NHS
East Kent
Hospitals University
NHS Foundation Trust

Annual Report 2020/21

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 2020/21

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

The 2020/21 Annual Report and Accounts for East Kent Hospitals University NHS Foundation Trust reflect the changes in reporting arrangements for NHS Trusts during the Coronavirus pandemic.

East Kent Hospitals University NHS Foundation Trust

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Front Cover: With thanks to Rachel Giles, ward manager of Cambridge M1 ward at the William Harvey Hospital in Ashford, who photographed each member of her staff as a lasting reminder of their shared experiences caring for Covid-19 patients.

CHAIR AND CHIEF EXECUTIVE'S STATEMENTS

From the Chairman

Since I joined East Kent Hospitals University NHS Foundation Trust in April 2021, I have begun to visit clinical areas across our sites to listen to patients and staff about our services, aspirations and challenges. This organisation has been through a very difficult year, indeed a difficult last few years, and it has a daunting set of issues to tackle, as we emerge from lockdown and seek to restore and reshape our services.

It is already clear to me that that there is a wealth of talent, commitment and determination at all levels in the organisation and I and my fellow non-executive directors will do all we can to support the Trust's leadership team, our Governors and staff to raise clinical standards and increase staff engagement while building on the many good things that are already in place. We are determined to become a learning organisation that listens to staff and patients and embraces best practice. A priority will be to improve staff satisfaction and retention, making sure we engage with and involve every one of them in helping us go forward at pace on our improvement journey.

I want to place on record my thanks, and the thanks of the Trust Board and Council of Governors, to all our staff, who have worked so hard and so tirelessly through a period of unprecedented stress and trauma which has affected so many personally and professionally. We must do everything we can going forward to support them in the year ahead. I also want to thank our Leagues of Friends, the East Kent Hospitals Charity and other charitable organisations for the incredible support they and their volunteers have given to our hospitals, staff, patients and their families.

We have our own particular issues to tackle but like the NHS as a whole, we face a set of wider challenges not least meeting the backlog of need for our care that has built up in our communities. This will take time, good planning and determination, together with a willingness to work in new ways within and beyond the organisation. The relatively new East Kent Integrated Care Partnership provides us with a wonderful opportunity to take this work forward and redefine how the Trust and our partners can work together to improve the way we deliver care to our patients.

In all this it will be vital that we secure the significant capital investment in our hospitals that is so desperately needed to enable us to deliver high quality care for our local population. Working with the new Kent and Medway Integrated Care System, we will do everything we can to attract this long-term investment and make the best possible care to the powers that be. In our view, the status quo is not a sustainable option.

There have been a number of changes to the Trust's Board of Directors and Council of Governors over the last year. I would like to record our thanks to my predecessor Professor Stephen Smith, Amanda Hallums, Chief Nurse and

Non-Executive Directors Wendy Cookson and Sean Reynolds for their commitment and service to the Trust.

We also remember Keith Palmer, Non-Executive Director; and Jenny Chittenden, Governor, and all the members of our staff and volunteers, who died during this past year.

The last year has indeed been difficult but there have been real achievements in the face of that adversity and we are totally committed to build on this and continue the drive to improve and transform.

Niall Dickson CBE, Chairman

From the Chief Executive

It is impossible to be prouder of our staff and reflect on their monumental efforts and achievements in what will be remembered as the year the NHS faced the single largest challenge in its history.

At the start of the year we had totally reorganised the way the hospital worked to manage the presentation and admission of large numbers of Covid patients. We benefitted from many volunteers, colleagues who returned from retirement, and large numbers of our staff who were redeployed to the pandemic effort. We provided as many outpatient services as possible via video or telephone link, with our teams developing innovative ways to support patients and limit the need for patients to come into the acute hospitals, as much as possible.

We learned many lessons over the first wave, and adapted our hospital buildings to provide more critical care capacity and prepare for the second wave we all hoped would not come. Over the summer we focussed on restoring services and catching up on operations and planned care that had been rescheduled from the first wave.

Unfortunately, a second wave of Covid started in the autumn and the Kent variant proved far more transmissible, leading to much higher numbers of patients being admitted. Once again, planned care had to be reorganised in a Covid safe way, digitally enabled or rescheduled.

In December, we were proud to be one of the first hospital hubs in England to provide the Covid-19 vaccination to the first priority groups, including people aged 80 or over and health and care workers. By April 2021, we had delivered more than 50,000 vaccinations.

Throughout the pandemic, we have done all we can to protect emergency and urgent clinical services, such as cancer surgery. We have worked hard to re-open services safely and are tackling our waiting lists on a clinical priority basis, in line with national guidelines.

Staff welfare was a priority throughout the year and remains so. We are grateful to our partners in 2gether Support Solutions and the generosity of our community which allowed our staff to have free meals, snacks and hydration. Mental health support was provided through a variety of means including through our colleagues at the Kent & Medway NHS and Social Care Partnership Trust.

Restoring services hibernated during the pandemic is a priority for our staff and we are looking forward to our planned orthopaedic surgical centre opening at Kent and Canterbury Hospital this summer. This will be dedicated to patients needing planned operations such as hip and knee replacements and importantly will be away from our hospital sites that are focussed on emergency admissions.

At East Kent Hospitals University NHS Foundation Trust, we are on an improvement journey, and our new quality improvement work began in earnest this year with the launch of a new way of working called ‘We care’. want to focus on and why, and supporting staff to make real improvements, by training, coaching and everyone using one, standard method to make positive changes.

It has been fantastic to see the tangible improvements to the quality of care our early implementer wards have already made, and I look forward to ‘We care’ taking the quality of our services from strength to strength.

I look forward to working with staff, governors, volunteers, partners and patients and the public in the year ahead to continue our improvement journey.

Susan Acott, Chief Executive

● PERFORMANCE REPORT

The purpose of the Performance report is to provide a short summary of the organisation, its purpose, the key risks to the achievement of its objectives and how we have performed during the year.

Purpose and activities of the Foundation Trust

We serve a population of 695,000 people in east Kent and over a million through our regional services and employ around 8000 staff.

We have more than 1,000 beds over three hospital sites, with specialist wards for maternity, paediatrics and neonatal intensive care. We provide a range of core and specialist healthcare services.

We provide a range of core and specialist healthcare services from five hospitals and other NHS facilities across east Kent. We provide a range of specialist services to the wider population of Kent and Medway, including emergency cardiac services for all of Kent and renal services in Medway and Maidstone. We provide a number of services in the local community, including in people's own homes. This includes home births, breast screening services, 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.

We value participating in clinical research studies, and we consistently recruit high numbers of patients into research trials. We are proud of our national reputation for delivering high quality specialist care, particularly in urology, kidney disease and head and neck surgery.

Our hospitals

Buckland Hospital (BHD) provides a range of local outpatient services. Its facilities include a minor injuries walk-in centre, outpatient facilities, renal satellite services, day hospital services, child health and child development services and diagnostic facilities.

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 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, orthopaedic, 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 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 (RVH), Folkestone provides a range of local services including a minor injuries unit with a walk-in centre (both operated by the local Clinical Commissioning Group), 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 as well as comprehensive maternity, trauma, orthopaedic and 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 University NHS Foundation Trust is regulated by NHS Improvement – the organisation responsible for authorising, monitoring and regulating NHS trusts.

The Trust is being supported under NHS Improvement's financial special measures regime.

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

The Trust has welcomed this independent investigation and has promised that it will do everything in its power to assist and support Dr Kirkup and his team.

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 options to deliver three excellent, busy and vibrant hospitals.

Each hospital will provide day-to-day services for their local communities but with specialist services consolidated in one hospital to maximise the benefits of co-adjacent services, get the most from scarce specialist staff, and make the best use of specialist equipment.

The NHS in east Kent is seeking approximately £450 million of national capital investment to deliver planned, long-overdue investment and upgrades in all three hospitals – resulting in better health outcomes and experiences for local people and to greatly improve the ability to attract and retain staff.

An extensive pre-consultation business case (PCBC) has been well received by our regulators, NHS England and NHS Improvement (NHSE/I), who consider it to be very well developed, with a clear case for change, well defined options and plans for public consultation.

Work is underway to encompass feedback from the Stage Two assurance process, to ensure that we are in the best possible position to secure the required investment.

As both options require significant capital investment from central NHS budgets, the final PCBC must be approved by NHSE/I nationally before a public consultation can begin. No final decision will be taken until after commissioners have run and considered feedback from a formal public consultation, alongside all other evidence.

Kent and Medway Stroke Services Review

A decision to create three hyper acute stroke units (HASU) in Kent and Medway - at William Harvey, Darent Valley and Maidstone hospitals – was unanimously agreed by NHS commissioners in 2019, following a five-year review of urgent stroke services in the county led by local stroke specialists.

In February 2020 the High Court emphatically ruled against a judicial review and in August 2020 the Court of Appeal dismissed an appeal against this decision. The NHS in Kent and Medway is awaiting the outcome of a referral to the Secretary of State and the subsequent Independent Reconfiguration Panel review of the stroke programme.

The intention is that everyone having a stroke in Kent and Medway will be taken to their nearest HASU, which will offer specialist care round the clock every day of the year. These new units will allow people to get the best possible care in the vital first few hours and days immediately after their stroke – saving lives and reducing disability.

Last April, as part of the Trust's response to the Covid pandemic, the stroke service temporarily moved to Kent and Canterbury Hospital to release capacity at QEQM and William Harvey hospitals. As a result, more patients are getting quicker access to a stroke unit and specialist assessment by stroke specialists. As the risk of further Covid peaks remain, the stroke service will remain at Kent and Canterbury Hospital for the foreseeable future.

Pending the outcome of the referral to the Secretary of State, our plan long-term remains to establish a HASU for east Kent at William Harvey Hospital. This will enable us to invest in staff, beds, scanners and ITU capacity to provide the very best care, 24 hours a day, seven days a week.

Environmental Matters

Sustainability

The Climate Change Act (2008) commits the UK to reducing greenhouse gas emissions by at least 100% of 1990 levels (net zero) by 2050. It replaced the UK's previous target to reduce emissions by 80% by 2050. Since 2008, the NHS has tracked and reported its carbon footprint, regularly improving its methods and monitoring our progress in meeting the commitments of the Climate Change Act (2008). We recognise the need for targeted investment in order to achieve the target for net zero greenhouse gas emissions by 2050, as required by the Climate Change Act (2008) (2050 Target Amendment) Order 2019.

Our works and plans

Sustainability is more than being financial stable. Being environmentally sustainable is a key goal of the Trust. Implementing environmentally sustainable principles and reducing our greenhouse gas emissions adds value to our patients and reflects the ethics of our staff.

A Joint Carbon Reduction Steering Group (JCRSG) made up of members from EKHUFT, 2gether and an energy performance contractor was set up in 2021 to support the delivery of energy and carbon reduction across the 3 main EKHUFT sites.

Energy efficiency works to improve the Trust's footprint have included LED lighting and control retrofits, increase use of Solar Panels and Building Management System (BMS) upgrades.

Installing and increasing our energy provision from Combined Heat and Power plants, improving the insulation of some of our very old buildings, cladding and installation of modern energy saving windows.

Our purchased electricity was coming from fossil fuels; however, since 1st April 2020 our purchased electricity is being sourced only by renewables (100%). 2gether Support Solutions is currently negotiating new supplier terms for Green Gas which is to be confirmed by September 2021.

Groups supporting our Sustainability Agenda

The Joint Carbon Reduction Steering Group (JCRSG) was established in 2021 with members that have a stake in the Trust's energy reduction plan. The task is meet develop an energy reduction plan which focuses on these four areas below:

1. Gas
2. Electricity
3. Water
4. Waste

These core areas were chosen as a particular focus for the Trust due to its significant environmental impact.

A new Sustainability Steering Group has been established in September 2019 to oversee the development and delivery of the Green Plan (formerly known as Sustainable Development Management Plan) with the following workstreams:

1. Corporate Responsibility
2. Built Environment Energy and Carbon Management
3. Procurement
4. Travel and Transport
5. Sustainable Use of Water
6. Sustainable Waste Management
7. Green Space and Biodiversity
8. Climate Change Adaptation

These areas of focus are chosen based on their potential financial, efficiency, social and environmental impacts.

We created a Sustainability Champions network of staff to help identify carbon reduction measures and to promote sustainability initiatives. A Sustainability Champion is a staff member who is interested in helping to actively reduce the overall environmental impacts of East Kent Hospitals University NHS Foundation Trust, and; contributes ideas, suggestions and initiatives for improving the environmental performance in their areas. The Sustainability Champions network is crucial in helping the Sustainability Steering Group implement sustainability throughout the hospitals. The network brings together staff across hospitals and departments to help find creative ways to embed sustainability into hospital operations.

2gether's waste management efficiency has helped achieved a zero waste to landfill in the last calendar year which has led to significant decline in our waste emissions footprint. We continue to live by our pledge to remove single-use plastics from our catering services and our supply chain wherever possible and contribute to the overall NHS waste reduction goal of more than 100 million plastic items.

Our 2020/2021 carbon emissions are reported in the July Environment and Sustainability Report.

Key issues and risks

The operational response required due to Covid-19 has affected all aspects of Trust performance, significantly increasing pressure on the Trust's physical capacity and staff. Most notably emergency inpatient and ITU capacity has been extremely stretched with a peak of over 460 patients in hospital beds with Covid-19 during January 2021. In addition, there was continued challenge to manage staff sickness and staff required to self-isolate, with daily risk-based decisions being taken the Trust was required to redeploy significant volumes of staff to help treat patients as safely as possible.

The Trust has two main commissioners for its clinical income. For Acute Services our local Commissioners are East Kent Clinical Commissioning Group, they commission 75% of Trust clinical income. NHS England commission the Trust's more specialised acute services. As a result of Covid-19 significantly impacting the cost base of the Trust and wider NHS, this year saw a change to the Trust's funding regime with mandated interim financial and contracting arrangements for the full year of 2020/21.

From April to September 2020 the Trust was funded to financial breakeven through a national block and top-up payments. For October 2020 to March 2021 the Trust was funded via a combination of a block payment based on estimated commissioned services to cover all costs including an estimate for Covid-19 baseline expenditure and a variable payment to cover some specific high costs drugs and some specific costs incurred due to Covid-19.

The Trust achieved a breakeven position for the year, with our underlying financial deficit being supported by external funding of over £50m to cover the incremental cost of treating patients with Covid-19 along with minimising the risk of infection for patients and staff.

We have continued to operate in financial special measures during the year.

In September 2020 the Trust's Interim Revenue Support Facility of £125m was converted to Public Dividend Capital (PDC) meaning the capital will not be required to be repaid.

The Trust has prioritised the management and reporting of cash and liquidity drivers. Consistent with national guidance we prioritised prompt payment of suppliers, following an NHSEI cash advance paid in April 2020 to ensure the Trust has sufficient balance to maintain sufficient working capital reserves. This led to a material improvement in average cash balances held by the Trust – as well as visible improvements in its Better Payment Practice Code performance.

The Trust has been hindered from further progressing significant efforts to address the reliance on agency staff and spend on temporary staff increased from £51m in 2019/20 to £72m in 2020/21 due to the continued challenge to manage staff sickness and staff required to self-isolate.

As the Trust has a breakeven plan for the first 6 months of 2021/22, in line with the national requirement, the cash position will continue to be actively managed and may require interim support from the DHSC in the form of PDC during the year.

Going concern

For the financial year commencing 1 April 2021, the Group has forecast an unadjusted breakeven position for the first 6 months of the financial year, consistent with the national planning requirement. This plan has been submitted to NHSEI and we await confirmation on the funding arrangements for the second half of the year to be confirmed. As with any NHS organisation with uncertainty in future year funding streams, the directors acknowledge that there can be no certainty that any required DHSC funding support will be provided although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications the directors believe that it remains appropriate to prepare the accounts on a going concern basis. However, the matters referred to above represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

● ACCOUNTABILITY REPORT

Directors' report

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

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.

The Trust welcomed the Independent Investigation into East Kent Maternity Services, and is assisting and supporting the panel and investigation support team. Improvements have already been made to our Maternity Services with a Maternity Update link on the Trust's website providing latest updates and information for our Maternity Services.

