcare NHS Trust is the lessee.

The leases relate to cars, medical equipment, buildings and photocopiers. Lease periods range from 3 years to over 5 years.

	2021/22	2020/21
	£000	£000
Operating lease expense		
Minimum lease payments	2,825	2,850
Total	**2,825**	**2,850**

	31 March 2022	31 March 2021
	£000	£000
Future minimum lease payments due:		
- not later than one year;	2,498	3,209
- later than one year and not later than five years;	7,142	4,915
- later than five years.	5,992	609
Total	**15,632**	**8,733**

For the year ended 31 March 2022 the Trust has applied an anticipated end date for all NHSPS property leases of 10 years from 01 April 2022 following guidance issued by NHSIE (2020/21 : an estimated lease period of 4 years was applied). The application of this guidance has resulted in the increase in future lease payments that are due.

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2021/22	2020/21
	£000	£000
Interest on bank accounts	34	-
Total finance income	**34**	**-**

Note 12 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2021/22	2020/21
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	-	43
Interest on late payment of commercial debt	-	1
Total interest expense	**-**	**44**
Unwinding of discount on provisions	4	33
Total finance costs	**4**	**77**

Note 12.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2021/22	2020/21
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	-	1

Note 13 Other gains

	2021/22	2020/21
	£000	£000
Gains on disposal of assets	10	2
Total gains on disposal of assets	**10**	**2**
Total other gains	**10**	**2**

Note 14 Intangible assets - 2021/22

	Development expenditure	Total
	£000	£000
Valuation / gross cost at 1 April 2021 - brought forward	5,319	5,319
Additions	1,656	1,656
Valuation / gross cost at 31 March 2022	6,975	6,975
Amortisation at 1 April 2021 - brought forward	2,696	2,696
Provided during the year	647	647
Amortisation at 31 March 2022	3,343	3,343
Net book value at 31 March 2022	3,632	3,632
Net book value at 1 April 2021	2,623	2,623

Note 14.1 Intangible assets - 2020/21

	Development expenditure	Total
	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	4,485	4,485
Additions	834	834
Valuation / gross cost at 31 March 2021	5,319	5,319
Amortisation at 1 April 2020 - as previously stated	2,117	2,117
Provided during the year	579	579
Amortisation at 31 March 2021	2,696	2,696
Net book value at 31 March 2021	2,623	2,623
Net book value at 1 April 2020	2,368	2,368

Note 15 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - brought forward	**15,900**	**180,314**	**-**	**4,427**	**90,978**	**223**	**43,123**	**5,433**	**340,398**
Additions	-	18,357	-	202	7,029	32	10,505	135	**36,260**
Impairments	(4,851)	(811)	-	-	-	-	-	-	**(5,662)**
Revaluations	-	6,513	-	-	-	-	-	-	**6,513**
Disposals / derecognition	-	-	-	-	(2,436)	-	-	(6)	**(2,442)**
Valuation/gross cost at 31 March 2022	**11,049**	**204,373**	**-**	**4,629**	**95,571**	**255**	**53,628**	**5,562**	**375,067**
Accumulated depreciation at 1 April 2021 - brought forward	**-**	**-**	**-**	**-**	**61,404**	**223**	**23,249**	**3,636**	**88,512**
Provided during the year	-	5,468	-	-	6,606	-	3,753	397	**16,224**
Revaluations	-	(5,468)	-	-	-	-	-	-	**(5,468)**
Disposals / derecognition	-	-	-	-	(2,378)	-	-	(6)	**(2,384)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**65,632**	**223**	**27,002**	**4,027**	**96,884**
Net book value at 31 March 2022	**11,049**	**204,373**	**-**	**4,629**	**29,939**	**32**	**26,626**	**1,535**	**278,183**
Net book value at 1 April 2021	**15,900**	**180,314**	**-**	**4,427**	**29,574**	**-**	**19,874**	**1,797**	**251,886**

