NHS
East Kent Hospitals University
NHS Foundation Trust

Annual Report and Accounts

2022/2023

Our patients
Our people
Our future
Our sustainability
Our quality and safety

We care

East Kent Hospitals University NHS Foundation Trust

East Kent Hospitals University NHS Foundation Trust

Annual Report and Accounts 2022/23

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

East Kent Hospitals University NHS Foundation Trust

CONTENTS

PERFORMANCE REPORT

CHAIR AND CHIEF EXECUTIVE'S STATEMENTS

Welcome to the 2022/23 Annual Report and Accounts for East Kent Hospitals University NHS Foundation Trust.

I want to begin my introduction to this report by thanking the staff of East Kent Hospitals and its subsidiaries Spencer Hospitals and 2gether Support Solutions, for their hard work and commitment over the past year.

This has been an extremely challenging period, with large numbers of patients whose treatment was delayed because of the pandemic as well as unprecedented numbers of acutely ill patients requiring urgent and emergency care.

This was also the year when we received the shocking report from the Independent Investigation into our maternity and neonatal services.
The report found that women, babies and their families had suffered significant harm because of poor care between 2009 and 2020. Clinical care was not good enough and we did not listen to women, their families and our own staff. The experience those families endured was unacceptably and distressingly poor.

The report highlighted care that repeatedly lacked kindness and compassion, both while families were in our care and afterwards when they were coping with injuries and the death of their babies. It also found at least eight opportunities where the Trust Board and other senior managers could and should have acted to tackle these problems effectively and failed to do so.

The consequences were devastating. The panel concluded that of the 202 cases that agreed to be assessed, the outcome for babies, mothers and families could have been different in 97 cases, and that 45 of the 65 baby deaths could have been avoided if the right standard of care had been given.
We, members of the Trust Board have apologised unreservedly for the pain and devastating loss endured by the families and for the failures of the Board to take effective action. These families came to us expecting that we would care for them safely and compassionately, but we failed to do that. We accept all the findings and recommendations for us in the report and we are determined to use the lessons within it to put things right. We have also concluded that the lessons from this investigation apply to the whole organisation and not just to our maternity services.

In February this year, we published the detail of our plans to improve the way we work across our Trust. Some of this is new, some of it builds on work that has already begun. We will monitor this closely and report on it and the progress we are making regularly and publicly. As part of this we have set up an independent Oversight Group with an external membership including families who have suffered from the poor care provided by the Trust. The report made clear that we must listen to our patients and families and act on their concerns in ways we have not done in the past.

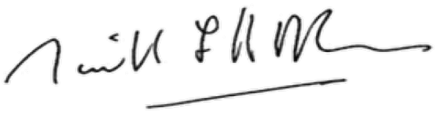
We know the enormous pressures our hospitals are under, and accept that changing how a large organisation operates will take time. But we believe it is possible and that if we are to succeed, we must learn from and involve patients and their families, and work in partnership with them to transform the way we operate.

There have been a number of changes to the Board of Directors and our Council of Governors over the last year, including the arrival of Tracey Fletcher our new Chief Executive. My thanks go to those who have left for their contribution and commitment and we welcome our new members. Changes in leadership, especially the executive team, can be unsettling but in the coming year we will seek to put in place a stable team to take the organisation forward.

While there is much for us to do as an organisation to drive improvement, we know that our future also lies in working in partnership with other organisations. We have a new Integrated Care Board for Kent and Medway and a new Health and Care Partnership in East Kent. They will be vital in helping us work more closely with our partners to create new more effective ways of delivering care and where possible providing that care closer to home.

Let me end by thanking all the many volunteers who continue to support the Trust in so many ways. We have again benefitted from our East Kent Hospitals Charity, our Leagues of Friends and a range of other community, voluntary and charitable organisations who have supported our patients and staff this year. This includes the Hope for Tomorrow charity, which provided a new £250,000 mobile cancer care unit to help provide cancer patients with treatment closer to home.

We are embarking on a period of transition and while we face many very difficult challenges, not least rising demand and restricted finances, I know that wherever we work within the organisation, we all share that ambition to provide our patients with excellent and compassionate care. That must be our shared task for the year ahead.



Niall Dickson CBE
Chairman

2022/23 was my first year as Chief Executive at East Kent Hospitals and I want to begin my introduction to the year's annual report with a thank you to Trust staff, governors, partners and service users for making me feel so welcome and taking the time to speak to me about all aspects of the Trust.

Early on, I attended the openings of our new, 24-bed critical care unit at William Harvey Hospital (WHH); the pioneering Clinical Trials Unit at Queen Elizabeth The Queen Mother Hospital (QEQM) in Margate, which is the first specialist clinical space dedicated to research in a hospital in Kent; and the first phase of a £5 million interventional radiology centre at Kent and Canterbury Hospital (K&C), providing minimally invasive image-guided procedures to diagnose and treat a range of diseases. The second phase opened in March this year, further expanding the possibilities for treating older and more frail patients for whom conventional surgery may not be an option.

The year ended with approval for K&C to become the county's specialist centre for inpatient vascular surgery, bringing together the inpatient services at K&C and Medway Maritime Hospital from April 2023.

Reading the signals report into maternity and neonatal services

The Trust has begun a process of cultural change, following the publication of Dr Kirkup's report into the independent investigation into our maternity and neonatal services in October 2022. The investigation found that women, babies and their families had suffered significant harm because of poor care in our maternity and new-born services, between 2009 and 2020.

We accept all that the report says, apologise unreservedly for the pain and suffering we have caused, and are using the lessons within it to put things right. It contains learning for every area of our organisation, so we are embarking on a fundamental transformation of the way we work to enable us to provide better, safer care; providing compassionate care across all our services; and making sure learning from our failings and mistakes is shared with all staff, so we can change the way we work so they do not happen again.

We know there is a great deal of work to do and we will keep local people updated on our progress which will be overseen by a Reading the signals Oversight Group including family members and our Maternity Voices Partnership.

Our performance

A key area of focus this year was addressing the backlog of planned care and diagnostics that had built up during the Covid-19 pandemic. We continued to experience extreme pressure in our emergency departments, with high numbers of acutely unwell patients at a time when we continue to care for unprecedented numbers of patients who are well enough to leave hospital but awaiting ongoing care at home or elsewhere. Many patients have waited longer than we would like to be admitted to a ward.

We are expanding and renovating both our emergency departments at WHH and QEQM and completed the first phase of work to both hospitals this year.

Quality inspections

The Care Quality Commission (CQC) carried out an unannounced focused inspection of maternity services at the Trust in January this year. This resulted in a Section 31 notice which requires the Trust to make rapid improvements to the safety of patient care and report on these monthly. At the end of the financial year we were awaiting publication of the final reports.

Listening to patients and services users

In May 2022, our maternity service launched 'Your Voice is Heard', an essential part of our work to better listen to families whose babies are born in our care. We offer everyone a follow-up call to discuss their experiences six weeks after giving birth, including birthing partners, so we can act on feedback and make changes.

We have recruited a new patient voice and involvement team to help us more effectively involve our patients and our communities in our services across the Trust. We have implemented a Trust-wide Patient Participation Group, with a participation partner (patient representative) as co-chair and nine participation partners who have joined as members and representation from voluntary organisations and Healthwatch.

Financial challenge

The Trust ended the year with a deficit of £19.3m, driven by factors including staffing of escalation bedded areas across our acute sites, non-delivery of efficiencies and premium pay costs.

Our staff

We have continued to provide our staff well-being programme, which ranges from webinars on topics relating to physical, mental and financial well-being, to a 24/7 staff support telephone line and bespoke support for individuals and teams as required. Our staff networks also continue to grow.

Our national NHS Staff Survey results, which measure the experiences of staff, remained at a level that we do not want to see. However, we saw a significant improvement in one specialty that had focused on making local improvements and we are replicating this approach across the whole Trust this year.

Recruiting and retaining skilled and values-driven staff remains a key challenge and priority for the organisation. The development of the Kent and Medway Medical School is an important element in doctor recruitment for the county and in October, we were delighted to welcome the first cohort of medical students, helping to train the doctors of the future.

Thank you to every member of staff, the governors, our volunteers and partners for their support, hard work and commitment to the Trust.

Tracey Fletcher
Chief Executive

Our year in numbers 2022 - 2023

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KEY MOMENTS IN OUR YEAR

SPRING 2022

April saw the opening of our brand new critical care unit at William Harvey Hospital (WHH), blessed by Archbishop of Canterbury, Most Rev Justin Welby. The design of the 24-bed unit was shaped by learning from the Covid pandemic, with separate treatment areas and dedicated isolation rooms, to treat some of the hospital's sickest patients.

We welcomed dozens of secondary school students back to Queen Elizabeth the Queen Mother Hospital (QEQM) and WHH in April to experience life as a junior doctor, as our popular MedStart work experience programme resumed following the pandemic. MedStart enables students to try their hand at clinical skills including suturing, keyhole surgery, taking blood, x-rays and physical examinations, providing a fantastic insight into what a career in medicine involves.

In May we launched Your Voice is Heard, an essential part of our work to better listen to families whose babies are born in our care. We offer a follow-up call to discuss their experiences six weeks after giving birth, including partners, so we can act on feedback and make changes.

Since May we have heard from almost 3,500 women, during 30 minute phone calls, allowing time for a detailed conversation about all aspects of their and their baby's care, giving opportunities for staff recognition, learning and action.

In May we opened the first phase of a £5 million interventional radiology centre at Kent and Canterbury Hospital (K&C), providing minimally invasive image-guided procedures to diagnose and treat a range of diseases.

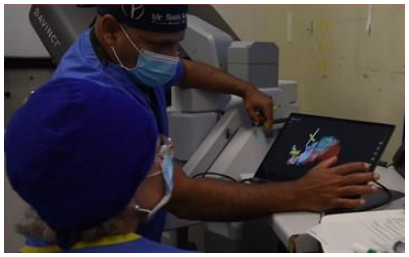
The first suite includes a start of the art procedure room, day-case unit, recovery and anaesthetic rooms. The second theatre opened in March 2023, further expanding the possibilities for treating older and more frail patients for whom conventional surgery may not be an option.

SUMMER 2022

Summer saw us celebrate how previous innovations in care had improved patient's lives and how investments in research and harnessing the latest technologies are transforming current and future treatments. June marked 20 years of the home dialysis service, helping patients with kidney disease to manage their treatment at home, saving hours of travel time to hospital and giving them more control of their lives.

In June we opened a pioneering Clinical Trials Unit at QEQM Hospital in Margate - the first specialist clinical space dedicated to research in a hospital in Kent. The unit hosts trials of new drugs and home-grown research led by our own clinicians.

It also means that patients no longer need to travel to London to take part in trials of the latest drugs or medical devices.



July saw surgeons using 3D printed models and advanced imaging of body parts to potentially help improve outcomes for patients. Urology doctors are investigating whether these tools – which can show the location of tumours such as prostate cancer, blood vessels and other structures – help to plan operations. They are also used to help patients visualise and understand their treatment.

A brand new, £250,000 mobile cancer care unit hit the road in July to help provide cancer patients with treatment closer to home. Named ‘Caron’ after TV presenter Caron Keating, who died from breast cancer in 2004, is the latest vehicle to be provided by charity Hope for Tomorrow in partnership with the Trust. It replaces the first Caron treatment unit which treated more than 13,000 patients over the past 10 years.

We welcomed camera crews from Channel 4 back to WHH in July and August to film the next series of Emergency. The documentary showcases how trauma teams in London and the south east have improved survival rates for people involved in major accidents or injuries. Series two hits the screens in 2023.

AUTUMN 2022

We welcomed the first patients in a major new-build expansion to WHH's emergency department, the first phase of a £30 million transformation of both our emergency departments. This outstanding new build contains new treatment areas for adults, dedicated areas for patients with mental health needs and a new ambulance entrance. The second phase opens soon, following extensive renovations within the existing department. A new children's emergency department and more treatment areas open in 2023.

In October came a watershed moment – the publication of the *Reading the Signals*t which found that women, babies and their families had suffered significant harm because of poor care in our maternity and new-born services, between 2009 and 2020. We accept all that the report says, apologise unreservedly for the pain and suffering we have caused, and are using the lessons within it to put things right. It contains learning for every area of our organisation - not just maternity – which is why we are embarking on a fundamental transformation of the way we work.

We are working hard to ensure families and our staff feel able to raise concerns, know they will be listened to, and their concerns acted upon. We are working on improving the way our teams work together so we can provide better, safer, compassionate care and making sure learning from our failings and mistakes is shared so they do not happen again. There is a great deal more for us to do. Read our plans to improve.

In October we were delighted to welcome the first cohort of medical students from the Kent and Medway Medical School to wards at QEQM and WHH. We are proud to be helping to the first doctors of the future trained in Kent and Medway.

We also saw the first patients treated in the first phase of the newly expanded emergency department at QEQM, with a new children's emergency department, new treatment areas for adults, dedicated mental health facilities, a new entrance, waiting area and dedicated staff facilities. More patient areas open later in 2023, including a larger resuscitation area.

WINTER 2022/23

The year ended with approval for K&C to become the county's specialist centre for inpatient vascular surgery, bringing together inpatient care at K&C and Medway Maritime Hospital from April 2023. Outpatient care and diagnostics will continue at patients' local hospitals and day surgery will continue at Canterbury and Medway hospitals.

Christmas and the New Year was an immensely pressured time for the NHS up and down the country. We saw particularly high numbers of emergency patients attending our hospitals at a time when we continued to care for unprecedented numbers of patients who were well enough to leave hospital but awaiting ongoing care at home or elsewhere. Despite daily efforts to minimise harm and provide care in as a safe a way as possible, and to improve the flow of patients through our hospitals, we saw patients waiting longer than we would like to be seen and admitted to a ward. This remains a daily challenge, particularly while we undertaking major renovations to both emergency departments.

In January we marked the success of the first year of the county's first Community Diagnostic Centre at Buckland Hospital in Dover. More than 42,000 patients had their diagnostic tests at the hospital's dedicated diagnostic unit last year, thanks to £4.2 million investment in CT, MRI, ultrasound and X-ray services at the hospital. The centre makes it quicker and easier for people to access tests and scans, so they can start any treatment they need as soon as possible. It also avoids the need for people to travel to busier hospitals in Ashford, Canterbury or Margate, helping to keep services there free for emergency patients.

In February we published an open letter to our community in response to *Reading the Signals* apologising for what has gone wrong over many years and acknowledging we still need to improve. This is clear in the section 31 action taken by the Care Quality Commission following their January inspection of our maternity services and the decision by Canterbury Christ Church University to remove midwifery students on placement at WHH in February. We are working closely with the university to bring this valuable team back as soon as possible.

We also published our Pillars of Change to share the practical steps and further work we will deliver over the next three years. We are determined to embed the learning from *Reading the Signals* and apply it to every area of our work, recognising it will take time. We know too that if we are to succeed, we must learn from and involve patients and their families, and work in partnership with them as we work on the improvements needed to provide every patient with the standard of care and compassion we all want to receive.

Purpose and activities of the Foundation Trust

We are a large hospitals Trust, with five hospitals and a number of community clinics serving around 700,000 people in east Kent. We also provide specialist services for a wider population of over a million, including renal services in Medway and Maidstone, the county's specialist vascular surgery service and a cardiac service for all of Kent based at William Harvey Hospital, Ashford. We employ 9,989 staff.

We provide a number of services in the local community, including in people's own homes. This includes home dialysis, community paediatrics, mobile chemotherapy and stoma care.

As a teaching Trust, we play a vital role in the education and training of doctors, nurses and other healthcare professionals, and are working in partnership with the new Kent and Medway Medical School. We will continue to work with our long-term partner, King's College University in London and with St George's Medical School.

We value participating in clinical research studies, and we consistently recruit high numbers of patients into research trials. Kent and Medway's Clinical Trials Unit is based in our Queen Elizabeth The Queen Mother Hospital, Margate.

Our hospitals

Buckland Hospital provides a range of local services. Its facilities include a minor injuries walk-in centre, outpatient facilities, renal satellite services, day hospital services, child health and child development services, ophthalmology surgery and a community diagnostic centre, which includes CT and MRI scanners.

Kent and Canterbury Hospital (K&CH) provides a range of surgical and medical services. It is a central base for many specialist services in east Kent such as elective orthopaedics, renal, vascular, interventional radiology, urology, dermatology, neurology and haemophilia services. It also provides a 24/7 urgent treatment centre. Kent & Canterbury Hospital has a postgraduate teaching centre and staff accommodation.

Queen Elizabeth The Queen Mother Hospital, Margate (QEQMH) provides a range of emergency and elective services and comprehensive trauma, obstetrics, general surgery and paediatric services. It has a specialist centre for gynaecological cancer and modern operating theatres, Intensive Therapy Unit (ITU) facilities, children's inpatient and outpatient facilities, a Cardiac Catheter Laboratory, a Renal satellite service and Cancer Unit. QEQM host the county's Clinical Trials Unit, has a postgraduate teaching centre and staff accommodation. On site there are also co-located adult and elderly mental health facilities run by the Kent & Medway NHS and Social Care Partnership Trust.

The Royal Victoria Hospital, Folkestone provides a range of local services including an urgent care centre (provided by Kent Community Health NHS Foundation Trust), a thriving outpatients department, the Derry Unit (which offers specialist gynaecological and urological outpatient procedures), diagnostic services, and mental health services provided by the Kent and Medway NHS & Social Care Partnership Trust.

The William Harvey Hospital (WHH), Ashford provides a range of emergency and elective services, including a trauma unit, as well as comprehensive

maternity, paediatric and neonatal intensive care services. The hospital has a renal satellite service, a specialist cardiology unit undertaking angiography, angioplasty, a state-of-the-art pathology analytical robotics laboratory that reports all east Kent's General Practitioner (GP) activity and a robotic pharmacy facility. A single Head and Neck Unit for east Kent includes centralised maxillofacial services with all specialist head and neck cancer surgery co-located on the site. WHH has a postgraduate teaching centre and staff accommodation.

Our vision and 'We care' values

Our vision is to be a leading provider of acute healthcare services by delivering 'Great Healthcare from Great People'. Our mission is to improve health and wellbeing, for our patients and our staff.

Our values are very important to us and we want everyone who experiences our Trust to feel cared for, safe, respected and confident we are making a difference.

We are focusing on five priorities to continue to transform our Trust and deliver our vision of great healthcare, from great people:

- We care about our patients
- We care about our people
- We care about our future
- We care about our sustainability
- We care about our quality and safety.

History of the Foundation Trust and statutory background

East Kent Hospitals Trust was formed in 1999 when three hospital trusts covering Thanet, Canterbury, Ashford, Swale, Shepway and Dover merged.

A major reconfiguration of hospital services followed and we now have five hospitals, the William Harvey in Ashford, the Queen Elizabeth The Queen Mother in Margate, Buckland Hospital in Dover, Royal Victoria in Folkestone and Kent and Canterbury in Canterbury.

The Trust achieved University Hospital status in 2007 and became a foundation trust in 2009. It received its formal certificate of registration in June 2010 by the Care Quality Commission (CQC) under the Health and Social Care Act 2008.

East Kent Hospitals is regulated by NHS England – the organisation responsible for authorising, monitoring and regulating NHS trusts.

The Trust is being supported under NHS England's recovery support programme (RSP)

The CQC last inspected the Trust's hospitals in Ashford, Canterbury and Margate in May and June 2018. The Trust's rating remains at Requires Improvement after the CQC looked in detail at four areas at three of the Trust's five hospitals – urgent and emergency services, surgery, maternity and end of life care – as well as the 'well-led' aspect of the Trust.

Subsequent reports into individual services have highlighted areas of good practice as well as areas for improvement which the Trust has responded to with robust action plans and improved outcomes. This year, the CQC undertook a focused inspection of maternity services, at the end of the financial year we were awaiting the report.

In February 2020 the government health minister, Nadine Dorries MP, announced that NHS England and NHS Improvement were commissioning an independent investigation into maternity and neonatal services provided by East Kent University NHS Foundation Trust. The investigation was led by Dr Bill Kirkup.

The report from the investigation was published in October 2022. It found that women, babies and their families had suffered significant harm because of poor care in our maternity and new-born services, between 2009 and 2020.
Of the 202 cases that agreed to be assessed by the panel, the outcome for babies, mothers and families could have been different in 97 cases, and the outcome could have been different in 45 of the 65 baby deaths, if the right standard of care had been given.

The report highlighted care that repeatedly lacked kindness and compassion, both while families were in our care and afterwards, when families were coping with injuries and deaths. It also found at least eight opportunities where the Trust

Board and other senior managers could and should have acted to tackle these problems effectively.

The Trust Board has apologised unreservedly for the pain and devastating loss endured by the families and for the failures of the Board to effectively act. In February 2023 we published an open letter and plans to address the issues raised in the report.

Our clinical strategy

Proposals to invest in and reconfigure east Kent's hospitals have been developed by clinicians, with input from patients, local communities and the public in recent years, resulting in two potential options to deliver three excellent, busy and vibrant hospitals.

An extensive pre-consultation business case has been approved by our regulators and a bid for £460 million capital investment has been submitted to the Department of Health and Social Care's New Hospitals Programme. We await news on whether east Kent will be successful in securing this much needed capital investment, which is required before the local NHS can consult the public on the potential options.

Throughout the year we have undertaken due diligence with the construction industry to further test the viability and deliverability of both options. This important work provides an additional assurance test prior to public consultation.

Kent and Medway Vascular Services Review

Kent and Canterbury Hospital (K&C) will become the county's specialist centre for inpatient vascular surgery in April 2023, following approval last year by NHS commissioners, provider trusts and Kent and Medway's health scrutiny committee.

Vascular services reconstruct, unblock or bypass arteries and are often one-off specialist procedures to reduce the risk of sudden death or amputation and prevent stroke.

A public consultation was held in early 2022 on a proposal to create a single centre for inpatient vascular surgery in Kent and Medway, bringing together the inpatient services at K&C and Medway Maritime hospitals.

Evidence shows that patients who need vascular treatment receive better care and have a better chance of survival when they are treated by a team of vascular surgeons, interventional radiologists, nurses and therapists, who treat large number of these patients.

Feedback from the consultation showed a clear mandate for change and broad support for the establishment of a single centre for inpatient surgery, while ensuring much of the patient's care remained as local as possible.

Outpatient appointments and diagnostic tests will continue at patients' local hospitals in Ashford, Canterbury, Margate, Maidstone, and Medway. Day surgery will continue at Canterbury and Medway hospitals.

Expanding Interventional Radiology Services

Vascular patients are among those benefitting from £5 million investment in the Kent Interventional Radiology Centre at Kent and Canterbury Hospital (K&C).

A brand-new interventional radiology suite opened at the hospital in May 2022, including a state-of-the-art procedure room, day-case unit, and recovery and anaesthetic rooms. A second opened to patients in March 2023, following extensive renovations to the hospital's aging endovascular theatre.

These highly specialist facilities provide minimally invasive image-guided procedures and means teams can treat more patients for a wider range of conditions including blood clots, severe internal bleeding, aneurysms and cancer.

Work on a third IR suite, for mechanical thrombectomy, is due to start later in 2023, following approval for £4.6 million investment from NHS Specialised Commissioning. This will enable us to expand the available treatment options for stroke patients locally with this highly effective treatment for which patients must currently travel to London.

Key issues and risks

The operational response required, post Covid-19, has affected all aspects of the Group's performance, significantly increasing pressure on the Foundation Trust's physical capacity and staff.

The Foundation Trust has two main commissioners of clinical income. For acute services our local Commissioners are the Kent and Medway Integrated Care Board, who formed on 1st July 2022, having previously been Kent & Medway Clinical Commissioning Group. Their size and range of commissioned service did not change at this time, with the exception of Secondary Dental services, which was devolved to them from NHS England. They commission around 80% of the Foundation Trust clinical income. NHS England Specialised Services commission the Trust's more specialised acute services, and combined with NHSE's other commissioners such as the Cancer Drugs Fund and Public Health, commission the majority of the remaining 20% of total Foundation Trust clinical income.

Three tranches of NHS staff pay awards and NI adjustments have affected clinical income during the year. The first pay award was backdated in September and embedded into all commissioner contracts going forwards via a 1.7% uplift to contracts. Following this, the decision to reverse the expected 1.25% increase in Employer's NI, resulted in a 0.5% reduction to contracts, applicable from November. In M12 all NHS Trusts have been requested to transact a central accrual increasing income and Pay costs for the expected pay award which will not have been paid by the year end. For the Foundation Trust the value is £17.2m.

As a result of Covid-19 continuing to significantly impact the cost base of the Group and the wider NHS, the Foundation Trust's funding regime has continued to operate within interim financial and contracting arrangements for the full year of 2022/23.

In 2022/23 the Foundation Trust was funded via a combination of a block payments based on commissioned services costs and a reduced estimate for Covid-19 expenditure, as well as a variable income source of Elective Services Recovery Fund (ESRF) which was designed to fund NHS Trusts to deliver a Nationally mandated target of 104% of the value of activity delivered in 19/20. Due to Covid-19 still affecting activity in 22/23, ESRF was ultimately paid at the original values without deductions. In addition, specific NHS England high costs drugs and Devices were recharged at cost.

The Group is ending the financial year with a deficit of £19.3m but this was reliant on £44m non-recurrent income and £12m of non-recurrent balance sheet provisions release.

We have continued to operate in the NHS England financial recovery support programme during the year. The Foundation Trust has continued to prioritise the management and reporting of cash and liquidity drivers. Consistent with national guidance we prioritised prompt payment of suppliers, whilst ensuring we retain sufficient working capital reserves.

The Group has continued to be hindered from further progressing significant efforts to address the reliance on agency staff. Spending on temporary staff increased from £75m in 2021/22 to £88m in 2022/23 due to the continued challenge to manage staff sickness, vacancies and additional beds.

As the Group has submitted a deficit plan for 2023/24, in line with the national requirement, the cash position will continue to be actively managed and will require working capital support from the DHSC in the form of PDC during the year.

We ended the year with a consolidated group (Trust and all subsidiaries) deficit of £39.2m (2021/22: £8.2m). The Adjusted financial performance (after removing the impacts of impairments and donated income was a deficit of £19.3m (2021/22: £0.7m surplus)

Prior Year Performance Restated

The Groups financial performance for 2021/22 has been restated as its subsidiary, 2gether Support Solutions, reduced its Corporation Tax liability by £609k after the Group accounts for that year were audited and signed-off. This adjustment can be seen in the Consolidated Statement of Comprehensive Income as well as the Statement of Financial Position.

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.

Implementation of IFRS16

The NHS implemented IFRS16 from 1 April 2022 and is therefore impacts on the current set of accounts but does not restate the values for 2021/22. IFRS 16 takes a totally new approach to accounting for leases, called the 'right-of-use' model. This means that if the Foundation Trust has control over, or right to use, an identifiable asset they are renting, it is classified as a lease for accounting purposes and under the new rules must be recognised on the Statement of Financial Position.

How we measure performance

The Trust measures performance through a central integrated performance dashboard known as the Balanced Scorecard, which feeds the integrated performance report, allowing for more in-depth analysis and investigation. The scorecard pulls key metrics from corporate and care group areas into one central, accessible report. These metrics are made up of the key performance indicators including referral to treatment targets, cancer, diagnostics and A&E, together with workforce, safety, quality, financial and operational metrics. Metrics are interrogated both during the month and at the end of the month at relevant performance reviews, with actions escalated to the Trust Board.

How many people we treated

Point of Delivery	2021/22	2022/23	Variance	Variance %
Referral Primary Care	162,126	170,426	8,300	5.1%
Referral Non-Primary Care	206,547	223,709	17,162	8.3%
OP New	341,175	357,533	16,358	4.8%
OP Follow Up	522,603	530,393	7,790	1.5%
Elective Day case	88,588	94,820	6,232	7.0%
Elective Inpatient	9,596	10,553	957	10.0%
A&E	268,797	281,599	12,802	4.8%
Non-Elective Inpatient	88,486	77,502	-10,984	-12.4%
Chemotherapy	19,938	18,508	-1,430	-7.2%
Critical Care	22,161	23,168	1,007	4.5%
Diagnostic	4,963,733	5,246,451	282,718	5.7%
Dialysis	98,035	96,243	-1,792	-1.8%

Maternity Pathway	13,294	12,887	-407	-3.1%
Other	109,958	109,830	-128	-0.1%
Pre-Op	29,134	31,670	2,536	8.7%

Financial Performance

This section of the Annual Report provides a narrative on the financial performance of the Foundation Trust and its subsidiaries (hereafter referred to as the Group), highlights points of interest within the annual accounts and shows the performance against its financial targets.

The financial results and the assets and liabilities of the Foundation Trust have been consolidated with its wholly owned subsidiaries in the financial statements. The subsidiaries are:

1) Healthex Limited (the parent company of Spencer Private Hospitals Limited which manages and operates the Spencer Wing private facilities at the Queen Elizabeth the Queen Mother and William Harvey hospitals).

2) 2gether Support Solutions – The Foundation Trust established a wholly owned subsidiary, 2gether Support Solutions Limited, (2gether) as a Property Facilities Management Company that will provide an Operated Healthcare Facility (OHF) to the Foundation Trust. The subsidiary commenced trading on 1st August 2018 providing ancillary services (including cleaning, portering and catering), with the full operated healthcare facility effective from 1st October 2018.

The Group achieved an adjusted deficit, on an NHS breakeven duty basis, for the year of £19. 3m (restated 2021/22: £0.7m surplus).

The East Kent Hospitals Charity financial results are not included in the consolidated accounts for 2022/23. As a corporate trustee of the charity the relationship has been assessed and it has been determined that the charity is a subsidiary, however the charity assets and results are not material to the Group results and on this basis, they continue not to be consolidated.

The Group results are shown in the full financial statements at the end of this report.

Financial Analysis

Financial Outturn

The overall financial performance of the Group was as follows:

Table 1: Consolidated Statement of Comprehensive Income

		Group		Trust	
			Restated		
		2022/23	2021/22	2022/23	2021/22
	Note	£000	£000	£000	£000
Operating income from patient care activities	4	874,499	802,126	859,549	790,325
Other operating income	5	56,192	57,179	58,892	59,598
Operating expenses	8, 10	(960,980)	(858,571)	(950,183)	(850,861)
Operating surplus/(deficit) from continuing operations		**(30,289)**	**734**	**(31,742)**	**(938)**
Finance income	12	1,011	24	2,777	2,259
Finance expenses	13	(42)	-	(2,563)	(2,809)
PDC dividends payable		(8,588)	(7,868)	(8,588)	(7,868)
Net finance costs		**(7,619)**	**(7,844)**	**(8,374)**	**(8,418)**
Other losses	14	(117)	(844)	(117)	(819)
Corporation tax expense		(1,129)	(196)	-	-
Deficit for the year		**(39,154)**	**(8,150)**	**(40,233)**	**(10,175)**

Income

Total Group income £930.7m (2021/22: £859.3m) was 8.3% higher than the previous year.

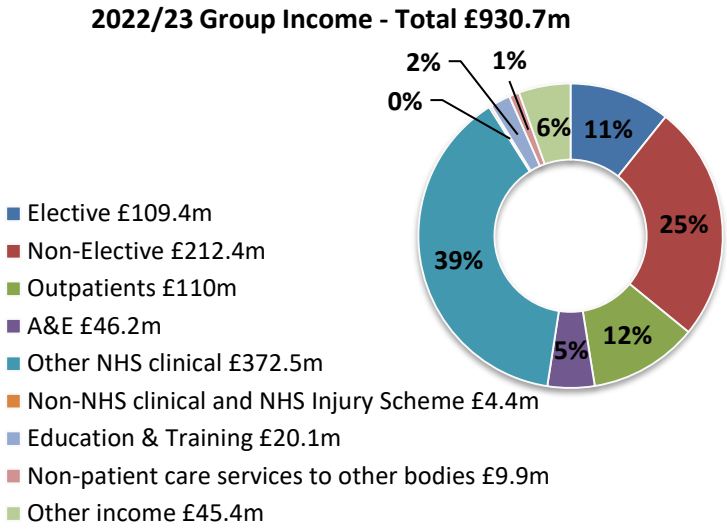
The NHS Act 2006 requires that income for providing patient care services must be greater than income for providing any other goods/services. The Group can confirm that 93% of total income comes from providing patient care services. Any surplus made on the remaining 7% of income is used to support the provision of patient care.