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 August and January as development sessions with the ability to hold a private meeting alongside. During 2020/21, the Board met formally a total of 15 times.
The composition of the Board of Directors as at 31 March 2021 is below:

Non-Executive Directors as at 31 March 2021:

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Barry Wilding	Senior Independent Director	11/05/15 Second Term	13/15
Sunny Adeusi	Non-Executive Director	01/11/15 Second Term	15/15
Chris Corrigan	Interim Non-Executive Director	01/01/21	2/2
Sarah Dunnett	Interim Non-Executive Director	01/01/21	2/2
Chris Holland	Associate Non-Executive Director	13/12/19 First Term	12/15
Nigel Mansley	Non-Executive Director	01/07/17 Second Term	13/15
Jane Ollis	Non-Executive Director (Deputy Chair) Acting Chair	08/05/17 Second Term 01/03/21	15/15
Other Non-Executive Directors who were members during 2020/21			
Wendy Cookson	Non-Executive Director	06/01/17 Second Term	12/13
Keith Palmer	Non-Executive Director	01/01/17 Second Term	4/5
Sean Reynolds	Non-Executive Director	20/08/18 First Term	6/7
Stephen Smith	Chair	01/03/18 First Term	14/14

* Possible and actual shown

Executive Directors as at 31 March 2021:

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Susan Acott	Chief Executive	01/04/18	15/15
Andrea Ashman	Director of Human Resources (HR) and Organisational Development	01/09/19	14/15
Rebecca Carlton	Acting Chief Operating Officer	01/11/20	4/4

Philip Cave	Director of Finance and Performance	09/10/17	14/15
Siobhan Jordan	Interim Chief Nurse & Director of Patient Experience and Quality	01/12/20	4/4
Rebecca Martin	Chief Medical Officer	18/02/20	15/15
Liz Shutler	Director of Strategic Development and Capital Planning and Deputy Chief Executive	21/01/04	13/15
Other Executive Directors who were members during 2020/21			
Amanda Hallums	Chief Nurse & Director of Patient Experience and Quality	01/10/19	7/9
Tara Laybourne	Acting Chief Nurse & Director of Patient Experience and Quality	01/10/20	2/3
Lee Martin	Chief Operating Officer	01/08/18	7/13

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

Board biographies

Professor Stephen Smith, Chairman

Stephen joined the Trust in March 2018. Stephen is a clinician scientist having held senior positions in Academic Medicine and the NHS at the University of Cambridge, Imperial College, London and most recently the University of Melbourne. He currently serves on various health and health technology Boards including those of NetScientific Plc, Signum Health Ltd, and is a Trustee of Pancreatic Cancer UK and Epilepsy Society UK. He is also a Senior Advisor of Ministry of Health – Saudi Arabia.

Stephen led the formation of the UK's first Academic Health Science Centre at Imperial College Healthcare NHS Trust and was its first CEO. A gynaecologist by training, he has published over 230 papers on reproductive medicine and cancer. He was awarded his Doctor of Science in 2001 for his work in Cambridge on the complex gene pathways that regulate the growth of blood vessels in reproductive tissue. He has served on the Boards of Great Ormond Street Hospital, the Imperial College Healthcare NHS Trust, the National Healthcare Group, Singapore and the Royal Melbourne Hospital, Melbourne, Australia. He was founder/director of GNI Group Plc that achieved IPO on the TSE in 2007.

Jane Ollis, Non-Executive Director (Deputy Chair)

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. Other activities include Vice President of the British Red Cross in Kent, Non-Executive Director of the Kent Surrey Sussex Academic Health Science Network, Founder of MindSpire, Non-Executive Director of 2gether Support Solutions, Non-Executive Director of Community Energy South and Non-Executive Director of Riding Sunbeams.

Barry Wilding, Senior Independent Director

Barry joined the Trust in May 2015. Barry is a qualified accountant and banker he has extensive senior management experience, largely in the insurance and healthcare sector. He was previously a Non-Executive Director of West Kent PCT, Vice Chair and Senior Independent Director of Kent Community Health NHS Trust, and a member of the Council of People Living with Diabetes for The Charity Diabetes UK. Other activities include Vice Chair of Circle Russet Housing. He is also Vice Chair of Your Lifespace and member of the Circle Housing Group Audit and Risk Committee. He is also Chair of Cova Security Gates Limited. He is Trustee of CXK, a Charity in Ashford inspiring people to thrive.

Sunny Adeusi, Non-Executive Director

Sunny joined the Trust in November 2015. Sunny specialises in driving sustainable cost competitiveness across end-to-end value chains, generation of new profitable revenue streams, and embedding continuous improvement culture in healthcare and life sciences sectors. He served as lead director for hospital and healthcare provider transformation in the healthcare practice of a Big4 professional services firm. In early career, he spent over 20 years in supply chain, operations and commercial roles with increasing responsibilities at global life sciences and fast moving consumer goods (fmcg) corporations.

Sunny holds a Master of Science (MS) degree from MIT, Boston, USA (Sloan Fellow) and MBA from Imperial College London (Lord Sainsbury Fellow in Life Sciences). His other activities include a leadership role for Zimmer Biomet, a global US medical device/technology corporation in Europe, Middle East and

Africa (EMEA) regional commercial and marketing. Other interests include healthcare whole system transformation, new models of care & innovation, healthcare consumerism, and data driven decision making.

Wendy Cookson, Non-Executive Director

Wendy joined the Trust in January 2017. Wendy is a degree nurse with an MBA who has worked in healthcare for 25 years and has significant experience within the NHS at director level. More recently her roles have been as the Quality Improvement Director to several Trusts in breach of regulatory compliance, an independent consultant to Trust Boards on Care Quality Commission requirements, the 'Well-Led' framework for Foundation Trusts and all other aspects of governance both clinical and corporate. She holds the Institute of Directors (IoD) award for the Role of the Director and the Board and been chosen to attend NHSI's Aspirant Chair's Programme. She has also obtained the IoD Certificate in Company Direction.

Wendy's earlier clinical and director roles being in acute Trusts around London and Hampshire. She was a Director of Nursing at a CSU where she ensured the quality of Never Events, serious incident and safeguarding investigations for several acute Trusts in London and the South East. She was also a member of the South London Quality Surveillance Group at NHSE. From 2003 to 2005, she was elected to the Council of Governors as one of the first two clinical staff Governors at Guy's and St. Thomas' NHS Foundation Trust. Wendy undertook an independent 'Well-Led' governance review of the Trust as part of Monitor's compliance framework in June 2016 which gave me a unique insight into the Trust.

Other activities include a Trustee of a charity near her home. The charity helps train local people with learning disabilities, offers support and guidance for those suffering from domestic abuse and runs youth services for Children from impoverished backgrounds from aged 8 – 19 years. She has been the Managing Director of a change management and governance consultancy which she started 6 years ago and currently also sits on an advisory panel for a financial consultancy firm in Canary Wharf. Non-Executive Director of Medway Community Healthcare. Member of Health Advisory Board for OCS Group UK. Chair of Bede House Charity. Managing Director and Sole Shareholder of IdeasFourHealth Ltd.

Professor Chris Corrigan, Interim Non-Executive Director

Chris joined the Trust on 1 January 2021 as Interim Non-Executive Director. Chris was previously a Non-Executive Director at the Trust for a period of 6 years and was the Chair of the Quality Committee for a year.

Chris is a Professor Emeritus of Asthma, Allergy & Respiratory Science, King's College London and Guy's & St. Thomas's NHS Foundation Trust. He contributes to local and extramural, collaborative

research on the pathogenesis and management of adult asthma, and teaching of medical students and graduate trainees at King's College London Faculty of Life Sciences and Medicine. Training programme Director for the Health Education England Specialist Training Committee for Adult Allergy for London and the South East. He is a Training Programme Director (TPD) and lead, Specialist Training Committee (STC) for Allergy, London and South East (LASE) Deanery.

Sarah Dunnett, Interim Non-Executive Director

Sarah joined the Trust on 1 January 2021 as Interim Non-Executive Director. Sarah's professional background in senior management oil industry. Other activities with Maidstone and Tunbridge Wells NHS Trust include Non-Executive Director, Vice Chair of the Trust Board, Senior Independent Director, Chair of the Quality Committee, Vice Chair of the Finance and Performance Committee, Member of the Charitable Funds Committee, Member of the Audit and Governance Committee, and Member of the Remuneration and Appointments Committee.

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. He is currently completing a Doctorate in Education at King's College London, his thesis is on Leadership in Education.

Chris has previously researched student motivation after failure, simulation training, inter-professional education and the experiences of medical students from backgrounds less well represented in medicine during their time at university. He is a Fellow of the Royal College of Anaesthetists, the Faculty of Intensive Care, and the Academy of Medical Educators. He was an elected member of the National Council of the Academy of Medical Educators until 2018 and led the Academy's Faculty Development and Equality and Diversity Groups.

Chris joined Kent and Medway Medical School (KMMS) from the University of Surrey where he was a Professorial Teaching Fellow and Director of Learning and Teaching for Medicine, responsible for learning and teaching and student experience for Medicine at the University. He has been closely involved with the commissioning and design of several courses for healthcare professionals, for example the King's Intermediate Trauma and Life Support course which has been developed by the London Deanery and the London

Trauma Office as a pan-London course targeting teaching in team-membership and inter-professional working in trauma.

Chris is a Consultant in Critical Care at Maidstone and Tunbridge Wells NHS Trust and the Founding Dean of KMMS. He is an Associate with the GMC and a GMC Performance Assessor. Chris has a private practice in a group practice which provides Critical Care for a private hospital in South East London. Chris occasionally provides consultancy advice for education projects in healthcare and higher education.

Nigel Mansley, Non-Executive Director

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.

Nigel is a Fellow of the Institute of Chartered Accountants in England & Wales. He also brings experience from performance improvement consultancy work within NHS England over a number of years. He was a Non-Executive Director of the South Eastern HSC Trust from 1 April 2007 until 31 December 2016. Prior to that, he was a Non-Executive Director of the Sperrin Lakeland HSC Trust. Other activities include a small portfolio of investment properties in the East Midlands. Chair of Diocesan Board of Finance (Diocese of Canterbury).

Keith Palmer, Non-Executive Director

Keith joined the Trust in January 2017. Keith, Chartered Engineer and Company Director for 24 years working in the "services" sector delivering customised solutions to major customers in both the public and private sectors. Keith's early career working and living overseas on major civil engineering projects, upon returning to the UK from America in 1990, Keith became involved in the evolving Facilities and Property Management sector. Other activities offering expert advice and support to both public and private sector clients wishing to review their current service delivery model to ensure they are obtaining best value for money. He was a Non-Executive Director of 2gether Support Solutions.

Keith sadly passed away last year and our thoughts are with his friends and family.

Sean Reynolds, Non-Executive Director

Sean was appointed in August 2018. Sean is a professional helicopter pilot and senior executive who has recently retired from the Royal Air Force (RAF) after 34 years of service. More recently his roles have been in a senior leadership capacity with his last appointment being the RAF's Deputy Commander responsible for capability and people. This portfolio included oversight of HR for the whole of the RAF, the delivery of the RAF's equipment plan, the delivery of all professional training for the RAF and technical and flying training for Defence. The portfolio also included infrastructure responsibility for the RAF's 26 bases together with oversight of the RAF's medical, legal and chaplaincy services. Before that he enjoyed a year's secondment to Marshal Aerospace as the Managing Director for its Aviation Services business unit at Birmingham Airport. Other activities include volunteer ex-regular reservist in the RAF and was recently appointed as the RAF Air Officer responsible for Northern Ireland. He is also a freelance helicopter pilot and flying instructor. Chair of Spencer Private Hospitals.

Susan Acott, Chief Executive

Susan was appointed to the Trust as CEO on 1 April 2018. Susan was previously CEO at Dartford and Gravesham NHS Trust for 8 years. Susan started her career from the NHS's General Management Training Scheme, having graduated from Birmingham University. She has long standing experience in the NHS and has worked in a variety of posts in Manchester, Merseyside, York and London. Her Board level experience includes Operational, Strategic, Performance and Transformation portfolios.

Susan is passionate about the role of clinical leadership and education in delivering and sustaining high quality, safe services for patients. She has also worked with and led significant health IT implementations. She has had considerable experience of service improvement, service re-organisation, mergers and operational delivery. Other activities include Advisory Council of The Staff College (leadership development body for the NHS/Military).

Andrea Ashman, Director of Human Resources and Organisational Development

Andrea joined the Trust on 10 July 2017 as the Deputy Director of Human Resources and was appointed as the Trust's permanent Director of Human Resources and Organisational Development on 1 September 2019.

Andrea has 30 years professional experience within the public sector working across Police, Education and the NHS, the last 10 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. Other activities include Trustee of Medway Youth Trust, a charity for young people to improve their life chances. 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.

Phil Cave, Director of Finance and Performance

Phil joined the Trust in October 2017. Phil has over 19 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. Phil is a Fellow of the Chartered Institute of Management Accountants and has a Biological Sciences Degree from the University of Sheffield. Other activities include Governor of Hythe Bay School, Hythe, Kent. To relax, he plays football with the Hythe Bay Dads football team, and also likes to spend as much quality time as possible with his four young boys.

Rebecca Carlton, Acting Chief Operating Officer

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. Rebecca is responsible for the day to day operations of East Kent Hospitals University NHS Foundation Trust. She chairs the Resilience Committee. Rebecca has worked at a senior level in both England and Wales as well as senior roles in London. Masters from the London School of Economics (LSE) in health policy, finance and planning.

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. She 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.

Liz Shutler, Director of Strategic Development and Capital Planning / Deputy Chief Executive

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. She has a BSc (Hons) in Economics (Management Studies and Social Policy) University of Wales College Cardiff, and HND Public Administration - Southampton Institute of Higher Education.

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

Neil joined the Trust as DIPC on 15 March 2021 and is a non-voting Executive Director member of the Board.

Other Directors who served during 2020/21:

NAME	DESIGNATION	APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Amanda Hallums	Chief Nurse & Director of Patient Experience and Quality	01/10/19	7/9
Tara Laybourne	Acting Chief Nurse & Director of Patient Experience and Quality	01/10/20	2/3
Lee Martin	Chief Operating Officer	01/08/18	8/13

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 Chair 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 Chair. 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 Trust undertook an external facilitated skills assessment review the outputs were reported to the Nominations and Remuneration Committee. The recommendations from this review supported Non-Executive Director recruitment with the specialist knowledge identified. The Board also recognised the need to expand its executive portfolios with the addition of two non-voting executive posts; Director of Quality Governance and Director of Infection Prevention and Control.

A review of our Board Committees terms of reference is undertaken.

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 website https://www.ekhuft.nhs.uk/patients-and-visitors/about-us/boards-and-committees/the-board-of-directors/

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/NHS Improvement (NHSE/I) Governance Review

The Trust welcomed findings and recommendations for implementation following a governance review undertaken by NHSE/I in August 2020, considered by the Board. 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 and alignment;
- Governance structures (including meetings, groups and their attendance and functions / effectiveness);
- Governance process;
- Line of sight from ward to Board as well as linkages across the organisation and how effective and sustained these are;
- Evidence / view on level of staff and patient engagement and learning in the organisation;
- 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.

Recommendations from the review included:

- A review of Executive portfolios;
- Consideration of direct Non-Executive Director/Executive Director buddying;

- Review of the responsibilities in respect of quality, safety and risk to determine the best area responsibility should sit within the governance reporting process supporting the infrastructure.

Hospital site triumvirate teams are in place supporting the Executive, deputies and Care Groups providing strong senior and executive leadership.

Buddying arrangements are in place with Non-Executive Directors and Executive Directors.

The Trust appointed a Director of Infection Prevention and Control, a non-voting Executive Director member of the Board.

The Trust appointed a Director of Quality Governance, a non-voting Executive Director member of the Board.

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 2020/21

The Director of Human Resources & Organisational Development provides advice and guidance, and withdraws from the meeting when discussions about her performance, remuneration and terms of service are held.

The Committee conducted an annual review of Director Remuneration using the available benchmarking data provided from NHS Providers and NHS Improvement.

The Committee reviewed the remuneration of Very Senior Managers based on the Korn Ferry (formerly HayGroup) comprehensive review undertaken of the Very Senior Managers and Executive Directors pay policies. 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 38 of the report.

Sunny Adeusi
Nominations and Remuneration Committee Chair
23 June 2021

Senior managers' remuneration policy

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.

Increase in salary for example to due to an award for increase in the cost of living is subject to evidence of effective performance throughout the year.

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

Independent advice and policy guidance was obtained from Korn Ferry Associates (formerly Hay group) in 2018 to guide the remuneration committee in setting the policy for VSM for the next three years. 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 Director of Human Resources & Organisational Development

Future 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 Company	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.

Future 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 Company	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 in 2011. 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.