Note 15.1 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	**15,972**	**185,038**	**-**	**-**	**79,444**	**223**	**34,926**	**5,158**	**320,761**
Additions	-	12,584	632	3,810	11,689	-	8,197	479	**37,391**
Impairments	(72)	(8,000)	(632)	-	-	-	-	-	**(8,704)**
Revaluations	-	(8,691)	-	-	-	-	-	-	**(8,691)**
Reclassifications	-	(617)	-	617	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(155)	-	-	(204)	**(359)**
Valuation/gross cost at 31 March 2021	**15,900**	**180,314**	**-**	**4,427**	**90,978**	**223**	**43,123**	**5,433**	**340,398**
Accumulated depreciation at 1 April 2020 - as previously stated	**-**	**11,308**	**-**	**-**	**56,734**	**223**	**19,482**	**3,530**	**91,277**
Provided during the year	-	5,835	-	-	4,819	-	3,767	310	**14,731**
Revaluations	-	(17,143)	-	-	-	-	-	-	**(17,143)**
Disposals / derecognition	-	-	-	-	(149)	-	-	(204)	**(353)**
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**	**61,404**	**223**	**23,249**	**3,636**	**88,512**
Net book value at 31 March 2021	**15,900**	**180,314**	**-**	**4,427**	**29,574**	**-**	**19,874**	**1,797**	**251,886**
Net book value at 1 April 2020	**15,972**	**173,730**	**-**	**-**	**22,710**	**-**	**15,444**	**1,628**	**229,484**

Line movements noted as Revaluations relate to the write out of depreciation on revaluation rather than a revaluation movement for the assets.

Note 15.2 Property, plant and equipment financing - 2021/22

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2022								
Owned - purchased	11,049	200,281	4,629	25,319	32	26,609	1,331	**269,250**
Owned - donated/granted	-	4,092	-	4,620	-	17	204	**8,933**
NBV total at 31 March 2022	**11,049**	**204,373**	**4,629**	**29,939**	**32**	**26,626**	**1,535**	**278,183**

Note 15.3 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021								
Owned - purchased	15,900	176,329	4,427	24,695	-	19,816	1,534	**242,701**
Owned - donated/granted	-	3,985	-	4,879	-	58	263	**9,185**
NBV total at 31 March 2021	**15,900**	**180,314**	**4,427**	**29,574**	**-**	**19,874**	**1,797**	**251,886**

Note 16 Donations of property, plant and equipment

The following organisations donated assets to the Trust during 2021/22;

Friends of the Eastbourne Hospital £204,822 (2020/21 £108,762)

The League of Friends of the Bexhill Hospital C O £97,844 (2020/21 £255,442)

The League of Friends of the Conquest Hospital £407,740 (2020/21 £449,816)

East Sussex Healthcare NHS Trust Charitable Fund £48,196 (2020/21 £0)

The League of Friends of Uckfield Community Hospital £8,364 (2020/21 £0)

NHS Charities Together £0 (2020/21 £34,500)

Note 17 Revaluations of property, plant and equipment

The freehold property known as East Sussex Healthcare NHS Trust was valued as at 31 March 2022 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RCIS Valuation - Global Standards 2022 and the national standards and guidance set out in the UK national supplement (November 2018), the International Valuation Standards, and IFRS as adapted and interpreted by the Financial Reporting Manual (FReM). The valuations of specialised properties were derived using the Depreciated Replacement Cost (DRC) method, with other in-use properties reported on an Existing Use Value basis.

As a result of the revaluation carried out at 31 March 2022, the Trust's assets were valued upwards by £2,587k (2020/21 downwards £8,134k). The revaluation resulted in gains of £6,513k which were applied to the Revaluation Reserve and impairments of £3,926k, of which £811k was taken to I&E, and the remainder was applied to the Revaluation Reserve.

The range of lives of property, plant and equipment and intangibles are as follows;

Buildings, between 11 and 81 years (as per valuation)

Plant and machinery, 3 to 80 years

Motor vehicles, 4 to 7 years

IT equipment, 3 to 15 years

Furniture & fittings, 3 to 70 years

IT In-house Software (intangibles), 5 to 7 years

The annual review of asset lives resulted in an in year increase in depreciation of £424,392 (2020/21 £756,627 increase). Reducing asset lives increases in-year depreciation costs but decreases the number of years in which depreciation is charged for individual assets.