The majority of income for patient care came from NHS commissioners, NHS England (£179.6m), CCG's (£159.4m) and Integrated Care Boards (£524.8m). Central funding was also received for Agenda for Pay offer (£17.2m) and additional pension contribution (£19.6m)

Other income includes:
£2.7m from catering
£2.0m from car parking
£1.7m from staff accommodation

Of the £931m Group income, the post consolidation income generated by 2gether Support Solutions was £2.5m and generated income by Spencer Hospitals was £15.0m.

Table 2: Group income analysis



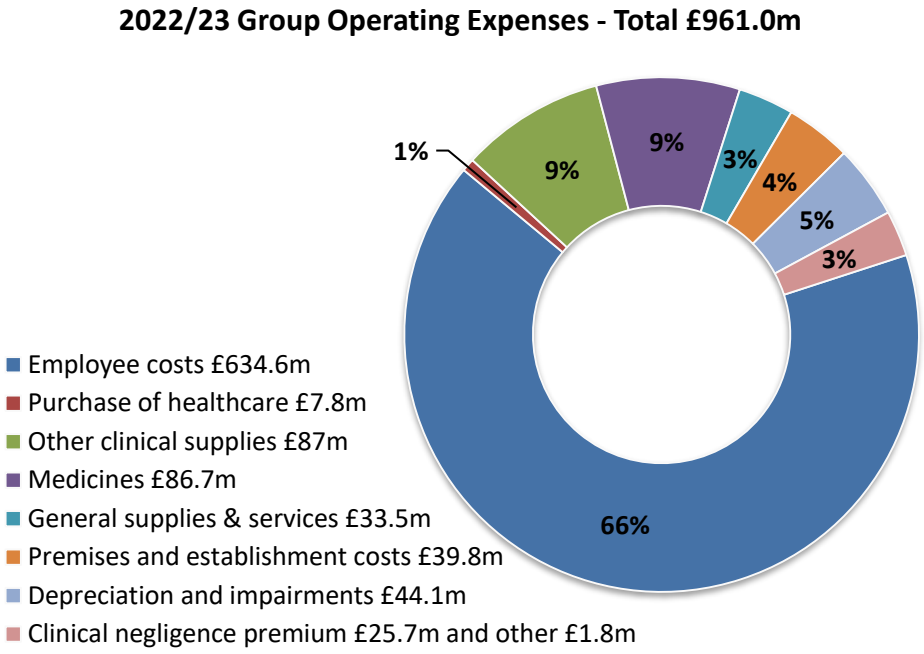
Operating expenses

Total Group costs increased by 11.9% (£102.4m) compared to the previous year (2021/22: 6.9% (£55.7m)). The chart shows what the money has been spent on.

A total of 66.04% (2021/22: 65.05%) of the Group's expenditure is for employees' salaries (including directors' costs) and payment of temporary staff. Details of directors' salaries and pensions can be found on page 48 of this report. Total pay costs increased by 13.62% (£76.1m) (2021/22: 6.29% (£33.1m)) with a greater number of permanent and temporary staff than last year.

Clinical supplies and medicines together account for 53.21% (2021/22: 53.7%) of non-pay costs.

Table 3: Group Operating Expenses Analysis



IR35 Reporting

IR35 is the official name for off-payroll working rules and refer to a set of tax laws that came into force in April 2000. Assessment of IR35 status is carried out by the Trust Payroll team for Foundation Trust and 2gether contractors, Spencer carryout their own assessment. The following tables show the Group's reporting of IR35:

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

Number of existing engagements as of 31 March 2023	116
Of which...	
Number that have existed for less than one year at time of reporting.	11
Number that have existed for between one and two years at time of reporting.	18
Number that have existed for between two and three years at time of reporting.	8
Number that have existed for between three and four years at time of reporting.	2
Number that have existed for four or more years at time of reporting.	77

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

Number of existing engagements as of 31 March 2023	99
Of which...	
Not subject to off-payroll legislation *	0
Subject to off-payroll legislation and determined as in-scope of IR35 *	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	99

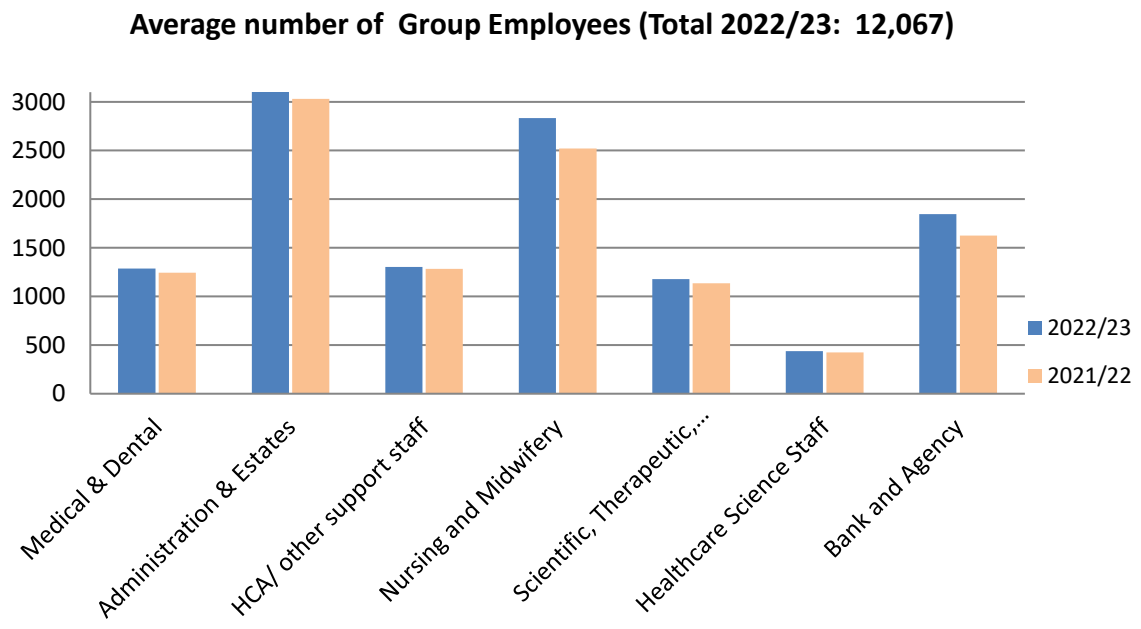
Number of engagements reassessed for compliance or assurance purposes during the year	9
Of which: number of engagements that saw a change to IR35 status following review	0

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

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

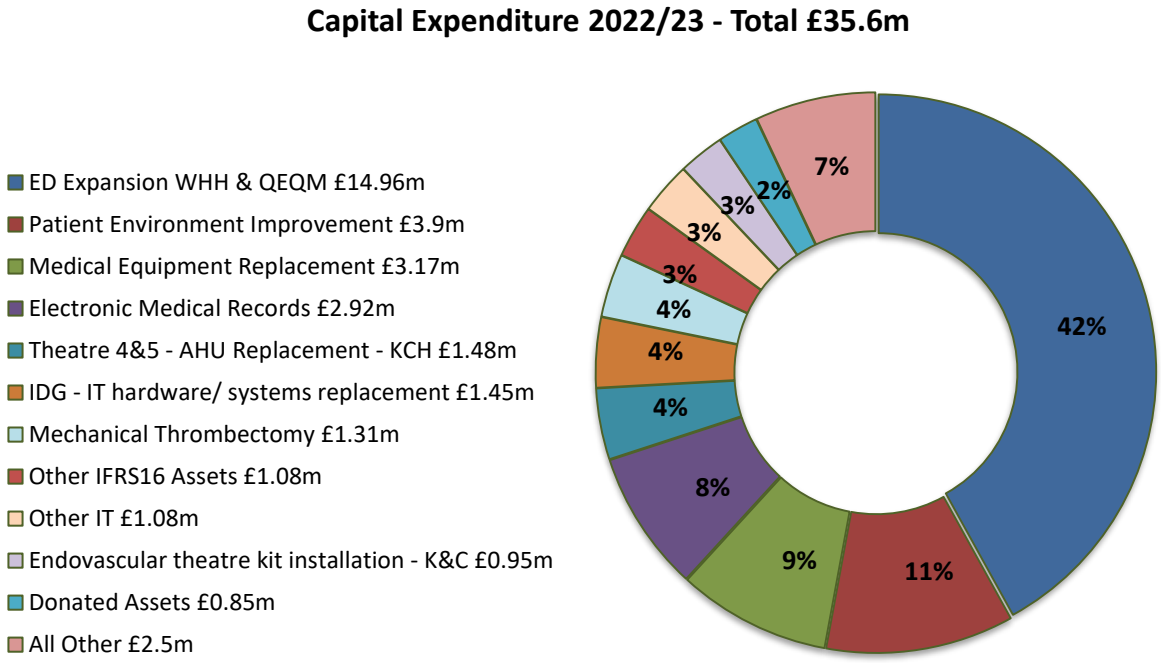
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements	1

In any cases where individuals are included within the first row of this table the trust should set out:
• Details of the exceptional circumstances that led to each of these engagements.
• Details of the length of time each of these exceptional engagements lasted



Capital expenditure

Table 4: Group Capital Expenditure Analysis



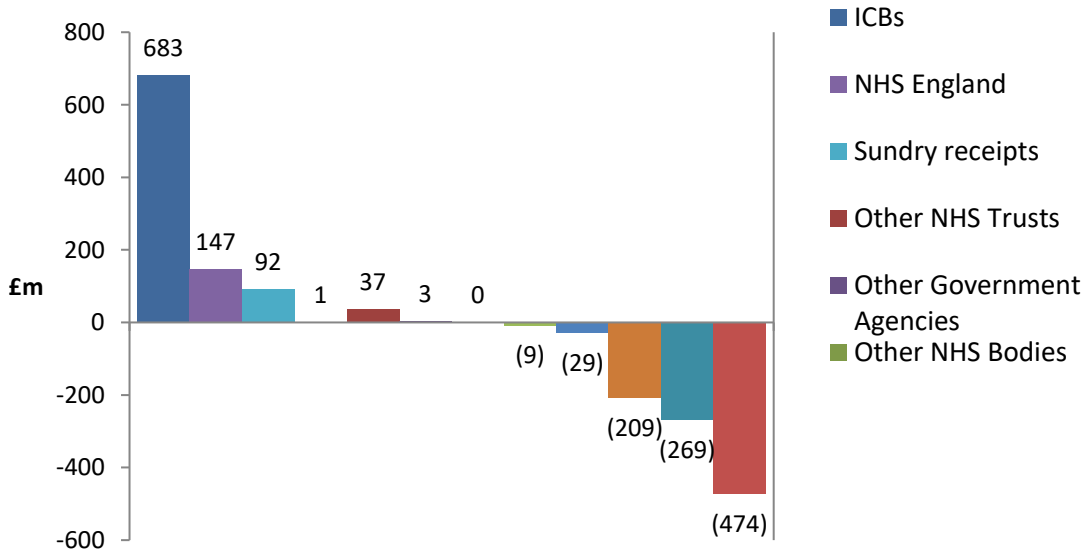
Cash

The Group retained £29.5m as at 31 March 2023, the Foundation Trust cash balances decreased by £8.8m in the year to £18.6m (2021/22 £27.4m). The other significant cash holding was with 2gether Support Solutions Limited.

The Foundation Trust has accounts with the Government Banking Service, and a high street bank.

The main categories of receipts and payments for the Foundation Trust only are shown in the following chart

Table 5: Foundation Trust Cash Receipts and Payments analysis



Paying Suppliers

In accordance with the Better Payment Practice Code (BPPC), the Foundation Trust aims to pay undisputed trade invoices within 30 days of receipt of goods or a valid invoice; unless other agreed payment terms are in force. In 2022/23, interest charges totalling £1,000 (2021/22 £3,000) were levied by suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

Table 6: BPPC Analysis

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
Non-NHS				
Total bills paid in the year	71,370	605,779	68,581	590,712
Total bills paid within target	51,570	476,354	63,327	528,907
Percentage of bills paid within target	**72.26%**	**78.63%**	**92.30%**	**89.50%**
NHS				
Total bills paid in the year	2,504	14,067	2,706	12,073
Total bills paid within target	1,278	6,507	2,068	9,282
Percentage of bills paid within target	**51.04%**	**46.26%**	**76.40%**	**76.90%**

Environment and Sustainability

The Trust is committed to the NHS target goal of achieving 80% carbon emissions reductions between 2028 and 2032 of base year levels and reaching net zero by 2050. Our efforts also support the UK's commitment to reduce its greenhouse gas emissions by 100% of 1990 levels to achieve net zero under the Climate Change Act (2008). So that we can meet our targets and achieve our goals, we continue to work with internal and external parties to drive our green agenda to reduce our carbon footprint.

In the last fiscal year, we started to collect and convert to **kg $Co2_e$** the total monthly consumption of the Trust's gas, electricity and water usage as well as monthly waste totals. These monthly emissions are also shared with Trust executives on a monthly basis so executives to have sight of the carbon emissions footprint and can see clearly whether investments in low carbon energy projects are reflected in our core figures.

These low carbon energy projects managed through our Capital Projects Energy Performance Contract (EPC) include works such as Solar PV Systems, Combined Heat and Power (CHP) Plants, Building Management Systems upgrades, insulation and cladding, a 100% LED lighting fittings and control retrofits at the 3 main acute sites, and improved energy enhancing windows. Now with over 90% of the works agreed having been completed at the approved sites, the Trust is for the first time, in addition to green electricity usage, also using self-generating energy from solar power in its service delivery.

The Solar PV System is expected to generate an average of 3.4 Megawatts of energy to our distribution capacity every year and as result anticipate an emissions savings of 1,429 **$tCo2_e$** from our baseline figures of energy emissions footprint. These savings will also be in addition to other reductions we expect to make from the use of green electricity when we finalise our net emissions savings.

Trust and 2gether Support Solutions colleagues installed 4 EV charging points at one of our acute sites to reduce our travel and transport emissions footprint. We have built a travel emissions data baseline and have started collating all our commercial travel monthly mileage emissions to track and identify opportunities to reduce our footprint. A submission for a short and long-term proposal for EV charging points infrastructure across our sites has been developed and is expected to be approved soon as part of our Green Travel Plan.

Finally, a draft Green Plan for the Trust's sustainability development strategy is also currently under review and once approved will satisfy the requirement for a board approved Green Plan and give focus to the Trust's strategic vision of green transformation.

Current Works and Plans

In addition to the Joint Carbon Reduction Steering Group (JCRSG) which was set up to steer the strategic implementation of the green agenda, a task and finish

data group is being rolled out to study, support and analyse all the data collected to inform our environment and sustainability strategy. The collected data will be analysed by the group each month for indicative trends on progression or regression on our green agenda and help identify opportunities for improvement.

In continuing our green energy transformation, we have committed to continuing the use of zero-carbon electricity supply and plan for our next set of commercial vehicle leases to include Electric Vehicles (EV).

The Trust has included a Net Zero Carbon (NZC) and sustainability appraisal requirement for new projects in its Design and Construction Strategy Option 1 and Option 2 Clinical Strategy Programme ensuring that new projects are energy efficient and contribute to the overall built environment carbon reduction approach. We also have plans to secure government grants (PSDS 4) to help fund lower carbon emission projects that will go towards supporting the transformation to a low carbon Trust.

Next Focused Areas for JCRSG and the T&F Data Group (Plans)

The below focused areas have been chosen from a list of focused areas in the draft Green Plan as the next areas in our planned strategy to focus and deliver on in the next fiscal year.

- Green Space and Biodiversity
- Climate Change Adaptation
- Sustainable Procurement

These focused areas have been chosen because of the environmental value it would add to our net emissions at the end of the next fiscal year when calculated into our Environment and Sustainability Report. And also focusing on these areas will bring the Trust into compliance with required reports and actions on the NHS Sustainability Guidance Document.

Tracey Fletcher
Chief Executive
6/9/2023

● ACCOUNTABILITY REPORT

Directors' report

Our Board comprises the Chair, seven Non-Executive Directors, one Senior Independent Director and one Associate Non-Executive Director, and seven Executive Directors and two non-voting Executive Directors.

Our Board of Directors has overall responsibility for the operational and financial management of our Trust. The Board operates in line with its standing financial instructions, standing orders, scheme of delegation, and terms of its provider licence as issued by its regulator, NHS Improvement.

The annual accounts have been audited by Grant Thornton UK LLP. The Directors confirm that:

- As far as they are aware there is no relevant audit information of which Grant Thornton is unaware.
- They have taken all steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that Grant Thornton are aware of this information.
- The Trust can confirm there have been no regulatory investigations undertaken at the Trust this year.

On 19 October 2022, the Independent Investigation published its report into our maternity and new-born services, *Reading the signals.* The Trust Board accepted the report in full and apologised unreservedly for the Trust's unacceptable failings which led to the harm and suffering experienced by women, babies and their families, in our care. On 9 February 2023, the Trust set out its interim response to the report which was published alongside an Open letter of apology.

Whilst the day to day operational management is the responsibility of the Chief Executive and Executive Directors, the Board of Directors has collective responsibility for all aspects of performance.

Key responsibilities include:

- To provide effective and proactive leadership of the Trust;
- Setting our strategic direction, incorporating continuous improvement and innovation;
- The design and implementation of agreed priorities and objectives;
- Ensuring services are safe by monitoring stringent clinical quality, patient safety standards and patient experience;
- Ensuring services are efficient and effective by ensuring processes are in place to monitor delivery of the Trust's Operational Plan;
- Ensuring performance management processes are in place to monitor all local and national targets;
- Managing strategic, corporate, operational, financial and quality risks;
- Continually monitoring the Trust's effectiveness by ensuring a board assurance framework is in place to support sound systems of internal control;
- Ensuring sufficient performance management processes are in place to support delivery of all local and national targets;

- Ensuring the Trust operates in line with its constitution and terms of its Licence.

During the financial year the Board meets at least 10 times with July and February as strategy development sessions with the ability to hold a private meeting alongside. During 2022/23, the Board met formally a total of 15 times.

The composition of the Board of Directors as at 31 March 2023 is below:

Non-Executive Directors as at 31 March 2023:

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Voting			
Raymond Anakwe	Non-Executive Director	01/06/21 First Term	12/15
Stewart Baird	Vice Chair/Non-Executive Director	01/06/21 First Term	14/15
Andrew Catto	Non-Executive Director	01/11/22 First Term	6/6
Simon Corben	Non-Executive Director	01/10/22 First Term	7/8
Niall Dickson	Chair	05/04/21 First Term	15/15
Luisa Fulci	Non-Executive Director	01/04/21 First Term	15/15
Richard Oirschot	Non-Executive Director	01/03/23 First Term	1/1
Olu Olasode	Senior Independent Director/Non-Executive Director	01/04/21 First Term	14/15
Claudia Sykes	Non-Executive Director	01/03/23 First Term	1/1
Non-Voting			
Chris Holland	Associate Non-Executive Director	13/12/19 Second Term	14/15
Other Non-Executive Directors who were members during 2022/23			
Sarah Dunnett	Senior Independent Director/Non-Executive Director	01/06/21 First Term (resigned 31/08/22)	3/6
Jane Ollis	Vice Chair/Non-Executive Director	08/05/17 Second Term (resigned 28/02/23)	13/14
Nigel Mansley	Non-Executive Director	01/07/17 Second Term (resigned 28/02/23)	11/14

* Possible and actual shown

Executive Directors as at 31 March 2023:

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Voting			
Andrea Ashman	Chief People Officer	01/09/19	12/15
Tracey Fletcher	Chief Executive	04/04/22	15/15
Rebecca Martin	Chief Medical Officer	18/02/20	13/15
Matt Powls	Interim Chief Operating Officer	21/11/22	5/5
Sarah Shingler	Chief Nursing & Midwifery Officer	07/06/21	14/15
Ben Stevens	Interim Executive Director of Strategic Development and Partnerships	20/03/23	0/0
Non-Voting			
Neil Wigglesworth	Executive Director of Infection Prevention and Control	15/03/21	12/15
Natalie Yost	Executive Director of Communications and Engagement	31/05/16	14/15
Other Executive Directors who were members during 2022/23			
Voting			
Rebecca Carlton	Chief Operating Officer	16/07/21 (resigned 01/01/23)	10/11
Philip Cave	Chief Finance Officer	09/10/17 (resigned 31/03/23)	15/15
Liz Shutler	Deputy Chief Executive/Chief Strategy Officer	21/01/04 (resigned 21/12/22)	7/11
Non-Voting			
Tina Ivanov	Executive Director of Quality Governance	10/05/21 (resigned 07/03/23)	14/14

* Possible and actual shown/where an Executive Director is unable to attend they are requested to send a representative on their behalf

Board biographies

Niall Dickson CBE, Chairman

Niall joined the Trust in April 2021. Niall was the Chief Executive of the NHS Confederation until October 2020, and was previously Chief Executive and Registrar of the General Medical Council and Chief Executive of the health think tank, The King's Fund.

A Scot educated at Edinburgh University, Niall worked for Age Concern England and then moved into journalism. He was editor of Nursing Times in the 1980s and later became a familiar face and voice on BBC television and radio news, where he worked for 16 years culminating as Social Affairs Editor.

Niall has held international roles, serving as Chair of the International Association of Medical Regulatory Authorities and on the governing council of the International Hospitals Federation. He is an honorary Fellow of the Royal College of Physicians and the Royal College of General Practitioners and the Queens Nursing Institute. He was awarded a CBE in the birthday honours for services to patient safety.

Niall is the Chairman of the Leeds Castle Foundation, the charity responsible for the castle and its estate, Kent's major visitor attraction.

Luisa Fulci, Non-Executive Director

Luisa joined the Trust in April 2021. She has 20 years' corporate commercial experience with significant revenue targets and budget responsibilities. Throughout a diverse career spanning strategy consulting, telecom start-ups, and at Royal Mail as Commercial Director, Luisa has improved quality of service for customers by delivering improvement initiatives that focus on customer needs. Prior to joining East Kent Hospitals, Luisa was a Non-Executive Director at Camden and Islington NHS Trust, where she focused on digital transformation, and a Non-Executive Director at CILEx Regulation, the independent regulator of CILEx lawyers. At CILEX Regulation, Luisa focused on the development of a more diverse legal profession.

Stewart Baird, Non-Executive Director and Vice Chair

Stewart joined the Trust substantively in June 2021. He has over 30 years commercial experience working in the private sector, holding senior roles in a variety of high-profile organisations, including Eurostar and Virgin. He is currently the Chief Executive of a private equity investment business and sits as a Non-Executive Director on a number of Boards.

Stewart is also a Non-Executive Director in-common of Spencer Private Hospitals and a Trustee of Kent Search & Rescue.

Olu Olasode PhD APSA FCCA, Senior Independent Director/Non-Executive Director

Olu joined the Trust in April 2021. He is a Chartered Accountant, Turnaround Economist and Transformational Leadership Consultant. He has acted as a catalyst for effective governance, leadership, corporate strategy, and financial resilience for over 30 years. With substantive experience in culture transformation, turnaround and change management, Dr Olasode has delivered on major projects and programmes across the private sector, public sector and in Government.

In addition to his role as Chief Executive Officer of TL First Consulting Group, Olu provides strategic support to Boards of companies and public organisations. Over the last decade, he was Special Adviser to a former Health Secretary, Commissioner, Chairman of Audit & Governance, Non-Executive Director, and Improvement Adviser with a number of Health, Social Care, and Local Government Organisations, including; the Care Quality Commission (CQC), Commission for Social Care Inspections (CSCI), Audit Commission, Prime Minister's Office for Third Sector's Capacity-builders; Skills Third Sector, Local Government Beacons Panel, Horizon-SLFHA Housing Group, and NHS Bromley.

In addition to his role as Non-Executive Director with the Trust, Olu chairs the Integrated Audit and Governance Committee and serves as Independent Chair of Audit & Governance with the London Borough of Croydon Council.

Raymond Anakwe, Non-Executive Director

 Raymond joined the Trust in June 2021. He is a Consultant Trauma and Orthopaedic Surgeon and the Medical Director at Imperial College Healthcare NHS Trust. He was a British Army medical officer in the Royal Army Medical Corps and served at home and on operations as the Regimental Medical Officer to 1st Battalion The Black Watch and as a surgeon in a deployed field hospital in Europe, North America, the Balkans, Iraq and Afghanistan.

He undertook basic and higher surgical training in South East Scotland based around Edinburgh, Fife and the Borders. Raymond's higher surgical training has been in Trauma and Orthopaedic Surgery.

Professor Chris Holland, Associate Non-Executive Director

 Chris joined the Trust in December 2019. Chris has had an extensive career in medicine and medical education, working with the national education bodies, the General Medical Council (GMC) and Local Enterprise Partnerships.

He was awarded his Bachelor of Medicine, Bachelor of Surgery from Queen's University Belfast in 1997 and went on to gain a Master's Degree in Medical Education from the University of Warwick. Chris is a Fellow of the Royal College of Anaesthetists, the Faculty of Intensive Care, and the Academy of Medical Educators.

Chris is the Founding Dean of Kent and Medway Medical School and a Consultant in Critical Care at Maidstone and Tunbridge Wells NHS Trust. He is an Associate with the GMC and a GMC Performance Assessor.

Simon Corben, Non-Executive Director (from 1 October 2022)

 Simon spent 16 years in the private sector, advising the NHS and leading a team of property, clinical planning consultants and analysts, before joining the public sector in May 2017 to lead the estates and facilities function across the NHS. His work at NHS England included the Model Hospital System, a data-driven tool to improve patient outcomes which benchmarks quality of care, productivity and organisational culture to identity opportunities for improvement; the Health Infrastructure Programmes announced by the Prime Minister in 2019 and the NHS Estates response to the Covid-19 pandemic including the delivery of seven Nightingale hospitals and more than 3,500 critical care beds. Simon is the Trust's Non-Executive Director in Common between the Trust Board and the Board of the Trust's wholly-owned subsidiary 2gether Support Solutions.

Simon is currently the Head of Profession and Director of NHS Estates and Facilities, NHS England. Simon is an accredited Gateway Reviewer and Project Director, he understands the need for commercial, innovative, and deliverable solutions. In his role at NHS England and a key member of the NHS Capital Approval Panels (JIC and JISC) he is using his skills and experiences to bring fresh ideas and drive to improve the quality and efficiency of estates and facilities management across the NHS.

Dr Andrew Catto, Non-Executive Director (from 1 November 2022)

 Andrew joined Integrated Care 24 (IC24) in 2017 as Chief Medical Officer, and was promoted to Chief Executive in 2020. Andrew's background is a Geriatrician and General Physician and he has a wealth of experience in multiple, senior medical leadership roles across primary and secondary care. Following his academic career with the Medical Research Council, Andrew moved back into clinical practice joining Airedale Hospital as a Consultant in Stroke and Elderly Care, delivering care in a community setting before progressing to Medical Director at the Trust.

In 2009, Andrew was appointed as Medical Director at Heart of England NHS Foundation Trust (HEFT), moving into an Interim Chief Executive role before being appointed as Deputy Chief Executive Officer (CEO). In March 2015, Andrew became an Associate Director at NHS England, gaining experience of developing new models of care and system transformation, such as the four West Midlands Service Transformation Plans. Andrew's leadership style is 'leading

from the front' and he strongly believes in empowering others and is extremely supportive of employee development.

Claudia Sykes OBE, Non Executive Director (from 1 March 2023)

Claudia Sykes spent ten years as chief executive of a Kent social enterprise, where she led many programmes helping vulnerable people in the community. Claudia was awarded an OBE in 2021 for her services to social enterprise and social care. Prior to this, Claudia, a qualified accountant, worked in senior management roles in the private sector, including Shell and BT. Claudia chairs the Charitable Funds Committee.

Richard Oirschot, Non Executive Director (from 1 March 2023)

Richard is a Fellow of the Institute of Chartered Accountants in England and Wales, a former licenced insolvency practitioner and a former member of the Institute for Turnaround. He holds a BSc in Economics with Accountancy from Loughborough University. Richard previously established and managed the Barclays Ventures Turnaround Investment Fund, leading over 25 investments and being the fund's representative on 15 SME boards (predominantly in the UK).

He has undertaken various management and advisory roles, including serving as a non-executive member on the board of The Insolvency Service and Croydon Health Services NHS Trust.

He currently holds a non-executive director role on the board of Puma Alpha VCT plc. He has over 20 years of experience in corporate recovery working for UK accountancy firms focused on the UK SME sector, including seven years as a director for PKF. Richard chairs the Finance and Performance Committee.

Jane Ollis, Non-Executive Director and Deputy Chair (until 28 February 2023)

 Jane joined the Trust in May 2017. Jane has 25 years of diverse business experience from interning at NASA to sitting on and advising boards of global companies, charities and government bodies. She is a medical biochemist and environmental scientist by training with a particular interest in how science and technology can shape tomorrow's world. She is also an alumni of Sydney's prestigious social leadership programme, a former Non-Executive Director of the Wentworth Area Health Service (Sydney) and a business fellow of Oxford University.

Nigel Mansley, Non-Executive Director (until 28 February 2023)

 Nigel is an accountant by profession and joined the Trust in July 2017. He has been a self-employed management consultant, specialising in corporate finance and change management. His experience as a management consultant is enhanced by his senior board-level executive experience gained with major UK businesses such as BUPA and Road Chef PLC where he was Head of Finance and Group Finance Director respectively.

Tracey Fletcher, Chief Executive

 Tracey joined the Trust on 4 April 2022 as Chief Executive from Homerton University Hospital NHS Foundation Trust where she had been the Chief Executive since 2013, having previously been that Trust's Chief Operating Officer in 2010.

Andrea Ashman, Chief People Officer

Andrea joined the Trust on 10 July 2017 as the Deputy Director of Human Resources and has been the Trust's Chief People Officer since 1 September 2019. Andrea has over 30 years professional experience within the public sector working across Police, Education and the NHS, the last 10 years at board level.

Andrea is a Fellow of the Chartered Institute of Personnel and Development, has a BA(Hons) from Roehampton University, and MSC from Canterbury Christchurch University. She was a Trustee of Medway Youth Trust, a charity for young people to improve their life chances and now maintains an interest in supporting young people and their education.

Andrea has a keen interest in music and performing arts, particularly those which support the development of young people. She is the conductor of her church choir and works with local community projects.

Dr Rebecca Martin, Chief Medical Officer

Rebecca was appointed Chief Medical Officer in February 2020, from Mid Essex Hospitals where she was the Deputy Medical Director and Responsible Officer. Rebecca graduated from the University of Nottingham and completed her specialist training at the Nottingham and East Midlands School of Anaesthesia. Rebecca was Consultant in Burns Anaesthesia and Intensive Care at Mid Essex Hospitals, Chelmsford in 2003.

Rebecca was the Clinical Lead for Burns ITU and a member of the Executive Committee of the British Burn Association, the National Organiser and Course Director for the 'Emergency Management of Severe Burns' course and a member of the Clinical Reference Group for Burns.

During this time she supported revision of National Burn Care Standards and was a panel member for the Confidential Enquiry into Major Burns in Children. She was appointed and served for six years as Royal College of Anaesthetists Tutor.

Sarah Shingler, Chief Nursing and Midwifery Officer and Deputy Chief Executive (CNMO)

 Sarah joined the Trust in June 2021. Sarah has a long career history in the NHS working as a senior clinical leader. Sarah has worked in a variety of director level leadership roles in the NHS and social care, with expertise spanning nursing and quality, operations, transformation and system change in acute and community settings. She is the Executive lead for Maternity – Board Maternity Safety Champion.