Analysis of Staff and Costs for 2020/21 (audited)

	Group			
			2020/21	**2019/20**
	Permanent	**Other**	**Total**	**Total**
	£000	**£000**	**£000**	**£000**
Salaries and wages	360,433	-	**360,433**	316,283
Social security costs	36,583	-	**36,583**	34,168
Apprenticeship levy	1,774	-	**1,774**	1,694
Employer's contributions to NHS pension scheme	55,481	-	**55,481**	50,099
Pension cost - other	443	-	**443**	-
Other employment benefits	1	-	**1**	-
Temporary staff	-	71,957	**71,957**	50,691
Total staff costs	**454,715**	**71,957**	**526,672**	**452,935**
Of which				
Costs capitalised as part of assets	1,381	-	**1,381**	618

Average number of employees (WTE basis)

	Group			
			2020/21	2019/20
	Permanent	Other	Total	Total
	Number	Number	Number	Number
Medical and dental	1,184	152	**1,336**	1,228
Administration and estates	2,904	389	**3,293**	2,795
Healthcare assistants and other support staff	1,374	313	**1,687**	1,567
Nursing, midwifery and health visiting staff	2,373	605	**2,978**	2,644
Scientific, therapeutic and technical staff	1,105	62	**1,167**	1,080
Healthcare science staff	413	-	**413**	400
Other	-	40	**40**	42
Total average numbers	**9,353**	**1,561**	**10,914**	**9,756**
Of which:				
Number of employees (WTE) engaged on capital projects	18	-	**18**	18

Reporting of compensation schemes - exit packages 2020/21

	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	1	24	**25**
£10,000 - £25,000	1	-	**1**
Total number of exit packages by type	**2**	**24**	**26**
Total cost (£)	£31,000	£53,000	**£84,000**

Reporting of compensation schemes - exit packages 2019/20

	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 - £25,000	2	-	**2**
Total number of exit packages by type	**2**	**-**	**2**
Total resource cost (£)	£38,000	£0	**£38,000**

Exit packages: other (non-compulsory) departure payments

	2020/21		2019/20	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Contractual payments in lieu of notice	24	53	-	-
Total	**24**	**53**	**-**	**-**

Expenditure on Consultancies

During 2020/21, the Group's total spending on consultancies was £2,508,000 (see Accounts, note 6.1)

Remuneration Report – audited

Senior Managers' salaries, expenses and pension	2020/21				2019/20			
	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Pension related benefits (bands of £2,500) Note 2	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Pension related benefits (bands of £2,500) Note 2	TOTAL (bands of £5,000)
	£000	£00	£000	£000	£000	£00	£000	£000
Stephen Smith (Resigned 28/02/2021)	60-65	0	N/A	65-70	65-70	0	N/A	65-70
Sunny Adeusi	10-15	0	N/A	10-15	10-15	0	N/A	10-15
Wendy Cookson (Resigned 31/12/2020)	10-15	4	N/A	10-15	10-15	2	N/A	10-15
Nigel Mansley	10-15	0	N/A	10-15	10-15	3	N/A	10-15
Keith Palmer (Resigned 30/06/2020)	0-5	0	N/A	0-5	10-15	0	N/A	10-15
Jane Ollis	15-20	0	N/A	15-20	20-25	10	N/A	20-25
Barry Wilding	15-20	0	N/A	15-20	15-20	4	N/A	15-20
Sean Reynolds (Resigned 31/08/2020)	5-10	0	N/A	5-10	10-15	8	N/A	10-15
Chris Corrigan (Appointed 01/01/2021)	0	0	N/A	0	N/A	N/A	N/A	N/A
Sarah Dunnett (Appointed 01/01/2021)	0-5	0	N/A	0-5	N/A	N/A	N/A	N/A
Susan Acott	220-225	0	0	220-225	215-220	0	0	215-220
Philip Cave	155-160	0	15-17.5	170-175	160-165	0	45-47.5	205-210
Andrea Ashman	125-130	0	30-32.5	155-160	120-125	0	20-22.5	140-145
Lee Martin (Resigned 31/12/2020)	155-160	0	35-37.5	195-200	150-155	0	0	150-155
Rebecca Carlton (Appointed 01/11/2020)	50-55	0	40-42.5	90-95	N/A	N/A	N/A	N/A
Amanda Hallums (Resigned 30/09/2020)	155-160	0	0	155-160	75-80	0	0	75-80
Tara Laybourne (Interim Appointment 01/10/2020 to 30/11/2020)	25-30	0	0	25-30	N/A	N/A	N/A	N/A
Siobhan Jordan (Appointed 01/12/2020)	95-100	0	0	95-100	N/A	N/A	N/A	N/A
Elizabeth Shutler	150-155	0	40-42.5	190-195	145-150	0	132.5-135	280-285
Rebecca Martin	180-185	0	325-327.5	505-510	25-30	0	135-137.5	160-165

Note:
1. No payments were made to existing or past senior managers in 2020/21 or 2019/20 in respect of performance pay and/or bonuses

2. Pension related benefits is calculated as (20 x annual pension at 31st March 2021 + lump sum at 31st March 2021) - (20 x annual pension at 31st March 2020 + lump sum at 31st March 2020 adjusted for inflation at 1.017%) less employee pension contributions. Where applicable this value is apportioned for time in service.

3. Siobhan Jordan is employed via an agency and not through the Trust's payroll.

Directors' expenses	**2020/21**			**2019/20**		
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 serving directors**	**Number claiming expenses**	**Total expenses £00**
Total number and value	20	9	108	18	14	260
Governors' expenses	**2020/21**			**2019/20**		
	Total governors serving in year	**Number claiming expenses**	**Total expenses £00**	**Total serving governors**	**Number claiming expenses**	**Total expenses £00**
Total number and value	25	1	0	28	9	32

Hutton Fair Pay Review		
Organisations have to calculate the 'median remuneration' of their workforce each year - this is the whole-time annual salary of an employee in the middle of the range of salaries paid to all our staff. We then compare this with the highest-paid director in post at 31st March. The results are shown in the table below:		
	2020/21	**2019/20**
Remuneration of highest-paid director (Chief Executive Officer) (bands of £5k)	220-225	215-220
Median salary of all other staff £	30,108	27,005
Ratio	7.4 : 1	8.1 : 1
Number of employees receiving remuneration in excess of the highest paid director	5	8
Range of remuneration paid in the financial year £	£8,115 (apprentice) to £410,015	£7,626 (apprentice) to £542,363

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 1.3 and 8.

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
Name			at 31 March 2021	at 31 March 2021	at 31 March 2021	at 1 April 2020	
	£000	£000	£000	£000	£000	£000	£000
Susan Acott	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
Phil Cave	0 to 2.5	0	35 to 40	65 to 70	546	510	27
Siobhan Jordan	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
Tara Laybourne	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
Amanda Hallums	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
Elizabeth Shutler	2.5 to 5	0 to 2.5	60 to 65	130 to 135	1,155	1,070	67
Lee Martin	2.5 to 5	0	25 to 30	15 to 20	434	381	47
Andrea Ashman	0 to 2.5	0 to 2.5	5 to 10	0 to 5	106	70	35
Rebecca Martin	15 to 17.5	30 to 32.5	65 to 70	160 to 165	1,336	1,003	316
Rebecca Carlton	0 to 2.5	0 to 2.5	35 to 40	65 to 70	608	N/A – Note 3	253

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 in August 2019 therefore CETV calculation is not applicable
Note 2 – Member is not part of the NHS pension scheme
Note 3 – Rebecca Carlton was only in post for five months of the year and therefore the real increase in pension only reflects the portion of the year relevant to the Foundation Trust

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.

Signed:  Date: 23 June 2021

Susan Acott, Chief Executive

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 2021 are:

Statutory:

- Integrated Audit and Governance Committee
- Nominations and Remuneration Committee

Non-Statutory:

- Finance and Performance Committee
- Quality Committee
- Charitable Funds Committee
- Strategic Workforce Committee
- Ethics Committee

During 2020 at the beginning of the Covid-19 pandemic a number of the Committees held monthly update briefings, with a reduced agenda and attendance by the Committee Chair, Non-Executive Directors and Executive Director leads.

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 2020/21 was as follows:

Nominations and Remuneration Committee Membership as at 31 March 2021	
Name	**Actual / Possible**
Sunny Adeusi (Non-Executive Director) (Committee Chair from September 2020)	5/5
Chris Corrigan (Interim Non-Executive Director)	0/1
Sarah Dunnett (Interim Non-Executive Director)	1/1
Chris Holland (Interim Non-Executive Director/Associate Non-Executive Director)	1/1
Nigel Mansley (Non-Executive Director)	4/5
Jane Ollis (Non-Executive Director)	5/5
Barry Wilding (Senior Independent Director)	4/5
Other non-executives who were members during 2020/21	
Wendy Cookson (Non-Executive Director)	3/4
Sean Reynolds (Non-Executive Director) (Committee Chair until August 2021)	1/1
Stephen Smith (Chairman)	4/4

* 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 Director of Human Resources and Organisational Development 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 Director of Human Resources and Organisational Development is not present during discussions relating to Executive Directors' performance.

During 2020/21 the Committee was required to recruit to the following roles within the Trust:

- Interim Acting Chief Operating Officer, the Committee approved the interim acting appointment of Rebecca Carlton, commenced on 1 November 2020;
- Interim Chief Nurse, the Committee approved the interim appointment of Siobhan Jordan, commenced on 1 December 2020;
- Chief Nursing Officer, the Committee approved the appointment of Sarah Shingler commencing 7 June 2021; and
- Director of Quality Governance, the Committee approved the appointment of Dr Tina Ivanov commencing 10 May 2021.

During 2020/21 the Committee was required to recruit to the following roles within its subsidiaries:

- Independent Non-Executive Director with commercial and business development experience for Spencer Private Hospitals (SPH) of Hugh Risebrow appointed on 20 April 2020;
- Interim Managing Director for 2gether Support Solutions Limited (2gether) of Kath Dean appointed on 21 December 2020.

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

- Review and approval of 2020/21 pay uplift award for Executive Directors and Very Senior Managers (VSMs);
- Chief Executive Objectives (including year-end appraisal review);
- Executive Directors' Objectives (including year-end appraisal reviews);
- Succession Planning;
- Review of performance bonus of the Managing Director for 2gether;
- Review of remuneration and performance bonus of the Finance Director for 2gether;
- Approval of the revised Policy for Relocation and Associated Expenses;
- Approval of the reviewed Policy for Pension Recycling Applications scheme;
- Approval of the Special Responsibility Payment Policy;
- Review of Committee annual work programme.

The Remuneration Report can be found on page 30.

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

Although the Committee has no executive powers, it does have 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 80). 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 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 a number of assurance reports during the year, these include:

- Data security and protection toolkit 2019/20 replacing the Information Governance Toolkit;
- Review of losses and special payments;
- Review of single tender waivers;
- Regularly reviewed Freedom to Speak Up Guardians reports;
- Reviewed Freedom of Information Act Annual Report 2019/20;
- Review of Clinical Audit Summary Report 2019/20;
- Review of Emergency Planning Annual Report;
- Updates on external audit;
- Updates on internal audit;
- Updates on counter fraud;
- Deep dive review of the risk register, mitigating actions, outcome and impact on reducing risk residual scores;
- Reviewed Senior Managers' risk management training compliance;
- Annual review of the Standing Financial Instructions (SFIs);
- Raising Concerns update report;
- Going concern review 2020/21;
- Reviewed update on the Cost Improvement Programme;
- Review of the policy and governance process for East Kent Hospitals University NHS Foundation Trust and 2gether;
- 2gether's Annual Report and Financial Statements 31 March 2020;
- Reviewed Emergency Planning Annual Report and Self-Assessment against NHS Core Standards for Emergency Preparedness, Resilience and Response (EPRR);
- Reviewed and approved the Maternity Learning and Review Committee (renamed Maternity Improvement Committee) terms of reference;
- Reviewed Regulatory Compliance Committee reports;
- Review of Committee annual work programme.

The Committee reviews the Trust's Strategic and Corporate Risk Register at each meeting. The Committee has continued its programme of 'deep dives' into specific areas of risk from the risk register or specific requests from the Board of Directors, during 2020/21 these included:

- Cost Improvement Programme (CIP);
- Review of the risk registers and risk management processes;
- Governance review.

The following policies were reviewed by the IAGC during 2020/21:

- Overseas Patients Policy;
- Cash Collection Policy and Procedure;
- Cash Receipting Policy;
- Financial Management of Fixed Assets Policy;
- Patients Travelling Expenses Policy;
- Stock Taking Policy;
- Business Case Investment Policy;
- Policy on Procuring Non-Core Services from External Auditors;
- Anti-Fraud, Bribery and Corruption Policy;
- Review of accounting policies.

The Trust Group Company Secretary conducted an annual review of compliance against NHS Improvement's Code of Governance. The outcome of this audit is summarised on page 73 of the annual report.

Membership of the Integrated Audit and Governance Committee

The IAGC is made up of five 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 Director of Finance and Performance attends each meeting, and members of the Executive Team, the Director of Human Resources and Organisational Development, the Chief Nurse, and the Chief Medical 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 2020/21, the Committee met a total of four times.

Non-Executive members as at 31 March 2021	
Name	**Attendance actual/possible**
Barry Wilding (Committee Chair)	4/4
Sunny Adeusi	4/4
Sarah Dunnett	1/1
Jane Ollis	3/4
Other non-executives who were members during 2020/21	
Name	**Attendance actual/possible**
Wendy Cookson	2/3
Keith Palmer	1/1

* 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.

During 2020/21 monthly update briefings were held in April to July 2020, from August 2020 the Committee met monthly, the current membership consists of:

- Nigel Mansley, Chair (Non-Executive Director)
- Sunny Adeusi, Non-Executive Director
- Director of Finance and Performance
- Chief Operating Officer
- Director of Strategic Development and Capital Planning (Deputy Chief Executive)

The areas of key focus for the Committee in 2020/21 were:

- Reviewed and discussed at each meeting the monthly finance report;
- Reviewed and discussed at each meeting the monthly 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 2020/21. 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 Trust's financial and operational risks discussing the mitigating actions in place to reduce the level of these risks;
- Review of the financial plan;
- Reviewed update on business planning;
- Reviewed update on winter planning and capacity;
- Reviewed update on annual and five-year capital programme;
- Reviewed update on the Emergency Department improvement plan;
- Review of business cases and post project evaluation reviews;
- Annual review and approval of Standing Financial Instructions;
- Reviewed update on Covid-19 costs;
- Review of agency spend;
- Review of National Costs Collection 2019/20 report;
- Reviewed update on Service Line Reporting;
- Tax Treatment of Finance Leases and Lease Premium, and Corporation Tax Strategy Review;
- Regular reports noted: horizon scanning, savings and efficiencies, Strategic Investment Group;
- Review of Board Assurance Framework and performance against the Annual Strategic Priorities;
- Review of Committee annual work programme.

The Trust remains in financial special measures.

The Committee reviewed and approved its terms of reference.

An overview of the operational performance is available on page 9 and financial performance on page 15.

QUALITY COMMITTEE (QC)

The Quality Committee is responsible for providing the oversight on all aspects of quality, 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 2020/21 monthly update briefings were held in April to July 2020, from August 2020 the Committee met monthly, the current membership consists of:

- Sarah Dunnett, Chair (from February 2021) (Non-Executive Director)
- Jane Ollis, Non-Executive Director (Chair in January 2021)
- Barry Wilding, Non-Executive Director
- Chief Medical Officer
- Chief Nurse

The Trust's Chief Operating Officer is invited to attend each meeting.

A workshop was held to review the function and purpose of the Committee attended by Committee members, Hospital triumvirate teams, and representation from the Care Groups who provided feedback. This resulted in a review and revision of the Committee terms of reference and changes to attendance at future meetings that will include representatives from the Hospital triumvirate teams and Care Groups.

The areas of key focus for the Committee in 2020/21 were:

- Reviewed at each meeting the Integrated Performance Review (IPR) in relation to clinical quality improvements, and patient safety and experience;
- Reviewed at each meeting principal mitigated quality risks;
- Reviewed update report and assurance regarding the implementation of the Care Quality Commission (CQC) improvement plans in respect of progress of the actions with the CQC improvement plan, paediatrics improvement action plan, and infection prevention and control (IPC) improvement plan;
- Reviewed at each meeting IPC update report;
- Reviewed at each meeting IPC BAF report;
- Review of performance against annual quality priorities and annual objectives;
- Reports regarding mortality and learning from deaths;
- Reviewed clinical harm review report;
- Reports regarding Clinical Negligence Scheme for NHS Trusts (CNST) Maternity Incentive Scheme Safety Actions supporting the Trust's delivery of safer maternity care;
- Reports regarding activity of the Safeguarding Vulnerable Adults and Safeguarding Children services;
- Review of ward establishment/safe nurse staffing;

- Review of claims, complaints, learning from serious incidents and root cause analysis;
- Reviewed reports from the Maternity Improvement Committee;
- Oversight of the Getting it Right First Time programme of visits and progress of actions;
- Reviewed update reports on continuity of carer plans;
- Reviewed Central Alert System (CAS) Exception report;
- Review of the Quality Account/Report 2019/20;
- Review of Clinical Audit progress report;
- Review of Committee annual work programme.

The Committee received areas of escalation from:
- National Institute for Health and Care Excellence/Clinical Audit and Effectiveness Committee;
- Patient Safety Committee;
- Patient Experience Committee.

STRATEGIC WORKFORCE COMMITTEE (SWC)

The Strategic Workforce Committee is responsible for providing advice and making recommendations to the Board of Directors on all aspects of workforce and organisational development and raising concern (if appropriate) on any workforce risks that are significant for escalating.

During 2020/21 monthly update briefings were held in April to June 2020, from August 2020 the Committee met quarterly, the current membership consists of:
- Jane Ollis, Chair (Non-Executive Director)
- Non-Executive Director
- Chief Nurse
- Chief Medical Officer
- Director of Human Resources and Organisational Development

The Trust's Deputy Director of Human Resources, Assistant Director Learning and Organisational Development, and Organisational Development Adviser are invited to attend each meeting.

The critical importance of people 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 the HR performance metrics from the Integrated Performance Report (IPR);
- Review of the workforce and organisational development risks from the Trust's Corporate Risk Register;
- Reviewed performance against the BAF annual objectives;
- Reviewed update on the People Strategy;

- Reviewed report regarding the support services and resource packages available to frontline staff regarding staff health and well-being, and mental health support in response to the Covid-19 pandemic;
- Reviewed plans for staff support post-Covid with regards to post-traumatic stress disorder;
- Reviewed update report on the Trust's We Care quality improvement (QI) programme;
- Reviewed sickness absence management deep dive;
- Staff turnover and feedback from exit interviews;
- Reviewed Recruitment and Retention Strategy;
- Reviewed midwifery services workforce planning oversight report;
- Review and approval of the Workforce Race Equality Standard (WRES) and the Workforce Disability Equality Standard (WDES);
- Reviewed the Annual National Staff Survey Results;
- Reports from Medical Education and Guardian of Safe Working;
- Regular reports from the following: Integrated Education, Training and Leadership Board (IETLDB); Joint Chairs of the Local Negotiating Committee (LNC) of the British Medical Association (BMA); Joint Chairs of the Staff Committee; the Equality, Diversity and Inclusion Steering Group; Statutory and Mandatory Training, Tribunal Activity, Settlements and Redundancy; and Occupational Health Activity.