Note 18 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	4,032	3,572
Consumables	4,370	4,394
Energy	193	189
Total inventories	**8,595**	**8,155**
of which:		

Inventories recognised in expenses for the year were £70,983k (2020/21: £81,406k).
Write-down of inventories recognised as expenses for the year were £0k (2020/21: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2021/22 the Trust received £1,946k of items purchased by DHSC (2020/21: £10,352k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 19 Receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Contract receivables	6,271	11,124
Capital receivables	396	342
Allowance for impaired contract receivables / assets	(280)	(342)
Deposits and advances	71	61
Prepayments (non-PFI)	2,397	3,499
PDC dividend receivable	-	386
VAT receivable	1,129	649
Other receivables	662	671
Total current receivables	**10,646**	**16,390**
Non-current		
Contract receivables	2,584	1,571
Allowance for impaired contract receivables / assets	(603)	(353)
Other receivables	634	1,054
Total non-current receivables	**2,615**	**2,272**
Of which receivable from NHS and DHSC group bodies:		
Current	3,290	6,457
Non-current	634	1,053

Note 19.1 Allowances for credit losses

	2021/22 Contract receivables and contract assets £000	2020/21 Contract receivables and contract assets £000
Allowances as at 1 April - brought forward	695	370
New allowances arising	220	428
Utilisation of allowances (write offs)	(32)	(103)
Allowances as at 31 Mar 2022	**883**	**695**

Note 19.2 Exposure to credit risk

As the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

Note 20 Cash and cash equivalents movements

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

	2021/22	2020/21
	£000	£000
At 1 April	**66,559**	**2,100**
Net change in year	(5,451)	64,459
At 31 March	**61,108**	**66,559**
Broken down into:		
Cash at commercial banks and in hand	53	37
Cash with the Government Banking Service	61,055	66,522
Total cash and cash equivalents as in SoFP	**61,108**	**66,559**
Total cash and cash equivalents as in SoCF	**61,108**	**66,559**

Note 20.1 Third party assets held by the trust

East Sussex Healthcare NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the Trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2022	31 March 2021
	£000	£000
Monies on deposit	15	17
Total third party assets	**15**	**17**

Note 21 Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	318	11,011
Capital payables	830	8,756
Accruals	27,963	20,217
Receipts in advance and payments on account	-	17
Social security costs	4,230	3,829
Other taxes payable	3,707	3,179
PDC dividend payable	51	-
Other payables	4,551	6,797
Total current trade and other payables	**41,650**	**53,806**
Of which payables from NHS and DHSC group bodies:		
Current	6,899	4,512

Note 22 Other liabilities

	31 March 2022 £000	31 March 2021 £000
Current		
Deferred income: contract liabilities	7,230	2,361
Total other current liabilities	**7,230**	**2,361**

Note 23 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Total
	£000	£000
Carrying value at 1 April 2021	-	-
Carrying value at 31 March 2022	-	-

Note 23.1 Reconciliation of liabilities arising from financing activities - 2020/21

	DHSC	Total
	£000	£000
Carrying value at 1 April 2020		
Cash movements:		
principal	(234,624)	(234,624)
Financing cash flows - payments of interest	(1,315)	(1,315)
Non-cash movements:		
Application of effective interest rate	43	43
Carrying value at 31 March 2021	-	-

Note 24 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2021	**55**	**2,047**	**80**	**4,003**	**6,185**
Change in the discount rate	-	44	-	-	**44**
Arising during the year	1	-	65	2,480	**2,546**
Utilised during the year	(18)	(179)	(24)	(947)	**(1,168)**
Reversed unused	-	(79)	(19)	(2,398)	**(2,496)**
Unwinding of discount	-	4	-	-	**4**
At 31 March 2022	**38**	**1,837**	**102**	**3,138**	**5,115**
Expected timing of cash flows:					
- not later than one year;	13	183	102	24	**322**
- later than one year and not later than five years;	25	745	-	25	**795**
- later than five years.	-	909	-	3,089	**3,998**
Total	**38**	**1,837**	**102**	**3,138**	**5,115**

The provision for pensions early departure costs and pensions injury benefits costs are calculated by current payments to the NHS Pensions Agency and adjusted for average life expectancy and discounted using the HM Treasury published discount rates.

The provision for legal claims provides for the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES). The provision covers the excess amount payable by the Trust and not the full liability of the claims which is borne by NHS Resolution under the non-clinical risk pooling scheme. The timings of cash flows are based on estimated dates for the finalisation of the claims. All are expected to be settled within one year.