Ben Stevens, Executive Director of Strategic Development and Partnerships (since 20 March 2023)

 Ben has a long history in the NHS having started his career as a Paediatric Nurse at Great Ormond Street Children's Hospital in 1996.

He has since worked as a senior clinical and operational leader in NHS organisations across London and the south east, including as a chief operating officer and through his most recent role as managing director of planned care and cancer at University Hospitals Sussex.

Philip Cave, Chief Finance Officer (until 31 March 2023)

 Phil joined the Trust in October 2017. Phil has over 20 years' experience in the NHS having worked the majority of his career in the Acute setting.

Prior to joining the Trust, he was Executive Director of Finance/Deputy Chief Executive at Kent and Medway NHS and Social Care Partnership Trust and before that Executive Director of Finance at Cambridgeshire and Peterborough NHS Foundation Trust.

Dr Neil Wigglesworth, Executive Director of Infection Prevention and Control (DIPC)


Neil joined the Trust as DIPC in March 2021 and is a non-voting member of the Board. Neil is a registered Nurse with a PhD in Microbiology.

He is Member of the Antimicrobial Resistance, Prescribing and Healthcare Associated Infection (ARPHAI) Advisory Committee to the Department of Health and Social Care (England) and former President of the UK Infection Prevention Society. He is the Chair of the International Federation of Infection Control

Natalie Yost, Executive Director of Communications and Engagement


Natalie joined the Trust on 31 May 2016 and is a non-voting member of the Board. Natalie spent 20 years in newspaper journalism and local government communications and public affairs before joining the NHS in Kent and Medway in 2010, as a Director of Communications and Engagement, in roles including NHS commissioning and Community Health. Natalie is qualified with the National Council for the Training of Journalists and the Chartered Management Institute.

Matt Powls, Interim Chief Operating Officer (since 21 November 2023)


Matt joined East Kent Hospitals University NHS Foundation Trust as Interim Chief Operating Officer in November 2022, prior to this he has held a range of senior roles within the NHS, including: Managing Director, Royal Oldham Hospital; Chief Operating Officer, Sheffield Children's Hospital NHS Foundation Trust; Chief Operating Officer, Royal Manchester Children's Hospital; Chief Operating Officer, NHS Barnet Clinical Commissioning Group and Director of Commissioning and Performance, NHS Sheffield Clinical Commissioning Group.

Liz Shutler, Chief Strategy Officer/Deputy Chief Executive (until 21 December 2022)

Liz joined the Trust in January 2004 to lead strategic development and service re-configuration. Her role encompassed IT strategy and service development in 2007, and in 2009 encompassed Estates and Facilities management. Liz's previous Board level positions as a commissioner of acute, community, primary care and mental health services.

Rebecca Carlton, Chief Operating Officer (until 1 January 2023)

Rebecca joined the Trust from the Royal United Hospitals Bath where she was Chief Operating Officer, as Deputy Chief Operating Officer in August 2020. She took up the role of Acting Chief Operating Officer on 1 November 2020 and was appointed to the role substantively on 16 July 2021.

Dr Tina Ivanov, Executive Director of Quality Governance (until 7 March 2023)

Tina joined the Trust in May 2021 and is a non-voting member of the Board. Tina is a registered Paramedic. She is originally from Australia, having moved to the UK in 2015. She is passionate about patient safety and the role of system design and human factors in healthcare.

Chair and Non-Executive Director terms of office

Our Chair and Non-Executive Directors are appointed by our Council of Governors and are appointed for three-year terms. Non-Executive Directors can be considered for re-appointment for a further three-year term and, in exceptional circumstances, can serve longer than six years but this would be subject to annual appointments up to nine years in total.

The Trust's Constitution outlines the process should individuals become ineligible to hold the position. Terms of office may be ended by resolution of the Council of Governors following the provisions and procedures laid out in the Constitution.

All of the Non-Executive Directors are considered to be independent in accordance with the NHS Foundation Trust Code of Governance and bring a wide range of financial, commercial and business knowledge to the Trust.

Statement about the balance, completeness and appropriateness of the Board of Directors

Arrangements are in place to annually review the Board's balance, completeness and appropriateness to the key priorities and requirements of the NHS Foundation Trust. Both Executive Directors and Non-Executive Directors are subject to annual performance reviews. The Board is therefore satisfied as to its balance, completeness and appropriateness.

Evaluation of performance

Annual performance evaluations and appraisals are conducted for all of our Executive and Non-Executive Directors. The Chairman is responsible for leading the evaluation of Non-Executive Directors. The Senior Independent Director leads the annual evaluation of our Chairman. A framework is in place, agreed by the Council of Governors, and outcomes are shared with the Council of Governors.

Executive Directors are appraised by the Chief Executive and the Chief Executive is appraised by the Chairman. Outcomes are provided to Non-Executive Directors at a meeting of the Board's Nominations and Remuneration Committee.

The Board is required to undertake an annual review of the structure, size, skills and composition of the Board of Directors and make changes where appropriate. The Board experienced a high degree of change during 2022/23 and will be undertaking an internal effectiveness, self-assessment, and skills review early in the 2023/24 financial year. The outputs will be reported to the Nominations and Remuneration Committee, with recommendations from this review of any relevant gaps in skills, knowledge and experience identified. A formal Board development programme will be proposed upon conclusion of this review.

A review of our Board Committees terms of reference is undertaken on an annual basis following the review of the effectiveness of each Board Committee.

Director interests

All members of the Board of Directors are required to declare other company directorships and significant interests in organisations which may conflict with their Board responsibilities. A register of Directors' interests is available on the Trust's website.

Ethics, fraud, bribery and corruption

The Board of Directors maintains and promotes ethical business conduct, as described in the 'Nolan' principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and set out in the NHS Codes of Conduct for board members, managers and staff, the documented governance arrangements and the Staff Handbook.

The anti-fraud, bribery and corruption policy is up to date and is available to all staff on its Policy Centre, this is reinforced with a range of communications to staff. Preventative work and rigorous investigation of any suspicions is carried out in accordance with the "Self Review Tool" best practice standards by the local counter fraud specialist. There is regular liaison with the NHS Counter Fraud Authority. Disciplinary and/or legal action is taken where appropriate with recovery of proven losses wherever possible.

NHS England (NHSE) Governance Review

The Trust welcomed findings and recommendations for implementation following a governance review undertaken by NHSE in August 2020. The recommendations were presented by the NHSE Intensive Support for Challenged Systems (ISCS) team to the Trust Board in December 2020 with a further update in February 2021. The review looked at the Trust's Committee structures and processes of reporting from wards/services within Care Groups through to the Board. Other areas considered in the review included:

- Executive portfolios;
- Governance process;
- Governance structures (including meetings, groups and their attendance and functions / effectiveness);
- Line of sight from ward to Board as well as linkages across the organisation and how effective and sustained these are;
- Engagement – staff; patient and stakeholder engagement; and
- Whether risks and issues are identified, escalated, tracked and managed effectively by the Trust Executive in order that there are appropriate linkages to the Board Assurance Framework.

During 2021/22 and ongoing in 2022/23, the Governance Improvement Group (GIG) oversaw the delivery of the action plan. Of the 50 actions identified through the governance review 50 were completed. Some of the work that has been delivered include:

- Revised Executive Portfolios to improve effective span of control;
- Appointment of a Director of Quality Governance;
- Revised responsibilities for quality, safety and risk;
- Devised a monthly management system to be underpinned by an effective and timely IPR/dashboard;
- Simplification of complex governance flows;
- Revised Quality & Safety Committee Terms of Reference including expanded membership to include 2gether Support Solutions (2gether);

- Formalised the Executive Performance Review (EPR) (Performance Review Meeting (PRM)) agenda;
- Improved visibility of the activities relating to culture and behaviours;
- Revised the patient experience and engagement strategy to deliver greater involvement;
- New arrangements for system oversight and improvement established (July 2021);
- Board Assurance Framework (BAF) integration and strategic grouping; and
- Risk pathway simplification.

Recovery Support Programme (RSP)

During 2021/22, the Trust entered the NHS England (NHSE) new Recovery Support Programme (RSP). The RSP replaced the previous financial special measures programme that the Trust was under. The RSP is agreed with NHSE regional teams and delivered through the nationally co-ordinated RSP, managed by the Intensive Support for Challenged Systems (ISCS) team. This level of support means automatic entry to segment 4 of the NHS System Oversight Framework (SOF).

An RSP Improvement Plan has been agreed with NHSE that sets out and defines accountability for key actions needed to demonstrate sustained improvements against the RSP exit criteria. The RSP workstreams are as follows:

- Leadership & Governance;
- Operational Performance;
- Quality;
- Finance;
- Maternity; and
- Workforce/People.

Each of the workstreams is assigned an Executive Lead from the Trust and are supported by the NHSE Improvement Director. The Trust Chief Finance Officer is acting as the Senior Responsible Officer (SRO) for the oversight of both the Governance Improvement actions and the RSP actions. Dedicated Project Management support has been allocated.

Remuneration report

The purpose of the Nominations and Remuneration Committee is to decide on the appropriate remuneration, allowances and terms and conditions of service for the chief executive and other executive directors.

Annual Statement on Remuneration from the Trust's Nominations and Remuneration Committee

As chairman of the Nominations and Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year 2022/23

The Chief People Officer provides advice and guidance, and withdraws from the meeting when discussions about her performance, remuneration and terms of service are held.

The Committee reviewed the Executives/Very Senior Managers pay policy following the release of the national pay award recommendation. This was part of the committee's work to ensure that the pay policies reflect best practice, and to assist with setting of salaries for new and existing executive directors and very senior managers.

Details of all director and executive director salaries can be found on page 48 of the report.

Stewart Baird
Nominations and Remuneration Committee Chair
6/9/2023

The Nominations and Remuneration Committee agrees the remuneration and terms of service of executive directors. The committee is responsible for the annual review of the pay policy for executive directors and has regard for the pay range within this policy and national pay agreements when making decisions on pay for directors.

Pay and performance of executive directors is monitored by the Nominations and Remuneration Committee with reference to both individual performance and that of the wider organisation.

Executive directors are paid a base salary. There is no performance related bonus available to the executive directors, except for an earn-back arrangement for those earning in excess of £150,000 where base salary is affected where there is either poor or exceptional performance. This is in accordance with NHS Improvement guidance on Very Senior Manager pay.

Annual objectives for individuals are set in conjunction with overarching board priorities with personal performance appraised against each of these.

Trust very senior managers

Our very senior managers are appointed to Trust contracts in line with the Very Senior Managers or Executive Directors pay policies. These are reviewed annually by the Nominations and Remuneration Committee. It is important that our remuneration packages are designed to: -

- Recruit, retain and motivate high calibre staff
- Ensure that performance is recognised in the Trust's overall senior management pay policy

The remuneration committee has considered previous advice received from Korn Ferry Associates and taken account of the national framework for VSM salaries. The advice took account of the following:

- Job evaluation to ensure that pay is accurately benchmarked against roles of a similar size
- Market identification and positioning for roles
- Factors the Trust may need to consider when setting the actual pay for individual directors within a given salary range

These arrangements cover the roles of the Executive Directors and other senior roles that have been employed under the framework at the discretion of the Chief Executive and Chief People Officer.

Current Policy Table – Executive Directors

The table below sets out the current elements of the total remuneration package for the Executive Directors which are comprised in the Pay Policy for Executive Directors.

How the components support the strategic objectives of the organisation	How the component operates (including provision for recovery or withholding of any payment)	Maximum potential value of the component	Description of framework used to assess performance
Base salary set at a competitive level to attract and retain high calibre candidates to meet the Trust's strategic objectives and national performance standards taking into account the competitive market, and the complexity and challenges of the organisation. Base salary reflects the scope and responsibility of the role as well as the skills and ability of the individual. Takes into account NHS Improvement guidance and pay ranges.	Salaries are reviewed annually and any changes are effective 1st April each year.	Salary is determined on a market-related total pay policy, reviewed annually and uplifted where appropriate taking into account the following factors: • On-going level of performance • Capability • Experience in role (whether gained internally or externally) • The availability of appropriate talent • Challenge and complexity of the job in its particular context • Individual track record • Importance to the Trust • Marketability • Previous salary history • Affordability • NHS Improvement pay ranges There is no overall maximum.	None, although individual and Trust performance are key factors considered when reviewing salaries.

Earn back arrangement incentivise the achievement of key performance objectives aligned to the Trust's strategic objectives. Applies to new appointments where salaries are at or above £150,000 per annum	Earn back arrangement will be reviewed annually with any changes effective 1st April.	Maximum 10% of salary	None, although individual and Trust performance are factors considered when reviewing salaries.

Current Policy Table – Very Senior Managers

The table below sets out the current elements of the total remuneration package for the Executive Directors which are comprised in the Pay Policy for Very Senior Managers.

How the components support the strategic objectives of the organisation	How the component operates (including provision for recovery or withholding of any payment)	Maximum potential value of the component	Description of framework used to assess performance
Base salary set at a competitive level to attract and retain high calibre candidates to meet the Trust's strategic objectives and national performance standards taking into account the competitive market, and the complexity and challenges of the organisation. Base salary reflects the scope and responsibility of the role as well as the skills and ability of the individual. Takes into account NHS Improvement guidance and pay ranges.	Salaries are reviewed annually and any changes are effective 1st April each year.	Salary is determined on a market-related total pay policy, reviewed annually and uplifted where appropriate taking into account the following factors: • On-going level of performance • Capability • Experience in role (whether gained internally or externally) • The availability of appropriate talent • Challenge and complexity of the job in its particular context • Individual track record • Importance to the Trust • Marketability • Previous salary history • Affordability There is no overall maximum.	This includes organisational and individual performance. Hard targets and behavioural competencies are set by the Board and aligned to the Trust's strategic objectives.

Annual bonus - non-consolidated and non-pensionable payment that provides the Trust with the ability to make an additional payment for those individuals who are at the top of the pay range based on achievement or organisational and individual performance objectives	Salaries are reviewed annually and any changes are effective 1st April each year.	£6,000	None, although individual and Trust performance are factors considered when reviewing salaries.

The Trust has executive directors that are paid more than £150,000 per annum. The Nominations and Remuneration Committee has satisfied itself that this was appropriate taking the following into consideration:

- Independent remuneration advice;
- Remuneration advice from the executive search and selection consultancy appointed to assist the Trust with the process;
- The current market for experienced executive directors;
- The complexity, size and location of the Trust;
- Challenges the Trust faces with being in special measures and in breach of its licence;
- NHS Improvement established pay ranges;
- Approvals process as defined by NHS Improvement.

Non-Executive Directors

Fee payable to non-executive directors	Additional fees payable for additional duties
Appointed prior to November 2019. £12,000 (Basic fee) for NEDs **Appointed or re-appointed from November 2019** £13,000 (Basic fee) for NEDs	**Appointed prior to November 2019** Committee chairs (with the exception of integrated audit and governance committee) = additional £2,500 Chair of integrated audit and governance committee = additional £4,000 Senior independent director (SID) = additional £1,000 **Appointed or re-appointed from November 2019** Supplementary payments of £2000 in recognition of designated extra responsibilities chairing a Board Committee and the SID

Service contracts obligations

All executive directors and very senior managers have a substantive contract of employment with a three or six month notice provision in respect of termination.

This does not affect the right of the Trust to terminate the contract without notice by reason of the conduct of the executive director or very senior manager.

The pay policy for executive directors or very senior managers does not provide the Trust with discretion to compensate them for loss of office due to conduct or performance.

Policy on payment for loss of office

In relation to loss of office other than conduct and performance, senior managers would be compensated in line with provisions provided for all other NHS staff as detailed in national terms and conditions. The Trust policy provides no discretion for payment of loss of office.

Statement of consideration of employment conditions elsewhere in the Foundation Trust

The Trust's pay policy for senior managers was originally developed with specialist support and advice from the Hay Group. The terms reflect Agenda for Change terms and conditions other than pay (including enhancements) and remain unchanged.

The pay range was broadly based on Agenda for Change Band 8d to Band 9 and has been reviewed annually by the Remuneration Committee since inception.

Trust employees were not consulted when the pay policy was developed as it was implemented for new staff only at appointment. Hay undertook broad comparisons across the public sector when the Trust identified roles that would fall within the policy and these are all roles that report directly to an executive.

Senior Managers' Salaries, Expenses and Pension For the year ended 31st March 2023
(Comparatives for the year ending 31st March 2022 are shown in brackets below) (Subject to Audit)

Name	Position	Salary and fees (in bands of £5,000)	Taxable expenses and other benefits (total to the nearest £100)	Annual performance related bonuses (in bands of £5,000)	Long term performance related bonuses (in bands of £5,000)	Pension related benefits (in bands of £2,500) Note 2	TOTAL (bands of £5,000)
		£'000	£	£'000	£'000	£'000	£'000
Niall Dickson	**Chair**	50-55 (50-55)	0 (0)	0 (0)	0 (0)	N/A (N/A)	50-55 (50-55)
Tracy Fletcher (Appointed 04/04/2022)	**Chief Executive**	220-225 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	20-22.5 (N/A)	245-250 (N/A)
Elizabeth Shutler (Resigned 21/12/2022)	**Chief Strategy Officer**	160-165 (155-160)	0 (0)	0 (0)	0 (0)	0 (52.5-55)	160-165 (205-210)
Ben Stevens (Appointed 20/03/2023)	**Interim Chief Strategy Officer**	0-5 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0-5 (N/A)
Philip Cave (Resigned 31/03/2023)	**Chief Finance Officer**	155-160 (155-160)	0 (0)	0 (15-20)	0 (0)	42.5-45 (45-47.5)	200-205 (215-220)
Andrea Ashman	**Chief People Officer**	135-140 (135-140)	0 (0)	0 (0)	0 (0)	32.5-35 (32.5-35)	170-175 (170-175)
Rebecca Martin	**Chief Medical Officer**	190-195 (185-190)	0 (0)	0 (0)	0 (0)	70-72.5 (65-67.5)	260-265 (250-255)
Rebecca Carlton (Resigned 01/01/2023)	**Chief Operating Officer**	115-120 (130-135)	0 (0)	0 (0)	0 (0)	92.5-95 (90-92.5)	210-215 (225-230)
Matt Powls (Appointed 21/11/2022)	**Interim Chief Operating Officer**	135-140 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	135-140 (N/A)
Sarah Shingler	**Chief Nurse**	140-145 (110-115)	0 (0)	0 (0)	0 (0)	0 (0)	140-145 (110-115)
Jane Ollis (Resigned 28/02/2023)	**Non-Executive Director**	15-20 (20-25)	1,200 (400)	0 (0)	0 (0)	N/A (N/A)	15-20 (20-25)
Nigel Mansley (Resigned 28/02/2023)	**Non-Executive Director**	10-15 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (10-15)
Sarah Dunnett (Resigned 31/08/2022)	**Non-Executive Director**	5-10 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	5-10 (10-15)
Raymond Anakwe	**Non-Executive Director**	15-20 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	15-20 (10-15)
Stewart Baird	**Non-Executive Director**	15-20 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	15-20 (10-15)
Louisa Fulci	**Non-Executive Director**	10-15 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (10-15)
Olu Olasode	**Non-Executive Director**	15-20 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	15-20 (10-15)
Andrew Catto (Appointed 01/11/2022)	**Non-Executive Director**	5-10 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	5-10 (N/A)

Simon Corben (Appointed 01/10/2022)	**Non-Executive Director**	5-10 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	5-10 (N/A)
Claudia Sykes (Appointed 01/03/2023)	**Non-Executive Director**	0-5 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	0-5 (N/A)
Richard Oirschot (Appointed 01/03/2023)	**Non-Executive Director**	0-5 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	0-5 (N/A)

Note:
1. Where the senior managers were not in post in the comparative year the value has been entered as N/A. Non-Executive directors do not receive pensionable remuneration therefore these are also entered as N/A.

2. Pension related benefits is calculated as (20 x annual pension at 31st March 2023 + lump sum at 31st March 2023) - (20 x annual pension at 31st March 2022 + lump sum at 31st March 2022 adjusted for inflation at 3.1%) less employee pension contributions. Where applicable this value is apportioned for time in service.

3. Matt Powls is employed via an agency and not through the Trust's payroll.

4. Ben Stevens is on secondment from another NHS organisation. No Greenbury information has been supplied by his permanent employers as he is not a member of their executives. The salary figure represents the recharge due to his permanent employer for the time in office.

5. Rebecca Martin, Chief Medical Officer, has not undertaken any clinical work during the year, neither are there any requirements allocated to clinical work in her contract of employment. Therefore, it is considered that none of her salary relates to a clinical role.

Percentage Change in Remuneration (subject to audit)

Highest Paid Director (Chief Executive)

- percentage change in salary and allowances – (0.7%) [2021/22 – 6.7%]
- percentage change in performance pay and bonuses – 0% [2021/22 – 0%]

All employees

- percentage change in salary and allowances – (1.4%) [2021/22 – (0.6%)]
- percentage change in performance pay and bonuses – 0% [2021/22 – 0%]

The percentage change in highest paid director is attributable to a new Chief Executive appointed at the start of the current year, and was not in post for the entire year. The percentage change in all other staff is due to an increase in WTE exceeding the increase in total costs.

Senior Managers Expenses

2022/23

Directors' mileage claims and other expenses are reported quarterly on the Trust website www.ekhuft.nhs.uk.	**Total directors serving in year**	**Number claiming expenses**	**Total expenses £00**
Total number and value	21	12	178

2021/22

Directors' mileage claims and other expenses are reported quarterly on the Trust website www.ekhuft.nhs.uk.	**Total directors serving in year**	**Number claiming expenses**	**Total expenses £00**
Total number and value	19	10	100

Governors' Expenses

2022/23 Total number and value	13	3	4
2021/22 Total number and value	20	2	8

Hutton Fair Pay Review (Subject to Audit)

NHS Foundation Trusts are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the organisation in the financial year 2022/23 was 220-225 (2021/22 235-240). This is a change between years of -6.3%.

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

For employees of the Trust as a whole, the range of remuneration in 2022/23 was from £9,405 to £485,974 (2021/22 £8,408 to £464,067). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is -1.4%. 18 employees received remuneration in excess of the highest paid director in 2022/23 (2021/22 10 employees).

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

	2022/23	**2021/22**
Remuneration of highest-paid director (Chief Executive Officer) (bands of £5k)	220-225	235-240
25th percentile of all other staff £	23,054	21,777
Ratio of highest paid director to 25th percentile	9.7 : 1	10.9 : 1
Median salary of all other staff £	32,934	31,534
Ratio of highest paid director to median value	6.8 : 1	7.5 : 1
75th percentile of all other staff £	42,157	42,121
Ratio of highest paid director to 75th percentile	5.3 : 1	5.6 : 1
Number of employees receiving remuneration in excess of the highest paid director	18	10
Range of remuneration paid in the financial year £	£9,405 (apprentice) to £485,974	£8,408 (apprentice) to £464,067

2022/2023	25th percentile	median	75th percentile
Salary Component of Pay	23,054	32,934	42,157
Total pay and benefits excluding pension benefits	23,054	32,934	42,157
Pay and benefits excluding pension: pay ratio for highest paid director	9.8 : 1	6.9 : 1	5.4 : 1

Definitions: Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It also includes an average value for agency staff. It does not include severance payments, employer pension contributions and cash equivalent transfer value of pensions.

Pension information is provided each year by the Pensions Division of the NHS Business Services Authority. Accounting policies for pensions are shown in the annual accounts notes 1.6 and 10. (Subject to Audit)

Pension benefits of senior managers	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age (bands of £5,000	Lump sum at pension age related to accrued pension (bands of £5,000)	Cash equivalent transfer value (CETV)	Opening CETV	Real increase in CETV
			at 31 March 2023	at 31 March 2023	at 31 March 2023	at 1 April 2022	
Name	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tracy Fletcher	0-2.5	0-2.5	65-70	150-155	1,293	1,207	40
Philip Cave	2.5-5	0-2.5	45-50	65-70	671	600	30
Andrea Ashman	2.5-5	0-2.5	10-15	0-5	190	145	22
Rebecca Martin	5-7.5	2.5-5	80-85	170-175	1,603	1,446	77
Rebecca Carlton	2.5-5	2.5-5	45-50	85-90	823	706	58
Elizabeth Shutler	N/A – Note 1	N/A – Note 1	N/A – Note 1	N/A – Note 1	N/A – Note 1	N/A – Note 1	N/A – Note 1
Matt Powls	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2
Sarah Shingler	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2	N/A – Note 2
Ben Stevens	N/A – Note 3	N/A – Note 3	N/A – Note 3	N/A – Note 3	N/A – Note 3	N/A – Note 3	N/A – Note 3

Notes:
All the above are executive directors; non-executive directors do not receive pensionable remuneration
No contribution was made by the Trust to a stakeholder pension
Note 1 – Member opted out of the scheme on 01/12/2021, therefore CETV calculation is not applicable
Note 2 – Member is not part of the NHS pension scheme
Note 3 – Member is on secondment from another NHS organisation. No Greenbury information has been provided by that organisation

Cash Equivalent Transfer Values (CETV): A 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 2008.
The 'real' increase in CETV takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.
On 27 April 2023 HM Treasury published updated discount rates for determining the discount rate used in calculating cash equivalent transfer values (CETVs) payable on unfunded public sector pension schemes. In May 2023 HM Treasury clarified that this updated guidance should not be used in calculations for 2022/23 annual reports. This means that 'Greenbury' information provided by NHS BSA during January to April 2023 on the 'old' basis is correct. A new paragraph has been added to the FT ARM which requires NHS foundation trusts to disclose this basis of calculation.

Signed:

Tracy Fletcher, Chief Executive
Date: 6/09/2023

Board Committees

The Board has established a number of sub-committees which meet regularly throughout the year to undertake work delegated from the Board. Committees in place as at 31 March 2023 are:

Statutory:

- Integrated Audit and Governance Committee
- Nominations and Remuneration Committee

Non-Statutory:

- Finance and Performance Committee
- Quality and Safety Committee
- Charitable Funds Committee
- People and Culture Committee
- Clinical Ethics Committee

A copy of the Committee's Terms of Reference can be accessed via the Trust website https://www.ekhuft.nhs.uk/about-us/board-of-directors/board-committees/.

NOMINATIONS AND REMUNERATION COMMITTEE REPORT

The Board of Directors Nominations and Remuneration Committee membership consists of the Trust's Chairman and all Non-Executive Directors of the Trust. Attendance during 2022/23 was as follows:

Nominations and Remuneration Committee Membership as at 31 March 2023	
Name	**Actual / Possible**
Stewart Baird (Non-Executive Director) Committee Chair from 1 March 2023	6/6
Raymond Anakwe (Non-Executive Director)	4/6
Andrew Catto (Non-Executive Director) from 1 November 2022	2/3
Simon Corben (Non-Executive Director) from 1 October 2022	2/4
Niall Dickson (Chairman)	5/6
Luisa Fulci (Non-Executive Director)	6/6
Olu Olasode (Non-Executive Director)	6/6
Richard Oirschot (Non-Executive Director) from 1 March 2023	0/1
Claudia Sykes (Non-Executive Director) from 1 March 2023	1/1
Other non-executives who were members during 2022/23	

Sarah Dunnett (Senior Independent Director/Non-Executive Director)	1/2
Nigel Mansley (Non-Executive Director)	5/5
Jane Ollis (Non-Executive Director) Committee Chair from November 2021 to 28 February 2023	5/5

* Possible and actual shown

The Chief Executive attends the Committee in relation to discussions about succession planning, remuneration and performance of Executive Directors. The Chief Executive is not present during discussions relating to his/her own performance, remuneration and terms of service.

The Chief People Officer provides employment advice and advice to the Committee, and withdraws from the meeting when discussions about his/her own performance, remuneration and terms of service are held. The Chief People Officer is not present during discussions relating to Executive Directors' performance.

During 2022/23 the Committee was involved with the recruitment to the following roles within the Trust:

- Chief Operating Officer (COO), the Committee approved the appointment of Dylan Jones commencing on 12 April 2023;
- Interim COO, the Committee approved the appointment of Matt Powls commencing on 21 November 2022;
- The Committee approved delegation of the appointment of the Deputy CEO to the CEO, noting the Chief Nursing and Midwifery Officer (CNMO), Sarah Shingler, appointed as Deputy CEO in the interim until the end of their notice period and departure from the Trust;
- The Committee approved the period of acting up for Michelle Stevens, as Interim Chief Finance Officer (CFO);
- The Committee approved the appointment of Ann Johnson, as Specialist Financial Consultant;
- The Committee approved the appointment of Ben Stevens, Interim Executive Director of Strategic Development and Partnerships (EDoSD&P).

During 2022/23, the Committee was involved with the appointments/nomination to the following roles within its subsidiaries:

2gether Support Solutions Limited (2gether)

- The Committee approved the appointment of George Jenkins, as Chairman of 2gether commencing on 11 April 2022;
- The Committee approved the extension of the Interim Chair for 2gether, Jane Ollis, extended from 1 April to 10 April 2022;
- The Committee approved the extension of the SID/Clinical NED for 2gether, Jackie Churchward-Cardiff tenure for a further term of office of 3 years from 1 August 2022 to 31 July 2025;

- Approval by the Committee of the extension of the NED/Finance and Audit and Chair of Audit and Risk Committee, Nicki Webber's tenure for a further term of office of 3 years.

Spencer Private Hospitals (SPH)

- The Committee approved the appointment of the Director of Operations as an Executive Director of SPH Board;
- The Committee approved the extension of the NED/SID and Chair of the SPH Audit Committee for SPH, Andrew Andreou's contract for an additional 1 year;
- The Committee approved the appointment of Hugh Risebrow as Interim Chairman for one year from 1 November 2022, and a remuneration uplift;
- Approval by the Committee to extend the SPH NED, Nic Goodger's, term until 30 October 2022;
- Approval by the Committee of the appointment of Geoff Bailey, as CEO for SPH;
- Non-Executive Directors for SPH, the Committee approved the nominations of the appointments of Vanessa Purday, EKHUFT's Deputy Chief Medical Officer; and Julie Yanni, EKHUFT's Acting Deputy Chief Nursing Officer, from 1 December 2022.

The Committee received reports on the following, in line with its Terms of Reference:

- Chief Executive Objectives (including year-end appraisal review);
- Executive Directors' Objective setting (including year-end appraisal reviews);
- Review and approval of 2022/23 pay uplift award of 3% for Executive Directors and Very Senior Managers (VSMs);
- Update on Executive Team changes, risk assessments, interim arrangements and recruitment plans;
- Approval of the job descriptions and salary range for CFO, CNMO, and EDoSD&P;
- Updates on appointments to Deputy Executive roles and Succession Planning;
- Register of Interests for 2022/23;
- Non-Executive Director Commitments for 2022/23;
- Approval of the Fit and Proper Persons Requirements Policy;
- Fit and Proper Persons Requirements Audit 2022/23;
- Approval of the reviewed Employer Contribution Pension Recycling Policy;
- Review of Committee annual work programme;
- Review of outcome of Committee effectiveness survey and review and approval of Committee Terms of Reference.

The Remuneration Report can be found on page 41.

INTEGRATED AUDIT AND GOVERNANCE COMMITTEE (IAGC)

All NHS foundation Trust Boards of Directors are required to establish an Audit Committee. It is the responsibility of our Board to have in place sufficient internal

control and governance structures and processes to ensure that the Trust operates effectively and meets its objectives.

The Trust's IAGC is a suitably qualified and dedicated body, that supports the Board by critically reviewing those structures and processes upon which the Board relies, and provides the whole Board with the assurance that this is what is happening in practice. The Committee advises our Board on the robustness and effectiveness of the Trust's systems of internal control, risk management, governance and systems and processes for ensuring, among other things, value for money. Quality and patient safety is an integral part of the work of the IAGC and all of our Board Committees.

The main role and responsibilities of the IAGC are set out in the written terms of reference, approved by our Board, which detail how it will monitor the integrity of financial statements, review internal controls, governance and risk management systems, and monitor and review the effectiveness of our audit arrangements, including those covering clinical audit.