The Staff Report can be found from page 64.

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 3 times during 2020/21, the current membership is:

- Sunny Adeusi, Chair (Non-Executive Director)
- Barry Wilding, Non-Executive Director
- Chief Executive
- Director of Finance and Performance
- Chief Medical Officer
- Director of Strategic Development and Capital Planning (Deputy Chief Executive)

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, update reports on appeal and fundraising activities;
- Approval of the Charity Plan 2021/22;
- Approval of the Capital Allocation and Charitable Funds Application processes;
- Review of the Charity project plan, strategic aim, vision and framework for next six months to two years, with regards to increasing charitable funding by increasing sustainable donations and making charitable funding less restrictive;
- Review and approval changing the Charity's investment portfolio strategy, mitigating investment risks and maximising potential returns;
- Update on the Devereux Trust, property the Charity holds a share in, regarding its landlord responsibilities;
- Approval of the 2019/20 Annual Report and Accounts;
- NHS Charities Together briefing;
- 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.

The Charity was granted funds from NHS Charities Together following the National 'Covid Appeal'.

ETHICS COMMITTEE

The Ethics Committee was set up in response to the coronavirus (Covid-19) outbreak. This is an advisory Committee and has no decision-making powers. The Committee provides assurance regarding a robust framework for addressing ethical issues.

The Committee membership consists of:

- Chief Medical Officer
- Chief Nurse
- Non-Executive Director
- Clinical Directors for General & Specialist Medicine and Surgery and Anaesthetics Care Groups
- Medical Ethicist
- Head of Adult Safeguarding
- Consultant Nurse Supportive and Palliative Care

The future function and structure the Committee is being reviewed to change its purpose going forward from current Covid-19 to establishing a Clinical Ethics Committee with a broader remit.

Council of Governors

The concept of an NHS foundation trust 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 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

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 canvass 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 pandemic impacted significantly on the work of the Council, particularly in relation to engagement with the public. Council met in formal session on 9 March 2020 just as it was becoming apparent that it may be necessary for unprecedented steps to be taken in restricting public movement. As noted in last year's Annual report guidance was issued on 28 March by NHS Improvement/Engagement: Reducing burden and releasing capacity at NHS providers and commissioners to manger the COVID-19 pandemic.

The Trust took the decision to continue with Council and Board meetings, holding these virtually; Council Committees were stood down. The Trust Chair held virtual briefing meetings for governors to keep them updated on how the Trust was managing the unfolding crisis

The following measures were taken by the Board of Directors to make sure that the views of our Governors and our membership were heard during this time.

- 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 Council of Governors also received a confidential copy of the closed Board meeting agenda and

confirmed minutes to keep them abreast of all issues discussed by our Board of Directors.

- 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 via the Lead Governor.
- The Council met in formal session six times in period, albeit with shorter agendas during lockdown periods focussed on essential items. Topics covered included:
    - 2019/20 year end financial performance
    - Reports from Chairs of Council Committees
    - Trust Communication Strategy
    - Planning for governor elections
    - Communication issues raised by Council
    - A number of resolutions raised by a governor

- In closed session the Council were updated on issues involving Maternity Services and updates on the impact of the pandemic and the Trust's response.

As a result of the Covid-19 pandemic the timeframe for Trust annual reporting was delayed. This particularly impacted on Council with respect to their involvement with the Trust's annual Quality Report. Auditing of three indicators by the external auditors, including the Council chosen indicator, was cancelled for the year and the publication date moved to the end of the year. The Council provided their commentary on the content of the Quality Report (2019/20) as usual. There has been a similar impact on the Quality Report for 2020/21; quality indicators are not being audited and the content will be adjusted, though the Council will still provide a commentary.

- The Council has three 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.

There are eight voting governor members on each committee; it is 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.

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 2020/21.

Governor training

As the Council was not operating as normal for much of 2020/21 the regular range of training was not carried out. A new cohort of governors joined the Trust in March 2021 and a half day training session took place in April 2021 designed for all governors to attend. Through 2020/21 some governors were able to attend virtual events run by NHS Providers, which provided a valuable opportunity for learning and networking.

A structured training programme is being planned for 2021/22 which will include regular familiarisation sessions for Governors to learn more about specific topics relating to Trust services.

Lead governor

The 2020 election for Lead Governor and Deputy Lead Governor saw the positions taken by John East and Jane Martin respectively**.** As a result of a series of resignations within the Council there were a number of elections in period. The posts were therefore held as follows:

Lead Governor
- John East – resigned as a governor, September
- Julie Baxter – resigned as a governor, October
- Alex Lister

Deputy Lead Governor
- Jane Martin – reached the end of her term of office as a governor
- Ken Rogers

Governor changes 2020/21
A list of all Governors who served during 2020/21 is detailed in this section.

Council of Governor public meetings
Our Council of Governors met in formal session six times during 2020/21. In addition, a meeting was held in January to update the Council on the Trust's strategic plan. The Annual Members meeting took place on 15 October 2020. Due to the number of changes on the Board, together with the uncertainty as

a result of the second pandemic lockdown the annual joint meeting between Governors and Non-executive Directors was deferred from February 2021 to June 2021. A second joint meeting is scheduled for February 2022.

Details of all public meetings, agendas, minutes and papers can be found on the Trust website: **www.ekhuft.nhs.uk**

Council of Governors who served during 2020/21:

It is noted with great sadness that Jenny Chittenden, Public Governor representing Swale, passed away on 18 January 2021. Jenny was dedicated to serving her local community; a long-term health campaigner and passionate advocate for the Kent and Canterbury Hospital. Her presence on Council is truly missed.

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

Constituency	Name	Term of Office ends	In Year Change	Attendance at Council of Governor public meetings (See note to table *)
Ashford Borough Council	Jane Martin	28/02/2021	Term end	4/6
	Nick Hulme	28/02/2023		6/6
	John Fletcher	29/02/24	Elected	1/1
Canterbury City Council	Alex Lister	29/02/2024	Re-elected	6/6
	Graeme Sergeant	28/02/2023	Resigned 20/10/20	1/4
	Alex Rickets	28/02/2023	Elected	1/1
Dover District Council	John East	28/02/2023	Resigned 28/09/20	2/3
	Bernie Mayall	28/02/2021	Re-elected	4/6
	Paul Verrill	29/02/2024	Elected	0/1
Folkestone & Hythe District Council	Carl Plummer	29/02/2021	Re-elected	5/6
	Liz Baxter	05/08/2020	Elected	1/4
Swale Borough Council	Jenny Chittenden	28/02/2021	Passed away January 2020	4/5
	Ken Rogers	28/02/2021	Re-elected	6/6

	Ross Britton	29/02/2024	Elected	1/1
Thanet District Council	Marcella Warburton Paul Schofield	28/02/2023 28/02/2023		5/6 6/6
Staff	Sally Wilson Julie Pain Carla Wearing James Casha Sophie Pettifer	28/02/2023 28/02/2023 28/02/2021 29/02/2024 29/02/2024	 Resigned 08/01/2021 Term end	4/6 1/5 5/5 0/1 0/1
Rest of England and Wales	Julie Barker Chris Pink	28/02/2021 29/02/2024	Resigned 13/10/2020	4/4 1/1
University Representation (Joint appointment by Canterbury Christ Church University and University of Kent)	Debra Towes (previously Teasdale)	31/10/2020	Appointed for 3rd term by the Universities	5/6
Local Authorities	Bob Bayford	28/02/2021	Appointed for 2nd term by the Local Authorities	5/6
Volunteers working with the Trust	Nicholas Wells Linda Judd	28/02/2021 29/02/2024	Resigned 07/10/20 Appointed 1st term	4/4 1/1

Board of Directors attendance at Council of Governors meetings

Board members are invited to attend the public Council meetings in line with their roles on the Board. As it is the role of Council to hold the Non-executives to account, it is expected that several Non-Executive Directors be in attendance at Council meetings.

In 2019/20 it was practice for the Non-executive Chairs of two of the four Board Committees to attend each public Council Committee meeting in rotation.

As the agendas for Council meetings in 2020/21 were contracted, and Board Committees did not meet to the previous pattern, this practice was not followed. Non-executives attended Council dependent on the items under discussion and their responsibilities on the Board.

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
Stephen Smith	Trust Chair	21 May 2020 9 July 2020 14 August 2020 17 September 2020 11 December 2020
Jane Ollis	Non-Executive Director Deputy Trust Chair	9 July 2020 17 September 2020 11 December 2020 9 March 2021 (Interim Chair)
Nigel Mansley	Non-Executive Director	21 May 2020 17 September 2020
Sunny Adeusi	Non-Executive Director	17 September 2020
Wendy Cookson	Non-Executive Director	21 May 2020 14 August 2020 17 September 2020
Susan Acott	Chief Executive	21 May 2020 14 August 2020 11 December 2020 9 March 2021
Lee Martin	Chief Operating Officer	14 August 2020
Liz Shutler	Director of Strategic Development and Capital Planning	21 May 2020 9 March 2021

Annual Members' Meeting

The Annual Members' Meeting was also impacted by the pandemic and was held slightly later than normal, on 15 October 2020. It was run as a virtual event and attended by around 80 members of the public and Trust staff.

The Chief Executive gave a presentation on, 'What we did in 2019/20 and our aims for the future' and the Director of Finance presented the Annual Report and Accounts. There was a report from the Deputy Lead Governor. The meeting ended with an opportunity for the public to ask questions.

Details of all public meetings are available 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 651891**, 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. All Governors complete a skills audit and indicate their preference for which Committee they would prefer to serve on. Allocation to membership takes into account these skills and preferences as well as seeking to have some continuity in membership and a reasonable representation across the public governor constituencies, Staff and Partner Governors

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.

The Committee had a heavy workload during 2020/21: two Non-executive Directors reached the end of their term of office in period, as did the Trust Chair. The Non-executive Chair of the Integrated Audit and Governance Committee was due to end his term of office in May 2021 so the opportunity was taken to recruit to that vacancy early to enable a robust hand over period.

There were also three Non-executive director resignations during that time due to changes in personal circumstances. As a consequence, the number of Non-executives on the Board fell below the number of Executive directors so it was necessary to take action to address this. The Council approved a proposal to appoint to two temporary Non-Executive positions and to give voting rights to the Associate Non-executive on the Board.

In March the Council also approved a proposal that the number of Non-executive positions on the Board be increased to nine, including the Trust Chair. This step required a change in the Constitution which it is anticipated will be approved by formal vote in both Council and Board during May. The

Nominations and Remuneration Committee therefore undertook a further recruitment to be able to appoint to the full complement of Non-Executive Directors by 1 June.

During 2020/21, on the committee's recommendation, the Council of Governors endorsed the following:

Appointments

- Re-appointment of Jane Ollis for a further three year period as a Non-Executive Director. Jane also holds the post of Deputy Trust Chair.
- Re-appointment of Nigel Mansley for a further three year period as a Non-Executive Director
- Appointment of Niall Dickson, CBE, to the post of Trust Chairman as of 5 April 2021.
- Appointment of Luisa Fulchi, Olu Olasode and Martin Jolly as Non-Executive Directors as of 1 April 2021.

Temporary measures

- Professor Chris Holland, Associate Non-Executive Director representing the Kent and Medway Medical School, held voting rights from 1 January 2021 to 31 March 2021.
- Chris Corrigan was appointed as a temporary Non-executive Director from 1 January 2021 to 31 March 2021.
- Sarah Dunnett was appointed as a temporary Non-executive Director from 1 January 2021 to 31 March 2021. This was later extended to 31 May 2021 for continuity purposes as Sarah chaired the Board' Quality Committee.

Details of all our Non-Executive directors who served during 2020/21 can be found on page 19.

Council of Governors Nominations and Remuneration Committee members 2020/21

Committee Members		*Attendance
Debra Towse	Partner Governor, Universities	5/5
Ken Rogers	Elected Governor, Swale	4/5
Marcella Warburton	Elected Governor, Thanet	5/5
Julie Pain	Elected Governor, Staff	1/3
Alex Lister	Elected Governor, Canterbury	2/2
Carl Plummer	Elected Governor, Folkestone & Hythe	5/5
Jane Martin	Elected Governor, Ashford	5/5
Nick Wells	Partner Governor, Volunteers	2/2
John East	Elected Governor, Dover	1/2

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

Audit and Governance Committee (AGC)

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.

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

The timeframe for producing the Trust's Quality Report for 2019/20 meant that the Council's Commentary on the report was drafted by the AGC, for approval by Council, during December 2020. The AGC received a presentation from the Trust's external auditors at their meeting in September 2020. A planned review of the Trust's constitution has been deferred to 2021/22.

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 2020/21 the Committee met only twice - in the period between the two waves of the pandemic. There was little opportunity for direct engagement with the public during the pandemic, however, 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.

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 with the Trust 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 through routine Trust communications. Staff members cannot be concurrent members of any public constituency.

Engaging and recruiting our members

The current Membership and Members Engagement Strategy for 2019 – 2020 was ratified at the Full Council meeting on 5 August 2019 2019. The MECC overseas the implementation of the strategy and is focussing on increasing opportunities for engagement between elected Staff and Public Governors and their members. It is recognised that the Strategy will need to be revised in light of the impact of the pandemic.

Membership Report for East Kent Hospitals University NHS Foundation Trust from 01/04/2020 to 31/03/21			
Public constituency		**Population**	**Percentage**
As at start (April 1 2020)	10,652	820,864	1.3
New members	100		
Members leaving	116		
At year end (March 31 2021)	10,636	826,888	1.3
Staff constituency			
As at start (April 1 2020)	7,537		
At year end (March 31 2021)	8,371		

Public constituency			
Age(years):			
0 – 16	2	160,077	-
17 – 21	44	49,026	0.09
22+	8,281	617,785	1.3
Date of birth not provided	2.309		-
Ethnicity:			
White	8,681	720,670	1.2
Mixed	133	10,290	1.3
Asian	496	18,849	7.8
Black	252	6,461	3.9
Other	67	2,495	2.7
Not stated	1,007		
Socio-economic groupings:			
AB	2,881	69,346	4.2
C1	3,141	110,906	2.8
C2	2,260	79,865	2.8
DE	2,297	89,740	2.6
Gender analysis:			
Male	3,048	406,583	1.8
Female	7,429	420,303	1.8
Transgender	1	-	-
Not stated	159		-

Staff report

The Trust (minus its subsidiaries) has 8,951 employees. Due to the flexible working practices encouraged by the Trust this amounts to a total of 8,112.52 whole time equivalent posts. The majority of staff are female, which is consistent with the pattern of employment across the NHS.

The Trust continues to be representative of its local community with 65% of employees having a white British ethnic origin and 19% of employees having a minority ethnic origin reflecting the diversity of its patient population. 16% 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. During the pandemic we had regular virtual all staff briefings due to the requirements of social distancing, led by the Chief Executive or an executive colleague with the facility for staff to ask any questions.

Our We Care quality improvement programme has built in “Gemba visits” to front-line teams with our Executive and senior leaders using a coaching approach to “go, see and listen”.

We developed a microsite of our website dedicated to information and support staff needed through the pandemic with daily email updates, seven days a week, at the height of Wave 1. This was in addition to our regular, consistent communications, such as the weekly staff newsletter, desktop “wallpaper”, campaigns and resources and a weekly message from the Chief Executive.

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, the latter highlighted by the CQC in 2018 as an area of outstanding practice.

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 covering areas such as discipline, performance management, sickness management, redeployment and organisational change.

Head count

Ethnic Origin	Exec Director	Non Exec Director & Chair	Non Board Members	Grand Total
A White - British	5	4	5271	5280
B White - Irish			71	71
C White - Any other White background			476	476
D Mixed - White & Black Caribbean			29	29
E Mixed - White & Black African			8	8
F Mixed - White & Asian			39	39
G Mixed - Any other mixed background			55	55
H Asian or Asian British – Indian			558	558
J Asian or Asian British – Pakistani			64	64
K Asian or Asian British - Bangladeshi			26	26
L Asian or Asian British - Any other Asian background			359	359

M Black or Black British – Caribbean			46	46
N Black or Black British – African		1	277	278
P Black or Black British - Any other Black background			38	38
R Chinese			50	50
S Any Other Ethnic Group			142	142
Z Not Stated	3	1	1428	1432
Grand Total	8	6	8937	8951

Gender	Executive Director	Non Exec Director & Chair	Non Board Members	Grand Total
Female	6	2	7021	7029
Male	2	4	1916	1922
Grand Total	8	6	8937	8951

Full-time	Part-time	Grand total
6394	2557	8951

Fixed term contracts	Internal secondment	Out on external secondment - paid
786	109	1

Trade Union Facility Time

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
85	8951

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	55
1-50%	30
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£23,045.40
Provide the total pay bill	£421,104,000
Provide the percentage of the total pay bill spent on facility time, calculated as (total cost of facility time ÷ total pay bill) x 100	0.01%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0

Staff survey

The NHS staff survey is conducted annually. From 2018 onwards, the results from questions are grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2020/21 survey among trust staff was 42% (2019/20: 54%). Scores for each indicator together with that of the survey benchmarking group (Acute Trusts) are presented below.