The Clinicians' Pension Scheme relates to clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in the previous tax year (2020/21) face a tax charge in respect of the growth of their NHS pensions benefits above their pension savings annual allowance threshold will be able to have this charge paid by the NHS Pension Scheme. NHS England and Improvement have used the information provided by Government Actuary's Department (GAD) and Business Services Authority (BSA) and calculated a national 'average discounted value per nomination'. A provision broadly equal to the tax charge owed by clinicians who want to take advantage of the 2020/21 commitment. This will be offset by the commitment from NHS England and Improvement and the Government to fund the payments to clinicians as and when they arise. Clinicians' Pension provision has been disclosed within other provisions and totals £658k.

A reversed and unused provision of £2,003k is included within other provisions and relates to a previously held capital provision that is no longer required.

Note 24.1 Clinical negligence liabilities

At 31 March 2022, £301,897k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Sussex Healthcare NHS Trust (31 March 2021: £237,721k).

Note 25 Contingent assets and liabilities

	31 March 2022 £000	31 March 2021 £000
Value of contingent liabilities		
NHS Resolution legal claims	(48)	(45)
Employment tribunal and other employee related litigation	(185)	(63)
Net value of contingent liabilities	**(233)**	**(108)**

The contingent liability for Legal Claims represents the Liability to Third Party Schemes (LTPS) and Public & Employers Liability Scheme (PES) notified to the Trust by NHS Resolution. The timings of the cash flows are based on estimated dates for the finalisation of the claims. All are expected to be settled within one year.

Note 26 Contractual capital commitments

	31 March 2022 £000	31 March 2021 £000
Property, plant and equipment	4,730	2,233
Intangible assets	371	-
Total	**5,101**	**2,233**

Note 27 Financial instruments

Note 27.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with NHS healthcare commissioners and the way the latter bodies are financed, the NHS 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 listed companies, to which the financial reporting standards mainly apply. The NHS 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 Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest Rate Risk

The Trust may also borrow from government for revenue financing subject to approval by NHS England and NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

Credit Risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2022 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity Risk

The Trust's operating costs are incurred under contracts with clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 27.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	8,382	8,382
Cash and cash equivalents	61,108	61,108
Total at 31 March 2022	**69,490**	**69,490**

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	14,067	14,067
Cash and cash equivalents	66,559	66,559
Total at 31 March 2021	**80,626**	**80,626**

Note 27.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Trade and other payables excluding non financial liabilities	31,610	31,610
Total at 31 March 2022	**31,610**	**31,610**

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other payables excluding non financial liabilities	46,780	46,780
Total at 31 March 2021	**46,780**	**46,780**

Note 27.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2022 £000	31 March 2021 £000
In one year or less	31,610	46,780
Total	**31,610**	**46,780**

Note 27.5 Fair values of financial assets and liabilities

The fair value of receivables and cash is consistent with the carrying value in the Statement of Financial Position. Receivables compromise of amounts to be collected within 1 year and the non-current receivables for Injury Cost Recovery income. Non current receivables are not discounted as the difference to carrying values is not considered material. Cash is available on demand.

Payables arising under statutory obligations such as payroll taxes are not classified as financial liabilities. The fair value of payables is consistent with the carrying value in the Statement of Financial Position. Payables comprise of amounts to be paid within 1 year and are valued using discounted cashflows.

Note 28 Losses and special payments

	2021/22		2020/21	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	10	8	14	14
Bad debts and claims abandoned	55	23	33	92
Stores losses and damage to property	61	194	86	233
Total losses	**126**	**225**	**133**	**339**
Special payments				
Ex-gratia payments	44	25	20	491
Total special payments	**44**	**25**	**20**	**491**
Total losses and special payments	**170**	**250**	**153**	**830**

2020/21 includes overtime corrective payments (Flowers judgement) of £476k. These payments are considered special payments for which HMT approval was sought nationally by NHS England on local employers' behalf. These are disclosed in the ex-gratia value of prior year.

Note 29 Related parties

Details of related party transactions with individuals are as follows:

Income from St.Barnabas House Hospice: £15,662 (2020/21: £15,566).
Related party: Amanda Fadero, Non Executive Director who is interim CEO of the above organisation.

Income from Spire Sussex Hospital: £670,955 (2020/21: £920,568)
Related party: David Walker, Medical Director who has a private practice operating out of Spire Sussex Hospital.