Although the Committee has no executive powers, it has the authority to receive full access to any information it requires, and the ability to investigate any matters within its terms of reference, including the right to obtain independent professional advice.

The IAGC continues to scrutinise our risk management systems and improve the format of reports to our Board. In taking this forward, the Committee will consider recommendations from the Trust's internal and external auditors. The continual scrutiny of our strategic and corporate risks enables the Committee to conduct a thorough review of our Annual Governance Statement see page 94. The Board Assurance Framework (BAF) risks enables the Committee to monitor controls in place to manage risks and performance against the Trust's annual priorities objectives and what risks will compromise our strategic objectives.

Relationships between the IAGC and our internal auditors, external auditors and counter-fraud consultants are central to the Committee's role, as they provide independent assurance and insight into the robustness of the Trust's internal control systems and management processes. Representatives attend the IAGC meetings to outline, and seek approval for, their work programmes and to present their findings. In addition, they meet separately with our IAGC Chairman and other Non-Executive Director members prior to each IAGC meeting to cover potentially sensitive issues and to ensure that their independence is maintained.

The IAGC receives the Trust's draft Annual Accounts, Annual Report and Quality Account/Report for scrutiny ahead of the formal approval processes. In addition, the IAGC receives assurance around the Trust's statutory compliance with its provider licence and compliance with the NHS Foundation Trust (NHSFT) Code of Governance.

The IAGC approves the clinical audit programme at the beginning of each financial year. On-going monitoring is undertaken by the Board of Director's Quality and Safety Committee.

The IAGC receives its annual work programme at each meeting assuring members that it is receiving all reports required to be presented and continues to meet its responsibilities in line with the Committee terms of reference.

The Committee received various assurance reports during the year, including:

- Review of the Corporate and Board Assurance Framework risk registers, and mitigating actions, outcome and impact on reducing risk residual scores;
- Report on the results of the Annual Risk Maturity Self-Assessment Report;
- Approval of the Audit Risk Assessment;
- Data security and protection toolkit 2021/22 submission report, and 2022/23 progress report;
- Review of losses and special payments;
- Review of single tender waivers;
- Review of regulatory improvement tracker reports;
- Review of Raising Concerns Activity/Freedom to Speak Up report;
- Reviewed Freedom of Information Act Annual Report 2021/22;
- External audit plan, progress reports and sector updates;
- Internal audit plan, progress reports, annual report, and internal audit opinion;
- Counter fraud progress reports, annual report, fraud and bribery risk assessment report, and reactive benchmarking report;
- Reviewed 2021/22 annual audit review lessons learnt report;
- Approval of the reviewed Standing Financial Instructions;
- Approval of the Statutory Compliance with Provider Licence;
- Approval of the Annual Governance Statement;
- Approval of the 2021/22 Annual Report and Compliance against Foundation Trust Code of Governance;
- Approval of the 2021/22 Annual Quality Account Report;
- Review of the East Kent Hospitals Charity Annual Report and Accounts 2021/22;
- Review of the 2gether Support Solutions Annual Report and Financial Statements for the year ending 31 March 2022 plus audit findings report;
- Review of the Spencer Private Hospitals Annual Report and Financial Statements for the year ending 31 March 2022 plus audit findings report;
- Approval of the 2022/23 Clinical Audit Forward Programme;
- Review of risk management and risk appetite Board workshop report;
- Reviewed report on approach to developing a risk appetite statement for the Trust;
- Reviewed risk governance report;
- Reviewed report on policy compliance, mapping of policies to governance framework, and policy review and approval;
- Review of annual governance report on the Trust's 2022/23 efficiency programme;
- Review of governance mapping report, governance map and format, governance structure and integrated governance guide;
- Subsidiary Governance Review report;
- Reviewed annual report of Senior Managers' risk management training compliance;
- Approval of the Gifts, Hospitality, Sponsorship and Conflicts of Interest Annual Report 2021/22;
- Reviewed report of the outcome of NHS England Core Standards for Emergency Preparedness, Resilience and Response (EPRR) in 2022 annual assurance and update on activity and current workstreams;
- Reviewed Sponsored Study Leave Report;

- Review of Regulatory Compliance Group Chair reports;
- Review of Executive Risk Assurance Group Chair reports;
- Approval of the appointment of Interim COO;
- Review of outcome of Committee effectiveness survey and review and approval of Committee Terms of Reference;
- Review of Committee annual work programme.

The following policies were approved by the IAGC during 2022/23:
- Anti-Fraud Bribery and Corruption Policy;
- Policy on Procuring Non-Core Services from External Auditors;
- Accounting Policies for 2022/23.

The Trust Secretary conducted an annual review of compliance against NHS Improvement's Code of Governance.

Membership of the Integrated Audit and Governance Committee

The IAGC is made up of four Non-Executive Directors. To ensure the proper segregation of duties and in line with best practice, the Trust Chairman is not a member of the Committee and the IAGC Chair has relevant financial experience.

The Chief Finance Officer and Executive Director of Quality Governance attend each meeting, and members of the Executive Team, the Chief Medical Officer, Chief Operating Officer, and Chief People Officer attend meetings by invitation. The Trust's External Auditors, Internal Auditors and Counter Fraud consultants also attend each meeting.

The Chief Executive is invited to attend at least once a year when the Annual Report, Annual Accounts, Quality Account/Report including the Annual Governance Statement, is discussed by the Committee.

During 2022/23, the Committee met a total of six times.

Non-Executive members as at 31 March 2023	
Name	**Attendance actual/possible**
Olu Olasode (Non-Executive Director)	6/6
Stewart Baird (Non-Executive Director)	4/6
Andrew Catto (Non-Executive Director)	2/2
Claudia Sykes (Non-Executive Director)	0/0
Other non-executives who were members during 2021/22	
Name	**Attendance actual/possible**
Sarah Dunnett (Non-Executive Director)	1/3
Jane Ollis (Non-Executive Director)	5/6

* Possible and actual shown

FINANCE AND PERFORMANCE COMMITTEE (FPC)

The Finance and Performance Committee provides assurance to the Trust Board of Directors in regard to the Trust's financial strategy, financial policies, financial and budgetary planning. In addition, FPC monitors financial and activity performance and approves major investments on behalf of the Trust Board under the Trust's scheme of delegation.

The current membership consists of:

- Richard Oirschot, Chair (Non-Executive Director)
- Stewart Baird, Non-Executive Director
- Simon Corben, Non-Executive Director
- Chief Finance Officer
- Chief Operating Officer
- Executive Director of Strategic Development and Partnerships

The areas of key focus for the monthly Committee meetings in 2022/23 were:

- Reviewed and discussed at each meeting the monthly finance reports;
- Reviewed and discussed at each meeting the monthly We Care Integrated Performance Report (IPR) focussing on improving access to the Trust's services. This included focus on assessing compliance against achieving the national constitutional standards during 2022/23. Performance against the following standards: emergency access, 18 week referral to treatment (RTT), 62 day cancer, and 6 week referral to diagnostics;
- Reviewed and monitored at each meeting the Corporate and Board Assurance Framework risk registers, focussing on meeting the Trust's financial and operational risks and discussing the mitigating actions in place to reduce the level of these risks;
- Review of the 2022/23 financial plans for 2gether Support Solutions Limited and Spencer Private Hospitals;
- Reviewed update on Financial Recovery Plan;
- Reviewed update on business planning 2022/23;
- Reviewed update on contract and planning;
- Reviewed Annual Accounts;
- Reviewed Standing Financial Instructions;
- Review of contract awards, contract change notices, and contract negotiations;
- Report regarding compliance against provider licence;
- Reviewed updates on capital programme projects;
- Reviewed update on savings and efficiencies;
- Review of workforce reports;
- Review of deep dive reports;
- Review of regulatory improvement tracker reports;
- Review of Commissioning for Quality and Innovation Programme (CQUIN);
- Review of business cases for approval and post project evaluation reviews;
- Reviewed update on Recovery (staff), Reset, Restore and Recovery (services for future) Programme (4Rs);
- Approval of 2022/23 borrowing requirement;
- Approval of year-end going concern and year-end timetable report;

- Approval of the Treasury Policy;
- Approval of the process for capturing and approving amendments to the Operated Healthcare Facility (OHF) and Estate Managed Services (EMS) contracts, leases and site maps;
- Review of premium pay;
- Reviewed HM Treasury VAT and the public sector: reform to VAT refund rules report;
- Reviewed management update on Service Line Reporting;
- Regular reports noted: horizon scanning; Strategic Investment Group; Financial Improvement Oversight Group; and Strategic Capital Planning and Performance Committee;
- Reviewed update on Harmonia Village;
- Review of outcome of Committee effectiveness survey and review and approval of Committee Terms of Reference;
- Review of Committee annual work programme.

The Trust is currently in the Recovery Support Programme (RSP) segment 4 of the NHS System Oversight Framework (SOF 4), with Finance as one of the strands – previously Financial Special Measures.

An overview of the operational performance starts on page 4 and financial performance on page 20.

QUALITY AND SAFETY COMMITTEE (Q&SC)

The Quality and Safety Committee is responsible for providing the oversight on all aspects of quality and safety, including strategy, delivery, governance, clinical risk management, clinical audit; and the regulatory standards relevant to quality and safety. The Committee provides assurance to the Board of Directors.

During 2022/23 the Committee met monthly, the current membership consists of:

- Andrew Catto, Chair (Non-Executive Director)
- Raymond Anakwe, (Non-Executive Director)
- Luisa Fulci, (Non-Executive Director)
- Chief Medical Officer
- Chief Nursing & Midwifery Officer
- Chief Operating Officer

The following are required attendees at each meeting:

- Chris Holland, (Associate Non-Executive Director)
- Executive Director of Infection Prevention and Control
- Executive Director of Quality Governance
- Deputy Director of Quality Governance
- 2gether Support Solutions Managing Director
- Director of Pharmacy

The areas of key focus for the Committee in 2022/23 were:

- Reviewed at each meeting the We Care Integrated Performance Review (IPR) – breakthrough objectives & watch metrics;

- Reviewed at each meeting principal mitigated risks (Board Assurance Framework (BAF) and Corporate Risk Register (CRR)) in relation to Our Quality and Safety;
- Reviewed update reports and assurance regarding the implementation of the Care Quality Commission (CQC) improvement plans, Maternity core services mock CQC inspection report, and Journey to Outstanding Care Programme Steering Group (JTOCPSG);
- Reviewed at each meeting Infection Prevention and Control (IPC) update reports;
- Approval of the Quality Strategy;
- Approval of the Dementia Strategy;
- Approval of the Patient Participation and Action Group (PPAG) terms of reference;
- Reviewed update of Duty of Candour methodology;
- Reviewed at each meeting Care Group Governance reports;
- Reports regarding mortality and learning from deaths;
- Reports regarding Safeguarding Vulnerable Adults and Children, and delivery of the safeguarding plan;
- Review of Safe Staffing;
- Review of regulatory improvement tracker reports;
- Review of lntegrated Incidents, Patient Experience, Claims and Learning from Serious Incidents;
- Review of cancer diagnostic capacity report;
- Review of Quality Impact Assessments, and approval of the Quality Impact Assessment Policy;
- Reviewed Central Alerting System (CAS) report;
- Review of the Quality Account/Report;
- Review of Complaints process and complaints update reports;
- Review of Standard Operating Procedure;
- Review of the Organ Donation Committee annual report;
- Review of the Human Tissue Authority annual report;
- Reviewed managing quality and safety risks when Emergency Departments (EDs) are at capacity;
- Review of General and Specialist Medicine: Sentinel Stroke National Audit Programme (SSNAP) data;
- Reviewed National Inpatient Survey 2021;
- Review of process update on ward accreditation;
- Review of update on clinical harm review;
- Review of deep dive into the reasons for increased moderate and above avoidable harm events;
- Review of children diabetes audit;
- Review of safety of medical devices;
- Review of external visits;
- Report regarding compliance against provider licence;
- Review of Committee annual work programme;
- Reviewed Committee terms of reference.

The Committee received areas of escalation/assurance from:

- Clinical Audit and Effectiveness Committee;
- Patient Safety Committee;

- Maternity and Neonatal Assurance Group;
- Safeguarding Assurance Committee;
- Fundamentals of Care Committee;
- Mortality Steering and Surveillance Group (MSSG);
- Lead Executives on key operational escalation issues;

PEOPLE AND CULTURE COMMITTEE (P&CC)

The People and Culture Committee supports the Board of Directors' wish to create more focus on the development of our people and culture across the Trust. The Committee is responsible for providing strategic overview and board assurance on all aspects of workforce, education, organisation and cultural development and raising concern on any related risks that are significant for escalating.

During 2022/23, the Committee met monthly, the current membership consists of:

- Stewart Baird, Chair (Non-Executive Director)
- Raymond Anakwe, (Non-Executive Director)
- Andrew Catto, (Non-Executive Director)
- Chief People Officer
- Chief Nursing & Midwifery Officer
- Chief Medical Officer

The Chief Executive, Chief Finance Officer, Chris Holland (Associate Non-Executive Director), and Deputy Chief People Officer, are invited to attend each meeting.

The critical importance of people and cultural issues for the performance and sustainability of the Trust makes it essential that there is a well informed and challenging Committee that ensures there is a professional and high quality approach to all aspects of HR planning, policy and delivery owned and supported by executive and clinical colleagues. Key areas of focus have been:

- Regular review of Our People performance metrics from the We Care Integrated Performance Report (IPR) and The People dashboard;
- Review of Our People and Culture risks from the Trust's Corporate Risk Register and Board Assurance Framework;
- Review of key operational escalation issues;
- Approval of the Equality, Diversity and Inclusion (EDI) Strategy, and EDI Annual Report 2021/22;
- Review of Safe staffing;
- Recruitment update - review of pipeline against establishment; and Nursing and Allied Health Professional (AHP) Workforce update;
- Reviewed Chief Nursing and Midwifery Officer nursing, AHP workforce update, and AHP workforce plan project;
- Review of premium pay;
- Review of agency and temporary staffing usage;
- Review and approval of the Workforce Race Equality Standard (WRES) and the Workforce Disability Equality Standard (WDES) reports;
- Review and approval of the Gender Pay Gap report;

- Regular reports on Tribunal Activity, Settlement Agreements and Redundancy; and Occupational Health Activity;
- Review of Culture Change and Development programme update reports;
- Review of the Freedom to Speak Up Guardians report;
- Review of accommodation strategy update reports;
- Review of staff turnover and exit interview report;
- Report on Clinical Negligence Scheme for Trusts (CNST) – Maternity Incentive Scheme (Midwifery Services Workforce Planning and Decision Making – Birthrate Plus);
- Reviewed the Annual National Staff Survey Results and dashboard;
- Review of compliance with the Pensions Auto Re-enrolment regulations in accordance with the Pensions Act 2008;
- Reviewed Professional Education review, recommendations and action plan;
- Review of regulatory improvement tracker reports;
- Review of apprenticeship scheme overview report;
- Review of the Statutory Compliance with Provider Licence;
- Reports from Medical Education and Guardian of Safe Working;
- Regular reports from the following: Integrated Education, Training and Leadership Development (IETLD); Local Negotiating Committee (LNC) of the British Medical Association (BMA); Staff Committee; the Diversity and Inclusion Steering Group;
- Review of outcome of Committee effectiveness survey and review and approval of Committee Terms of Reference;
- Review of Committee annual work programme.

The Staff Report can be found from page 75.

CHARITABLE FUNDS COMMITTEE (CFC)

East Kent Hospitals Charity (the Charity) is an independent charity registered with the Charity Commission (England & Wales) and was set up to receive and raise funds for services provided by East Kent Hospitals University NHS Foundation Trust. The Trust is the corporate trustee and the Board of Directors acts as agents on behalf of the Trust.

The Committee met a total of 4 times during 2022/23, the current membership is:

- Claudia Sykes, Chair (Non-Executive Director)
- Luisa Fulci, (Non-Executive Director)
- Chief Executive
- Chief Finance Officer
- Chief Medical Officer
- Executive Director of Strategic Development and Partnerships

The Charitable Funds Committee oversees the affairs of the Charity under delegated powers set out in its terms of reference. The Committee promotes, monitors and sets the strategic direction for the Charity ensuring its objectives are met. The Committee advises the Board of Directors who retain overall responsibility for all aspects of the Charity.

Key areas of focus for the Committee have been:

- Approval of applications for grants for Charity funding;
- Review at each meeting, of finance reports (including NHS Charities Together update), update reports on appeal and fundraising activities;
- Update on the Devereux Trust, property the Charity holds a share in, regarding its landlord responsibilities;
- Approval of the 2021/22 East Kent Hospitals Charity Annual Report and Accounts, and Audit Findings;
- Approval of the Charity Governance Manual;
- Review of NHS Charitable Fund Audit Plan – year ended 31 March 2022;
- Annual review of the Charitable Funds from Cazenove Capital;
- Review of outcome of Committee effectiveness survey and review and approval of Committee Terms of Reference;
- Review of Committee annual work programme.

The Charity's full annual report will be available on the Trust website. The report features some of the positive stories about funded projects, time given by Charity supporters and the difference their contributions have made to patients and their families.

The trustees and staff would like to offer a huge heartfelt thank you to all the people and organisations who are inspired to support the work of Charity.

CLINICAL ETHICS COMMITTEE (CEC)

The Clinical Ethics Committee was set up in 2020 in response to the Covid-19 pandemic. Its terms of reference were revised in 2021/22 with a focus on assisting clinicians and all Trust Staff who are struggling with difficult and/or complex ethical decisions, arising from the provision of patient care within the Trust, and potentially assist with moral distress.

It is an advisory Committee and has no decision-making powers. The Committee offers a service to clinicians, and other employees of the Trust (referred to as consultees). The Committee does not provide legal, human resources, or other advice to consultees.

The Committee in 2023/24 will be reporting to the Quality and Safety Committee.

The Committee membership consists of:

- Chief Medical Officer (CMO), Chair
- Consultant Nurse Supportive and Palliative Care, Deputy Chair
- Chief Nursing and Midwifery Officer
- Andrew Catto, Non-Executive Director
- Independent Medical Ethics Advisor (Academic from Kent and Medway Medical School holding experience to doctoral level in Medical Ethics or cognate discipline)
- Head of Legal Services
- Deputy CMO
- Clinical Director, General and Specialist Medicine (GSM)
- Deputy Operational Director, GSM

- Consultant Anaesthetist
- Consultant in Occupational Medicine
- Consultant Renal Medicine
- Consultant Stroke Physician
- Internal Medicine Doctor
- Head of Safeguarding
- Adult Safeguarding Nurse
- Macmillan Support Worker
- Site Lead Chaplain

Council of Governors

The concept of NHS foundation trusts rests on local accountability, with respect to which Governors perform a pivotal role. Our Council of Governors (CoG) connects the Trust to its patients, service users, staff and stakeholders. It consists of elected governors (staff and public) and appointed individuals who represent members and other stakeholder organisations respectively.

The Council of Governors was first established in March 2009 and takes its power from the National Health Service Act 2006 and the Health and Social Care Act 2012 which sets out the following statutory powers:

- The appointment and, if appropriate, removal of the Chair
- The appointment and, if appropriate, removal of the other Non-executive directors
- Decide the remuneration, allowances and other terms and conditions of office of the Chair and other Non-executive directors
- To hold our Non-executive directors individually and collectively to account for the performance of our Board of Directors
- Ratify the appointment of our chief executive
- Appointment and, if appropriate, the removal of our external auditors.
- Receive our Annual Report and Accounts together with any report of the auditor on them
- Represent the interests of our Foundation Trust membership and the interests of the public
- Approve any “significant transactions” (as defined by our Constitution)
- Approve any application by us to enter into a merger, acquisition, separation or dissolution (in line with processes laid out in our Constitution)
- Decide whether any of our non-NHS work would significantly interfere with our principal purpose, which is to provide goods and services for the health service in England, or performing its other functions
- Approve amendments to our Constitution

Composition of the Council of Governors

The Council of Governors consists of:

- 13 elected public Governors representing seven constituencies:
  - Ashford
  - Canterbury
  - Dover
  - Folkestone and Hythe (formerly Shepway)
  - Swale
  - Thanet
  - Rest of England and Wales

  These cover the six Local Authority areas in East Kent, with two governors per constituency, and one governor to represent patients and the public with an interest in the Trust from outside of East Kent.

- Three elected staff Governors
- Three appointed Governors, representing the:
    - two Kent Universities
    - six local authorities in East Kent
    - volunteers working in the Trust, including the five League of Friends

During 2022/23, the following Governors left the Council

Alex Lister – Public Governor for Canterbury - Resigned
Chris Pink – Public Governor for Rest of England – Resigned
Marcella Warburton – Public Governor for Thanet – End of 9-year Tenure
Nick Hulme – Public Governor for Ashford – Did not stand for re-election
Sally Wilson – Staff Governor – Did not stand for re-election
Sophie Pettifer – Public Governor for Folkestone/Hythe – RIP
Alex Ricketts – Public Governor for Canterbury – Did not stand for re-election

Joining the Council was:

Sarah Barton – Public Governor for Ashford
Tom Morris – Public Governor for Canterbury
Monique Bonney – Public Governor for Swale
Richard Brittain – Public Governor for Swale
Mike Trevethick – Public Governor for Thanet
Janine Thomas – Staff Governor
Saba Mahmood – Staff Governor

The Board of Directors' relationship with the Council of Governors and members

Our Board of Directors has an overall duty to ensure the provision of safe and effective services for members of the public. The Board uses its governance structures to provide assurance that this is being achieved.

Ensuring that the services provided are developed to meet patients' needs, and their views and those of the wider community are listened to, is of the utmost importance to the Board of Directors.

A key role of the Council is to engage with the Trust's members and the public to canvas opinion and communicate their views to the Board of Directors. Governors are encouraged to participate in all public and member engagement events organised by the Trust throughout the year.

The Council now conducts all Open and Closed meetings on a hybrid basis, With Committee meetings still being conducted virtually.

The Trust Chair continues to hold regular virtual briefing meetings for governors to keep them updated on the Trust's response to the key risks and issues affecting the Trust.

The following measures were taken by the Board of Directors to ensure that the views of our Governors and our membership are heard.

- Governors were able to attend the open section of Board meetings; the agenda was shared with the Council prior to the meetings and the agenda and papers were published on our website.
- The chief executive was invited to attend each Council meeting to provide an update on the response to the pandemic, latest performance and to keep Governors informed about strategic developments.
- At all times, Governors were able to direct any concerns or questions to the Chair through the Lead Governor.
- The Council met in formal session four times in the period. Topics covered included:
    - 2022/23 year-end financial performance
    - Reports from Chairs of Council Committees
    - Reports from the Board Committee Chairs
    - Planning for governor elections
    - Constitutional review
    - Maternity and the Kirkup report

- In closed session the Council were updated on issues involving Maternity Services and recruitment of the new Non-Executive Directors.

- The Council has four Committees:
    - Nomination and Remuneration Committee which manages appointments of non-executive directors and their remuneration;
    - Audit and Governance Committee which oversees the work which enables Council to meet its statutory duties in relation to audit and corporate governance and monitors quality issues; and
    - Membership Engagement and Communication Committee which meets quarterly and focuses on engagement and communication with members and the public to help inform their discussions with the Board of Directors.
    - Staff and Patient Engagement Committee

There are between 5/6 voting governor members on each committee; the membership has been amended during 2022/23 due to gaps in membership. Committees are open to all Governors to attend and participate in any committee meeting they wish. The meetings are supported by relevant members of Trust staff to provide any professional expertise required by the Governors.

A summary is provided below on the work carried out in the Committees in year.

Dealing with disputes

The Trust has in place a disputes resolution procedure for addressing disagreements between the Council of Governors and Board of Directors. This procedure was reviewed during 2015 and agreed by the Council of Governors in October 2015. During 2021/22, the Council of Governors made some slight amendments to the disputes resolution procedure this was approved by the Council in December 2021.

The dispute resolution policy does not undermine the power the Governors have under the Health and Social Care Act 2012, to require one or more of the directors to attend a Governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the directors' performance of their duties. This power was not used during 2022/23.

Governor training

During 2022/23, one training session was undertaken by the Council of Governors (14 February 2023). This was a joint development session between the Governors and Non-Executive's. In addition, some governors attended virtual events run by NHS Providers, which provided a valuable opportunity for learning and networking.

A more structured training programme is being planned for 2023/24 which will include regular familiarisation sessions for Governors to learn more about specific topics relating to Trust services.

Lead and Deputy Lead Governor

The 2022 election for Lead Governor and Deputy Lead Governor saw the positions taken up by Bernie Mayall and Carl Plummer respectively**.**

Governor changes 2022/23

A list of all Governors who served during 2022/23 is detailed in this section.

Council of Governor (CoG) public meetings

Our Council of Governors met in formal session four times during 2022/23. In addition, The Annual Members meeting took place on 1 September 2022. Details of public meetings, agendas, minutes and papers are published on the Trust website: www.ekhuft.nhs.uk

Council of Governors who served during 2022/23

Marcella Warburton, Public Governor for Thanet came to the end of her 9-year term as a Governor in February 2022. Her experience and dedication to the Trust was greatly appreciated.

* Attendance at meetings held during the year (actual/possible) is shown.

Constituency	Name	Term of Office ends	In Year Change	Attendance at CoG public meetings (see note*)
Ashford Borough Council	Sarah Barton John Fletcher	01/03/2026 29/02/2024		0/4 3/4

	Nick Hulme	28/02/2023	End of Term 2023	4/4
Canterbury City Council	Alex Lister Alex Ricketts Tom Morris	29/02/2024 28/02/2023	Resigned October 22 End of Term 2023 Appointed March 2023	2/4 4/4 0/4
Dover District Council	Bernie Mayall Paul Verrill	28/02/2024 29/02/2024		3/4 2/4
Folkestone & Hythe District Council	Carl Plummer Sophie Pettifer Currently seat vacant	29/02/2024 29/02/2024	 Deceased	4/4 3/4
Swale Borough Council	Monique Bonney Richard Brittain	27/07/2025 29/02/2024	 Appointed March 2023	1/4 0/4
Thanet District Council	Marcella Warburton Paul Schofield Mike Trevethick	28/02/2023 28/02/2026 01/03/2026	End of Term 2023 Re-appointed Appointed March 2023	4/4 3/4 0/4
Staff	Sally Wilson James Casha Saba Mahmood Janine Thomas	28/02/2023 29/02/2024 01/03/2026 29/02/2024	End of Term 2023 Appointed March 2023	0/4 3/4 0/4 1/4
Rest of England and Wales	Chris Pink Currently seat vacant	29/02/2024	Resigned May 2022	0/4
University Rep (Joint Canterbury Christ Church University and University of Kent)	Professor Shane Weller	31/10/2023	Appointed October 2021	2/4
Local Authorities	Bob Bayford	28/02/2024		0/4
Volunteers working with the Trust	Linda Judd	08/02/2024		2/4

Board of Directors attendance at Council of Governors meetings

Board members are invited to attend the public Council meetings. As it is the role of Council to hold the Non-executives to account, it is expected that several Non-Executive Directors attend Council meetings.

During 2022/23, it was practice for all the Non-executives to be invited to Council meetings with the Non-Executive, Chairs of the Board Committees presenting an update to Council on their respective committees.
Executive Directors attend Council meetings at the invitation of the Chairman, on behalf of the Council; on occasion the attendance is at a meeting closed to the public due to the confidential nature of the item under discussion.

The table below records Non-executive and Executive attendance at Council meetings.

NAME	DESIGNATION	COUNCIL OF GOVERNORS ATTENDANCE
Niall Dickson	Trust Chair	28th April 2022 21st June 2022 01st November 2022 14th February 2023
Jane Ollis	Non-Executive Director Deputy Trust Chair	28th April 2022 21st June 2022 01st November 2022 14th February 2023
Nigel Mansley	Non-Executive Director	14th February 2023
Simon Corben	Non-Executive Director	Appointed 1 October 2022 14th February 2023
Dr Olu Olasode	Non-Executive Director	28th April 2022 21st June 2022 01st November 2022 14th February 2023
Tracey Fletcher	Chief Executive	21st June 2022 01st November 2022 14th February 2023
Luisa Fulci	Non-Executive Director	28th April 2022 14th February 2023
Claudia Sykes	Non-Executive Director	Appointed 1 March 2023
Chris Holland	Non-Executive Director	28 April 2022
Richard Oirschot	Non-Executive Director	Appointed 1 March 2023
Stewart Baird	Non-Executive Director	28 April 2022 21 June 2022 14 February 2023
Raymond Anakwe	Non-Executive Director	28 April 2022 01 November 2022

Sarah Dunnett	Non-Executive Director	Resigned 31 August 2022 21 June 2022

Annual Members' Meeting

The Annual Members' Meeting was held on 1 September 2022. It was run on a hybrid basis and attended by members of the public and Trust staff either online or face to face.

The Chief Executive gave a presentation on, 'What we did in 2022/22 and our aims for the future' and the Director of Finance presented the Annual Report and Accounts. There was a report from the Lead Governor. The meeting ended with an opportunity for the public to ask questions.

Details of public meetings are published on the Trust's website www.ekhuft.nhs.uk

Council of Governor register of interests

All members of our Council of Governors are required to declare other company directorships and significant interests in organisations which may conflict with their Council responsibilities. A register of our Governors' interests is available on the Trust website www.ekhuft.nhs.uk

Contacting members of the Council of Governors

Governors may be contacted via the Trust's governor and membership lead, **01233 616806**, or through the membership area of our website www.ekhuft.nhs.uk/members or by emailing governorsquestions@nhs.net

Work of the Council of Governors

Council of Governors' committees and working groups

Our Council of Governors has established a number of committees, as described above. The Council of Governors cannot delegate authority to committees, so all recommendations made by these committees must be endorsed at a full meeting.

The membership of the Committees is refreshed annually at the Council meeting following the Governor elections.

The major focuses for Governors this year has been maternity especially In light of the Kirkup report and the number of constituent concerns, significant staffing shortages and the Governor site visits, formal assurance was asked of the Board by the Governors in October around the speed and efficacy of the maternity action plan.

It was felt progress had not been sufficient since the Kirkup report was issued. However, the response from the current Board chair, NEDs and Executive to the concerns was proactive and far reaching, resulting in a significant turnaround in staffing levels and a jointly designed ambitious feedback strategy that will see the Trust reach out to every one of the 6000 mums and birthing partners who give birth each year in the Trust's care, to help the Trust aim for outstanding and have a growth/learning mindset

Nominations and Remuneration Committee

The Council of Governors' Nominations and Remunerations Committee is a statutory committee which is responsible for:

- Considering and making recommendations to the Council of Governors on the appointment of the Chair and Non-executive directors
- Agreeing the process for recruitment of the Chair and Non-executive directors
- Making recommendations to the Council of Governors on the re-appointment of the Chair and/or Non-executive directors where it is sought and is constitutionally permissible. The committee will look at the existing candidate against the required role description.
- Considering and making recommendations to the Council of Governors on the remuneration and terms of appointments of the Chair and Non-executive directors
- Contributing to an annual review of the structure, size and composition of the Board of Directors and making recommendations for changes to the Non-executive director element of the Board of Directors to the Council of Governors where appropriate. When undertaking this review, the committee will consider the balance of skills, knowledge and experience of the Non-executive directors

The committee follows the 'Guide to the Appointment of Non-Executive Directors' which was reviewed and endorsed by our Council of Governors in April 2018. The aim of this document is to help our Council of Governors, Chair and Trust human resources department by providing guidance on all of the actions that would need to be completed to ensure an effective appointments process.

When considering the appointment of Non-executive directors, the Council should take into account the views of the Board and its nominations committee on the qualifications, skills and experience required for each position.

The Committee is mindful of its responsibility to ensure an appropriate level of refresh and takes as its default position, unless there are compelling reasons to the contrary, that non-executive director positions should be subject to competition when their term ends.