	2020/21		2019/20		2018/19	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	8.8	9.1	8.9	9.0	8.8	9.1
Health and wellbeing	5.5	6.1	5.5	5.9	5.3	5.9
Immediate managers	6.5	6.8	6.7	6.8	6.4	6.7
Morale	5.7	6.2	5.9	6.1	5.7	6.1
Quality of appraisals	Not measured in 2020		5.6	5.6	5.1	5.4
Quality of care	7.2	7.5	5.6	5.6	5.1	5.4
Safe environment - Bullying and harassment	7.3	8.1	7.4	7.9	7.2	7.9
Safe environment - violence	9.4	9.5	9.4	9.4	9.5	9.4
Safety culture	6.2	6.8	6.5	6.7	6.3	6.6
Staff engagement	6.5	7.0	6.7	7.0	6.5	7.0
Team Working	6.2	6.5	6.5	6.6	Not measured in 2018	

The Trust's results from the 2020 survey demonstrate a reduction in response rate from the previous year and, on the whole, a more disappointing picture overall.

However, there were areas where things had improved, such as:

- More colleagues were satisfied with the quality of care they can give
- Fewer colleagues came to work when feeling unwell
- More colleagues felt the organisation takes positive action on health and wellbeing

Due to the impact of Covid-19, work during 2020 focused on supporting the physical, emotional and psychological health of staff. A researched and evidenced-based programme of support was developed and implemented which focused on self-help, peer support and psychological support. This programme is ongoing and will be strengthened and extended by the development of a Staff Experience team (comprising Wellbeing, Equality, Diversity & Inclusion and Staff Engagement roles).

Future priorities and targets

Following the publication of the 2020 staff survey results, each clinical Care Group, site and corporate team has been presented with their results. The presentations were tailored to the group and compared their results to previous years and the Trust as a whole. The presentations also identified any specific 'hot spots' for the group.

Each group was asked to consider plans to incorporate their priority areas from the following:

- Staff engagement (motivation, involvement, advocacy)
- Care/quality of care
- Managers and team working
- Health & Wellbeing
- Bullying & Harassment

Plans will be developed to support and align with the 'We care' approach, with the aim of increasing the staff engagement score. Progress will be monitored as part of the regular cycle of performance reviews.

Employee sickness absence

Sickness absence data is published by NHS Digital and can be found here: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

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 also to small and medium businesses. The occupational health service has SEQOHS (Standard of Excellence and Quality) accreditation.

Our services include work-related health checks with pre-commencement screening, and vaccination and immunisation programmes. 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 cognitive behavioural therapy for mental wellbeing, and advice, information and counselling through our Employee Assistance Programme. Stress management, Mental Health First Aid training and awareness is offered by the service Wellbeing Advisor.

The guidance and immunisation programme that the Occupational Health team of doctors and nurses and administrative staff provide have come to a fore this year in relation to advising managers and staff members on COVID-19 risk and vulnerability with the team commencing the delivery of the COVID-19 vaccination programme in the first hospital vaccination hub in Kent & Medway from December 2020.

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, senior managers and peer vaccinators.

Recruitment and retention

Recruitment and retention of our staff is a key priority and supports our strategic aim to deliver “great healthcare from great people”.
We have continued our efforts and commitment to the overall reduction in our vacancy rates whilst ensuring we are focused on the attraction of candidates from a wider pool of candidates. We have aligned our recruitment plans to support the national people plan and a critical focus has been on international nurse attraction, onboarding and retention. The vacancy rate has continued to decrease whilst the funded establishment for the Trust has increased.

A focus on ‘how’ we recruit has taken place and notably changed our recruitment and support of health care support workers, helping us to both appoint, train and retain candidates. The recruitment matrons have been pivotal in both developing the way we recruit and working with stakeholders on retention.

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 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. Alongside this we have maintained a focus on how our international candidates are welcomed and onboarded.

Diversity and Inclusion Policy

The Trust is committed to equality, diversion and inclusion, promoting recruitment and selection processes that are open, fair and transparent. We will not discriminate on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, and sex or sexual orientation

Candidates for employment or promotion will be assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability.

The Trust supports and engages with our BAME (Black, Asian and Minority ethnicity), LGBTQ+ (Lesbian, Gay, Bisexual, Transgender and querying, plus) networks and our staff disability council. Our networks meet regularly and join collectively for our bi-monthly Equality, Diversity and Inclusion Steering Group which is incorporated into our governance framework and reports to our Strategic Workforce Committee, Patient Experience Group and Quality Committee.

We work in partnership with our networks and Disability Council through the Equality, Diversity and Inclusion Steering Group to discuss the analysis of data for our Gender pay gap, Workforce Race Equality Standards and our Workforce Disability Equality standards responsibilities, and identify actions to address our priorities for the coming year.

We held our first diversity and inclusion annual conference in February 2020 to engage and develop our network membership and raise awareness of pertinent issues amongst colleagues and senior leaders. We are currently planning our second conference to be held in September 2021.

We value partnership working to improve the experience at work or in applying for roles within our Trust and are active members of the Kent Surrey and Sussex Inclusion network. The Trust is a member of the NHS Employers Diversity and Inclusion Partners Programme.

Managers' guidance on redeployment

Employees cannot be redeployed into a position which attracts a higher band/grade than their substantive position with the exception of individuals

who are looking for redeployment as a reasonable adjustment as advised by the occupational health team and who are deemed to be disabled for the purpose of the Equality Act 2010.

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)	2016/17	2017/18	2018/19	2019/20	2020/21
Accident / fall (staff or visitors only)	573	509	440	601	660
Breach of confidentiality / data protection / computer misuse	570	434	523	544	394
Facilities / estates issues	318	304	288	292	270
Fire including false alarm	200	174	160	170	163
Manual handling	128	93	106	109	85
Security	988	898	957	940	1529

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 reviewed the Trust's assessment at a meeting held in May 2021.

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 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.	Accountability Report: Director's Report Council of Governors' Report
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. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Accountability Report: Council of Governors' Report
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	Performance report:

	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).	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; • 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.	Accountability Report: Integrated Audit and Governance Committee Report Annual Governance Statement 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 2019/20

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 Oversight Framework

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

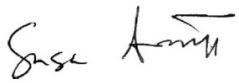
- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

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
East Kent Hospitals University NHS Foundation Trust has been placed in segment 4 by NHS Improvement. This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

As set out in the Annual Governance Statement the Trust was placed in Financial Special Measures in March 2017 and has agreed financial undertakings with NHS Improvement. Details of these and the actions being taken to improve can be found on page 11.

Susan Acott, Chief Executive



23 June 2021

Statement of accounting officer's responsibilities

Statement of the chief executive's responsibilities as the accounting officer 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 Improvement***.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, 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 Group Accounting Manual*** and in particular to:

- observe the Accounts Direction issued by ***NHS Improvement***, 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***.

Susan Acott, Chief Executive

Date: 23 June 2021

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 University 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 University NHS Foundation Trust for the year ended 31 March 2021 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 Chief Medical Officer and Chief Nurse and Director of Quality and Patient Experience, who lead jointly on clinical risk management; the Hospital Medical Director (William Harvey Hospital) who is the Caldicott Guardian; the Director of Finance and Performance 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 Director of Human Resources who is responsible for staffing and workforce risks, the Deputy Chief Executive/Director of Strategic Development and Capital Planning who is responsible for health and safety. 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 Risk 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 informs the Board at monthly intervals, 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 risk management process.

The Integrated Audit and Governance Committee, Strategic Workforce Committee, Finance and Performance Committee and Quality Committee receive 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 Board of Directors monthly. This information is augmented by a quarterly and annual aggregated report on incidents, complaints and claims, which outlines lessons learned from such events.

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 Quality Committee and the Patient Safety Committee quarterly.

The risk and control framework

The Trust has in place a Risk Management Strategy and Policy, last reviewed and approved by the Board in March 2020, this applies to all Trust staff and sets out the Trust's approach to managing clinical and non-clinical risks. The Trust is undertaking a review of its risk processes and as such the annual review of the Strategy and Policy has been deferred until July 2021. The Trust also has in place a Risk Management Handbook which provides a detailed guide to understanding the Risk Management process. The Clinical Executive Management Group has overall responsibility for risk management and is supported in relation to clinical risk by the Patient Safety Committee and the Risk Group for the operational management and escalation of risk from the Care Groups; both committees meet monthly.

The Strategic Health and Safety Committee is responsible for the health and safety of employees, visitors and contractors. Monthly reports are received from the site-based Health and Safety Committees that report directly to the Clinical Executive Management Group.

The Integrated Audit and Governance Committee scrutinise the effectiveness of the process and in respect of quality and safety risks the Quality Committee receive reports and assurance from the Patient Safety Committee and scrutinise 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. Not only are the Care Groups key risks discussed but the agenda focuses on exception reporting and therefore risk is 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's 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 was agreed by the Board of Directors in March 2019. Those risks that fall outside of the Trust's risk appetite are escalated to the Board of Directors for review. Health and Safety risk assessment tools are available on the Trust's intranet and it forms an integral part of the Health and Safety Policy.

The Board Assurance Framework (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 strategic priorities 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 quarterly basis through the committee structure to the Board. The end of year BAF was received by the IAGC and 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 Strategic and Corporate Risk Registers, over the year under review were:

Emergency Care
Urgent Treatment Centres may not become established resulting in increased demand on ED. Overcrowding in ED compromising patient safety and patient experience

Staffing
Attracting, recruiting and retaining substantive staff
Effective leadership and management

Staff health and wellbeing due to covid-19 pandemic

Clinical governance and safety culture
Potential patient harm due to poor medicines management
Sub-optimal quality of care and patient experience in maternity and children's services
Risk to delivery of patient care due to covid-19 pandemic

Planned Care
Delivery of the operational constitutional standards

Estate 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 Improvement 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 Financial Special Measures (FSM). 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:

- FT4(4)(c) The Trust has established and implemented clear reporting lines and accountabilities throughout the organisation
- FT4(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 Commissioning Board 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.
- FT4(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
- FT4(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
- FT4(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
- FT4(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
- FT4(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 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.

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

- If the Trust does not develop a positive and inclusive culture this will impact its ability to recruit and retain staff with the right skills;
- Inability to attract, recruit and retain high calibre staff (substantive) to the Trust;
- If leadership and management is not effective staff may not be engaged to deliver a high quality, caring service
- Constitutional Standards / access - Patients may decline a date within breach and choose to delay their treatment until after their 52 week breach date; Due to lack of capacity in tertiary centre patients may breach the 62 day standard waiting on diagnostic or treatment.

Deloitte LLP undertook a well-led review during 2019/20; this was reported to the Board in November 2019. The report acknowledged that the recommendations covered areas that the Board was already progressing and in some instances the recommendation related to further embedding.

NHS England / Improvement commissioned a governance review which commenced in August 2020 and reported to the Board in December 2020. This resulted in a number of recommendations, implementation of which is through the Governance Improvement Group (GIG) and reports on progress are taken to the Board every other month. GIG is a task and finish group and the Board anticipates that the work should be concluded by the end of summer 2021. The recommendations focus on:

- Executive portfolios, alignment and impact on governance
- Governance structures to support the Trust in being well-led with a focus on quality governance and Care Group governance
- Board and Committee governance – with a focus on the purpose of the meetings
- Line of Sight from Ward to Board as Well as Linkages across the Organisation – with a focus on reporting and escalation
- Staff and Patient Engagement and Learning in the Organisation
- Risk management – with a focus on simplification of the process and governance.

The Board will self-certify its Corporate Governance Statement following a robust process of review through the IAGC. The full Provider Licence is reviewed by the Integrated Audit and Governance Committee noting the risks identified above and a recommendation on compliance made to the Board for approval. The self-certification is available on the Trust's website along with the full Provider Licence compliance document approved by the Board. This outlines in detail the evidence and assurance the Board has that the risks to its Provider Licence are mitigated as much as possible.

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

During 2020 to 2021 the CQC inspected the Trust on three occasions.

On 11 August 2020 the CQC inspected infection prevention and control at WHH. The CQC identified significant concerns resulting in the Trust being issued with a Section 31 notice and the requirement to report on a weekly basis to the CQC. A rating of inadequate was placed on the Safe rating for urgent and emergency care (UEC) and medical care.

A re-inspection of infection prevention and control at WHH and also QEQM was undertaken on 2 March 2021. This resulted in the Section 31 notice and associated reporting being lifted. Ratings remained unchanged as this was a focussed inspection.

At the same time, on 1 and 2 March 2021 an inspection of winter pressures in the emergency departments was undertaken at WHH and QEQM. This resulted in the ratings for Safe for UEC at WHH improving to Requires Improvement. Two Must Do requirements were issued for WHH and both of these have been addressed.

The Trust overall ratings are:

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

Overall ratings for each site are shown below. K&C was last inspected in May 2018 and Dover and Folkestone last inspected in July 2015.

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

NHS England Conflicts of Interest Guidance
The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months as required by the 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 Strategic Workforce 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, great place to work, recruitment &

retention and staff survey improvements. Specifically, this is in preparation for the public consultation in relation to the clinical strategy, the opening of the Trust Hyper Acute Stroke Unit in 2021 and the improvement and safe delivery of our clinical services whilst the long term strategies are agreed and implemented. 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 our Agency Taskforce group and regular temporary staffing discussions 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 Nurse 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 profile. In this way the national tools (Shelford, Hurst) and professional judgement support safe staffing management.

The Trust Corporate Retention Group 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 Strategic Workforce Committee receive reports on the annual staff survey findings and are informed of progress with the actions identified to resolve issues reported. 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 currently producing plans for 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
Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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 absolutely committed to preventing slavery and human trafficking in our corporate activities, and to ensuring that our supply chains are free from slavery and human trafficking. The statement is on the Trust's website here.

CARBON REDUCTION
The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES
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 the Management Reporting, BAF and the Boards Committees of the IAGC and the Finance and Performance Committee (FPC). While the priority in 2020/21 has been the operational response to Covid-19 pandemic, a number of existing financial control measures have been maintained. These include the use of monthly executive performance reviews which are the main forum for performance management of the Care Groups. Underlying this structure there is a comprehensive system of budgetary control and reporting, and the assurance work of both the 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 upon the achievement of approved annual audit plans that specifically include economy, efficiency and effectiveness reviews. This year the IAGC requested reports from Executive Directors in operational areas including:

- Annual Report and statutory declarations
- Risk Management Strategy and Policy
- Highest mitigated strategic risks and full Corporate risk register
- Risk maturity self-assessment
- Standing Financial Instructions
- Single Tender Waivers
- Information Governance Toolkit, The EU General Data Protection Regulation
- Deep dive on specific risks including the Trust's Cost Improvement Programme (CIP)
- 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 has presented to the FPC the planning documents for 2020/21 and regular updates on cost improvement plans. In addition, the FPC received regular cash management updates. The Board of Directors also receives both performance and financial reports at each meeting, along with reports from its Committees to which it has delegated powers and responsibilities.

In March 2020 NHSEI undertook a Use of Resources assessment to understand how effectively the Trust is using available resources to provide high quality, efficient and sustainable care for patients. The outcome of the assessment was that the Trust was rated as 'good', which is the second highest rating and NHSEI noted that the Trust demonstrated good evidence of productivity including examples of innovative practices and stabilisation of its financial position.

INFORMATION GOVERNANCE

The Trust had 3 information governance breaches that were reported to the ICO in 2020/21.

- A patient's (who is also a Trust Staff Member) confidentiality was breached by Trust Emergency Department and Security Team members. The patient's colleague reportedly viewed the patient's information inappropriately on a computer screen. Other members of

their work team were advised that the staff member was an inpatient without her consent.

- No contact details on Trust records for child patient's guardian (pre-adoption) but contact details for the child's prospective adoptive parents were showing. After consultation with the Trusts Data Quality Team it is believed that cause of the source of the incorrect contact details for the patient is the patient's GP.

- A postal worker removed several sacks of internal mail from the post room at the Queen Elizabeth Queen Mother Hospital in Margate, Kent. The post room was unoccupied at the time. The service is managed by East Kent Hospitals NHS Foundation Trust subsidiary services company 2gether Support Solutions (2SS).
  The ICO was satisfied with the reporting and investigation of each of these incidents.

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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust followed NHS England / Improvement guidance and direction during 2020-21, their letter Reducing the Burden and Releasing Capacity dated March 2020 and therefore governance was scaled back with a focus on quality governance. The Trust maintained its Board Committee structure but with a reduced membership and agenda. In addition the Trust added weekly informal briefings for the non-executive directors and there were more information discussions between the Non-Executive Chairs of committees and the relevant Executive Lead. In addition the Trust set up Gold Command that met daily during the height of the pandemic and has since been scaled back whilst the NHS moves to the restore and recovery phase.