The department of Health and Social Care is regarded as a related party. During 2021/22 East Sussex Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

The bodies listed below have entered into income or expenditure transactions with the Trust over £500,000:
Brighton and Hove CCG
East Sussex CCG
Health Education England
Kent and Medway CCG
NHS England - Core
NHS England Central Specialised Commissioning Hub
Royal Surrey NHS Foundation Trust
South East Regional Office
Sussex Partnership NHS Foundation Trust
University Hospitals Sussex NHS Foundation Trust
West Sussex CCG

In addition, the Trust has had transactions over £500,000 with the following government body:
East Sussex County Council

The Trust has had a number of transactions over £500,000 with central government bodies:
HM Revenue and Customs
NHS Blood and Transplant
NHS Business Services Authority
NHS Pension Scheme
NHS Property Services
NHS Resolution

The Trust has received revenue and capital payments of £279,549 (2020/21: £720,429) from East Sussex Healthcare NHS Trust Charitable Fund. The Chair is a Non Executive Director of the Trust Board. At 31 March 2022, £87,457 was owed to the Trust by the Charitable Fund (2020/21: £95,052).

Note 30 Events after the reporting date

Events after the reporting period are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised. These events can be adjusting or non adjusting. There are no adjusting or non-adjusting events after the reporting period.

Note 31 Better Payment Practice code

	2021/22	2021/22	2020/21	2020/21
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	109,186	209,410	98,756	171,278
Total non-NHS trade invoices paid within target	89,688	197,100	73,410	153,734
Percentage of non-NHS trade invoices paid within target	82.1%	94.1%	74.3%	89.8%
NHS Payables				
Total NHS trade invoices paid in the year	1,932	35,374	1,970	25,001
Total NHS trade invoices paid within target	1,831	35,232	1,739	24,049
Percentage of NHS trade invoices paid within target	94.8%	99.6%	88.3%	96.2%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 32 External financing limit

The Trust is given an external financing limit against which it is permitted to underspend

	2021/22	2020/21
	£000	**£000**
Cash flow financing	24,928	(36,485)
External financing requirement	**24,928**	**(36,485)**
External financing limit (EFL)	24,928	38,614
Under spend against EFL	**-**	**75,099**

Note 33 Capital Resource Limit

	2021/22	2020/21
	£000	£000
Gross capital expenditure	37,916	38,225
Less: Disposals	(58)	(6)
Less: Donated and granted capital additions	(760)	(992)
Charge against Capital Resource Limit	**37,098**	**37,227**
Capital Resource Limit	39,865	51,103
Under spend against CRL	**2,767**	**13,876**

Note 34 Breakeven duty financial performance

	2021/22
	£000
Adjusted financial performance surplus (control total basis)	68
Breakeven duty financial performance surplus	**68**

Note 35 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		350	(4,704)	87	522	(23,094)	88
Breakeven duty cumulative position	1,745	2,095	(2,609)	(2,522)	(2,000)	(25,094)	(25,006)
Operating income		282,807	299,623	385,281	387,400	364,240	384,876
Cumulative breakeven position as a percentage of operating income		0.7%	(0.9%)	(0.7%)	(0.5%)	(6.9%)	(6.5%)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(47,997)	(43,792)	(53,878)	(44,781)	68	346	68
Breakeven duty cumulative position	(73,003)	(116,795)	(170,673)	(215,454)	(215,386)	(215,040)	(214,972)
Operating income	356,152	379,307	387,934	408,783	476,581	533,988	568,336
Cumulative breakeven position as a percentage of operating income	(20.5%)	(30.8%)	(44.0%)	(52.7%)	(45.2%)	(40.3%)	(37.8%)

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

Statutory breakeven duty, overall and recurrent financial position: The Trust delivered a £33.9m deficit (pre PSF) and £68k surplus (post PSF) for the financial year 2019-20, taking account of £1.2m post technical item adjustments for donated assets and £1.0m of reversal impairments. Until 2019-20 the trust has been in technical breach of the statutory breakeven duty (NHS Act 2006) for some time. Breakeven has only been achieved through support of the provider sustainability fund in 2019-20 and system top up in 2020-21 and it will be many years before the underlying deficit is resolved. The Trust has been in regular contact with NHS Improvement to implement financial recovery plan.

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esh-tr.enquiries@nhs.net

0300 131 4500