During 2022/23, on the committee's recommendation, the Council of Governors endorsed the following:

Appointments

- Re-Appointment of Chris Holland as Non-Executive for a further 3 years.
- Appointments of Simon Corben (01/10/22), Andrew Catto (01/11/22), Richard Oirschot (1/3/23), Claudia Sykes (01/03/23) as Non-Executive Directors
- The Appointment of Stewart Baird (NED) as Deputy Chair from 01/03/23
- The Appointment of Olu Olasode (NED) as Senior Independent Director

Integrated Audit and Governance Committee (IAGC)

By its terms of reference, the Audit and Governance Committee is responsible for the following:

- Working with the Trust Secretary to ensure the Trust's Constitution complies with latest legislation and NHS I guidance.
- Considering any locally proposed amendments to the EKHUFT Constitution.
- Reviewing the effectiveness of NED engagement with Council Committees and Working Groups and report conclusions to the Council.
- Identify any emerging priorities for Council debate and engagement and make recommendations to the Council for its future agendas.
- At each meeting, consider:

    - issues of Quality raised by Governors or their constituents to identify trends and themes;
    - the Board assurance framework; and
    - quarterly performance against the annual quality objectives and identified risk.

- Propose to Council a topic for the Governor Indicator for audit by external auditors.
- Consider proposals for changes to policies relating to the Council of Governors and make recommendations to Council.

During 2022/23 the Committee monitored the attendance at meetings.

Membership Engagement and Communications Committee

The Committee would normally meet on a quarterly basis and is responsible for developing, overseeing implementation and monitoring the Council of Governors' Membership Communication and Engagement Strategy. During 2022/23 the Committee met only three times.

The committee has been active this year at engaging with the membership via monthly Governor newsletters, attending fetes and having a presence in the Hospital Magazine. Adverts have also been placed in Local Council new letters in promoting the benefits of becoming a Governor. Because of this it was pleasing to note that involvement of the public at the Annual Members meeting did not fall this year.

There was also a similar level of use of the methods for members to contact their governors electronically as in previous years. The Committee has been discussing ways of improving communication with members via social media.

Staff and Patient Experience committee

The Committee is responsible to the Council of Governors and would normally meet on a quarterly basis. However, during 2022/23 the committee only met twice. The responsibility of the committee is to:

- Identify priorities for Council debate and engagement and make recommendations to the Council for its future agendas
- issues of Quality raised by Governors or their constituents to identify trends and themes;
- the Board assurance framework; and the quarterly performance against the annual quality objectives and identified risk.
- Use this information to inform the development of a draft of the Council commentary on the Trust's Quality report to take to Council for agreement.
- Propose to Council a topic for the Governor Indicator for external audit.

During 202/23 the Committee also agreed schedule and plan for the Joint Non-Executive and Governor site visits that have now restarted. The committee also wrote the Governors section the Quality Accounts which was the fully ratified by the main Council

Membership

Trust members are key to helping us to understand the views and needs of the people we serve in east Kent. Membership is open to anyone over the age of 16 who lives in England and Wales.

Public constituencies

There are seven public constituencies – six are based on local authority areas and each has two elected governors. The seventh, rest of England and Wales, allows non-east Kent residents to become members and elect one governor.

- Ashford
- Canterbury
- Dover
- Folkestone and Hythe
- Swale
- Thanet
- Rest of England and Wales

Staff constituency

All staff on permanent contracts, or who are in contracted, continuous employment for over a year, are opted in to this constituency. Staff membership is covered at Trust induction and the process for opting out is explained. A refresher explanation about staff membership is provided annually. Staff members cannot be concurrent members of any public constituency.

Engaging and recruiting our members

A Membership and Members Engagement Strategy for 2022 – 2027 was agreed by MECC on 22 March 2022 and was fully ratified at the Full Council meeting on 21 June 2022. The MECC will oversee the implementation of the strategy and action plan and is focussing on increasing opportunities for engagement between elected Staff and Public Governors and their members.

Membership Report for East Kent Hospitals University from 01/04/2022 to 31/03/23			
Public constituency		**Population**	**Percentage**
As at start (April 1 2022)	10,556	826,888	0
New members	136		
Members leaving	294		
At year end (March 31 2023)	10,398	834,504	0
Staff constituency			
As at start (April 1 2022)	6,638		
At year end (March 31 2023)	6,638		
Public constituency			
Age(years):			
0 – 16	5	161,743	0.05
17 – 21	23	48,259	0.22
22+	8,168	624,505	78.55
Date of birth not provided	2,202	0	21.18
Ethnicity:			
White	8,460	720,670	81.36
Mixed	125	10,290	1.20
Asian	503	18,849	4.84
Black	259	6,461	2.49
Other	70	2,495	0.67
Not stated	981	0	9.43
Socio-economic groupings:			
AB	2,832	70,474	27.24
C1	3,080	112,474	29.62
C2	2,199	82,290	21.15
DE	2,221	92,549	21.36
Gender analysis:			
Male	2,944	410,225	28.31
Female	7,267	424,279	69.89
Transgender	1	0	0.01
Not stated	186	0	1.79

Staff report

The Trust (minus its subsidiaries) has 9,989 employees. Due to the flexible working practices encouraged by the Trust this amounts to a total of 9,100.30 whole time equivalent posts. The majority of staff are female, which is consistent with the pattern of employment across the NHS.

The Trust has greater diversity than its local community with 59% of employees having a white British ethnic origin and 26% of employees having a minority ethnic origin. 15% are recorded as ethnic origin not stated.

Staff engagement continues to be an important aspect of our communication with all of our staff, to share information and strengthen links between the Board and front-line colleagues. We have recently re-introduced team brief sessions and a monthly staff forum led by the Chief Executive or an executive colleague with the facility for staff to ask any questions.

The new Trust Intranet sites provides news, updates and essential information to colleagues across the Trust. This is in addition to our regular, consistent communications, such as the weekly staff newsletter, desktop “wallpaper”, campaigns and resources and messages from members of the Executive Team.

We use these channels to provide regular information to our staff on the Trust’s performance (including financial performance) and new developments; and to share best practice and encourage improvements in quality.

Our staff are important to us and have a voice through a number of forums, including trade unions. We continue to maintain positive relationships with our trade union colleagues and work with them in partnership through our joint negotiating committees (the Staff Committee and the Local Negotiating Committee). These forums are where we discuss issues regarding terms and conditions of employment and important strategic and clinical matters affecting our employees. We work with the unions to develop new policies, revise existing ones and consult on matters of strategic importance to staff.

We have a range of best practice human resources policies and procedures including areas such as discipline, performance management, sickness management, redeployment, organisational change and home working.

Developing a Positive Just and Learning Culture

We recognised that a positive working environment and good working relations have a positive impact on colleague wellbeing and engagement, leading to better performance, improved retention, reduced stress related sickness absence and improved patient care. An organisational Just and Learning Culture creates and supports this way of working emphasising feedback and communication; openness of communication; balance; continuous learning & improvement and trust. A Just and Learning culture recognises that individuals should not be held accountable for system failings over which they have no control and clearly defines human error, at-risk behaviour and reckless behaviour.

Responding in a balanced way when things don't go to plan as part of our approach to employee relations policies and procedures, conducting timely fact finding and where necessary thorough investigations into allegations of misconduct is critical to fostering a positive workplace culture.

This year we launched a just and learning positive culture programme with objectives that:

- Reviews our approach to Employee Relations (ER) to align policies and procedures to a Just and Learning Culture. Emphasising early resolution and reducing conflict which supports staff to feel safe to admit their mistakes and where they are held accountable for their behavioural choices.
- Reduces the number of formal ER cases by upskilling the HR team and leaders and managers in early resolution techniques and the Just and Learning Culture approach
- Builds a foundation for ongoing meaningful staff engagement and continuous improvement within the Trust

Head count

Ethnic Origin	Exec Director	Non Exec Director & Chair	Non Board Members	Grand Total
A White - British	5	4	5301	5310
B White - Irish			78	78
C White - Any other White background		1	495	496
D Mixed - White & Black Caribbean			27	27
E Mixed - White & Black African			36	36
F Mixed - White & Asian			53	53
G Mixed - Any other mixed background			71	71
H Asian or Asian British – Indian			693	693
J Asian or Asian British – Pakistani			73	73
K Asian or Asian British - Bangladeshi			42	42
L Asian or Asian British - Any other Asian background			445	445
M Black or Black British – Caribbean			86	86
N Black or Black British – African		1	678	679

P Black or Black British - Any other Black background			88	88
R Chinese			55	55
S Any Other Ethnic Group			262	262
Z Not Stated	4	4	1487	1495
Grand Total	9	10	9970	9989

Gender	Executive Director	Non Exec Director & Chair	Non Board Members	Grand Total
Female	6	2	7,833	7,842
Male	3	8	2,137	2,147
Grand Total	9	10	9,970	9,989

Full-time	Part-time	Grand total
7,289	2,700	9,989

Fixed term contracts	Internal secondment	Out on external secondment – paid
781	89	5

Trade Union Facility

Number of employees who were local union officials during the relevant period	Head count employee number
66	9,989

Staff Costs (subject to Audit)

	Group			
			2022/23	2021/22
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	429,829	-	**429,829**	381,748
Social security costs	49,290	-	**49,290**	39,967
Apprenticeship levy	2,110	-	**2,110**	1,906
Employer's contributions to NHS pension scheme	65,399	-	**65,399**	59,910
Pension cost - other	97	-	**97**	89
Temporary staff	-	88,012	**88,012**	75,391
Total staff costs	**546,725**	**88,012**	**634,737**	**559,011**
Of which				
Costs capitalised as part of assets	479	-	**479**	837

Average number of employees (WTE basis) (subject to Audit)

	Group			
			2022/23	2021/22
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	1,286	151	**1,437**	1,381
Administration and estates	3,181	348	**3,530**	3,420
Healthcare assistants and other support staff	1,304	544	**1,848**	1,704
Nursing, midwifery and health visiting staff	2,834	775	**3,609**	3,173
Scientific, therapeutic and technical staff	1,177	30	**1,207**	1,161
Healthcare science staff	436	-	**436**	424
Total average numbers	**10,219**	**1,848**	**12,067**	**11,263**
Of which:				
Number of employees (WTE) engaged on capital projects	-	-	**-**	30

Reporting of compensation schemes - exit packages 2022/23 (subject to Audit)

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	5	**5**
£10,000 - £25,000	1	2	**3**
£25,001 - 50,000	-	1	**1**
£50,001 - £100,000	-	2	**2**
Total number of exit packages by type	**1**	**10**	**11**
Total cost (£)	£12,000	£236,000	**£248,000**

Reporting of compensation schemes - exit packages 2021/22 (subject to Audit)

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
Exit package cost band (including any special payment element)			
<£10,000	-	19	**19**
£10,000 - £25,000	1	5	**6**
Total number of exit packages by type	**1**	**24**	**25**
Total resource cost (£)	£16,000	£110,000	**£126,000**

Exit packages: other (non-compulsory) departure payments (subject to Audit)

	2022/23		2021/22	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	1	6
Contractual payments in lieu of notice	10	236	23	104
Total	**10**	**236**	**24**	**110**

Expenditure on Consultancies (subject to Audit)

During 2022/23 the Group's total spending on consultancies was £383,000 (2021/22: £1,197,000). See Accounts note 7.1

Staff Survey

The National NHS Staff Survey (NSS) is one of the largest workforce surveys in the world and has been conducted every year since 2003. The survey takes place at the same time every Autumn and offers a window in the world of our people – and how they experience working in the organisation.

In 2021, the NSS underwent its most significant changes in over a decade. The reporting, which is now aligned to the NHS People Promise can for the first time, in 2022, be tracked historically. An enhanced National Staff Survey dashboard has been developed in order to allow insight to this.

Over 1.3 million NHS staff in England were invited to participate in the survey between September and December 2022. A total of 264 NHS organisations took part, including all 215 NHS Trusts in England. Of all the eligible staff invited to take part in the survey, 636,348 responded, giving a national response rate of 46%.

Within East Kent Hospitals, a total of 9,062 eligible colleagues were invited to complete the National Staff Survey and 4,023 returned a completed survey. This volume of respondents give legitimacy to the results, although it should be noted the response rate has fallen by 8% and from a majority (52%) to a minority (44%). This mirrors the national trend.

Following alignment of the People Promise to the staff survey in 2021, results are now grouped under each of the seven People Promise themes along with Staff Engagement and Morale – giving overall scores against nine indicators. These indicators are scored out of 10 with the overall indicator score being the average of the questions related to each theme. Scores for each are presented historically below:

People Promise Theme	2021	2022
We are compassionate and inclusive	6.9	6.8
We are recognised and rewarded	5.6	5.5
We each have a voice that counts	6.3	6.2
We are safe and healthy	5.7	5.7
We are always learning	5.1	5.1
We work flexibly	5.6	5.7
We are a team	6.4	6.4

NSS Theme	2022	2021	2020	National Avg.
Staff Engagement	6.4	6.4	6.5	6.8
Morale	5.5	5.5	5.6	5.7

The full results of the NHS Staff Survey including a breakdown of the results by protected characteristics, is available here: https://www.nhsstaffsurveys.com/results/

The Trust-level results, broken down by Care Group, Specialty and sub-Specialty level are available here: New Starter Survey Dashboard

Organisational-level headlines results from the 2022 National Staff Survey:

- Over 75% of the results remain unchanged against 2021
- There was a significant decline in each aspect of the 3 domains of advocacy
- Confidence raising concerns, or that the organisation would act on them, declined year-on-year
- Less than half of colleagues would recommend the organisation as a place to work (43.2%)
- Recommending the Trust as a place to work or be treated (advocacy) fell by 3% and 8% respectively year-on-year
- Recommending the Trust as a place to work or receive treatment are 13% and 16% below the national average
- Care representing our top priority is 11% below the national average and has now declined for the third successive year
- Satisfaction with levels of pay also fell considerably
- There have, however, been *improvements* in autonomy & control and staff involvement
- There were subtle improvements in work-life balance and access to flexible working
- There has been an improvement in the perception there are enough staff (now on-par with national average)
- In one of our Care Groups (GSM) where Specialty-level initiatives had been piloted, there were improvements against approximately 70% of their results

The results have been socialised at a variety of committees and forums and, as a result, the following actions have been taken/ agreed:

- An enhanced National Staff Survey Dashboard has been built to enable staff at all levels to access and explore the results
- Guidance has been provided in multiple forums around how to access this, navigate it and move from data and information to intelligence and action
- Action has been agreed at 3 levels: Organisational, Corporate and Specialty
- At an organisational level, the Executive Team have committed to closing the gap on those areas where the Trust is furthest from the national standards
- At a Corporate level, a People and Culture MDT has been initiated. The group are identifying areas with the greatest opportunity for improvement, identifying route causes and initiating collective action. There has also been immediate work to mitigate the impact of pay, for example, by launching a new benefits platform

- At a Specialty level, colleagues have been given access to an enhanced dashboard, a comprehensive national staff survey toolkit and asked to identify and ‘change three things’ - something that will be project managed by the People & Culture Business Partners and reported into our People & Culture Committee.

The staff survey results are a national barometer of staff experience. They highlight those areas where this needs to be improved, along with areas where progress is being made. Following the lifting of the national embargo, the staff survey results have been made available to all-staff in an accessible manner for the first time. Each Care Group has been provided with their results and the ability to explore them through an industry-leading dashboard. Learning from the pilot work that took place in GSM, interventions will now begin to take place at a Specialty-level. Each area has been tasked with identifying those areas most in need of improvement and to ‘change three things’.

Health & Wellbeing

Over the last year the prominence of staff health and wellbeing has grown, along with an awareness of the wide-ranging impact it has. The Wellbeing Team, having formed in January 2022, continue to go from strength to strength. The team are now well-established, incredibly well known across the Trust and have firmly embedded themselves as a critical part of the organisation.

Their impact has been felt, with measurable improvements in wellbeing, specifically against mental health outcomes and the extent to which anxiety, stress and depression contribute to our overall sickness absence (from 33% to 6%). More recently, the team has focussed on creating a culture of wellbeing, with greater emphasis on proactive and preventative interventions. The offering has evolved from discrete, reactive support that reduces episodes and incidence of sickness absence to one which draws upon an evidence-base of best-practice and establishes effective partnerships.

This is best demonstrated by the relationship that exists between the team and *talking wellness* – a service that provides mental health assessment, support, signposting and intervention, with the primary aim of reducing trauma and promoting mental wellbeing. The partnership the team developed with *talking wellness* and Project Wingman is worth highlighting. It saw 1,636 staff attend the innovative ‘wellbeing bus’ across two visits – more than any other Trust across Kent and Medway.

The team have significantly grown the footprint of peer support, a central pillar of wellbeing support, with a network of wellbeing champions, mental health first aiders and Trauma Risk Management (TRiM) practitioners. They have also launched a brand-new wellbeing platform, something that has seen high levels of engagement with over 3,500 colleagues signing up. The ambition continues to grow, as do the innovative wellbeing interventions available to all staff across the organisation.

Employee sickness absence

The Department of Health Group manual for accounts requires the sickness absence data for NHS bodies to be recorded in the Annual Report on a calendar year basis using data provided by the Health and Social Care Information Centre (HSCIC).

Staff sickness absence	2022/23 number	2021/22 number	2020/21 number	2019/20 number	2018/19 number	2017/18 number
Total days lost	108,309.50	87,125.8	96,033.4	73,278.64	65,321.04	63,973.55
Total staff years	8662.47	8215.23	7954.92	7476.8	6,938.45	6,881.69
Average working days lost (per WTE)	12.50	10.61	12.07	9.8	9.41	9.29

The Trust has calculated the employee sickness absence level for 2022/23 is 5.41%, 2.72% relating to short-term absence and 2.69% relating to long-term absence.

Occupational Health

Our occupational health service is focused on the safety, health and wellbeing of our staff, patients and visitors. The team serves our Trust staff and also offers services to other local health and public services and, to small and medium businesses. The occupational health service has SEQOHS (Safe, Effective, Quality Occupational Health Service) accreditation that is renewed and achieved annually.

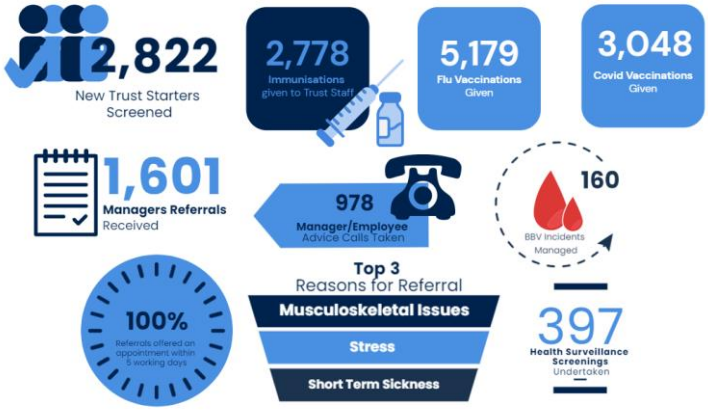
Our services include work-related health checks with pre-employment health assessments including vaccination and immunisation programmes and, advice and guidance for staff with health problems that could affect their ability to work or whose health could be affected by work. We advise on reducing risks in the workplace and promoting best practice in relation to good systems of work. We offer guidance to staff and managers on maintaining wellness in the workplace and preventing ill health. We also provide advice and information to managers on managing sickness absence and how to support staff to remain in or return to work including with adjustments if required.

Specialist referral services include psychological therapy for mental wellbeing, and advice, information and counselling through our Employee Assistance Programme.

The occupational health service has expanded to include an occupational therapy team that support and enhance the team to provide specialist rehabilitation expertise on functional capacity assessments and workplace programmes that support staff with health conditions to remain well at work and their management.

The Trust offers an annual flu vaccination programme to all staff. This service is led by the occupational health team and championed by our Chief Nurse Officer, Chief People Officer, senior managers and peer vaccinators. The vaccination team have provided both the influenza and Covid-19 vaccine to inpatients and maternity patients, including the pertussis vaccine and the Covid-19 vaccine as part of the Covid-19 allergy clinic. Planning for the next flu programme is a continual process to increase and improve on the number of staff protected.

The service also delivers and supports both staff and manager advice service and consistently achieves an efficient, quality-based service. The activity and results are highlighted below:



Recruitment and retention

Recruitment and retention of our staff remains a key priority and supports our vision to deliver “great healthcare from great people”.

We continue to focus on reducing our vacancy rates, particularly for medical, nursing and midwifery staff. We have run several successful campaigns using our new branding which has also ensured we are attracting candidates from a wider and more diverse pool of candidates.

A big priority this past year has been the onboarding of internationally educated nurses who are a crucial part of our workforce. In addition, we have continued to attract health care assistants and run regular well-attended assessment centres for local candidates.

The recruitment team have worked closely with our services to run doctor recruitment campaigns, especially for our specialities which are traditionally hard to recruit. This has led to increased numbers in some areas but for others it remains very challenging to recruit.

As a result, the overall vacancy rate has continued to decrease even though the funded establishment for the Trust has increased.

We seek to be an employer of choice and offer unique opportunities and experiences that support the continuous professional development of our staff. Access to world class research and development is provided for staff who wish to pursue their professional path under the guidance of leading expert clinicians. We offer innovative ways of working including annualised hours, rotas and flexible working. Incentive payments for hard to fill posts are also in place.

We continue to focus not only on recruiting new staff, but also retaining existing staff, who have a wealth of skills and experience to use and share with colleagues. We have been successful in our work to support individuals in their first year of employment with the Trust and have continued to develop models of best practice to support induction and 'on boarding' for each person participating in national programmes that support this activity. We continue to welcome international candidates with extended induction periods in place to help ease the transition into the UK system.

Managers' guidance on redeployment

We provide guidance to managers on the arrangements for redeployment of staff in circumstances relating to capacity (under-performance in role), capability ill health with involvement of our occupational health team, reorganization due to restructuring, and displacement for COVID-19 reasons.

Equality, Diversity and Inclusion (EDI)

The purpose of the EDI Policy is to demonstrate the objective of embedding equality, diversity and inclusion at our Trust. This means having EDI as a 'golden thread' in developing a compassionate and inclusive culture.

Equality means making sure everyone can access the same opportunities, diversity means valuing the differences between people, and inclusion is a measure of how safe and welcome people feel in their environment.

As an organisation, we are committed to taking action to create a more inclusive and compassionate workplace culture. As part of this commitment, a dedicated EDI Team has been formed to drive this work. The EDI Team's mission statement is; *working collaboratively with our valuable staff to action meaningful change.* The purpose of the EDI Team is to lead on initiatives and projects to reduce workplace discrimination and promote a positive and inclusive workplace culture.

The EDI Team are here to support our colleagues with advice on workplace matters, policies, projects and much more to ensure EDI is key in all that we do. This work is guided by the Equality Act 2010 which outlines nine protected characteristics that provides legal protection from discrimination; age, disability, gender re-assignment, marriage and civil partnership, race, religion or belief, sex,

sexual orientation. The Equality Act 2010 requires that we undertake outcome focused activity in addressing equality and diversity issues as a service provider and employer, across these nine protected characteristics. The details of the approach and workstreams will be documented in the EDI Strategy which will be updated in 2023.

Our five Staff Networks are an integral part of the EDI strategy; LGBTQIA+ (lesbian, gay, bisexual, transgender, queer, intersex, asexual); Disability Staff Network, Neurodiversity Staff Network; Women's Network and Ethnic Diversity Engagement Network- EDEN).

Trust data, including the staff survey, Workforce Race Equality Standards (WRES) and Workforce Disability Standards (WDES) shows that some staff with protected characteristics have adverse experiences such as bullying, barriers to progression and feeling less valued. It is also recognised that some staff who do not have protected characteristics also have adverse experiences in the workplace. It is therefore important that we create an environment where people are comfortable being their authentic self and feel safe to express views and be listened to.

A core part of the EDI team's work is to monitoring Trusts, data, developments and progress with regards to EDI via reporting and action plans. This includes annual reporting on the Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES) and Gender Pay Gap (GPG). NHS England graded EKHUFT's WRES Action Plan 2022/2023 as 'outstanding', which is the highest grading.

The work of EDI is supported by the EDI Steering Group. The purpose of the group is to provide oversight, support and leadership of Equality, Diversity and Inclusion in employment and service provision within the Trust. The group meets regularly on a bi-monthly basis and is led by the Chief People Officer.

The Trust is are committed to EDI and aspire to becoming an EDI innovative organisation.

Health and Safety

The Trust has a well-established Health and Safety Toolkit Audit process, whereby every department is audited for key safety areas every year. Good progress has been observed year on year for these audits. Each Care Group has a nominated lead for safety who oversees the safety management for their respective area. The Strategic Health and Safety Committee continues to monitor and oversee safety performance. The 4Risk risk management software assists in ensuring significant health and safety risks are escalated and managed as necessary. Training and support for the Health and Safety Link Workers continues to be delivered. Additional specialist courses including controlling hazardous substance and Health and Safety training for managers are in place.

Non-clinical Incident reporting governance and scrutiny continues to mature with auditing of the incident system and improved reporting quality. Total numbers of non-clinical incidents shows a general increase trend.

Non-clinical incidents (like for like yearly comparison) by reported date	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2gether Support Solutions: Facilities / Estates issues	318	310	291	293	276	239	283
Accident / Fall (staff or visitors only)	577	513	565	627	2243	1818	1000
Confidentiality / data protection / information security / cyber attack	249	185	221	280	403	338	272
Fire including false alarm	202	174	160	176	159	173	285
Fraud	0	0	0	8	18	9	14
Manual handling	132	96	107	116	87	131	101
Radiation (Other - MRI, Optical, Ultrasound)	4	2	6	7	8	35	7
Radiation (X-ray) affecting staff or visitors	8	8	5	8	9	4	9
Radiation (Radionuclide) affecting staff or visitors	8	6	1	2	4	4	13
Security	989	915	970	996	1531	1966	2040
Smoking on site	4	11	9	55	17	26	14

Disclosures set out in the NHS Foundation Trust Code of Governance

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

The Trust conducts an annual review of the Code of Governance to monitor compliance and identify areas for development.

The Board has confirmed the Trust is compliant with all provisions in the Code. NHS Foundation Trusts are required to provide a specific set of disclosures in their annual report to meet the requirements of the NHS Foundation Trust Code of Governance. The following table details these disclosures and where the information can be located in this report:

	PROVISION	ANNUAL REPORT AND ACCOUNTS SECTION
A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The	Accountability Report: Director's Report Council of Governors' Report

	annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Accountability Report: Director's Report Nominations and Remuneration Committee Integrated Audit and Governance Committee Remuneration Report
A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Accountability Report: Council of Governors' Report
B.1.1	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Accountability Report: Director's Report
B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	Accountability Report: Director's Report
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Accountability Report: Nominations and Remuneration Committee
B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	Accountability Report: Director's Report
B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors.	Accountability Report: Council of Governors' Report

	The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	
B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Accountability Report: Director's Report
B.6.2	Where there has been external evaluation of the board ***and/or governance of the trust***, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	Accountability Report: Director's Report
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Performance report: Summarised annual accounts
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Annual Governance Statement
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	Council of Governors Report
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;	Accountability Report: Integrated Audit and Governance Committee Report Annual Governance Statement

	• an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Council of Governors Report
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable for 2021/22
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Accountability Report: Membership Report
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report: Council of Governors' Report
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Accountability Report: Membership Report

Regulatory ratings

NHS System Oversight Framework

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

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- finance and use of resources
- people
- leadership and capability

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

Segmentation

The Trust has been placed in segment 4, The national Recovery Support Programme (RSP), provided to all trusts and systems in segment 4 of the NHS System Oversight Framework (SOF 2021/22) was launched on 13 July 2021 and the Trust transitioned from special measures to the RSP. The Trust has agreed a number of undertakings with NHS England and is making good progress in delivery of these, more detail of which can be found in the Annual Governance Statement.

This segmentation information is the trust's position as at 31 March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website:
https://www.england.nhs.uk/publication/nhs-system-oversight-framework[1]segmentation/

Tracy Fletcher, Chief Executive
6/9/2023

Statement of accounting officer's responsibilities

Statement of the chief executive's responsibilities as the accounting officer of East Kent Hospitals University NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS England.

NHS England has given Accounts Directions which require East Kent Hospitals University NHS foundation trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of East Kent Hospitals University NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above-mentioned Act.

The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Tracey Fletcher, Chief Executive

6/9/2023

Annual governance statement

Scope of responsibility

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

The Purpose of the system of internal control

The purpose of 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 on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of East Kent Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Kent Hospitals NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As designated Accounting Officer, I have overall accountability for risk management in the Trust. I am supported by the Director of Quality Governance; Chief Medical Officer; and Chief Nursing & Midwifery Officer, who lead on clinical risk management; the Hospital Medical Director (William Harvey Hospital) who is the Caldicott Guardian; the Chief Finance Officer who is responsible for financial risk management and the Senior Information Risk Officer (SIRO), the Chief Operating Officer who is responsible at Trust Board level for risks to achieving operational performance, the Chief People Officer who is responsible for staffing and workforce risks, the Executive Director of Strategic Development and Partnerships who is responsible for health and safety. The Executive Director of Infection Prevention and Control who is responsible for infection control risks. The Group Company Secretary also has responsibility for establishing and implementing the processes and systems of risk management across the Trust and the promotion of good corporate governance.

Risk Management

The leadership framework for risk management is as described above. The Chief Executive and Executive Directors are responsible for managing risks within their

scope of management responsibility, which is clearly defined. Assurance is provided through reports and dashboards to working groups and committees to the Board.

The Care Group leadership teams are responsible for ensuring the Care Group risks are identified, assessed, mitigated as appropriate and escalated when they cannot be mitigated locally. Each Care Group has its own Risk Register and these are presented and monitored through the Performance Review process on a monthly basis and through the Executive Risk Assurance Group bi-monthly.

General Managers/Line Managers ensure that all staff are aware of the risk management processes and report risks for consideration to the relevant Committee. All staff have a key role in identifying and reporting risks and incidents promptly thereby allowing risks to be mitigated. In addition, staff have the responsibility for taking steps to avoid injuries and risks to patients, staff and visitors.

The Board Assurance Framework (BAF) informs the Board on a monthly basis of the most significant risks, the control measures in place to mitigate the risks and assurance on the effectiveness of controls. The Corporate Risk Register covers all areas including potential future external risks to quality and has clear ownership at executive level. The Integrated Audit and Governance Committee oversees the Trust's risk management framework and process.

The Integrated Audit and Governance, People and Culture, Finance and Performance Committee and Quality and Safety Committees scrutinise the BAF and Corporate Risk Register reports relevant to their Terms of Reference.

All staff are encouraged to report incidents and near miss events, via an embedded electronic system, as part of the Incident Management Policy. Trends and themes on incidents are reported to the Quality and Safety Committee quarterly.

The Trust monitors compliance with the Duty of Candour and our obligation to be open, transparent and accountable to the public and our patients for our actions and omissions leading to episodes of poor care; this is reported to and monitored by the Patient Safety Committee monthly.

The risk and control framework

The Trust has in place a Risk Management Policy, last reviewed and approved by the Board in December 2021, which applies to all staff and sets out the Trust's approach to managing clinical and non-clinical risks. The Trust has developed a Risk Management Handbook which provides a detailed guidance in relation to understanding the Risk Management process. The Clinical Executive Management Group (CEMG) has overall responsibility for risk management and is supported by the Executive Risk Assurance Group for the operational management and escalation of risk from the Care Groups; these Groups meet monthly.

The Strategic Health and Safety Committee is responsible for the health and safety of employees, visitors and contractors. The Committee receives quarterly reports from Care Group Health and Safety Leads. In addition, the Committee receives results by each Care Group, relating to the Health and Safety Toolkit Audit. The audit outcomes are also provided to the Clinical Executive Management Group each quarter and the Trust Board every six months. Health and Safety risk tools are available on the Trust's intranet and the Trust's Health and Safety Policy is the framework by which the Trust manages and monitors health and safety at work.