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 Risk Group, chaired by the Chief Nurse and Director of Quality and Patient Experience and their work is

provided in more detail in the risk sections of this Annual Governance Statement. The

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 now well established with priority 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 Quality Committee and thereafter the Board of Directors. The Integrated Audit and Governance Committee provide assurance over the process.

The Board Assurance Framework (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 adequate assurance on the processes around the BAF. The Trust has reviewed its strategic priorities under We Care and for 2021-22 a new format and process will be in place.

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 strategic risks to the Trust 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 Integrated Audit and Governance Committee to the Board on the Board Assurance Framework and achievement against our annual priorities;
- Chair reports from the Board Committees.

A report from the Integrated Audit and Governance Committee on their work is included in the Accountability Statement in the Annual Report along with 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 Committee
- Finance and Performance Committee
- Strategic Workforce Committee.

The Regulatory Compliance Committee was stood down for 2020 due to the Covid19 response but started meeting again in January 2021; its remit is to oversee compliance with regulatory standards that apply to the Trust and the services it provides. This will include compliance with the Care Quality Commission regulations; NHS Improvement Provider Licence; NHS Foundation Trust Governance Code; Health & Safety Executive; and other Professional Regulatory Bodies who inspect / accredit Trust services (External Visits).

Due to the Covid19 response Board development was halted in September 2020 but this will be reinvigorated for 2021-22 to support improving the Board's effectiveness.

The Board reviews performance against its strategic objective and associated risks on a quarterly basis. The Trust continues to embed its use of 4Risk, with Care Groups presenting their risks at the Quality and Risk Reviews and on a rotational basis to the Risk Group.

The Board received reports on patient safety and experience and the 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 IPR includes metrics covering key relevant national priority indicators and a selection of other metrics covering safety, clinical effectiveness, patient experience and valuing staff. 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.

Head of internal audit opinion
Based on the work undertaken in 2020/21, our Internal Auditors, RSM, found that there is a generally sound system of internal control, designed to meet the Trust's objectives, and controls are generally being applied consistently.

They provided either a substantial or reasonable level of assurance in most of the areas reviewed, with the exception of partial assurance opinions assigned to Data Quality (Referral to Treatment) and the Maternity Action Plan. This means that the Board can take partial assurance that the controls to manage risks were suitably designed and consistently applied, and that action was needed to strengthen the control framework to manage the identified Risks.

RSM have provided either a substantial or reasonable level of assurance in the following areas of review:

- Financial Governance
- Capital Project Management
- Statutory & Mandatory Training
- Financial Systems
- Payroll
- Covid learning – Post Wave 1
- Remote Working Arrangements
- Board Assurance Framework
- Overseas Recruitment & Retention
- Maternity Action Plan Women's Health Care Group – Locum processes.

Advisory
RSM issued one Advisory report relating to Risk Management. One "high" priority recommendation around overdue policies was agreed. An action plan has been developed and Progress against this will be monitored by the Trust Executive team supported by instructions to policy owners where necessary to ensure these are updated according to agreed timescales. This was a known issue and both the Integrated Audit and Governance Committee and Quality Committee are seeking assurance on progress.

Follow up of Management Actions
During the year RSM followed up on the implementation of management actions with progress reported to each Audit Committee. They concluded that there has been reasonable progress overall in implementing actions set out. At the time of preparing this opinion, of the 20 management actions on the tracker – 6 actions had been implemented, 5 actions (including one high priority action on risk management relating to overdue policies) were in the process of being implemented but were nonetheless overdue, and the remainder were not yet due.

SIGNIFICANT CONTROL ISSUES
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 2020-21 the Trust is highlighting the following significant control issues in respect of its maternity services which led to NHS Improvement / England engaging Sir Bill Kirkup to undertake a review. The Trust is focussed on reviewing and improving its maternity services supported centrally by the Maternity Safety Support Programme.

The Maternity Safety Support Programme is an improvement intervention to support the Trust. It is designed nationally specifically for circumstances such pertinent to the Trust currently. The Programme is supported by the Chief Midwifery Officers National Team in partnership with the NHS England and NHS Improvement (NHSE/I) Regional Offices of the South East.

This Programme involves assisting the Trust in addressing the concerns identified by the Healthcare Safety Investigations Branch, the Care Quality Commission and NHS E/I.

The Maternity Improvement Committee has been established to oversee the effective and evidenced implementation of the resulting action plan. The Committee reports directly to the Board – the reports from which can be found on the Trusts website.

The Review started on 23 April 2020 and is due to conclude around Autumn 2022; the outcome will be published once available along with the Trust's response and an update on the improvements made.

There were two partial assurance internal audit reports, as highlighted in the Head of Internal Audit Opinion and these are considered as significant control issues.

Data Quality (Referral To Treatment) – Partial Assurance
As part of this review a sample of 75 patients were tested which formed part of the Trust's RTT pathway reporting from across the three main hospital sites. Of the 75, there were 24 cases identified as having issues which could potentially impact the overall reporting of RTT performance.

The exceptions identified during testing would have a range of impacts to the reporting of collated performance and with both a positive and negative effect on the RTT pathway reporting. Based on the sample there was no suggestion of any attempt to manipulate performance. The three management actions raised during this review, all identified
during sample testing, related to evidence to support the RTT reporting position, patients being included within RTT performance reporting when they are not within the scope of RTT, and verification of clock start and stop times.

When assigning the partial assurance opinion RSM considered the effectiveness of controls in place including policy documentation, reporting frameworks, along with roles and responsibilities of the teams having an input to RTT data quality. The opinion was based on the outcome of sample testing where 32% (24 of 75) of the sampled cases contained issues.

Since the review was undertaken the management actions raised have been implemented.

Maternity Action Plan – Partial Assurance
Following on from the Regulation 28 report under the Coroners and Justice Act 2009 in February 2020 that set out recommendations arising from the inquest into baby deaths at the Trust, the Trust developed a policy and procedure for locum doctors that was approved and ratified by the Policy Authorisation Group in May 2020.

RSM undertook sample testing of 25 locums across the Women & Children, Urgent & Emergency Care and General & Specialist Medicine Care Groups. Some good practice was identified, including evidence that Consultants had in most cases undertaken induction of locums, and in most cases an appropriate level of information was being held on file in
relation to the locum. However, testing identified areas where improvement was needed such as records not being available for a locum in General & Specialist Medicine, locum references and CVs not always being kept on file with evidence of Consultant review, and difficulty in evidencing that the locum had undertaken a minimum one- day shift under supervised practice. Following discussion with the Trust Medical Director, consideration was to be

given to developing a centralised booking team to help ensure improvement in these areas.

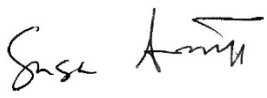
A Part 2 review of locum arrangements relating to Women's Health Care Group covering the period from November 2020 onwards was completed and provided substantial assurance. Similar follow up reviews are planned across the other Care Groups and will be reported back in 2021/22.

The Healthcare Safety Investigation Branch (HSIB) reported to the Trust early 2020 and following on from this RSM agreed with Management to carry out testing on two of the recommendations from the report – the testing confirmed from review of the evidence provided that sound progress was being made against these recommendations.

Management also requested that RSM review the evidence around implementation of actions from two Serious Incidents relating to pending neonatal deaths going to inquest. RSM confirmed that the evidence reviewed supported the actions that were in place.

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.

Signature:



Susan Acott,
Chief Executive
Date: 23 June 2021

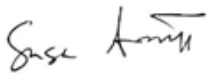
East Kent Hospitals University NHS Foundation Trust

Annual accounts for the year ended 31 March 2021

Foreword to the accounts

East Kent Hospitals University NHS Foundation Trust

These accounts, for the year ended 31 March 2021, 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 **Mrs S Acott**
Job title **Chief Executive**
Date **23 June 2021**

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 2021, 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 2020 to 2021.

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 2021 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 2020 to 2021; 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 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 2020 to 2021 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 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group 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.

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.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 2020/21 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

•the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006 ; and

•based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

• we issue a report in the public interest under 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 and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basisset out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2020/21, 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 group and Trust without the transfer of its services to another public sector entity.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

•We obtained an understanding of the legal and regulatory frameworks that are applicable to the 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 2020 to 2021).

•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, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included evaluating the risk of management override of controls, the risk of improper revenue recognition and the risk of fraud in expenditure recognition. For both management override and the risk of fraud in expenditure recognition we determined that the principal risks were in relation to journal entries and management bias in the calculation of estimates; for the risk of improper revenue recognition we determined that the principal risk related to journal entries:

- we considered all journal entries for fraud and set specific criteria to identify entries we considered to be highrisk. Such criteria included journals where the value was large compared with the average value for journals on that account code during the year, and journals containing keywords which might indicate fraud. We also specifically considered journals posted by senior finance management. In considering the risk of management bias we assessed which estimates were most at risk of manipulation and concluded that the highest risk related to year end accruals. We performed an initial qualitative review of year end accruals to select higher risk items for testing. We performed a further qualitative review to direct our testing in responseto the outcomes from our initial work.

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 the journals deemed to be high risk
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of property, plant and equipment valuations and expenditure recognition.
- 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

•The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and/or expenditure recognition, and the significant accounting estimates relating to accruals and the valuation of property, plant and equipment

•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 Trust operates
- understanding of the legal and regulatory requirements specific to the Trust including:

  -the provisions of the applicable legislation

  -NHS Improvement'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, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- The group and the 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.

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 2021.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

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

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

We cannot formally conclude the audit and issue an audit certificate for East Kent Hospitals University NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the 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

13 July 2021

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

In our auditor's report issued on 13 July 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2021 issued on 13 July 2021 we reported that, 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 2021 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

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

Report 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 2021.

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.

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 April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of East Kent Hospitals University NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 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

7th September 2021

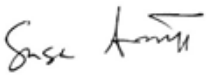
Consolidated Statement of Comprehensive Income

		Group		Trust	
		2020/21	2019/20	2020/21	2019/20
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	695,130	608,481	682,466	595,056
Other operating income	4	110,637	51,513	111,958	55,448
Operating expenses	6, 8	(802,893)	(699,253)	(793,489)	(691,591)
Operating surplus/(deficit) from continuing operations		**2,874**	**(39,259)**	**935**	**(41,087)**
Finance income	11	1	262	2,326	2,667
Finance expenses	12	(6)	(3,880)	(3,038)	(7,137)
PDC dividends payable		(6,303)	(2,373)	(6,303)	(2,373)
Net finance costs		**(6,308)**	**(5,991)**	**(7,015)**	**(6,843)**
Corporation tax expense		(829)	(981)	-	-
Deficit for the year from continuing operations		**(4,263)**	**(46,231)**	**(6,080)**	**(47,930)**
Deficit for the year		**(4,263)**	**(46,231)**	**(6,080)**	**(47,930)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	7	(3,359)	(270)	(3,359)	(270)
Revaluations	17	5,847	3,874	5,847	3,874
Total comprehensive expense for the period		**(1,775)**	**(42,627)**	**(3,592)**	**(44,326)**
Deficit for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(4,263)	(46,231)	(6,080)	(47,930)
TOTAL		**(4,263)**	**(46,231)**	**(6,080)**	**(47,930)**
Total comprehensive expense for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(1,775)	(42,627)	(3,592)	(44,326)
TOTAL		**(1,775)**	**(42,627)**	**(3,592)**	**(44,326)**

Statements of Financial Position

		Group		Trust	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	14	4,972	4,355	4,966	4,347
Property, plant and equipment	15, 16	297,774	251,685	292,135	246,660
Other investments / financial assets	18	-	-	30,314	30,314
Receivables	20	1,281	1,871	65,082	68,586
Total non-current assets		**304,027**	**257,911**	**392,497**	**349,907**
Current assets					
Inventories	19	8,708	8,992	4,198	4,118
Receivables	20	18,479	35,071	20,802	38,525
Cash and cash equivalents	21	78,681	25,668	67,943	13,893
Total current assets		**105,868**	**69,731**	**92,943**	**56,536**
Current liabilities					
Trade and other payables	22	(92,933)	(70,546)	(91,243)	(63,724)
Borrowings	24	-	(134,434)	(6,639)	(140,840)
Provisions	26	(3,826)	(1,088)	(3,826)	(1,088)
Other liabilities	23	(13,247)	(6,462)	(13,210)	(6,483)
Total current liabilities		**(110,006)**	**(212,530)**	**(114,918)**	**(212,135)**
Total assets less current liabilities		**299,889**	**115,112**	**370,522**	**194,308**
Non-current liabilities					
Trade and other payables	22	(201)	(86)	-	-
Borrowings	24	(7,717)	(7,717)	(85,684)	(92,315)
Provisions	26	(3,171)	(3,559)	(3,171)	(3,559)
Total non-current liabilities		**(11,089)**	**(11,362)**	**(88,855)**	**(95,874)**
Total assets employed		**288,800**	**103,750**	**281,667**	**98,434**
Financed by					
Public dividend capital		394,480	207,655	394,480	207,655
Revaluation reserve		61,260	58,772	59,190	56,702
Income and expenditure reserve		(166,940)	(162,677)	(172,003)	(165,923)
Total taxpayers' equity		**288,800**	**103,750**	**281,667**	**98,434**

The notes on pages 14 to 57 form part of these accounts.



Susan Acott
Chief Executive
Date **23 June 2021**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**207,655**	**58,772**	**(162,677)**	**103,750**
Deficit for the year	-	-	(4,263)	**(4,263)**
Impairments	-	(3,359)	-	**(3,359)**
Revaluations	-	5,847	-	**5,847**
Public dividend capital received	186,825	-	-	**186,825**
Taxpayers' and others' equity at 31 March 2021	**394,480**	**61,260**	**(166,940)**	**288,800**

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**200,707**	**55,168**	**(116,446)**	**139,429**
Deficit for the year	-	-	(46,231)	**(46,231)**
Impairments	-	(270)	-	**(270)**
Revaluations	-	3,874	-	**3,874**
Public dividend capital received	6,948	-	-	**6,948**
Taxpayers' and others' equity at 31 March 2020	**207,655**	**58,772**	**(162,677)**	**103,750**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**207,655**	**56,702**	**(165,923)**	**98,434**
Deficit for the year	-	-	(6,080)	**(6,080)**
Impairments	-	(3,359)	-	**(3,359)**
Revaluations	-	5,847	-	**5,847**
Public dividend capital received	186,825	-	-	**186,825**
Taxpayers' and others' equity at 31 March 2021	**394,480**	**59,190**	**(172,003)**	**281,667**

Statement of Changes in Equity for the year ended 31 March 2020

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**200,707**	**53,098**	**(117,993)**	**135,812**
Deficit for the year	-	-	(47,930)	**(47,930)**
Impairments	-	(270)	-	**(270)**
Revaluations	-	3,874	-	**3,874**
Public dividend capital received	6,948	-	-	**6,948**
Taxpayers' and others' equity at 31 March 2020	**207,655**	**56,702**	**(165,923)**	**98,434**

Information on reserves

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

Statements of Cash Flows

		Group		Trust	
		2020/21	2019/20	2020/21	2019/20
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus / (deficit)		2,874	(39,259)	935	(41,087)
Non-cash income and expense:					
Depreciation and amortisation	6.1	15,585	14,544	15,273	15,982
Net impairments	7	8,421	11,222	8,411	11,222
Income recognised in respect of capital donations	4	(5,117)	(2,422)	(5,117)	(2,422)
(Increase) / decrease in receivables and other assets		16,664	(12,466)	20,709	(7,104)
(Increase) / decrease in inventories		284	45	(80)	(460)
Increase / (decrease) in payables and other liabilities		24,835	(5,104)	40,152	2,951
Increase in provisions		2,348	751	2,352	751
Tax paid		(829)	(981)	-	-
Net cash flows from / (used in) operating activities		**65,065**	**(33,670)**	**82,635**	**(20,167)**
Cash flows from investing activities					
Interest received		24	259	2,349	2,664
Purchase of intangible assets	13	(1,400)	(1,336)	(1,400)	(1,328)
Purchase of PPE and investment property		(58,792)	(24,554)	(68,216)	(30,661)
Receipt of cash donations to purchase assets		1,537	2,422	1,537	2,422
Net cash flows used in investing activities		**(58,631)**	**(23,209)**	**(65,730)**	**(26,903)**
Cash flows from financing activities					
Public dividend capital received		186,825	6,948	186,825	6,948
Movement on loans from DHSC	24	(133,819)	45,469	(133,819)	45,469
Movement on other loans		-	5,444	-	5,444
Capital element of finance lease rental payments	24	-	(11)	(6,406)	(6,190)
Interest on loans	24	(615)	(3,559)	(615)	(3,559)
Other interest		(4)	(18)	(2)	(18)
Interest paid on finance lease liabilities	24	-	-	(3,030)	(3,257)
PDC dividend paid		(5,808)	(2,573)	(5,808)	(2,573)
Net cash flows from financing activities		**46,579**	**51,700**	**37,145**	**42,264**
Increase / (decrease) in cash and cash equivalents		**53,013**	**(5,179)**	**54,050**	**(4,806)**
Cash and cash equivalents at 31 March	21	**78,681**	**25,668**	**67,943**	**13,893**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

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

Note 1.3 Consolidation

The Foundation trust has considered the following entities for the 2020/21 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 Hospitals Charity

The NHS Foundation Trust is the corporate trustee to the East Kent Hospital Charity. The Foundation Trust has assessed its relationship to the charitable fund and determined that the charity will not be consolidated for 2020/21 on the grounds of materiality.