The Integrated Audit and Governance Committee scrutinise the effectiveness of the process and, in respect of quality and safety risks. the Quality and Safety Committee receive reports and assurance from the Patient Safety Committee, scrutinising evidence on behalf of the Board of Directors.

Risk is a key component of the Performance Review Meetings held with each Care Group on a monthly basis. In addition to key Care Groups risks being discussed, there is a focus on exception reporting, with risks being discussed in this context.

The Datix risk management system is in use to record incidents, complaints, Patient Advice and Liaison Service (PALS) enquiries and legal claims, including Coroner Inquests.

Risks at all levels are recorded on 4Risk, the Trust's risk management system and these are linked to the relevant strategic priority and the appropriate risk appetite heading. The risk appetite statement for the Trust will be reviewed in 2023-24.

The BAF assesses and evaluates the principal risks to the achievement of the strategic priorities and there is an alignment between the BAF and the risks currently outlined on the BAF risk register. Risks to the 'True North' are highlighted on each Board and Committee report as a way of demonstrating clear links and allows for good discussion in meetings. The BAF is reported on a monthly and quarterly basis through the assurance committee structure to the Board. The end of year BAF was considered by both the IAGC and the Board. The BAF also provides assurance that effective controls and monitoring arrangements are in place. It is also the key document that underpins this Annual Governance Statement (AGS).

The top five risk themes affecting the Trust and recorded on both the BAF and Corporate Risk Registers, over the year under review were:

Emergency Care

Overcrowding in ED due to a lack of capacity in the system and increased local demand

Staffing

Recruitment and retention of substantive staff:

- Inadequate nursing staffing
- Inadequate midwifery staffing
- Inadequate medical staffing

Staff health and wellbeing
Underlying organisational culture

Clinical Governance and Safety Culture

Poor medicines management
Embedding safety and learning culture in Maternity and Paediatric services
Capacity within tier 4 Children and Young People Mental Health Services (CYPMHS)
Trust's preparedness for a CQC inspection

Planned Care

Delivery of the operational constitutional standards

Estates

Condition and backlog maintenance
Backlog of work (£120 million)

The Trust's Local Counter Fraud service ensures that the annual plan of proactive work minimises the risk of fraud within the Trust and is fully compliant with NHS Counter Fraud Authority requirements. Preventative measures include reviewing Trust policies to ensure they are fraud-proof utilising intelligence, best practice and guidance from NHS Counter Fraud Authority. Detection exercises are undertaken where a known area is at high risk of fraud and the National Fraud Initiative (NFI) data matching exercise is conducted bi-annually. Staff are encouraged to report suspicions of fraud through utilising communications, presentations and fraud awareness literature throughout the Trust's sites. The Local Counter Fraud Specialist liaises with Internal Audit in order to capture any fraud risks from internal audits undertaken within the Trust. Counter Fraud reports are presented to the IAGC at each meeting.

Information governance and data security risks are managed and controlled within this policy framework. The Trust has an Information Governance Steering Group which receives reports on information governance incidents, compliance with training requirements, data quality and compliance with the Information Governance Toolkit.

Regulation

NHS Foundation Trust Governance: Licence Provisions

NHS England Undertakings

On the 13 December 2018 NHS Improvement (NHSI) issued compliance certificates in relation to the undertakings accepted by them previously in September 2014, August 2015 and June 2017. However, the Trust remains in segment 4 of the NHS Oversight Framework. As a result the Trust offered a new set of undertakings. The full text of these can be found on the NHSI website but in short the Trust is in breach of the following elements of its Provider Licence:

- NHS2(4)(c) The Trust has established and implemented clear reporting lines and accountabilities throughout the organisation
- NHS2(5) The Licensee shall establish and effectively implement systems and / or processes:
    - (a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;
    - (b) Timely and effective scrutiny and oversight by the Board of the Trust's operations
    - (c) compliance with health care standards binding on the Trust including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, the NHS England and statutory regulators of health care professions
    - (d) for effective financial decision-making, management and control (including but not restricted to appropriate systems and / or processes to ensure the Licensee's ability to continue as a going concern);
    - (e) obtain and disseminate accurate, comprehensive, timely and up to date information;
    - (f) identify and manage material risks to compliance with the Conditions of its Licence.

- NHS2(6)(c) The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure the collection of accurate, comprehensive, timely and up to date information on quality of care;
- NHS2(6)(d) The Board is satisfied that the systems and/or processes referred to in 4.5 should include but not be restricted to systems and/or processes to ensure that the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;
- NHS2(6)(e) The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure Engagement on quality of care with patient, staff and other stakeholders;
- NHS2(6)(f) The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure accountability for quality of care throughout the Trust including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate;

- NHS2(7) The Board is satisfied that there are systems to ensure that the Trust has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence;
- CoS3(1)The Licensee shall at all times adopt and apply systems and standards of corporate governance, quality governance and of financial management which reasonably would be regarded as suitable for a provider of the Commissioner Requested Services provided by the Licensee, and providing reasonable safeguards against the risk of the Licensee being unable to carry on as a going concern.

NHS England (NHSE) commissioned a governance review which reported to the Board in December 2020 setting out a number of recommendations. The Trust entered NHSE's Recovery Support Programme (RSP) and an action plan was agreed in December 2021, requiring a number of actions to be completed before the Trust can exit NHS oversight framework four (NOF4). In January 2023, NHSE appointed a new improvement director who is working with the Trust to review the exit criteria and to create an integrated recovery plan.

During 2022/23, the Trust's Chief Finance Officer was acting as the Senior Responsible Officer (SRO) for the oversight of both the governance improvement actions and the RSP actions. This responsibility his has now transferred to the Chief Executive Officer. Dedicated Project Management support has been allocated. Delivery of the recommendations is driven by the Governance Improvement Group which meets monthly to monitor progress against the improvement plan.

All 50 of the actions identified in the August 2020 review of governance have been completed. Of the 19 RSP actions, none have been completed but all have executive owners and are currently being re-confirmed with NHSE.

Risks to NHSI Provider Licence

The principal risks in relation to compliance with our Provider Licence are:

- BAF 33 - Failure to adequately resource, implement and embed effective governance processes through the Trust.
- BAF 34 – There is a risk that our constitutional standards are not met
- BAF 35 – There is a risk of failure to recruit and retain high calibre staff
- BAF 36 - Failure to implement the strategic change required to address the service delivery, workforce and estate condition identified in the Pre-Consultation Business Case (PCBC)
- BAF 38 - Failure to deliver the financial plan of the Trust as requested by NHSEI

The Board has self-certified its Corporate Governance Statement following a robust process of review through the IAG Committee. The full Provider Licence is reviewed by the IAG Committee noting the risks identified above and a recommendation on compliance made to the Board for approval. The self-

certification statements are available on the Trust's website, together with the full Provider Licence compliance document approved by the Board. This outlines in detail the evidence and assurance the Board has received that the risks to its Provider Licence are being mitigated as much as possible.

The Trust is fully compliant with the registration requirements of the Care Quality Commission (CQC).

The Care Quality Commission instigated enforcement action against EKHUFT during 2022/23.

During 2021 to 2022, the CQC inspected the Trust on one occasion. In January 2023, the CQC inspected maternity and midwifery services at WHH and QEQM maternity departments and community maternity services.

Following the inspection, the CQC issued the Trust with a Section 31 Notice for maternity and midwifery services at WHH and QEQM. This notice imposes additional conditions on the Trust's registration in respect of the maternity and midwifery services regulated activity.

Following the issue of the Section 31 Notice, the Trust implemented improvements in a number of areas, providing a report to the CQC setting out the actions taken to ensure that effective systems were in place for each of these areas, by providing assurance that an effective clinical management system was in place. These areas continue to be subject to on-going monitoring and oversight.

The current Trust overall CQC ratings are:

CQC domain	Rating	RAG
SAFE	Requires Improvement	Amber
EFFECTIVE	Requires Improvement	Amber
CARING	Good	Green
RESPONSIVE	Requires Improvement	Amber
WELL-LED	Requires Improvement	Amber
Overall	**Requires Improvement**	Amber

Overall ratings for each site are shown below:

Site	Rating	RAG
K&C Canterbury	Requires Improvement	Amber
QEQM Margate	Requires Improvement	Amber
WHH Ashford	Requires Improvement	Amber
RVH Folkestone	Good	Green
BHD Dover	Good	Green
Overall	**Requires Improvement**	Amber

Journey to Outstanding Care Strategic Initiative Programme

The Journey to Outstanding Care (JTOC) Strategic Initiative has been established to oversee key workstreams required to fulfil our aim to achieve outstanding care by 2026 and the programme is currently being implemented.

NHS England Conflicts of Interest Guidance

The Trust has published on its website a register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance). The Trust has an electronic system for recording interests. During 2023/24, the Trust will continue to issue communications to staff to ensure interests are recorded as required by Managing Conflicts of Interest in the NHS guidance.

Developing Workforce Standards

The Trust complies with the 'Developing Workforce Safeguards recommendations by providing regular reports to the Trust People and Culture Committee and to the Board outlining our detailed annual and 5-year workforce plans. A workforce planning cycle has been agreed and will incorporate a consolidated action plan for each Care Group covering workforce redesign, agency reduction, recruitment & retention and staff survey improvements. Our workforce plans and remodelling proposals are all quality impact assessed and approved at board level.

The Trust Recruitment and Retention strategy is informed by staff surveys and exit questionnaires making use of specific feedback from individuals across all staff groups. The strategy delivers against our workforce plans supporting our emphasis on substantive recruitment to roles, retention of existing staff and reducing our need for temporary workers. This is underpinned by the work of our business partners and the regular efficiency meetings with Care Groups to achieve the most effective staffing solutions.

The use of Safe care tools enables oversight of the staffing picture, helps to identify any areas of risk and facilitates requests for assurance from the Chief Nursing & Midwifery Officer with regard to safety and quality prior to further escalation for additional staff. Heads of Nursing and Allied Health professional leads engage in weekly reviews of the data from the safe care tools. The Trust is providing on-going development and support to the leaders responsible for the uses of these systems to continue to improve the accuracy of the data input and ensure that these staffing tool(s) are used to their optimum / to provide safe staffing profiles. In this way the national tools and professional judgement support safe staffing management.

The new Staff Experience Team works directly with Care Groups to monitor retention of staff, identify areas where the risk if higher turnover is greater and provides support with implementation of both Trust wide and Care Group specific actions to improve retention rates in response to staff feedback.

A robust set of workforce metrics are supported by a new KPI dashboard including vacancy rates, use of temporary staff, sickness absence, recruitment activity, appraisal and statutory and mandatory training compliance. These are reviewed by the board on a monthly basis with further analysis undertaken as required. In addition, the Care Groups produce Executive Performance reports incorporating performance driver metrics relating to workforce outlining key actions being undertaken to address any unplanned challenges.

The Board and People and Culture Committee receive reports on the annual staff survey findings and are informed of progress with the actions identified to resolve issues reported. With support from the Information team, we have developed a nationally recognised staff survey dashboard that allows easier and more detailed analysis of the results so we can better target supportive interventions.

Our Care Groups and Executive team benchmark our services with regional and national peers using tools such as Model Hospital which is used to identify and implement improvements to our efficiency.

The Trust has implemented Healthroster for all non-Medical staff and has implemented time and attendance rosters for all Medical staff. All Medical staff have e-job plans and the Trust is part way through the implementation of e-job planning for Allied Health Professionals and the efficiencies and assurance this is expected to deliver.

Pension

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

Equality and Diversity

The Trust is committed to creating a diverse and inclusive environment where all our staff, patients and service users feel they can be themselves. Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. An Equality, Diversity and Inclusion Strategy is in place and supported by an associated Action Plan to ensure delivery against key EDI aims and objectives. The statement is on the Trust's website here.

SLAVERY AND HUMAN TRAFFICKING STATEMENT

This statement sets out the Trust's actions to understand all potential modern slavery risks related to our activities and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in our own business and supply chains. As part of the NHS, we recognise that we have a responsibility to take a robust approach to slavery and human trafficking. The Trust is committed

to preventing slavery and human trafficking in our activities, and to ensuring that our procurement services are free from slavery and human trafficking. The statement is on the Trust's website here.

CARBON REDUCTION

Implementing environmentally sustainable principles and reducing the Trust's greenhouse gas emissions adds value to our patients and reflects the ethics of our staff. The national requirement, as set out in NHSE / I report 'Delivering a Net Zero NHS' is for the Trust to be net zero for the emissions it controls by 2040 (80% by 2028 to 2032). The Trust's carbon emissions are made up of direct emissions i.e. natural gas; indirect and direct emissions i.e. electricity consumption, waste, water, steam, anaesthetics and inhaler usage. The Trust will be focussing on improving these areas over the coming five to ten years. In addition, the Trust plans to include other measures such medicines waste, NHS fleet and leased vehicles and staff travel, as it develops these metrics in the future.

Review of economy, efficiency and effectiveness of the use of resources

The objectives of maximising efficiency, effectiveness and economy within the Trust are achieved by internally employing a range of accountability and control mechanisms whilst also obtaining independent external assurances. One of the principal aims of the whole system of internal control and governance is to ensure that the Trust optimises the use of all resources. In this respect the main operational elements of the system are Management Reporting, the BAF and assurance committee of the Board, including the IAG and the Finance and Performance Committees. The priority for 2022/23 was to continue the implementation of financial controls now that the national operational response to Covid-19 had been removed. These included the use of monthly executive performance reviews which provided the main forum for performance management of the Care Groups, along with the appointment of a senior manager leading the Group response to its deteriorating financial position. Underlying this structure, a comprehensive system of budgetary control and reporting was in place, in addition to the assurance work performed by both internal and external audit functions.

The IAGC is chaired by a Non-Executive Director and the Committee reports directly to the Board. Three other Non-Executive Directors sit on this Committee. Both Internal and External Auditors attend each Committee meeting and report on the achievement of approved annual audit plans that specifically include economy, efficiency and effectiveness reviews. During the year the IAGC requested reports from Executive Directors in operational areas including:

- Annual Report and statutory declarations
- Risk Management Policy
- Board Assurance Framework and Corporate risk register
- Single Tender Waivers
- Data security and protection toolkit

- Annual reports on
    - Gifts, Hospitality and Sponsorship
    - Freedom of Information
    - Emergency Preparedness, Resilience and Response (EPRR)
- Freedom to Speak up reports from the Guardians

A Non-Executive Director chairs the Finance and Performance Committee (FPC) which reports to the Board upon resource utilisation, service development initiatives as well as financial and operational performance. As part of this assurance process the Trust planning documents for 2023/24 and regular updates on financial efficiency saving plans were scrutinised by FPC. In addition, the Committee received regular cash management updates. The Board also receives performance and financial reports at each of its meeting, together with reports from other assurance committees to which it has delegated powers and responsibilities.

Information governance

There were nine data incidents reported to the Information Commissioner's Office via the Data Security Incident Reporting Tool during 2022/23.

Seven were associated with data breaches relating to individual patients, one concerned a loss of a number of patients' data from an encrypted laptop and one concerns loss of (current) patient data during archiving activity affecting a number of patients.

The Information Commissioner's Office is satisfied with the response of the Trust and has not taken any action in relation to these breaches.

Review of effectiveness

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

Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control within their functional areas provide me with assurance. The Clinical Executive Management Group is the principal executive Committee for reviewing risk in the Trust and received recommendations from the Executive Risk Assurance Group ERAG),

chaired by the Chief Executive. Details of the work of ERAG are provided in the risk sections of this Annual Governance Statement.

Clinical audit continues to contribute to the on-going monitoring of the effectiveness of the system of internal control. The process supporting the development of the annual clinical audit programme is well-established with priority being given to topics that address areas of key clinical challenge. The central objective of the annual clinical audit programme is to support improvements in patient care identified through clinical audit. The programme is overseen by the executive-led NICE / Clinical Audit and Effectiveness Committee that reports into the Quality Committee, and thereafter the Board of. The IAG Committee provides assurance over the overall process.

The BAF provides me with evidence that the effectiveness of controls, which manage the risks to the Trust in achieving its annual priorities, have been reviewed and addressed. The Trust received reasonable assurance on its risk management arrangements (this includes the processes around the BAF). The Trust has reviewed its strategic priorities under 'We Care' and objectives have been agreed for 2023/24.

Processes are in place to maintain and review the effectiveness of the system of internal control by:

- monthly reports to the Board on the Corporate and BAF risks and assurance on the same through the Integrated Audit and Governance Committee, as well as regular internal audits;
- assurance, as provided through internal audit, on the risk management processes from ward to Board;
- quarterly reports through the IAG Committee to the Board on the BAF;
- Committee Chair upward assurance reports to the Board.

A report from the IAG Committee on their work is included in the Accountability Statement in the Annual Report, in addition to short reports on the work of the other committees that provide assurance to me and the Board on quality, safety, effectiveness, finance and workforce namely:

- Quality and Safety Committee
- Finance and Performance Committee
- People and Culture Committee.

The Regulatory Compliance Group considers evidence on compliance with regulatory standards that apply to the Trust and the services it provides. This includes compliance with Care Quality Commission regulations; the NHSE Provider Licence; NHS Foundation Trust Governance Code; Enforcement Undertakings; Health & Safety Executive; and other Professional Regulatory Bodies who inspect / accredit Trust services (External Visits).

The Board held development sessions during 2022/23, including a session on Risk Management. A robust Board Development Programme has been agreed for 2023/24 in support of improving the Board's effectiveness.

The Trust continues to embed its use of 4Risk, with Care Groups presenting their risks at Performance Reviews, Quality and Safety Committee and on a rotational basis to the Executive Risk Assurance Group.

The Board received reports on patient safety and experience and the BAF and corporate risk register at each public meeting. The Board has played a key role in reviewing risks to the delivery of the Trust's performance objectives through monitoring, and discussion of the performance.

The 'We Care' IPR includes metrics covering key relevant national priority indicators and a selection of other metrics covering quality and safety, patient experience, staff, sustainability and our future. The Board also receives individual reports on areas of concern in regards to internal control to ensure it provides appropriate leadership and direction on emerging risk issues.

The Head of Internal Audit's opinion states that the Trust has: "an adequate and effective framework of risk management, governance and internal control".

The Trust's definition of significant control issue is:

- consistent failure of an NHS Constitutional Standard where little or no progress has been made in the year;
- unplanned issues that required significant resource investment and or capital investment; and
- any significant concerns raised by regulators, auditors or external visits as agreed by the Committee.

For 2023/24, the Trust is highlighting the following significant control issues:

Maternity services: In February 2020 an Independent Investigation into East Kent Maternity and Neonatal Services was announced, to be chaired by Dr Bill Kirkup. On 19 October 2022, the Independent Investigation published its report into our maternity and new-born services, *Reading the signals*.

The report describes the harm and suffering experienced by women, babies and their families, in our care between 2009 and 2020. We recognise that families came to us expecting that we would care for them safely, and we failed them. We unreservedly apologise for these unacceptable failings.

On 21 October 2022, the Trust Board formally accepted the report in full and committed to addressing the four key areas for action in the report:

- Monitoring safe performance
- Standards of clinical behaviour
- Flawed team working
- Organisational behaviour
- And; a recommendation specifically for the Trust to embark on a restorative process addressing the problems identified in partnership with families, publicly and with external input.

The Maternity and Neonatal Assurance Group (MNAG) established in September 2021 has continued its oversight of improvements in maternity. The Committee provided regular reports to the Board of Directors.

Delivery of the constitutional standards

The Trust has not achieved the constitutional standards, performance has been adversely affected by the number of escalation areas that remain open and need to be staffed, very high numbers of patients not fit to reside remaining under the care of the Trust and the high number of emergency patients occupying elective care beds.

At the end of the financial year the Trust has eliminated patients waiting over two years (104 weeks) except where they choose to wait longer, and had put considerable focus on treating patients waiting over 78 weeks by the end of March 2023, although has not met the national requirement to have no breaches. Risks including those related to capacity in Otology to treat some of the Trust's long waiting patients has resulted in a shortfall against this key target. Focus is being given both within the Trust and across the Integrated Care Board (ICB) to source and secure additional capacity needed to treat the otology patients.

Whilst the Trust continues to work towards eliminating 78 week waits for planned care, the next key milestone and target for 2023/24 is for the Trust to reduce this wait further and ensure no patient waits over 65 weeks for treatment by end of March 2024.

Conclusion

Working with the Board, Governors and all staff, I am fully committed to addressing the significant control issues highlighted above and to providing sustainable high-quality care for the population of East Kent.

Tracey Fletcher, Chief Executive
6/9/2023

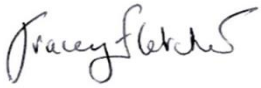
East Kent Hospitals University NHS Foundation Trust

Annual accounts for the year ended 31 March 2023

Foreword to the accounts

East Kent Hospitals University NHS Foundation Trust

These accounts, for the year ended 31 March 2023, have been prepared by East Kent Hospitals University NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed 

Name **Tracey Fletcher**
Job title **Chief Executive**
Date **06 September 2023**

Independent auditor's report to the Council of Governors of East Kent Hospitals University NHS Foundation Trust

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of East Kent Hospitals University NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Statements 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 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2023 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended; and
- 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 2022-23; 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 group and 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 Accounting Officer's 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 group's and 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 group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the group and 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 group and 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 2022) 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 group and Trust and the group and Trust's disclosures over the going concern period.

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

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

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the Annual Report. 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.

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 themselves. 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 disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2022/23 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.

Qualified opinion on other matters required by the Code of Audit Practice

In our opinion, except for the effects of the matter described in the basis for qualified opinion on other matters required by the Code of Audit Practice section of our report,

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with NHS Foundation Trust Annual Reporting Manual 2022/23; and
- based on the work undertaken in the course of the audit of the financial statements 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.

Basis for qualified opinion on other matters required by the Code of Audit Practice

The fair pay disclosures in the Remuneration Report have not been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2022/23 as the Trust has incorrectly excluded the remuneration of agency and other temporary employees from these disclosures.

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 Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of 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.

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

Responsibilities of the Accounting Officer

As explained more fully in the Statement of Accounting Officer's responsibilities the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS Foundation Trust Annual Reporting Manual 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the services to another public sector entity.

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 group and 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 2022-23).
- We enquired of management and the Integrated Audit and Governance Committee concerning the group and 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 Integrated Audit and Governance 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 group and 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, the valuation of property, plant and equipment, the risk of

improper revenue recognition and the risk of fraud in expenditure recognition. We determined that the principal risks were in relation to:

  - journal entries that altered the Trust's financial performance for the year;
  - the reasonableness of year-end revenue and expenditure accruals; and
  - the reasonableness of estimates in respect of property, plant and equipment valuations.

- 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 high value journals posted after year end, journals posted by specific members of management and journals that have a material impact on reported outturn ;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations and revenue and expenditure accruals; 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 communicated with management and the Integrated Audit and Governance Committee in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition and the significant accounting estimates related to accruals and the valuation of property, plant and equipment.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's 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 group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and 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 group and 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, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

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.

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 2023.

We have nothing to report in respect of the above matter except:

- On 3 August 2021 we identified a significant weakness in how the Trust ensures that it makes informed decisions and properly manages its risks. This was in relation to governance weaknesses including leadership capacity and the monitoring and reporting structures for quality governance, the quality of the Trust's maternity services and the Trust's failure to implement fully recommendations arising from the 2016 Royal College of Obstetricians and Gynaecologists' independent review of maternity services. We recommended that the Trust continues to use oversight forums to stress test the quality of evidence underpinning assurances provided by management in respect of service delivery. This should be underpinned by improvements to the Trust's culture which provides staff with confidence to report concerns about unsafe clinical practice. The Trust's governance improvement plan should have completion dates for all actions, with a post-implementation review performed 6-8 months after completion of the plan. On 24 June 2022 we reported that although significant progress had been made by the Trust, implementation of our recommendations remained in progress. The Trust required time to embed improvements in governance arrangements and maternity services and demonstrate their effectiveness to the satisfaction of NHS Improvement and other regulators. As part of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023, we have reviewed the Trust's progress against its governance improvement plan and maternity improvement plan. There is no clear evidence that these improvement plans are further embedded and having an impact. The Trust has significant cultural issues, and while it is investing and developing plans to address these, the impact of any improvement cannot yet be seen, as evidenced by continued quality governance concerns. Leadership turnover, the recently reported deterioration of the quality of maternity services and the changes to the Trust's governance structures further indicate that the Trust still has some way to go to address what are deep-rooted issues. We have recommended the Trust:
    - review and further develop actions within its integrated improvement plan, both within the Trust and with wider system partners to ensure they are supported and embedded within the organisation and deliver the impact needed to enable the Trust to demonstrate progress,
    - ensure that cultural development programmes continue to be a high priority and that their impact is measured to demonstrate progress is being made, and
    - work closely with regulators and local healthcare system partners to ensure plans and actions to address regulatory notices are delivered.

  Therefore, the significant weakness in arrangements remains in place.
- On 28 June 2023 we identified significant weaknesses in the Trust's arrangements for financial sustainability and governance. The Trust's financial performance has deteriorated and during the year ended 31 March 2023 the Trust failed to develop a clear medium to longer term plan to make the Trust financially sustainable, including making sustainable efficiency savings. 'We recommended that the Trust:
    - produce a medium-term financial plan to provide assurance that underlying financial sustainability can be achieved in the next three years, and
    - further develop its cost improvement plans and works with local healthcare system partners to identify wider opportunities for efficiency savings over the medium and longer term.

- On 28 June 2023 we identified significant weaknesses in the Trust's arrangements for improving economy, efficiency and effectiveness: The Trust has significant, well-documented and well-publicised challenges in relation to its operational performance, which include quality and safety concerns highlighted by the Care Quality Commission. The Trust has had difficulties achieving sustained improvement in these areas of concern. We recommended the Trust work with local healthcare system partners to develop and monitor plans to improve the quality, safety and overall performance of its services with the aim of ensuring that these plans have a direct impact on their operations.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting 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 paragraph 1 of Schedule 10 of the National Health Service Act 2006 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 January 2023. 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 – Certificate

We certify that we have completed the audit of East Kent Hospitals University NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Council of Governors 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

8 September 2023

Consolidated Statement of Comprehensive Income

		Group		Trust	
			Restated*		
		2022/23	2021/22	2022/23	2021/22
	Note	£000	£000	£000	£000
Operating income from patient care activities	4	874,499	802,126	859,549	790,325
Other operating income	5	56,192	57,179	58,892	59,598
Operating expenses	8, 10	(960,980)	(858,571)	(957,042)	(850,861)
Operating surplus/(deficit) from continuing operations		**(30,289)**	**734**	**(38,601)**	**(938)**
Finance income	12	1,011	24	2,777	2,259
Finance expenses	13	(42)	-	(2,563)	(2,809)
PDC dividends payable		(8,588)	(7,868)	(8,588)	(7,868)
Net finance costs		**(7,619)**	**(7,844)**	**(8,374)**	**(8,418)**
Other losses	14	(117)	(844)	(117)	(819)
Corporation tax expense		(1,129)	(196)	-	-
Deficit for the year		**(39,154)**	**(8,150)**	**(47,092)**	**(10,175)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	9	(11,083)	(9,322)	(7,147)	(9,322)
Revaluations	19	10,129	5,700	14,017	5,700
Other recognised gains and losses		-	-	4,000	-
Other reserve movements		-	-	-	(1)
Total comprehensive expense for the period		**(40,108)**	**(11,772)**	**(36,222)**	**(13,798)**
Deficit for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(39,154)	(8,150)	(47,092)	(10,175)
TOTAL		**(39,154)**	**(8,150)**	**(47,092)**	**(10,175)**
Total comprehensive expense for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(40,108)	(11,772)	(36,222)	(13,798)
TOTAL		**(40,108)**	**(11,772)**	**(36,222)**	**(13,798)**

*See Note 3 for further detail on Restated values

Statements of Financial Position

		Group		Trust	
			Restated		
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	15,16	6,200	7,478	6,198	7,474
Property, plant and equipment	17,18,20	316,478	319,528	310,678	313,940
Other investments / financial assets	21	-	-	30,314	30,314
Receivables	23	2,849	2,498	54,818	64,260
Total non-current assets		**325,527**	**329,504**	**402,008**	**415,988**
Current assets					
Inventories	22	12,471	10,415	6,749	5,527
Receivables	23	44,772	31,601	41,658	34,675
Cash and cash equivalents	24	29,531	48,806	18,618	27,372
Total current assets		**86,774**	**90,822**	**67,025**	**67,574**
Current liabilities					
Trade and other payables	25	(91,384)	(87,919)	(84,179)	(82,611)
Borrowings	27	(2,527)	(620)	(6,538)	(7,476)
Provisions	28	(2,528)	(5,398)	(2,528)	(5,398)
Other liabilities	26	(3,902)	(5,198)	(3,902)	(5,059)
Total current liabilities		**(100,341)**	**(99,135)**	**(97,147)**	**(100,544)**
Total assets less current liabilities		**311,960**	**321,191**	**371,886**	**383,018**
Non-current liabilities					
Trade and other payables	25	(190)	(126)	-	-
Borrowings	27	(10,292)	(7,961)	(75,682)	(79,072)
Provisions	28	(3,764)	(4,780)	(3,764)	(4,780)
Total non-current liabilities		**(14,246)**	**(12,867)**	**(79,446)**	**(83,852)**
Total assets employed		**297,714**	**308,324**	**292,440**	**299,166**
Financed by					
Public dividend capital		454,994	425,777	454,994	425,777
Revaluation reserve		56,141	57,638	61,898	55,569
Income and expenditure reserve		(213,421)	(175,091)	(224,452)	(182,180)
Total taxpayers' equity		**297,714**	**308,324**	**292,440**	**299,166**

The notes on pages 14 to 64 form part of these accounts.
The Property, plant and equipment note above includes the Right of Use Assets as shown in note 20.1 and 20.2
The Borrowings note above includes the Lease Liabilities as shown in note 27.1 and 27.2

Tracey Fletcher
Chief Executive
Date **06 September 2023**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**425,777**	**57,638**	**(175,091)**	**308,324**
Impact of implementing IFRS 16 on 1 April 2022	**-**	**-**	280	**280**
Deficit for the year	-	-	(39,154)	**(39,154)**
Impairments	-	(11,083)	-	**(11,083)**
Revaluations	-	10,129	-	**10,129**
Transfer to retained earnings on disposal of assets	-	(543)	543	**-**
Public dividend capital received	29,217	-	-	**29,217**
Taxpayers' and others' equity at 31 March 2023	**454,994**	**56,141**	**(213,421)**	**297,714**

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

Group	Public dividend capital	Revaluation reserve	Restated Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**394,480**	**61,260**	**(166,940)**	**288,800**
Deficit for the year	-	-	(8,150)	**(8,150)**
Impairments	-	(9,322)	-	**(9,322)**
Revaluations	-	5,700	-	**5,700**
Public dividend capital received	31,297	-	-	**31,297**
Taxpayers' and others' equity at 31 March 2022	**425,777**	**57,638**	**(175,091)**	**308,324**

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

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**425,777**	**55,569**	**(182,180)**	**299,166**
Impact of implementing IFRS 16 on 1 April 2022	**-**	**-**	280	**280**
Deficit for the year	-	-	(47,092)	**(47,092)**
Impairments	-	(7,147)	-	**(7,147)**
Revaluations	-	14,017	-	**14,017**
Transfer to retained earnings on disposal of assets	-	(543)	543	**-**
Other recognised gains and losses	-	-	4,000	**4,000**
Public dividend capital received	29,217	-	-	**29,217**
Other reserve movements	-	2	(2)	**-**
Taxpayers' and others' equity at 31 March 2023	**454,994**	**61,898**	**(224,451)**	**292,441**

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

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**394,480**	**59,190**	**(172,003)**	**281,667**
Deficit for the year	-	-	(10,175)	**(10,175)**
Impairments	-	(9,322)	-	**(9,322)**
Revaluations	-	5,700	-	**5,700**
Public dividend capital received	31,297	-	-	**31,297**
Other reserve movements	-	1	(2)	**(1)**
Taxpayers' and others' equity at 31 March 2022	**425,777**	**55,569**	**(182,180)**	**299,166**

Information on reserves

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

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

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

Statements of Cash Flows

		Group		Trust	
		2022/23	2021/22	2022/23	2021/22
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus / (deficit)		(30,289)	734	(38,601)	(938)
Non-cash income and expense:					
Depreciation and amortisation	8.1	23,826	20,392	22,705	19,933
Net impairments	9	20,298	7,922	26,985	7,922
Income recognised in respect of capital donations	5	(1,762)	(850)	(1,762)	(850)
(Increase) / decrease in receivables and other assets		(14,113)	(13,258)	1,868	(11,970)
Increase in inventories		(2,056)	(1,707)	(1,222)	(1,329)
Increase / (decrease) in payables and other liabilities		(975)	862	701	(13,719)
Increase / (decrease) in provisions		(3,839)	3,184	(3,839)	3,184
Tax paid		(1,129)	(799)	-	-
Other movements in operating cash flows		1	6	-	-
Net cash flows from / (used in) operating activities		**(10,037)**	**16,486**	**6,835**	**2,233**
Cash flows from investing activities					
Interest received		1,011	24	2,777	2,259
Purchase and sale of financial assets / investments		-	-	4,000	-
Purchase of intangible assets		(286)	(3,130)	(286)	(3,255)
Purchase of PPE and investment property		(30,951)	(67,249)	(34,347)	(56,362)
Receipt of cash donations to purchase assets		1,762	792	1,762	792
Net cash flows used in investing activities		**(28,464)**	**(69,563)**	**(26,094)**	**(56,566)**
Cash flows from financing activities					
Public dividend capital received		29,217	31,297	29,217	31,297
Movement on other loans		(612)	857	(612)	857
Capital element of lease liability repayments		(1,272)	-	(7,472)	(6,631)
Other interest		(9)	(3)	(1)	-
Interest paid on lease liability repayments		(74)	-	(2,603)	(2,812)
PDC dividend paid		(8,024)	(8,949)	(8,024)	(8,949)
Net cash flows from financing activities		**19,226**	**23,202**	**10,505**	**13,762**
Decrease in cash and cash equivalents		**(19,275)**	**(29,875)**	**(8,754)**	**(40,571)**
Cash and cash equivalents at 1 April - brought forward		**48,806**	**78,681**	**27,372**	**67,943**
Cash and cash equivalents at 31 March	24	**29,531**	**48,806**	**18,618**	**27,372**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England has directed that the financial statements of the Foundation Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Foundation 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.

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

The Foundation Trust's annual report and 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 Consolidation

The Foundation Trust has considered the following entities for the 2022/23 financial year in respect of consolidation as subsidiaries:

- East Kent Hospitals Charity
- Healthex Limited
- 2gether Support Solutions Limited

Subsidiaries

Entities over which the Foundation Trust has the power to exercise control are classified as subsidiaries and are consolidated. The Foundation Trust has control when it has the ability to affect the variable returns from the other entity through its power to direct relevant activities.

The income, expenses, assets, liabilities, equity and reserves of the subsidiary are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to non-controlling interests are included as a separate item in the Statement of Financial Position. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with those of the Foundation Trust.

East Kent Hospital Charity

The NHS Foundation Trust is the corporate trustee to the East Kent Hospital Charity. The Foundation Trust has assessed the relationship to the charitable fund and determined that the charity will not be consolidated for 2022/23 on the grounds of materiality.

Healthex Limited

On 3rd December 2012, the Foundation Trust acquired a subsidiary company, purchasing 100% of the share capital of Healthex Limited, which is also the parent company of Spencer Private Hospitals Limited.

The subsidiary provides the operation and management of a private hospital.

The results of the subsidiary have been consolidated in full for 2022/23 consistent with the previous year. The assets of the subsidiary have been included in the consolidated (Group) Statement of Financial Position.

Accounting policies have been aligned and inter-company balances have been eliminated.

Note 1.3 Consolidation (continued)
2gether Support Solutions Limited
The Foundation Trust established a wholly owned subsidiary, 2gether Support Solutions Limited (2gether) as a Property Facilities Management Company that will provide an Operated Healthcare Facility (OHF) to the Foundation Trust. The subsidiary commenced trading on 1st August 2018 providing ancillary services (including cleaning, portering and catering) with the full OHF effective from 1st October 2018.

Under the supporting agreements the Foundation Trust, in 2018, sold assets (including land, buildings and equipment) to 2gether from which the contractor provides a fully functioning building or facility within which medical and nursing professionals can treat and care for their patients. Under the OHF, 2gether leases these assets to the Foundation Trust in order for it to deliver its services.

The results of the subsidiary have been consolidated in full for 2022/23 consistent with the previous year. The assets of the subsidiary have been included in the consolidated (Group) Statement of Financial Position.

Accounting policies have been aligned and inter-company balances have been eliminated.

Note 1.4 Revenue from contracts with customers
Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

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

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

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

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

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 Foundation Trust's interim performance does not create an asset with alternative use for the Foundation Trust, and the Foundation 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 Foundation 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.

Note 1.4 Revenue from contracts with customers (continued)

NHS injury cost recovery scheme

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

Note 1.5 Other forms of income

Grants and donations

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

Revenue from education and training contracts

Revenue is received from Health Education England for the training and development of the Foundation Trust's workforce. Income is received and only recognised when the Foundation Trust has met the performance obligation. (IFRS15)

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees.

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 schemes are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were a defined contribution scheme: the cost to the Foundation 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 Foundation Trust commits itself to the retirement, regardless of the method of payment.

Note 1.6 Expenditure on employee benefits (continued)
National Employment Savings Trust (NEST)
The Pensions Act 2008 (the Act) introduced a new requirement for employers to automatically enrol any eligible job holders working for them into a workplace pension scheme that meets certain requirements and provide a minimum employer contribution.

Where an employee is eligible to join the NHS Pension Scheme then they will be automatically enrolled into this scheme. However, where an employee is not eligible to join the NHS Pension Scheme (e.g. flexible retiree employees) then an alternative scheme must be made available by the Foundation Trust.

The Foundation Trust has chosen NEST as an alternative scheme. NEST is a defined contribution scheme that was created as part of the government's workplace pensions reforms under the Act.

Employers' pension cost contributions are charged to operating expenses.

Other Schemes
The subsidiary, Spencer Private Hospitals Limited, also operates a defined contribution scheme. The amounts charged to operating expenses represent the contributions payable by the company.

The subsidiary, 2gether Support Solutions Limited, also operated a defined contribution scheme, Smart Pension. The amounts charged to operating expenses represent the contributions payable by the company.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 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.

There were no discontinued operations in 2022/23.

Note 1.9 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 Foundation 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.

Note 1.9 Property, plant and equipment (continued)
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.

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

The Foundation Trust has adopted the Alternative Site valuation for its site. The modern equivalent replacement of Kent and Canterbury, Queen Elizabeth The Queen Mother and William Harvey hospitals would be a single combined hospital attributed to the buildings and size of the "alternative" site required for the modern equivalent asset (see note 18)

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

Revaluation gains and losses

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

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

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

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

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

Note 1.9 Property, plant and equipment (continued)
Donated and grant funded assets

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

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

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

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	12	55
Dwellings	28	41
Plant & machinery	1	21
Transport equipment	6	6
Information technology	1	7
Furniture & fittings	8	9

Note 1.10 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Foundation 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 Foundation Trust and where the cost of the asset can be measured reliably and where the cost is at least £5,000.

Internally generated intangible assets

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

Internally generated assets are recognised if the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial or other resources to complete the intangible asset and sell or use it, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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.

Note 1.10 Intangible assets (continued)

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.

Useful lives of intangible assets

	Min life Years	Max life Years
Software licences	1	5

Note 1.11 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) method.

The Foundation 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 Foundation 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 1.12 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 Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.13 Financial assets and financial liabilities

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities 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 as a financing income or expense.

Investment in Subsidiaries
The Foundation Trust's investment in its subsidiary Healthex Limited, has been eliminated on consolidation and replaced by the assets and liabilities of the subsidiary.

The Foundation Trust's investment in its subsidiary 2gether Support Solutions Limited, has been eliminated on consolidation and replaced by the assets and liabilities of the subsidiary.

Investments in all subsidiaries is at cost.

Impairment of financial assets
For most financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Foundation Trust recognises an allowance for expected credit losses in accordance with the requirements of IFRS9.

The exception to the above being all DHSC Group bodies and the loan to 2gether Support Solutions. DHSC Group bodies are excluded in accordance with GAM (section 4.280) and the 2gether Support Solutions loan is assessed using the general approach.

Note 1.13 Financial assets and financial liabilities (continued)

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

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

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

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Foundation 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 1.14 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The Foundation Trust does not apply lease accounting to new contracts for the use of intangible assets.

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

The Foundation Trust as a lessee
Recognition and initial measurement

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

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

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

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

The Foundation Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset, if purchased new and excluding irrecoverable VAT, is below £5,000. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Note 1.14 Leases (continued)

Subsequent measurement

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

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

The Foundation Trust as a lessor

The Foundation Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. 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. Where the Foundation Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the head lease.

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Foundation 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 Foundation Trust's net investment outstanding in respect of the leases.

Operating leases

Income from operating leases is recognised on a straight-line basis or another systematic 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.

Initial application of IFRS 16

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Foundation Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Foundation Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

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

The Foundation Trust as lessor

Leases of owned assets where the Foundation Trust is lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Foundation Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.15 Provisions

The Foundation 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 from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Foundation 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 Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Foundation Trust is disclosed at note 28.3 but is not recognised in the Foundation 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 Foundation 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 1.16 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 29 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 29, 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 1.17 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 Foundation Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Foundation 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 Foundation 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. The average relevant net assets are calculated as a simple average of opening and closing relevant net assets.
This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.
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 1.18 Value added tax

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

Note 1.19 Corporation tax

The Foundation Trust does not have a corporation tax liability for the year 2022/23. Tax may be payable on activities as described below:
- the activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private healthcare falls under this legislation and is not therefore taxable;
- the activity is commercial in nature and competes with the private sector. In-house trading activities are normally ancillary to the core healthcare objectives and are not therefore subject to tax;
- the activity must have annual profits over £50,000. Such activities are normally ancillary to the core healthcare objectives and are not therefore subject to tax.

The Foundation Trust's subsidiaries Healthex Limited and 2gether Support Solutions Limited are liable for corporation tax, which is consolidated into the Group financial statements.

Note 1.20 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 1.21 Third party assets

Assets belonging to third parties in which the Foundation 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 1.22 Losses and special payments

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

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

Note 1.23 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.24 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

Note 1.25 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 Foundation Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Alternative Site Valuation
The Foundation Trust has adopted the Alternative Site valuation for its site. The revaluations on the basis of: the modern equivalent replacement of Kent and Canterbury, Queen Elizabeth the Queen Mother and William Harvey hospitals would be a single combined hospital and the removal of the functional obsolescence attributed to the buildings and the size of the "alternative" site required for the modern equivalent asset (see note 17).

This years quinquennial (2023) stated that VAT would not be included in the value of the modern equivalent asset as any scheme would be funded though PFI. The Group continues to value on this basis as any new building works would be conducted by its subsidiary 2gether Support Solutions Limited. Should the Foundation Trust require a new hospital 2gether Support Solutions Limited would be responsible for the entire capital project along with associated hard/soft FM services.

As 2gether Support Solutions Limited would be providing a fully operational healthcare facility, the contract would be structured in a way which ensured the VAT costs are eligible for recovery under the Contracted Out Service rules. The value of VAT based on the value of its estate as at 31 March 2023 of £174m would be £35m at the current rate of 20%.

Charitable Funds
The Non-Executive Directors of the Foundation Trust act as Trustees of the East Kent Hospitals NHS Foundation Trust Charitable Fund. However, these are not consolidated with the Foundation Trust accounts on the grounds of materiality.

Sale and leaseback transactions
The Foundation Trust entered into a sale and leaseback arrangement with its subsidiary 2gether Support Solutions Limited in October 2018. The Foundation Trust has considered the accounting treatment of the sale and leaseback arrangement in respect of relevant standards including IAS17 - Leases and SIC 27 - Evaluating the substance of transactions in the legal form of the lease and have undertaken an assessment of the arrangement against the requirements of the relevant standards. Management considers the relevant transactions to constitute a separate leasehold sale and lease-back and therefore all accounting entries associate with the transaction should be individually reported in the Foundation Trust and 2gether Support Solutions Limited accounts including relevant receivables, payables, loans and equity. These transactions are eliminated upon consolidation where appropriate. This decision has not been reassessed under IFRS16.

For each of the assets covered by the sale and leaseback arrangement the Foundation Trust's records identify an owned and a leased element. Revaluation movements are applied against these assets annually. In 2022/23 the Trust has put through accounting adjustments to reflect a change in the approach to applying the revaluation movements. Previously the revaluation movements for both 2021/22 and 2022/23 had been allocated to owned assets only – the adjustments now apportion these revaluation movements between the owned and leased elements, as in the years prior to 2021/22. This reflects the Foundation Trust's judgement that apportioning the revaluation movements is the most appropriate approach. For 2021/22 this has resulted in an increase in the revaluation reserve (Trust) of £3.724m, with a corresponding increase in the pre-technical deficit shown in the Income and Expenditure reserve for the Trust only. For 2022/23 the impact is to increase the Revaluation Reserve by £3.140m, again with a corresponding increase in the pre-technical deficit shown in the Income and Expenditure reserve.

As explained at Note 19 the Foundation Trust obtained a full revaluation of its land and buildings in 2022/23 using external valuers. Following advice from its external valuers the Foundation Trust has concluded that a separate valuation of the Right of Use assets covered by the sale and leaseback arrangement is not required.

Note 1.26 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:

Valuation of land, buildings and dwellings

This is the most significant estimate in the accounts. The NBV at 31.3.23 for those land, buildings and dwellings assets subject to revaluation, and to which the estimation uncertainty relates, is £219m (2021/22: £208m). This valuation is based on the professional judgment of the Foundation Trust's independent valuer with extensive knowledge of the physical estate and market factors. The 5 year full valuation was carried out as at 31 March 2023.

The valuation exercise, including full on-site reviews, was carried out between February and March 2023, with a valuation date of 31 March 2023. The valuation exercise applied the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'). The values in the valuer's report have been used to inform the measurement of property assets at valuation in these financial statements.

The valuation does not provide a potential scale of estimation uncertainty and includes factors which might lead to a higher as well as a lower valuation. As per accounting policy Note 1.9, land and non-specialised assets are valued at market value for existing use; valuations are therefore subject to market uncertainty. Specialised buildings are valued at depreciated replacement cost on a modern equivalent asset basis, and the valuations are therefore subject to changes in the assumptions relating to replacement costs and the size of the equivalent asset. The assessed value of land, buildings and dwelling assets is £219m. The impact of a 5% change in valuations as a result of changes to the underlying valuation assumptions would be to increase the value of these assets by £11m. A 10% change in valuations would lead to an increase of £22m.

The impact of a 5% change in 2023/24 would also be to change the PDC dividend by £384k based on the opening value of assets with no other adjustments or estimates.

Note 2 Operating Segments

The Foundation Trust operates and reports under a single segment of Healthcare.

The Board of Directors, led by the Chief Executive, is the chief decision maker within the Foundation Trust. It is only at this level that the overall financial and operational performance of the Foundation Trust is assessed. The Foundation Trust has considered the possibility of reporting two segments, relating to healthcare and non-healthcare income but this does not reflect current Board reporting practice which reports on both the aggregate Foundation Trust position and by Care Group. Each of the significant Care Groups are deemed to have similar economic characteristics under the healthcare banner and can therefore be aggregated in accordance with the requirements of IFRS8.

The Foundation Trust's income is predominantly from contracts for the provision of healthcare with Clinical Commissioning Groups, Integrated Care Boards and NHS England. This accounts for 93% of the Foundation Trust's total income.

Internally the Foundation Trust reports against the technically adjusted performance line - the results for the Group for 2022/23 were:

	Group	
	2022/23	**2021/22 Restated**
Deficit for the year	(39,154)	(8,150)
Add back all I&E Impairments	20,298	7,922
Retain impact of DEL I&E Impairments	(951)	-
Remove capital donations/grants I&E Impact	(88)	907
Prior period adjustments	603	-
Adjusted Financial performance	**(19,292)**	**679**

Note 3 Prior period adjustment

A prior period adjustment has been made impacting on the Group values for 2021/22. The adjustment relates to a reduction in 2gether Support Solutions Limited Corporation Tax liability for that year - this adjustment was identified after the Group Accounts for 2021/22 had been approved by the Board. The following tables shows the lines in the accounts that have been impacted, the original value and the restated value.

	Original Value £'000	Restated Value £'000	Adjustment £,000
Corporation Tax (SOCI)	(799)	(196)	(603)
Trade and other payables (SOFP)	(88,522)	(87,919)	(603)
I&E Reserve (SOFP)	(175,693)	(175,091)	(603)
I&E Reserve (SoCIE)	(175,693)	(175,091)	(603)

Note 4 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 4.1 Income from patient care activities (by nature)

The Foundation Trust provides clinical care from three large acute hospitals and two community hospitals in East Kent, services are also delivered in a community setting and in premises provided by other NHS bodies. Clinical Commissioning Groups (CCG's), Integrated Care Boards (ICB's) and NHS England pay for inpatient, outpatient and community based care for their resident population, this forms the majority of the Foundation Trust's clinical income. As a University Foundation Trust, income is also earned for the training of junior doctors and other staff. The Foundation Trust also receives income for services to other organisations, to private patients, visitors, staff and from charitable donations.

The Group figures include income from a private hospital operated by Spencer Private Hospitals Limited and from an Operated Healthcare facility operated by 2gether Support Solutions Limited.

	Group		Trust	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Income from commissioners under API contracts*	745,312	707,800	732,922	696,443
High cost drugs income from commissioners (excluding pass-through costs)	63,102	61,842	63,102	61,842
Other NHS clinical income	4,568	2,426	4,568	2,426
Private patient income	2,788	719	228	279
Elective recovery fund	20,316	10,129	20,316	10,129
Agenda for change pay award central funding***	17,222	-	17,222	-
Additional pension contribution central funding**	19,554	17,886	19,554	17,886
Other clinical income	1,637	1,324	1,637	1,320
Total income from activities	**874,499**	**802,126**	**859,549**	**790,325**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National tariff payments system documentation.

https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

**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.

***'In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

Note 4.2 Income from patient care activities (by source)

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
Income from patient care activities received from:	**£000**	**£000**	**£000**	**£000**
NHS England	179,587	142,236	179,587	146,486
Clinical commissioning groups	159,431	647,386	157,106	639,742
Integrated care boards	524,897	-	514,537	-
Other NHS providers	4,568	2,499	4,568	2,499
NHS other	-	105	-	-
Local authorities	-	2	-	-
Non-NHS: private patients	2,788	719	228	279
Non-NHS: overseas patients (chargeable to patient)	526	255	526	255
Injury cost recovery scheme	1,111	1,064	1,111	1,064
Non NHS: other	1,591	7,861	1,886	-
Total income from activities	**874,499**	**802,126**	**859,549**	**790,325**
Of which:				
Related to continuing operations	874,499	802,126	859,549	790,325

Note 4.3 Overseas visitors (relating to patients charged directly by the provider)

	Trust	
	2022/23	2021/22
	£000	£000
Income recognised this year	526	255
Cash payments received in-year	256	165
Amounts written off in-year	135	218

Note 5 Other operating income (Group)

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,458	-	**2,458**	2,626	-	**2,626**
Education and training	20,081	-	**20,081**	18,457	-	**18,457**
Non-patient care services to other bodies	10,258		**10,258**	9,319		**9,319**
Reimbursement and top up funding	1,591		**1,591**	6,381		**6,381**
Income in respect of employee benefits accounted on a gross basis	8,975		**8,975**	7,886		**7,886**
Receipt of capital grants and donations and peppercorn leases		1,762	**1,762**		850	**850**
Charitable and other contributions to expenditure		1,830	**1,830**		2,701	**2,701**
Revenue from operating leases		728	**728**		760	**760**
Other income	8,509	-	**8,509**	8,199	-	**8,199**
Total other operating income	**51,872**	**4,320**	**56,192**	**52,868**	**4,311**	**57,179**
Of which:						
Related to continuing operations			56,192			57,179

Note 5.1 Other operating income (Trust)

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,458	-	**2,458**	2,626	-	**2,626**
Education and training	20,079	-	**20,079**	18,455	-	**18,455**
Non-patient care services to other bodies	16,696		**16,696**	15,409		**15,409**
Reimbursement and top up funding	1,591		**1,591**	6,381		**6,381**
Income in respect of employee benefits accounted on a gross basis	8,953		**8,953**	7,867		**7,867**
Receipt of capital grants and donations and peppercorn leases		1,762	**1,762**		850	**850**
Charitable and other contributions to expenditure		1,830	**1,830**		2,701	**2,701**
Revenue from operating leases		425	**425**		436	**436**
Other income	5,098	-	**5,098**	4,873	-	**4,873**
Total other operating income	**54,875**	**4,017**	**58,892**	**55,611**	**3,987**	**59,598**
Of which:						
Related to continuing operations			58,892			59,598

Note 6.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2022/23	2021/22
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	5,232	16,432

Note 6.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2023	31 March 2022
	£000	£000
within one year	1,444	929
Total revenue allocated to remaining performance obligations	**1,444**	**929**

The Foundation Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the Foundation Trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 6.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Foundation Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Income from services designated as commissioner requested services	825,474	777,065	813,084	768,066
Income from services not designated as commissioner requested services	49,024	25,061	46,465	22,259
Total	**874,498**	**802,126**	**859,549**	**790,325**

Note 6.4 Fees and charges (Group)

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where the cost of that service exceeds £1 million and is presented as the aggregate of such costs. The income associated with the service that generated the income is also disclosed.

Catering (Group)	2022/23	2021/22
	£000	£000
Income	2,686	2,541
Full cost	(2,049)	(1,933)
Surplus	**637**	**608**

Note 7 Operating leases - East Kent Hospitals University NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where East Kent Hospitals University NHS Foundation Trust is the lessor.

The Foundation Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 7.1 Operating leases income (Group)

	2022/23	2021/22
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	728	760
Total in-year operating lease income	**728**	**760**

Note 7.2 Future lease receipts (Group)

	31 March 2023
	£000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	62
- later than one year and not later than two years	45
- later than two years and not later than three years	38
- later than three years and not later than four years	18
- later than four years and not later than five years	18
- later than five years	17
Total	**198**

	31 March 2022
	£000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year;	117
- later than one year and not later than five years;	203
- later than five years.	52
Total	**372**

Note 8 Operating expenses (Group)
Note 8.1 Operating expenses (Group)

	Group		Trust	
		Restated		Restated
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	7,794	7,100	7,008	8,253
Staff and executive directors costs	627,997	552,763	583,033	509,032
Remuneration of non-executive directors	359	363	218	229
Supplies and services - clinical (excluding drugs costs)	93,847	87,287	45,551	41,294
Supplies and services - general	19,360	16,118	128,259	118,156
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	86,668	80,745	85,948	80,159
Consultancy costs	372	1,197	243	544
Establishment	5,787	5,356	5,140	4,824
Premises	28,421	27,439	11,347	13,491
Transport (including patient travel)	4,498	4,118	3,303	3,001
Depreciation on property, plant and equipment and right of use assets	22,302	19,123	21,182	18,666
Amortisation on intangible assets	1,525	1,269	1,523	1,267
Net impairments	20,298	7,922	26,985	7,922
Movement in credit loss allowance: contract receivables / contract assets	(578)	(2,558)	(264)	(2,399)
Increase/(decrease) in other provisions	(2,484)	3,386	(2,484)	3,386
Change in provisions discount rate(s)	(1,125)	42	(1,125)	42
Fees payable to the external auditor				
audit services- statutory audit	165	115	165	115
other auditor remuneration (external auditor only)	105	95	-	-
Internal audit costs	167	195	151	155
Clinical negligence	25,670	27,802	25,670	27,802
Legal fees	1,157	542	1,168	481
Insurance	1,127	1,186	533	590
Research and development	2,088	1,999	2,088	1,999
Education and training	8,259	7,195	7,968	6,947
Expenditure on short term leases (current year only)	592	-	167	-
Expenditure on low value leases (current year only)	476	-	114	-
Operating leases expenditure (comparative only)	-	2,255	-	762
Car parking & security	1,671	1,440	6	289
Hospitality	105	239	28	386
Other services, eg external payroll	1,107	936	1,107	936
Other	3,250	2,902	2,010	2,532
Total	**960,980**	**858,571**	**957,042**	**850,861**
Of which:				
Related to continuing operations	960,980	858,571	957,042	850,861

The total of "audit services-statutory audit" £165k disclosed above is made up of £150k for the statutory audit of 2022/23 and an additional £15k of fees in relation to the 2021/22 audit. Both fees are disclosed exclusive of VAT.

The reallocation of spend in 2021/22 is shown below. Costs relating to Contracted Out Services have been reallocated from Other to provide greater clarity.

Supplies and services - clinical (excluding drugs costs)

	Group	Trust
Original Value	80,286	34,390
Restated Value	87,287	41,294
Adjustment	7,001	6,904

Supplies and services - general

Original Value	13,616	115,529
Restated Value	16,118	118,156
Adjustment	2,502	2,627

Other

Original Value	12,405	12,063
Restated Value	2,902	2,532
Adjustment	(9,503)	(9,531)

Note 8.2 Other auditor remuneration

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
1. Audit of accounts of any subsidiary of the trust	105	95	-	-
Total	**105**	**95**	**-**	**-**

The auditor remuneration £105k disclosed above is made up of £102.2k for the 2022/23 subsidiary statutory audit fees as well as £2.8k of agreed additional fees in relation to the 2021/22 financial audits. Both fees are disclosed exclusive of VAT.

Note 8.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2 million (2021/22: £2 million).

Note 9 Impairment of assets

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Net impairments charged to operating deficit resulting from:				
Over specification of assets	175	-	175	-
Abandonment of assets in course of construction	776	-	601	-
Changes in market price	19,347	7,922	26,209	7,922
Total net impairments charged to operating deficit	**20,298**	**7,922**	**26,985**	**7,922**
Impairments charged to the revaluation reserve	11,083	9,322	7,147	9,322
Total net impairments	**31,381**	**17,244**	**34,132**	**17,244**

For 2022/23 the Foundation Trust carried out its quinquennial full revaluation of all its land, buildings and dwellings. The review was carried out by an external, independent valuer, in accordance with RICS guidance to determine the values reported in these accounts. This resulted in net reductions (including upward revaluations) reported to the Foundation Trust's Land, Buildings and Dwellings of £31.4m with £11.1m net decrease in the revaluation reserve and £20.3m recognised in operating expenses. The detail by asset class is shown in Notes 17 and 18.

Note 10 Employee benefits

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	Total	Total	Total	Total
	£000	£000	£000	£000
Salaries and wages	429,829	381,748	394,221	349,515
Social security costs	49,290	39,967	46,203	37,444
Apprenticeship levy	2,110	1,906	1,938	1,753
Employer's contributions to NHS pensions	65,399	59,910	64,170	58,604
Pension cost - other	97	89	-	-
Temporary staff (including agency)	88,012	75,391	83,241	67,964
Total staff costs	**634,737**	**559,011**	**589,773**	**515,280**
Of which				
Costs capitalised as part of assets	479	837	479	837

Note 10.1 Retirements due to ill-health (Group)

During 2022/23 there were 7 early retirements from the Foundation Trust agreed on the grounds of ill-health (9 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £877k (£457k in 2021/22).

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

Note 11 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/nhs-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 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

c) Other schemes

The Foundation Trust also offers an additional defined contribution workplace scheme (National Employment Saving Scheme (NEST)), where individuals are not eligible to join the NHS Scheme. Further details are included in Policy Note 1.6

The subsidiary Spencer Private Hospitals Limited also operates a defined contribution pension scheme. The amounts charged to the Statement of Comprehensive Income represent the contributions payable by the company during the year.

The subsidiary 2gether Support Solutions Limited also operates a defined contribution pension scheme. The amounts charged to the Statement of Comprehensive Income represent the contributions payable by the company during the year.