The Charity meets the criteria for consolidation because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund, and has the ability to affect those returns and other benefits through its power over the fund but the Charity's funds are not material to the Foundation Trust for 2020/21. This is consistent with the accounting treatment for 2019/20.

Note 1.3 Consolidation (continued)
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 2020/21 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.

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 operated healthcare facility effective from 1st October 2018.

Under the supporting agreements the Foundation Trust has made available the supply of assets 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 makes available to the Foundation Trust the properties from which it will deliver its NHS clinical services.

The results of the subsidiary have been consolidated in full for 2020/21. This is consistent with the accounting treatment in 2019/20. 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 Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts
The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Revenue from NHS contracts (continued)

Comparative period (2019/20)

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

For 2020/21 and 2019/20

1) As per paragraph 121 of the Standard the Trust does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.
2) The GAM does not require the Trust to disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
3) The GAM has mandated the exercise of the practical expedient offered in C7A of the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue from research contracts

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

NHS injury cost recovery scheme

The 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 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 grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

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

Revenue from education and training contracts
Revenue is received from Health Education England for the training and development of the Foundation Trust's workforce.

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. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

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

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

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 pension scheme that was created as part of the government’s workplace pensions reforms under the Pensions Act 2008.

Employers' pension cost contributions are charged to operating expenses.

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

The subsidiary, 2gether Support Solutions Limited, also operates 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 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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 17)

Note 1.8 Property, plant and equipment (continued)
Measurement (continued)

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.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores an asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

Depreciation

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

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 1.8 Property, plant and equipment (continued)

De-recognition

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

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

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

Donated and grant funded assets

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

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

In 2020/21 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

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

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

Note 1.9 Intangible assets

Recognition

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

Internally generated intangible assets

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

Internally generated assets are recognised if and only if all 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.

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

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
Intangible Assets - Purchased		
Software licences	3	5

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

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

Note 1.11 Cash and cash equivalents

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

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

Note 1.12 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases 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 and a financing income or expense.

Note 1.12 Financial assets and financial liabilities (continued)
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 all 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 Trust recognises an allowance for expected credit losses.

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

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

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

Derecognition

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

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

Note 1.13 Leases

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

The trust as a lessee

Finance leases

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

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

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

Operating leases

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

Contingent rentals are recognised as an expense in the period in which they are incurred.

The trust as a lessee (continued)

Leases of land and buildings

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

The trust as a lessor

Finance leases

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

Operating leases

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

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021:

		Nominal rate
Short-term	Up to 5 years	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

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 31 March 2020:

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 26.2 but is not recognised in the Trust’s accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 27 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 27, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.16 Public dividend capital

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

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

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

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 1.17 Value added tax

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

Note 1.18 Corporation tax

The Foundation Trust does not have a corporation tax liability for the year 2020/21. 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 therefore not subject to tax;
• the activity must have annual profits of over £50,000. Such activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax.

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

Note 1.19 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 1.20 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts.

Note 1.21 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 1.22 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 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

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

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

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

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

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 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 revaluation is on the basis of: The modern equivalent replacement of Kent & 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 15).

The last quinquennial review (2018) stated that VAT would not be included in the value of the modern equivalent asset as any scheme would be funded through PFI. The Group continues to value on this basis as any new building works would be conducted by its subsidiary 2gether Support Solutions. Should the Trust require a new hospital 2gether Support Solutions would be responsible for the entire capital project along with associated hard/soft FM services.

As 2gether Support Solutions 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 2021 of £193m would be £39m at the current rate of 20%.

Charitable Funds

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

Sale & leaseback transactions

The Foundation Trust entered into a sale & leaseback arrangement with its subsidiary 2gether Support Solutions Limited in October 2018. The Foundation Trust has considered the accounting treatment of the sale & leaseback arrangement in respect of relevant standards including IAS 17- Leases and SIC 27- Evaluating the substance of transactions in the legal form of a 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 associated with the transactions should be individually reported in the Foundation Trust and 2gether Support Solutions accounts including relevant receivables, payables, loans, and equity. These transactions are eliminated upon consolidation where appropriate.

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:

Value of land, buildings and dwellings

This is the most significant estimate in the accounts £202m (2019/20: £203m) and is based on the professional judgement of the Foundation Trust's independent valuer with extensive knowledge of the physical estate and market factors. The 5 year full cycle valuation was undertaken in September 2018 with a desk-top revaluation carried out as at 31 March 2021.

The valuation exercise was carried out in March 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'). The values in the 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 the uncertainty and includes factors which might lead to a higher as well as lower valuation. The assessed value of buildings is £193m. The impact of a 5% change would be to change the PDC dividend by £168 in 2020/21 based on the closing value of assets. The impact in 2021/22 would be a change in depreciation of £5k as well as a £337k change in PDC dividend 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 operating 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 IFRS 8.

The Foundation Trust's income is predominately from contracts for the provision of healthcare with Clinical Commissioning Groups and NHS England. This accounts for 90% of the Foundation Trusts total income.

Note 3 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 3.1 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) 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	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Block contract / system envelope income*	619,506	529,763	607,492	517,362
High cost drugs income from commissioners (excluding pass-through costs)	54,444	55,778	54,444	55,778
Other NHS clinical income	2,354	2,367	2,354	2,368
Private patient income	805	1,262	155	327
Additional pension contribution central funding**	16,654	15,126	16,654	15,126
Other clinical income	1,367	4,185	1,367	4,095
Total income from activities	**695,130**	**608,481**	**682,466**	**595,056**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

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

Note 3.2 Income from patient care activities (by source)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
Income from patient care activities received from:	**£000**	**£000**	**£000**	**£000**
NHS England	137,896	129,829	130,241	129,019
Clinical commissioning groups	552,175	467,198	547,567	456,737
Department of Health and Social Care	-	519	-	519
Other NHS providers	2,215	2,646	2,215	2,645
NHS other	631	544	631	543
Local authorities	4	-	4	-
Non-NHS: private patients	805	1,282	155	327
Non-NHS: overseas patients (chargeable to patient)	447	619	447	620
Injury cost recovery scheme	914	1,385	914	1,385
Non NHS: other	44	4,458	293	3,261
Total income from activities	**695,130**	**608,481**	**682,466**	**595,056**
Of which:				
Related to continuing operations	695,130	608,481	682,466	595,056

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

	Trust	
	2020/21	2019/20
	£000	£000
Income recognised this year	447	619
Cash payments received in-year	127	190
Amounts added to provision for impairment of receivables	1	6
Amounts written off in-year	95	234

Note 4 Other operating income (Group)

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,736	-	**2,736**	3,233	-	**3,233**
Education and training	16,678	-	**16,678**	16,555	-	**16,555**
Non-patient care services to other bodies	8,044		**8,044**	9,942		**9,942**
Reimbursement and top up funding	53,865		**53,865**			**-**
Income in respect of employee benefits accounted on a gross basis	6,979		**6,979**	6,103		**6,103**
Receipt of capital grants and donations		5,117	**5,117**		2,422	**2,422**
Charitable and other contributions to expenditure		10,241	**10,241**		158	**158**
Rental revenue from operating leases		697	**697**		593	**593**
Car Parking Income	739		**739**	4,871		**4,871**
Catering Income	1,329		**1,329**	2,735		**2,735**
Staff Accommodation Income	2,276		**2,276**	2,298		**2,298**
Other income	1,936		**1,936**	2,603		**2,603**
Total other operating income	**94,582**	**16,055**	**110,637**	**48,340**	**3,173**	**51,513**
Of which:						
Related to continuing operations			110,637			51,513

Note 4.1 Other operating income (Trust)

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,736	-	**2,736**	3,233	-	**3,233**
Education and training	16,678	-	**16,678**	16,556	-	**16,556**
Non-patient care services to other bodies	11,153		**11,153**	15,114		**15,114**
Reimbursement and top up funding	53,865		**53,865**			**-**
Income in respect of employee benefits accounted on a gross basis	6,979		**6,979**	6,074		**6,074**
Receipt of capital grants and donations		5,117	**5,117**		2,422	**2,422**
Charitable and other contributions to expenditure		10,241	**10,241**		158	**158**
Rental revenue from operating leases		709	**709**		1,006	**1,006**
Car Parking Income	733		**733**	4,901		**4,901**
Staff Accommodation Income	2,285		**2,285**	2,306		**2,306**
Other income	1,462		**1,462**	3,678		**3,678**
Total other operating income	**95,891**	**16,067**	**111,958**	**51,862**	**3,586**	**55,448**
Of which:						
Related to continuing operations			111,958			55,448

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21	2019/20
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,693	5,586
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	1,884	-

National guidance requested a change in accounting, with Trusts releasing Partially Complete Spells and Maternity Pathway balance sheet items. 20019/20 Values restated to reflect this change.

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2021	31 March 2020
	£000	£000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year	10,475	-
Total revenue allocated to remaining performance obligations	**10,475**	**-**

The 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 trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group		Trust	
		Restated		Restated
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Income from services designated as commissioner requested services	662,534	577,969	654,844	570,447
Income from services not designated as commissioner requested services	32,596	30,512	27,622	24,609
Total	**695,130**	**608,481**	**682,466**	**595,056**

Income from services designated as commissioner requested services have been restated to include all Clinical Income services relating to Clinical Commissioning Groups and NHS England for the Trust and Subsidiaries, due to the requirement to continue these services, in the event of either organisations' failure. The previously reported positions were as per the table below. The restatement for the Group relates to complying with the GAM requirement that only income from patient care activities should be disclosed and the inclusion of income receipted by the subsidiary Spencer Wing, with the Trust values being changed by the inclusion of NHS England.

	Group	Trust
	2019/20	2019/20
	£000	£000
Income from services designated as commissioner requested services	473,668	473,668
Income from services not designated as commissioner requested services	186,326	176,836
Total	**659,994**	**650,504**

Note 5.4 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 income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2020/21	2019/20
	£000	£000
Income	4,338	9,978
Full cost	(2,055)	(3,427)
Surplus	**2,283**	**6,551**

Accommodation (Trust)	2020/21	2019/20
	£000	£000
Income	2,276	2,321
Full cost	(901)	(1,070)
	1,375	**1,251**

Car parking (Trust)	2020/21	2019/20
	£000	£000
Income	733	4,901
Full cost	(246)	(86)
	487	**4,815**

Catering (Group)	2020/21	2019/20
	£000	£000
Income	1,329	2,756
Full cost	(907)	(2,271)
	422	**485**

Note 6.1 Operating expenses (Group)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	6	-	-	-
Purchase of healthcare from non-NHS and non-DHSC bodies	4,467	3,184	4,579	4,930
Staff and executive directors costs	519,853	446,548	480,760	414,837
Remuneration of non-executive directors	180	185	180	185
Supplies and services - clinical (excluding drugs costs)	85,170	76,736	39,803	28,808
Supplies and services - general	11,188	5,479	110,366	96,415
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	68,610	67,127	67,770	66,951
Inventories written down	-	108	-	108
Consultancy costs	2,508	1,416	1,398	799
Establishment	4,625	4,769	3,863	3,761
Premises	29,075	23,065	13,605	8,960
Transport (including patient travel)	2,924	3,890	2,099	2,304
Depreciation on property, plant and equipment	14,802	13,706	14,492	15,145
Amortisation on intangible assets	783	838	781	837
Net impairments	8,421	11,222	8,411	11,222
Movement in credit loss allowance: contract receivables / contract assets	3,315	580	2,556	714
Increase in other provisions	2,959	194	2,959	194
Change in provisions discount rate(s)	116	328	116	328
Audit fees payable to the external auditor				
audit services- statutory audit	76	69	76	69
other auditor remuneration (external auditor only)	79	73	-	-
Internal audit costs	156	203	156	203
Clinical negligence	25,836	21,475	25,836	21,475
Legal fees	402	346	314	302
Insurance	1,049	922	571	468
Research and development	2,123	2,177	2,123	2,177
Education and training	6,123	5,922	5,790	5,655
Rentals under operating leases	3,385	3,631	637	949
Car parking & security	1,734	1,570	-	712
Hospitality	322	230	281	106
Other services, eg external payroll	777	726	-	721
Other	1,829	2,534	3,967	2,256
Total	**802,893**	**699,253**	**793,489**	**691,591**
Of which:				
Related to continuing operations	802,893	699,253	793,489	691,591

Note 6.2 Other auditor remuneration (Group)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
1. Audit of accounts of any associate of the trust	79	73	-	-
Total	**79**	**73**	**-**	**-**

Note 6.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2 million (2019/20: £2 million).

Note 7 Impairment of assets (Group)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Net impairments charged to operating deficit resulting from:				
Abandonment of assets in course of construction	10	-	-	-
Changes in market price	8,411	11,222	8,411	11,222
Total net impairments charged to operating deficit	**8,421**	**11,222**	**8,411**	**11,222**
Impairments charged to the revaluation reserve	3,359	270	3,359	270
Total net impairments	**11,780**	**11,492**	**11,770**	**11,492**

For 2020/21 the Foundation Trust carried out a desk-top revaluation of all values for 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 Foundations Trust's Land, Buildings and dwellings of £11.8m with £2.5m net increase in the revaluation reserve and £8.4m recognised in operating expenses. The detail by asset class is shown in note 16.

Note 8 Employee benefits (Group)

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	Total	Total	Total	Total
	£000	£000	£000	£000
Salaries and wages	360,433	316,283	330,537	291,331
Social security costs	36,583	34,168	34,288	30,576
Apprenticeship levy	1,774	1,694	1,624	1,465
Employer's contributions to NHS pensions	55,481	50,099	54,655	49,768
Pension cost - other	443	-	-	-
Other employment benefits	1	-	-	-
Temporary staff (including agency)	71,957	50,691	66,474	48,084
Total staff costs	**526,672**	**452,935**	**487,578**	**421,224**
Of which				
Costs capitalised as part of assets	1,381	618	1,380	618

Note 8.1 Retirements due to ill-health (Group)

During 2020/21 there were 14 early retirements from the trust agreed on the grounds of ill-health (6 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £620k (£164k in 2019/20). These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

c) Other Schemes

The Foundation Trust also offers an additional defined contribution workplace pension scheme (National Employment Savings 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, operates a defined contribution pension scheme. The amounts charged to the Income and Expenditure account represent the contributions payable by the company during the year. The subsidiary 2gether Support Solutions Limited operates a defined contribution pension scheme. The amounts charged to the Income and Expenditure account represent the contributions payable by the company during the year.

Note 10 Operating leases (Group)

Note 10.1 East Kent Hospitals University NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where East Kent Hospitals University NHS Foundation Trust is the lessor.

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Operating lease revenue				
Minimum lease receipts	697	593	709	1,006
Total	**697**	**593**	**709**	**1,006**

	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Future minimum lease receipts due:				
- not later than one year;	62	35	62	35
- between one and five years;	247	-	247	-
- later than five years.	137	-	137	-
Total	**446**	**35**	**446**	**35**

Note 10.2 East Kent Hospitals University NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where East Kent Hospitals University NHS Foundation Trust is the lessee.
Operating lease payments include £0.4m for leased vehicles, £1.3m for equipment leases and £1.6m for buildings.

The largest lease held at March 2021 was for a remaining contract value of £5.3m for endoscopy equipment - contract ends November 2025.