Note 12 Finance income

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

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Interest on bank accounts	1,011	24	657	24
Interest on other investments / financial assets	-	-	2,120	2,235
Total finance income	**1,011**	**24**	**2,777**	**2,259**

Note 13 Finance expenditure (Group)

Note 13.1 Finance expenditure (Group)

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

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Interest expense:				
Interest on lease obligations	80	-	2,609	2,812
Interest on late payment of commercial debt	2	3	1	-
Total interest expense	**82**	**3**	**2,610**	**2,812**
Unwinding of discount on provisions	(47)	(3)	(47)	(3)
	7	-	-	-
Total finance costs	**42**	**-**	**2,563**	**2,809**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2022/23	2021/22
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	2	3

Note 14 Other losses

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
Losses on disposal of assets	(117)	(844)	(117)	(819)
Total other losses	**(117)**	**(844)**	**(117)**	**(819)**

Note 15 Intangible assets - 2022/23

Note 15.1 Intangible assets - 2022/23

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	**11,602**	**2,262**	**13,864**
Additions	175	111	**286**
Impairments	(39)	-	**(39)**
Reclassifications	1,545	(1,385)	**160**
Disposals / derecognition	(3,929)	-	**(3,929)**
Valuation / gross cost at 31 March 2023	**9,354**	**988**	**10,342**
Amortisation at 1 April 2022 - brought forward	**6,386**	**-**	**6,386**
Provided during the year	1,525	-	**1,525**
Reclassifications	160	-	**160**
Disposals / derecognition	(3,929)	-	**(3,929)**
	4,142	**-**	**4,142**
Net book value at 31 March 2023	**5,212**	**988**	**6,200**
Net book value at 1 April 2022	**5,216**	**2,262**	**7,478**

Note 15.2 Intangible assets - 2021/22

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	**8,511**	**2,169**	**10,680**
Additions	1,015	2,115	**3,130**
Reclassifications	2,667	(2,022)	**645**
Disposals / derecognition	(591)	-	**(591)**
Valuation / gross cost at 31 March 2022	**11,602**	**2,262**	**13,864**
Amortisation at 1 April 2021 - as previously stated	**5,708**	**-**	**5,708**
Provided during the year	1,269	-	**1,269**
Disposals / derecognition	(591)	-	**(591)**
Amortisation at 31 March 2022	**6,386**	**-**	**6,386**
Net book value at 31 March 2022	**5,216**	**2,262**	**7,478**
Net book value at 1 April 2021	**2,803**	**2,169**	**4,972**

Note 16 Intangible assets - 2022/23

Note 16.1 Intangible assets - 2022/23

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	**11,631**	**2,262**	**13,893**
Additions	175	111	**286**
Impairments	(39)	-	**(39)**
Reclassifications	1,471	(1,385)	**86**
Disposals / derecognition	(3,929)	-	**(3,929)**
Valuation / gross cost at 31 March 2023	**9,309**	**988**	**10,297**
Amortisation at 1 April 2022 - brought forward	**6,419**	**-**	**6,419**
Provided during the year	1,523	-	**1,523**
Reclassifications	86	-	**86**
Disposals / derecognition	(3,929)	-	**(3,929)**
	4,099	**-**	**4,099**
Net book value at 31 March 2023	**5,210**	**988**	**6,198**
Net book value at 1 April 2022	**5,212**	**2,262**	**7,474**

Note 16.2 Intangible assets - 2021/22

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021 - as previously stated	**8,516**	**2,169**	**10,685**
Additions	1,015	2,240	**3,255**
Reclassifications	2,667	(2,147)	**520**
Disposals / derecognition	(567)	-	**(567)**
Valuation / gross cost at 31 March 2022	**11,631**	**2,262**	**13,893**
Amortisation at 1 April 2021 - as previously stated	**5,719**	**-**	**5,719**
Provided during the year	1,267	-	**1,267**
Disposals / derecognition	(567)	-	**(567)**
Amortisation at 31 March 2022	**6,419**	**-**	**6,419**
Net book value at 31 March 2022	**5,212**	**2,262**	**7,474**
Net book value at 1 April 2021	**2,797**	**2,169**	**4,966**

Note 17 Property, plant and equipment - 2022/23

Note 17.1 Property, plant and equipment - 2022/23

Group	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 2022 - brought forward	**14,500**	**175,729**	**16,322**	**59,481**	**59,800**	**25**	**31,700**	**2,335**	**359,891**
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	-	(17)	-	-	**(17)**
Additions	-	9,569	-	18,366	2,502	-	3,539	183	**34,159**
Impairments	(134)	(36,155)	(1,371)	(775)	(175)	-	-	-	**(38,610)**
Reversals of impairments	1,210	6,058	-	-	-	-	-	-	**7,268**
Revaluations	317	3,468	1,310	-	(104)	-	-	-	**4,991**
Reclassifications	-	30,066	-	(35,314)	4,089	(5)	388	72	**(704)**
Disposals / derecognition	-	-	-	-	(201)	-	(9,230)	(64)	**(9,495)**
Valuation/gross cost at 31 March 2023	**15,893**	**188,735**	**16,261**	**41,757**	**65,911**	**3**	**26,397**	**2,526**	**357,482**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**311**	**-**	**-**	**22,907**	**16**	**16,343**	**786**	**40,363**
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	-	(9)	-	-	**(9)**
Provided during the year	-	6,881	554	-	8,581	1	4,470	508	**20,995**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(4,480)	(554)	-	(104)	-	-	-	**(5,138)**
Reclassifications	-	(414)	-	-	32	(5)	12	(329)	**(704)**
Disposals / derecognition	-	-	-	-	(123)	-	(9,230)	(26)	**(9,379)**
	-	**2,297**	**-**	**-**	**31,293**	**3**	**11,595**	**939**	**46,127**
Net book value at 31 March 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**0**	**14,802**	**1,587**	**311,355**
Net book value at 1 April 2022	**14,500**	**175,418**	**16,322**	**59,481**	**36,893**	**9**	**15,357**	**1,549**	**319,528**

Note 17.2 Property, plant and equipment - 2021/22

Group	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 - as previously stated	**14,068**	**169,674**	**18,383**	**58,573**	**40,892**	**8**	**31,233**	**2,161**	**334,992**
Additions	-	4,763	-	40,212	3,502	17	5,297	119	**53,909**
Impairments	(2,188)	(19,320)	(1,663)	-	-	-	-	-	**(23,171)**
Reversals of impairments	462	5,260	205	-	-	-	-	-	**5,927**
Revaluations	2,158	(2,564)	(603)	-	-	-	-	-	**(1,009)**
Reclassifications	-	17,916	-	(38,853)	16,007	-	4,159	126	**(645)**
Disposals / derecognition	-	-	-	(451)	(601)	-	(8,989)	(71)	**(10,112)**
Valuation/gross cost at 31 March 2022	**14,500**	**175,729**	**16,322**	**59,481**	**59,800**	**25**	**31,700**	**2,335**	**359,891**
Accumulated depreciation at 1 April 2021 - as previously stated	**-**	**419**	**-**	**-**	**14,843**	**6**	**21,454**	**496**	**37,218**
Provided during the year	-	5,990	612	-	8,330	10	3,856	325	**19,123**
Revaluations	-	(6,097)	(612)	-	-	-	-	-	**(6,709)**
Reclassifications	-	(1)	-	-	-	-	-	1	**-**
Disposals / derecognition	-	-	-	-	(266)	-	(8,967)	(36)	**(9,269)**
Accumulated depreciation at 31 March 2022	**-**	**311**	**-**	**-**	**22,907**	**16**	**16,343**	**786**	**40,363**
Net book value at 31 March 2022	**14,500**	**175,418**	**16,322**	**59,481**	**36,893**	**9**	**15,357**	**1,549**	**319,528**
Net book value at 1 April 2021	**14,068**	**169,255**	**18,383**	**58,573**	**26,049**	**2**	**9,779**	**1,665**	**297,774**

Note 17.3 Property, plant and equipment financing - 31 March 2023

Group	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
Owned - purchased	15,893	180,511	16,261	41,757	30,631	0	14,802	1,587	**301,443**
Owned - donated/granted	-	5,926	-	-	3,986	-	-	-	**9,912**
NBV total at 31 March 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**0**	**14,802**	**1,587**	**311,355**

Note 17.4 Property, plant and equipment financing - 31 March 2022

Group	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
Owned - purchased	14,500	165,621	16,322	59,481	32,042	9	15,357	1,549	**304,880**
Finance leased	-	3,845	-	-	-	-	-	-	**3,845**
Owned - donated/granted	-	5,952	-	-	4,851	-	-	-	**10,803**
NBV total at 31 March 2022	**14,500**	**175,418**	**16,322**	**59,481**	**36,893**	**9**	**15,357**	**1,549**	**319,528**

Note 17.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	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
Not subject to an operating lease	15,893	186,437	16,261	41,757	34,617	0	14,802	1,587	**311,355**
NBV total at 31 March 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**0**	**14,802**	**1,587**	**311,355**

Note 18 Property, plant and equipment - 2022/23

Note 18.1 Property, plant and equipment - 2022/23

Trust	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 2022 - brought forward	**14,500**	**171,491**	**16,322**	**59,154**	**59,354**	**4**	**31,557**	**827**	**353,209**
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	(5,191)	(60,128)	-	-	(21,309)	(4)	-	(252)	**(86,884)**
Additions	-	9,569	-	18,294	2,502	-	3,539	153	**34,057**
Impairments	-	(24,448)	(1,371)	(601)	(175)	-	-	-	**(26,595)**
Reversals of impairments	1,210	4,066	-	-	-	-	-	-	**5,276**
Revaluations	56	1,939	1,310	-	(104)	-	-	-	**3,201**
Reclassifications	-	30,480	-	(35,166)	4,071	-	258	271	**(86)**
Disposals / derecognition	-	-	-	-	(172)	-	(9,230)	-	**(9,402)**
Valuation/gross cost at 31 March 2023	**10,575**	**132,969**	**16,261**	**41,681**	**44,167**	**-**	**26,124**	**999**	**272,776**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**22,651**	**2**	**16,416**	**200**	**39,269**
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	-	-	-	-	(14,792)	(2)	-	(93)	**(14,887)**
Provided during the year	-	4,839	554	-	6,706	-	4,425	216	**16,740**
Impairments	-	3,722	-	-	-	-	-	-	**3,722**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(4,540)	(554)	-	(104)	-	-	-	**(5,198)**
Reclassifications	-	-	-	-	32	-	(118)	-	**(86)**
Disposals / derecognition	-	-	-	-	(101)	-	(9,230)	-	**(9,331)**
	-	**4,021**	**-**	**-**	**14,392**	**-**	**11,493**	**323**	**30,229**
Net book value at 31 March 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,775**	**-**	**14,631**	**676**	**242,546**
Net book value at 1 April 2022	**14,500**	**171,491**	**16,322**	**59,154**	**36,703**	**2**	**15,141**	**627**	**313,940**

Note 18.2 Property, plant and equipment - 2021/22

Trust	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 - as previously stated	**14,068**	**165,385**	**18,383**	**58,546**	**40,407**	**7**	**31,014**	**720**	**328,530**
Additions	-	4,763	-	39,787	3,452	-	5,294	58	**53,354**
Impairments	(2,188)	(19,320)	(1,663)	-	-	-	-	-	**(23,171)**
Reversals of impairments	462	5,260	205	-	-	-	-	-	**5,927**
Revaluations	2,158	(2,565)	(603)	-	(1)	(3)	1	-	**(1,013)**
Reclassifications	-	17,968	-	(38,728)	15,981	-	4,159	100	**(520)**
Disposals / derecognition	-	-	-	(451)	(485)	-	(8,911)	(51)	**(9,898)**
Valuation/gross cost at 31 March 2022	**14,500**	**171,491**	**16,322**	**59,154**	**59,354**	**4**	**31,557**	**827**	**353,209**
Accumulated depreciation at 1 April 2021 - as previously stated	-	**216**	-	**-**	**14,522**	**5**	**21,519**	**133**	**36,395**
Provided during the year	-	5,884	612	-	8,279	1	3,806	84	**18,666**
Revaluations	-	(6,100)	(612)	-	1	(4)	2		**(6,713)**
Disposals / derecognition	-	-	-	-	(151)	-	(8,911)	(17)	**(9,079)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**22,651**	**2**	**16,416**	**200**	**39,269**
Net book value at 31 March 2022	**14,500**	**171,491**	**16,322**	**59,154**	**36,703**	**2**	**15,141**	**627**	**313,940**
Net book value at 1 April 2021	**14,068**	**165,169**	**18,383**	**58,546**	**25,885**	**2**	**9,495**	**587**	**292,135**

Note 18.3 Property, plant and equipment financing - 31 March 2023

Trust	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
Owned - purchased	10,575	124,856	16,261	41,681	25,788	-	14,631	676	**234,468**
Owned - donated / granted	-	4,092	-	-	3,986	-	-	-	**8,078**
Total net book value at 31 March 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,774**	**-**	**14,631**	**676**	**242,546**

Note 18.4 Property, plant and equipment financing - 31 March 2022

Trust	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
Owned - purchased	9,309	108,273	16,322	59,154	25,528	1	15,141	468	**234,196**
Finance leased	5,191	59,627	-	-	6,517	1	-	159	**71,495**
Owned - donated / granted	-	3,591	-	-	4,658	-	-	-	**8,249**
Total net book value at 31 March 2022	**14,500**	**171,491**	**16,322**	**59,154**	**36,703**	**2**	**15,141**	**627**	**313,940**

Note 18.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Trust	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
Not subject to an operating lease	10,575	128,948	16,261	41,681	29,774	-	14,631	676	**242,546**
Total net book value at 31 March 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,774**	**-**	**14,631**	**676**	**242,546**

Note 19 Revaluations of property, plant and equipment

The date of the latest valuation of Land, Buildings and Dwellings was 31 March 2023. The valuation was carried out by an externally appointed independent RICS qualified valuer using Modern Equivalent Asset - an alternative site basis (The Foundation Trust has adopted the Alternative Site valuation for its site. The modern equivalent replacement of Kent and Canterbury, Queen Elizabeth The Queen Mother and William Harvey hospitals would be a single combined hospital attributed to the buildings and size of the "alternative" site required for the modern equivalent asset). The overall impact of the valuation was to reduce the value of the Group land, buildings and dwellings by £31.4m. See Policy Note 1.9 and Impairment Note 9 for further information. Assets under construction were not included in the revaluation, nor where right of use assets.

Note 20 Leases - East Kent Hospitals University NHS Foundation Trust as a lessee (Trust only)

This note details information about leases for which the Foundation Trust is a lessee.

The Foundation Trust has commitments of £3.1m in relation to its leasing activities outside of the Group. Commitments greater than £0.5m have been identified below:
Inca House Medical Records
Estuary View Medical Practice
Sarre Building
Lease of land for Staff parking

The Foundation Trust has commitments of £71.1m in relation to its lease with 2gether Support Solutions Ltd for the Operated Healthcare Facility. £68.7m relates to Land and Building and £2.4m relates to Plant, Machinery and Furniture.

The Foundation Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 20.1 Right of use assets - 2022/23

Group	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	-	-	17	**17**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	2,718	2,374	140	**5,232**	747
Additions	1,039	22	129	**1,191**	152
Remeasurements of the lease liability	(1)	-	-	**(1)**	(1)
Valuation/gross cost at 31 March 2023	**3,756**	**2,396**	**287**	**6,439**	**898**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	**-**	-
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	-	-	9	**9**	-
Provided during the year	551	668	88	**1,307**	157
Accumulated depreciation at 31 March 2023	**551**	**668**	**97**	**1,316**	**157**
Net book value at 31 March 2023	**3,205**	**1,728**	**189**	**5,123**	**741**

Net book value of right of use assets leased from other NHS providers	729
Net book value of right of use assets leased from other DHSC group bodies	12

Note 20.2 Right of use assets - 2022/23

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	65,319	21,309	4	252	**86,884**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	2,643	312	40	-	**2,995**	747
Additions	1,039	-	22	-	**1,062**	152
Remeasurements of the lease liability	(1)	-	-	-	**(1)**	(1)
Impairments	(9,876)	-	-	-	**(9,876)**	-
Reversal of impairments	824	-	-	-	**824**	-
Revaluations	3,680	-	-	-	**3,680**	-
Disposals / derecognition	-	(29)	-	(64)	**(93)**	-
March 2023	**63,628**	**21,592**	**67**	**188**	**85,475**	**898**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	**-**	-
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	14,792	2	93	**14,887**	-
Provided during the year	2,476	1,923	23	21	**4,442**	157
Revaluations	(1,938)	-	-	-	**(1,938)**	-
Disposals / derecognition	-	(22)	-	(26)	**(48)**	-
Accumulated depreciation at 31 March 2023	**538**	**16,692**	**25**	**88**	**17,343**	**157**
Net book value at 31 March 2023	**63,090**	**4,900**	**42**	**100**	**68,132**	**741**

Net book value of right of use assets leased from other NHS providers	729
Net book value of right of use assets leased from other DHSC group bodies	12

Note 20.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 27.

	Group 2022/23 £000	Trust 2022/23 £000
Carrying value at 31 March 2022	**8**	**77,975**
IFRS 16 implementation - adjustments for existing operating leases	4,925	2,689
Lease additions	1,191	1,062
Lease liability remeasurements	(1)	(1)
Interest charge arising in year	80	2,609
Lease payments (cash outflows)	(1,346)	(10,075)
Carrying value at 31 March 2023	**4,858**	**74,259**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.
These payments are disclosed in Note 8.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 20.4 Maturity analysis of future lease payments at 31 March 2023

	Group		Trust	
	Total 31 March 2023 £000	Of which leased from DHSC Trust bodies: 31 March 2023 £000	Total 31 March 2023 £000	Of which leased from DHSC Trust bodies: 31 March 2023 £000
Undiscounted future lease payments payable in:				
	1,302	187	7,684	187
- later than one year and not later than five years;	2,837	440	20,484	440
- later than five years.	878	165	73,443	165
Total gross future lease payments	**5,018**	**792**	**101,611**	**792**
Finance charges allocated to future periods	(160)	(22)	(27,352)	(21)
Net lease liabilities at 31 March 2023	**4,858**	**771**	**74,259**	**771**
Of which:				
Leased from other NHS providers		756		756
Leased from other DHSC Trust bodies		15		15

Note 20.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The following table details the maturity of obligations under leases the Foundation Trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	Group	Trust
	31 March 2022	31 March 2022
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	8	9,444
- later than one year and not later than five years;	-	21,108
- later than five years.	-	77,254
Total gross future lease payments	**8**	**107,806**
Finance charges allocated to future periods	-	(29,831)
Net finance lease liabilities at 31 March 2022	**8**	**77,975**
of which payable:		
- not later than one year;	8	6,864
- later than one year and not later than five years;	-	12,256
- later than five years.	-	58,855

Note 20.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the Foundation Trust previously determined to be operating leases under IAS 17.

	Group	Trust
	2021/22	2021/22
	£000	£000
Operating lease expense		
Minimum lease payments	2,255	762
Total	**2,255**	**762**

	31 March 2022	31 March 2022
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,985	570
- later than one year and not later than five years;	4,396	968
- later than five years.	498	417
Total	**6,879**	**1,955**

Note 20.7 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Foundation Trust on initial application are detailed in the leases accounting policy in note 1.14

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

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

	Group 1 April 2022 £000	Trust 1 April 2022 £000
Operating lease commitments under IAS 17 at 31 March 2022	**6,879**	**1,955**
Impact of discounting at the incremental borrowing rate	**(713)**	**(453)**
IAS 17 operating lease commitment discounted at incremental borrowing rate	**6,166**	**1,502**
Less:		
Commitments for short term leases	(222)	(126)
Commitments for leases of low value assets	(99)	(88)
Other adjustments:		
Differences in the assessment of the lease term	261	261
Public sector leases without full documentation previously excluded from operating lease commitments	746	747
Finance lease liabilities under IAS 17 as at 31 March 2022	8	77,975
Correction of immaterial prior period error in IAS17 Disclosure	(1,927)	394
Total lease liabilities under IFRS 16 as at 1 April 2022	**4,933**	**80,664**

Note 21 Investments in Subsidiaries

	Group		Trust	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Carrying value at 1 April - brought forward	**-**	**-**	**30,314**	**30,314**
Carrying value at 31 March	**-**	**-**	**30,314**	**30,314**

Investments are in the following Subsidiaries:
Healthex £48k, 100% owned
2gether Support Solutions £30.3m, 100% owned

Note 22 Inventories

	Group		Trust	
	2023	2022	2023	2022
	£000	£000	£000	£000
Drugs	5,463	4,652	5,324	4,588
Energy	508	415	-	-
Other	6,500	5,348	1,425	939
Total inventories	**12,471**	**10,415**	**6,749**	**5,527**
of which:				

Inventories recognised in expenses for the year were £180,802k (2021/22: £162,447k). Write-down of inventories recognised as expenses for the year were £0k (2021/22: £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 2022/23 the Trust received £1,651k of items purchased by DHSC (2021/22: £2,530k).

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.

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 23 Receivables

Note 23.1 Receivables

	Group		Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Current				
Contract receivables	33,660	21,554	33,552	24,629
Allowance for impaired contract receivables / assets	(2,150)	(2,971)	(2,060)	(2,553)
Prepayments (non-PFI)	6,820	5,173	1,444	2,566
PDC dividend receivable	796	1,360	796	1,360
VAT receivable	5,566	6,376	4,238	4,755
Corporation and other taxes receivable	12	41	12	41
Other receivables	68	68	3,676	3,877
Total current receivables	**44,772**	**31,601**	**41,658**	**34,675**
Non-current				
Allowance for impaired contract receivables / assets	(325)	(298)	(325)	(298)
Prepayments (non-PFI)	471	302	471	302
Other receivables	2,703	2,494	54,672	64,256
Total non-current receivables	**2,849**	**2,498**	**54,818**	**64,260**
Of which receivable from NHS and DHSC group bodies:				
Current	25,184	12,442	18,030	10,608
Non-current	1,397	1,284	1,397	2,495

Other receivables contains current receivables of £3.6m (2021/22 £3.9m) and non-current receivables of £52m (2021/22 £61.8m) in respect of intercompany loans made to the Foundation Trust's subsidiaries 2gether Support Solutions Limited and Healthex Limited.

Note 23.2 Allowances for credit losses - 2022/23

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2022 - brought forward	**3,269**	**-**	**2,851**	**-**
Changes in existing allowances	(578)	-	(264)	-
Utilisation of allowances (write offs)	(216)	-	(202)	-
Allowances as at 31 Mar 2023	**2,475**	**-**	**2,385**	**-**

Note 23.3 Allowances for credit losses - 2021/22

	Group		Trust	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2021 - as previously stated	**6,202**	**-**	**5,493**	**-**
Changes in existing allowances	(2,558)	-	(2,399)	-
Utilisation of allowances (write offs)	(375)	-	(243)	-
Allowances as at 31 Mar 2022	**3,269**	**-**	**2,851**	**-**

Note 24 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.

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
At 1 April	**48,806**	**78,681**	**27,372**	**67,943**
Net change in year	(19,275)	(29,875)	(8,754)	(40,571)
At 31 March	**29,531**	**48,806**	**18,618**	**27,372**
Broken down into:				
Cash at commercial banks and in hand	100	108	74	92
Cash with the Government Banking Service	29,431	48,698	18,544	27,280
Total cash and cash equivalents as in SoFP	**29,531**	**48,806**	**18,618**	**27,372**

Note 25 Trade and other payables

	Group		Trust	
		Restated		
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Current				
Trade payables	29,393	27,376	23,864	17,318
Capital payables	5,664	2,456	2,141	2,431
Accruals	35,038	36,126	37,643	41,720
Social security costs	6,259	5,848	5,676	5,525
Other taxes payable	5,477	4,342	5,126	4,650
Pension contributions payable	6,537	6,032	6,451	5,838
Other payables	3,016	5,738	3,278	5,129
Total current trade and other payables	**91,384**	**87,919**	**84,179**	**82,611**
Non-current				
Trade payables	190	126	-	-
Total non-current trade and other payables	**190**	**126**	**-**	**-**
Of which payables from NHS and DHSC group bodies:				
Current	4,573	4,542	4,578	4,542

Note 26 Other liabilities

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Current				
Deferred income: contract liabilities	3,902	5,198	3,902	5,059
Total other current liabilities	**3,902**	**5,198**	**3,902**	**5,059**

Note 27 Borrowings

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Other loans	1,225	612	1,225	612
Lease liabilities*	1,302	8	5,313	6,864
Total current borrowings	**2,527**	**620**	**6,538**	**7,476**
Non-current				
Other loans	6,737	7,961	6,736	7,961
Lease liabilities*	3,555	-	68,946	71,111
Total non-current borrowings	**10,292**	**7,961**	**75,682**	**79,072**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 20.

Lease liabilities contains a £71.1m obligation (£66.4m non-current and £4.7m current) in the Foundation Trust which arises from arrangements between the Foundation Trust and its subsidiary undertaking 2gether Support Solutions Limited for the supply of Operational Healthcare Facilities. This liability and the associated property have both been recognised in the balance sheet of the Foundation Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement. The assets associated with the lease were originally owned by the Foundation Trust and were sold to 2gether Support Solutions in October 2018.

Note 27.1 Reconciliation of liabilities arising from financing activities (Group)

Group - 2022/23	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2022	**8,573**	**8**	**8,581**
Cash movements:			
Financing cash flows - payments and receipts of principal	(612)	(1,272)	**(1,884)**
Financing cash flows - payments of interest	-	(74)	**(74)**
Non-cash movements:			
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	4,925	**4,925**
Additions	-	1,191	**1,191**
Lease liability remeasurements	-	(1)	**(1)**
Application of effective interest rate	-	80	**80**
Other changes	1	-	**1**
Carrying value at 31 March 2023	**7,962**	**4,858**	**12,820**

Group - 2021/22	Other loans	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2021	**7,717**	**-**	**7,717**
Cash movements:			
Financing cash flows - payments and receipts of principal	857	-	**857**
Non-cash movements:			
Additions	-	8	**8**
Other changes	(1)	-	**(1)**
Carrying value at 31 March 2022	**8,573**	**8**	**8,581**

Note 27.2 Reconciliation of liabilities arising from financing activities

Trust - 2022/23	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2022	**8,573**	**77,975**	**86,548**
Cash movements:			
Financing cash flows - payments and receipts of principal	(612)	(7,472)	**(8,084)**
Financing cash flows - payments of interest	-	(2,603)	**(2,603)**
Non-cash movements:			
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	2,689	**2,689**
Additions	-	1,062	**1,062**
Lease liability remeasurements	-	(1)	**(1)**
Application of effective interest rate	-	2,609	**2,609**
Carrying value at 31 March 2023	**7,961**	**74,259**	**82,220**

Trust - 2021/22	Other loans	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2021	**7,717**	**84,606**	**92,323**
Cash movements:			
	857	(6,631)	**(5,774)**
Financing cash flows - payments of interest	-	(2,812)	**(2,812)**
Non-cash movements:			
Application of effective interest rate	-	2,812	**2,812**
Other changes	(1)	-	**(1)**
Carrying value at 31 March 2022	**8,573**	**77,975**	**86,548**

Note 28 Provisions for liabilities and charges analysis

Note 28.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2022	**3,643**	**5,110**	**1,425**	**10,178**
Change in the discount rate	(1,125)	-	(1,240)	**(2,365)**
Arising during the year	198	116	1,333	**1,647**
Utilised during the year	(151)	(163)	(37)	**(351)**
Reversed unused	-	(2,798)	-	**(2,798)**
Unwinding of discount	(47)	-	28	**(19)**
At 31 March 2023	**2,518**	**2,265**	**1,509**	**6,292**
Expected timing of cash flows:				
- not later than one year;	151	2,265	112	**2,528**
- later than one year and not later than five years;	605	-	95	**700**
- later than five years.	1,762	-	1,302	**3,064**
Total	**2,518**	**2,265**	**1,509**	**6,292**

"Pensions" relate to Injury Benefits for former employees, assessed and paid by NHS Pensions Agency and recharged to the Foundation Trust. The "Legal Claims" provision is based on an assessment of current claims provided by the NHS Litigation Authority in respect of Public Liability and Employers Liability.

Note 28.2 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2022	**3,643**	**5,110**	**1,425**	**10,178**
Change in the discount rate	(1,125)	-	(1,240)	**(2,365)**
Arising during the year	198	116	1,333	**1,647**
Utilised during the year	(151)	(163)	(37)	**(351)**
Reversed unused	-	(2,798)	-	**(2,798)**
Unwinding of discount	(47)	-	28	**(19)**
At 31 March 2023	**2,518**	**2,265**	**1,509**	**6,292**
Expected timing of cash flows:				
- not later than one year;	151	2,265	112	**2,528**
- later than one year and not later than five years;	605	-	95	**700**
- later than five years.	1,762	-	1,302	**3,064**
Total	**2,518**	**2,265**	**1,509**	**6,292**

Note 28.3 Clinical negligence liabilities

At 31 March 2023, £348,808k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Kent Hospitals University NHS Foundation Trust (31 March 2022: £493,227k).

Note 29 Contingent assets and liabilities

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Value of contingent liabilities				
NHS Resolution legal claims	(83)	(30)	(83)	(30)
Net value of contingent liabilities	**(83)**	**(30)**	**(83)**	**(30)**

Note 30 Contractual capital commitments

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	9,032	16,351	9,032	16,351
Total	**9,032**	**16,351**	**9,032**	**16,351**

Note 31 Financial instruments

Note 31.1 Financial risk management

The Financial reporting Standards IFRS7 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 Foundation Trust has with commissioners and the way those commissioners are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities, to which the financial reporting standards mainly apply. The Foundation Trust has limited powers to borrow or invest surplus funds and the financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities.

The Foundation Trusts treasury management operations are carried out by the Finance Department, within the parameters defined formally within the Foundation Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Foundation Trust treasury activity is subject to review by the Foundation Trust's Internal Auditors.

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

Interest Rate Risk
Most of the Groups financial assets and liabilities carry nil or fixed rates of interest. Cash deposits as at 31 March 2023 were mainly in Government Banking Service accounts with floating interest rates. Trade and other receivables for the Foundation Trust include loans to the subsidiaries Healthex Limited and 2gether Support Solutions Limited. These carry market rates of interest and are eliminated on consolidation.

During the year limited amounts of cash were held within commercial bank accounts (at fixed rates or linked to the bank base rate). Therefore the Group is not exposed to significant interest rate risk.

Credit Risk

Because the majority of the Group's income comes from contracts with other public bodies, the Group has relatively low exposure to credit risk. The maximum exposure as at 31 March 2023 is in receivables from customers. However, the Group utilises external tracing and debt collection agencies as well as court procedures to pursue overdue debt.

Liquidity Risk
The majority of the Group's operating costs are incurred under the contract with commissioners which are financed from resources voted for annually by Parliament. The Group funds its capital expenditure from internally generated resources. The Group is not therefore exposed to significant liquidity risks.

Note 31.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	33,968	**33,968**
Cash and cash equivalents	29,531	**29,531**
Total at 31 March 2023	**63,499**	**63,499**

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	25,952	**25,952**
Cash and cash equivalents	48,806	**48,806**
Total at 31 March 2022	**74,758**	**74,758**

Note 31.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	89,527	**89,527**
Cash and cash equivalents	18,618	**18,618**
Total at 31 March 2023	**108,145**	**108,145**

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	92,518	**92,518**
Cash and cash equivalents	27,372	**27,372**
Total at 31 March 2022	**119,890**	**119,890**

Note 31.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	4,858	**4,858**
Other borrowings	7,962	**7,962**
Trade and other payables excluding non financial liabilities	73,301	**73,301**
Total at 31 March 2023	**86,121**	**86,121**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	8	**8**
Other borrowings	8,573	**8,573**
Trade and other payables excluding non financial liabilities	77,728	**77,728**
Total at 31 March 2022	**86,309**	**86,309**

Note 31.5 Carrying values of financial liabilities (Trust)

	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	74,259	**74,259**
Other borrowings	7,961	**7,961**
Trade and other payables excluding non financial liabilities	66,926	**66,926**
Total at 31 March 2023	**149,145**	**149,145**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	77,975	**77,975**
Other borrowings	8,573	**8,573**
Trade and other payables excluding non financial liabilities	72,436	**72,436**
Total at 31 March 2022	**158,984**	**158,984**

Note 31.6 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 comprise 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 amounts to be paid within 1 year and are valued using discounted cash flows.

Note 31.7 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.

	Group		Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
In one year or less	74,603	77,736	74,610	81,880
In more than one year but not more than five years	10,799	8,573	28,445	29,681
In more than five years	878	-	73,443	77,254
Total	**86,281**	**86,309**	**176,498**	**188,815**

Note 32 Losses and special payments

	2022/23		2021/22	
Group	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	49	49	71	53
Bad debts and claims abandoned	222	179	180	245
Stores losses and damage to property	29	48	21	6
Total losses	**300**	**276**	**272**	**304**
Special payments				
Ex-gratia payments	95	41	95	34
Total special payments	**95**	**41**	**95**	**34**
	395	**317**	**367**	**338**

Note 33 Related parties

All bodies within the scope of the Whole Government Accounts (WGA) are treated as related parties of the Foundation Trust. Organisations with income or expenditure with the Foundation Trust for the year in excess of £1m have been separately identified below:

NHS Kent and Medway ICB
NHS England
NHS Kent and Medway CCG (demised 01/07/22)
NHS Resolution
NHS Blood and Transplant
Health Education England
Kent and Medway NHS and Social Care Partnership Trust
Kent Community Health NHS Foundation Trust
Maidstone And Tunbridge Wells NHS Trust
Medway Foundation Trust
Royal Surrey NHS Foundation Trust
Kent County Council

For 2022/23 the East Kent Hospitals Charity, whose Corporate Trustee is the Foundation Trust Board, has not been consolidated and is therefore disclosed as a related party. For the current financial year the material transactions for the charity when trading with the Foundation Trust were: expenditure £1.1m, debtors £53k and creditors £0.8m.

A number of Directors of the Foundation Trust are also Directors of Healthex Limited or their subsidiary Spencer Private Hospitals Limited. The Foundation Trust received £4.4m (2021/22 £3.8m) revenue and incurred £2.7m (2021/22 £4.0m) expenditure with the subsidiary during the year. As at 31 March 2023 the Foundation Trust was owed £3.7m (2021/22 £3.5m) by the subsidiary and owed £0.4m (2021/22 £0.7m). These transactions and balances have been removed on consolidation.

A number of Directors of the Foundation Trust are also Directors of 2gether Support Solutions Limited, a subsidiary created in 2018. The Foundation Trust received £3.0m (2021/22 £2.8m) revenue and incurred £146.8m (2021/22 £164.2.0) expenditure with the subsidiary during the year. As at 31 March 2023 the Foundation Trust was owed £2.6m (2021/22 £2.7m) by the subsidiary and owed £14.4m (2021/22 £26.9m). The non-current debt owed to the Foundation Trust amounted to £52.0m (2021/22 £61.8m) and owed £68.0m (2021/22 £73.4m). These transactions and balances have been removed on consolidation.

Note 34 Better Payment Practice Code

	2022/23 Number	2022/23 £000	2021/22 Number	2021/22 £000
Non-NHS				
Total bills paid in the year	71,370	605,779	68,581	590,712
	51,570	476,354	63,327	528,907
Percentage of bills paid within target	**72.26%**	**78.63%**	**92.30%**	**89.50%**
NHS				
Total bills paid in the year	2,504	14,067	2,706	12,073
Total bills paid within target	1,278	6,507	2,068	9,282
Percentage of bills paid within target	**51.04%**	**46.26%**	**76.40%**	**76.90%**

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 a valid invoice, whichever is later.