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Operating lease expense				
Minimum lease payments	3,385	3,631	637	949
Total	**3,385**	**3,631**	**637**	**949**

	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Future minimum lease payments due:				
- not later than one year;	2,165	3,370	613	787
- later than one year and not later than five years;	5,707	6,958	1,242	1,672
- later than five years.	815	1,710	556	706
Total	**8,687**	**12,038**	**2,411**	**3,165**

Note 11 Finance income

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

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Interest on bank accounts	1	262	-	255
Interest on other investments / financial assets	-	-	2,326	2,412
Total finance income	**1**	**262**	**2,326**	**2,667**

Note 12.1 Finance expenditure

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

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Interest expense:				
Loans from the Department of Health and Social Care	-	3,859	-	3,859
Overdrafts	2	-	-	-
Finance leases	-	-	3,038	3,257
Interest on late payment of commercial debt	2	18	2	18
Total interest expense	**4**	**3,877**	**3,040**	**7,134**
Unwinding of discount on provisions	2	3	(2)	3
Total finance costs	**6**	**3,880**	**3,038**	**7,137**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group)

	2020/21	2019/20
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	2	18

Note 13.1 Intangible assets - 2020/21

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**8,379**	**901**	**9,280**
Additions	-	1,400	**1,400**
Reclassifications	132	(132)	**-**
Valuation / gross cost at 31 March 2021	**8,511**	**2,169**	**10,680**
Amortisation at 1 April 2020 - brought forward	**4,925**	**-**	**4,925**
Provided during the year	783	-	**783**
Amortisation at 31 March 2021	**5,708**	**-**	**5,708**
Net book value at 31 March 2021	**2,803**	**2,169**	**4,972**
Net book value at 1 April 2020	**3,454**	**901**	**4,355**

Note 13.2 Intangible assets - 2019/20

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**6,670**	**1,482**	**8,152**
Additions	435	901	**1,336**
Reclassifications	1,274	(1,482)	**(208)**
Valuation / gross cost at 31 March 2020	**8,379**	**901**	**9,280**
Amortisation at 1 April 2019 - as previously stated	**4,087**	**-**	**4,087**
Provided during the year	838	-	**838**
Amortisation at 31 March 2020	**4,925**	**-**	**4,925**
Net book value at 31 March 2020	**3,454**	**901**	**4,355**
Net book value at 1 April 2019	**2,583**	**1,482**	**4,065**

Note 14.1 Intangible assets - 2020/21

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**8,384**	**901**	**9,285**
Additions	-	1,400	**1,400**
Reclassifications	132	(132)	**-**
Valuation / gross cost at 31 March 2021	**8,516**	**2,169**	**10,685**
Amortisation at 1 April 2020 - brought forward	**4,938**	**-**	**4,938**
Provided during the year	781	-	**781**
Amortisation at 31 March 2021	**5,719**	**-**	**5,719**
Net book value at 31 March 2021	**2,797**	**2,169**	**4,966**
Net book value at 1 April 2020	**3,446**	**901**	**4,347**

Note 14.2 Intangible assets - 2019/20

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**6,607**	**1,482**	**8,089**
Additions	427	901	**1,328**
Revaluations	76	-	**76**
Reclassifications	1,274	(1,482)	**(208)**
Valuation / gross cost at 31 March 2020	**8,384**	**901**	**9,285**
Amortisation at 1 April 2019 - as previously stated	**4,025**	**-**	**4,025**
Provided during the year	837	-	**837**
Revaluations	76	-	**76**
Amortisation at 31 March 2020	**4,938**	**-**	**4,938**
Net book value at 31 March 2020	**3,446**	**901**	**4,347**
Net book value at 1 April 2019	**2,582**	**1,482**	**4,064**

Note 15.1 Property, plant and equipment - 2020/21

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 2020 - brought forward	**12,666**	**174,922**	**15,083**	**15,976**	**72,123**	**8**	**30,482**	**971**	**322,231**
Additions	-	4,592	-	53,013	8,499	-	140	580	**66,824**
Impairments	(499)	(11,717)	(8)	-	-	-	-	-	**(12,224)**
Reversals of impairments	114	192	138	-	-	-	-	-	**444**
Revaluations	1,787	(4,899)	3,170	-	-	-	-	-	**58**
Reclassifications	-	6,584	-	(10,416)	2,611	-	611	610	**-**
Valuation/gross cost at 31 March 2021	**14,068**	**169,674**	**18,383**	**58,573**	**83,233**	**8**	**31,233**	**2,161**	**377,333**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**102**	**-**	**-**	**52,151**	**5**	**17,989**	**299**	**70,546**
Provided during the year	-	5,632	474	-	5,033	1	3,465	197	**14,802**
Revaluations	-	(5,315)	(474)	-	-	-	-	-	**(5,789)**
Accumulated depreciation at 31 March 2021	**-**	**419**	**-**	**-**	**57,184**	**6**	**21,454**	**496**	**79,559**
Net book value at 31 March 2021	**14,068**	**169,255**	**18,383**	**58,573**	**26,049**	**2**	**9,779**	**1,665**	**297,774**
Net book value at 1 April 2020	**12,666**	**174,820**	**15,083**	**15,976**	**19,972**	**3**	**12,493**	**672**	**251,685**

Note 15.2 Property, plant and equipment - 2019/20

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 2019 - as previously stated	**12,267**	**172,695**	**14,712**	**12,718**	**67,478**	**8**	**23,466**	**659**	**304,003**
Additions	12	10,451	-	15,845	3,743	-	3,538	312	**33,901**
Impairments	(116)	(14,439)	-	-	-	-	-	-	**(14,555)**
Reversals of impairments	227	2,254	582	-	-	-	-	-	**3,063**
Revaluations	276	(4,445)	(211)	-	-	-	-	-	**(4,380)**
Reclassifications	-	8,415	-	(12,587)	902	-	3,478	-	**208**
Disposals / derecognition	-	(9)	-	-	-	-	-	-	**(9)**
Valuation/gross cost at 31 March 2020	**12,666**	**174,922**	**15,083**	**15,976**	**72,123**	**8**	**30,482**	**971**	**322,231**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**2,435**	**221**	**-**	**47,419**	**4**	**14,769**	**255**	**65,103**
Provided during the year	-	5,267	442	-	4,732	1	3,220	44	**13,706**
Revaluations	-	(7,591)	(663)	-	-	-	-	-	**(8,254)**
Disposals / derecognition	-	(9)	-	-	-	-	-	-	**(9)**
Accumulated depreciation at 31 March 2020	**-**	**102**	**-**	**-**	**52,151**	**5**	**17,989**	**299**	**70,546**
Net book value at 31 March 2020	**12,666**	**174,820**	**15,083**	**15,976**	**19,972**	**3**	**12,493**	**672**	**251,685**
Net book value at 1 April 2019	**12,267**	**170,260**	**14,491**	**12,718**	**20,059**	**4**	**8,697**	**404**	**238,900**

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

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
Net book value at 31 March 2021									
Owned - purchased	14,068	162,248	18,383	58,316	20,168	2	9,779	1,665	**284,629**
Owned - donated/granted	-	7,007	-	257	5,881	-	-	-	**13,145**
NBV total at 31 March 2021	**14,068**	**169,255**	**18,383**	**58,573**	**26,049**	**2**	**9,779**	**1,665**	**297,774**

Note 15.4 Property, plant and equipment financing - 2019/20

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
Net book value at 31 March 2020									
Owned - purchased	12,666	171,774	15,083	14,235	17,951	-	12,493	386	**244,588**
Owned - donated/granted	-	3,046	-	1,741	2,021	3	-	286	**7,097**
NBV total at 31 March 2020	**12,666**	**174,820**	**15,083**	**15,976**	**19,972**	**3**	**12,493**	**672**	**251,685**

Note 16.1 Property, plant and equipment - 2020/21

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 2020 - brought forward	**12,666**	**170,674**	**15,083**	**15,233**	**29,434**	**7**	**30,535**	**720**	**274,352**
Additions	-	4,540	-	52,986	8,364	-	-	-	**65,890**
Impairments	(499)	(11,707)	(8)	-	-	-	-	-	**(12,214)**
Reversals of impairments	114	192	138	-	-	-	-	-	**444**
Revaluations	1,787	(4,899)	3,170	-	-	-	-	-	**58**
Reclassifications	-	6,585	-	(9,673)	2,609	-	479	-	**-**
Valuation/gross cost at 31 March 2021	**14,068**	**165,385**	**18,383**	**58,546**	**40,407**	**7**	**31,014**	**720**	**328,530**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**3**	**-**	**-**	**9,501**	**4**	**18,123**	**61**	**27,692**
Provided during the year	-	5,528	474	-	5,021	1	3,396	72	**14,492**
Revaluations	-	(5,315)	(474)	-	-	-	-	-	**(5,789)**
Accumulated depreciation at 31 March 2021	**-**	**216**	**-**	**-**	**14,522**	**5**	**21,519**	**133**	**36,395**
Net book value at 31 March 2021	**14,068**	**165,169**	**18,383**	**58,546**	**25,885**	**2**	**9,495**	**587**	**292,135**
Net book value at 1 April 2020	**12,666**	**170,671**	**15,083**	**15,233**	**19,933**	**3**	**12,412**	**659**	**246,660**

Note 16.2 Property, plant and equipment - 2019/20

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 2019 - as previously stated	**12,267**	**167,963**	**14,712**	**12,587**	**24,809**	**7**	**23,543**	**408**	**256,296**
Additions	12	10,441	-	15,233	3,723	-	3,514	312	**33,235**
Impairments	(116)	(14,439)	-	-	-	-	-	-	**(14,555)**
Reversals of impairments	227	2,254	582	-	-	-	-	-	**3,063**
Revaluations	276	(3,960)	(211)	-	-	-	-	-	**(3,895)**
Reclassifications	-	8,415	-	(12,587)	902	-	3,478	-	**208**
Valuation/gross cost at 31 March 2020	**12,666**	**170,674**	**15,083**	**15,233**	**29,434**	**7**	**30,535**	**720**	**274,352**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**1,946**	**221**	**-**	**3,216**	**3**	**14,913**	**17**	**20,316**
Provided during the year	-	5,163	442	-	6,285	1	3,210	44	**15,145**
Revaluations	-	(7,106)	(663)	-	-	-	-	-	**(7,769)**
Accumulated depreciation at 31 March 2020	**-**	**3**	**-**	**-**	**9,501**	**4**	**18,123**	**61**	**27,692**
Net book value at 31 March 2020	**12,666**	**170,671**	**15,083**	**15,233**	**19,933**	**3**	**12,412**	**659**	**246,660**
Net book value at 1 April 2019	**12,267**	**166,017**	**14,491**	**12,587**	**21,593**	**4**	**8,630**	**391**	**235,980**

Note 16.3 Property, plant and equipment financing - 2020/21

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
Net book value at 31 March 2021									
Owned - purchased	9,788	93,923	18,383	58,289	10,598	-	9,495	364	**200,840**
Finance leased	4,280	64,239	-	-	9,406	2	-	223	**78,150**
Owned - donated / granted	-	7,007	-	257	5,881	-	-	-	**13,145**
NBV total at 31 March 2021	**14,068**	**165,169**	**18,383**	**58,546**	**25,885**	**2**	**9,495**	**587**	**292,135**

Note 16.4 Property, plant and equipment financing - 2019/20

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
Net book value at 31 March 2020									
Owned - purchased	10,344	93,176	15,083	13,492	6,246	-	12,412	373	**151,126**
Finance leased	2,322	74,449	-	-	12,701	-	-	-	**89,472**
Owned - donated / granted	-	3,046	-	1,741	986	3	-	286	**6,062**
NBV total at 31 March 2020	**12,666**	**170,671**	**15,083**	**15,233**	**19,933**	**3**	**12,412**	**659**	**246,660**

Note 17 Revaluations of property, plant and equipment

The date of the latest valuation of land, buildings and dwellings was 31 March 2021. The valuation was carried out by an externally appointed independent RICS qualified valuer using a Modern Equivalent Asset - alternative site basis. The overall impact of the valuation exercise was to reduce the value of the Foundation Trust land, buildings and dwellings by £11.8m. See policy note 1.8 and Impairments note 7 for further information.

Note 18 Investments in Subsidiaries

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£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 19 Inventories

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Drugs	4,063	4,214	4,034	3,767
Energy	335	299	-	-
Other	4,310	4,479	164	351
Total inventories	**8,708**	**8,992**	**4,198**	**4,118**

Inventories recognised in expenses for the year were £155,199k (2019/20: £68,187k). Write-down of inventories recognised as expenses for the year were £0k (2019/20: £108k).

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 2020/21 the Trust received £10,051k of items purchased by DHSC.

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 20.1 Receivables

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Contract receivables	20,489	31,811	16,569	33,669
Allowance for impaired contract receivables / assets	(5,939)	(3,489)	(5,230)	(3,421)
Interest receivable	-	23	-	23
PDC dividend receivable	279	774	279	774
VAT receivable	3,582	5,884	5,354	5,395
Other receivables	68	68	3,830	2,085
Total current receivables	**18,479**	**35,071**	**20,802**	**38,525**
Non-current				
Allowance for other impaired receivables	(263)	(378)	(263)	(378)
Prepayments (non-PFI)	440	131	440	131
Other receivables	1,104	2,118	64,905	68,833
Total non-current receivables	**1,281**	**1,871**	**65,082**	**68,586**
Of which receivable from NHS and DHSC group bodies:				
Current	11,423	26,836	8,981	16,492
Non-current	-	505	-	505

Other receivables contains current receivables of £3.8m and non-current receivables of £63.8m in respect of intercompany loans made to the Foundation Trust's subsidiaries 2gether Support Solutions Limited and Healthex Limited.

Note 20.2 Allowances for credit losses - 2020/21

	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 2020 - brought forward	**3,867**	**-**	**3,799**	**-**
New allowances arising	3,315	-	2,556	-
Utilisation of allowances (write offs)	(980)	-	(862)	-
Allowances as at 31 Mar 2021	**6,202**	**-**	**5,493**	**-**

Note 20.3 Allowances for credit losses - 2019/20

	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 2019 - as previously stated	**3,525**	**179**	**3,509**	**-**
New allowances arising	724	-	714	-
Reversals of allowances	(144)	-	-	-
Utilisation of allowances (write offs)	(238)	(179)	(424)	-
Allowances as at 31 Mar 2020	**3,867**	**-**	**3,799**	**-**

Note 21 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	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
At 1 April	**25,668**	**30,847**	**13,893**	**18,699**
Net change in year	53,013	(5,179)	54,050	(4,806)
At 31 March	**78,681**	**25,668**	**67,943**	**13,893**
Broken down into:				
Cash at commercial banks and in hand	2,042	1,231	94	91
Cash with the Government Banking Service	76,639	24,437	67,849	13,802
Total cash and cash equivalents as in SoFP	**78,681**	**25,668**	**67,943**	**13,893**
Total cash and cash equivalents as in SoCF	**78,681**	**25,668**	**67,943**	**13,893**

Note 22 Trade and other payables

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Trade payables	16,412	21,397	5,395	5,717
Capital payables	15,853	11,401	5,495	11,401
Accruals	35,673	21,693	56,676	31,992
Social security costs	5,430	4,722	5,108	4,475
Other taxes payable	4,822	3,861	4,530	3,657
Other payables	14,743	7,472	14,039	6,482
Total current trade and other payables	**92,933**	**70,546**	**91,243**	**63,724**
Non-current				
Trade payables	201	86	-	-
Total non-current trade and other payables	**201**	**86**	**-**	**-**
Of which payables from NHS and DHSC group bodies:				
Current	3,335	3,183	3,938	-

Note 23 Other liabilities

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	13,247	6,462	13,210	6,483
Total other current liabilities	**13,247**	**6,462**	**13,210**	**6,483**

Note 24 Borrowings

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Loans from DHSC	-	134,434	-	134,434
Obligations under finance leases	-	-	6,639	6,406
Total current borrowings	**-**	**134,434**	**6,639**	**140,840**
Non-current				
Other loans	7,717	7,717	7,717	7,717
Obligations under finance leases	-	-	77,967	84,598
Total non-current borrowings	**7,717**	**7,717**	**85,684**	**92,315**

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

The £84.6m obligation under finance leases in the Foundation Trust arises from the arrangements between the Foundation Trust and its subsidiary undertaking, 2gether Support Solutions Ltd 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 finance lease were originally owned by the Foundation Trust and were sold to 2gether Support Solutions Ltd in October 2018.

Note 24.1 Reconciliation of liabilities arising from financing activities (Group)

Group - 2020/21	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2020	**134,434**	**7,717**	**-**	**142,151**
Cash movements:				
Financing cash flows - payments and receipts of principal	(133,819)	-	-	**(133,819)**
Financing cash flows - payments of interest	(615)	-	-	**(615)**
Carrying value at 31 March 2021	**-**	**7,717**	**-**	**7,717**

Group - 2019/20	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	**88,665**	**2,273**	**11**	**90,949**
Cash movements:				
Financing cash flows - payments and receipts of principal	45,469	5,444	(11)	**50,902**
Financing cash flows - payments of interest	(3,559)	-	-	**(3,559)**
Non-cash movements:				
Application of effective interest rate	3,859	-	-	**3,859**
Carrying value at 31 March 2020	**134,434**	**7,717**	**-**	**142,151**

Note 24.2 Reconciliation of liabilities arising from financing activities

Trust - 2020/21	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2020	**134,434**	**7,717**	**91,004**	**233,155**
Financing cash flows - payments and receipts of principal	(133,819)	-	(6,406)	**(140,225)**
Financing cash flows - payments of interest	(615)	-	(3,030)	**(3,645)**
Non-cash movements:				
Application of effective interest rate	-	-	3,038	**3,038**
Carrying value at 31 March 2021	**-**	**7,717**	**84,606**	**92,323**

Trust - 2019/20	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019	**88,665**	**2,273**	**97,194**	**188,132**
Cash movements:				
Financing cash flows - payments and receipts of principal	45,469	5,444	(6,190)	**44,723**
Financing cash flows - payments of interest	(3,559)	-	(3,257)	**(6,816)**
Non-cash movements:				
Application of effective interest rate	3,859	-	3,257	**7,116**
Carrying value at 31 March 2020	**134,434**	**7,717**	**91,004**	**233,155**

Note 25 Finance leases

Note 25.1 East Kent Hospitals University NHS Foundation Trust as a lessee

Obligations under finance leases where the trust is the lessee.

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**-**	**-**	**117,249**	**126,684**
of which liabilities are due:				
- not later than one year;	-	-	9,444	9,444
- later than one year and not later than five years;	-	-	25,869	30,631
- later than five years.	-	-	81,936	86,609
Finance charges allocated to future periods	-	-	(32,643)	(35,680)
Net lease liabilities	**-**	**-**	**84,606**	**91,004**
of which payable:				
- not later than one year;	-	-	6,639	6,406
- later than one year and not later than five years;	-	-	16,515	20,630
- later than five years.	-	-	61,452	63,968

On 1 October 2018 the Foundation Trust transferred £100.7m assets to its wholly owned subsidiary in connection with the provision of an operated healthcare facility. The Foundation Trust retains control of the transferred assets resulting in a significant lease back to the Foundation Trust. The arrangement is for land and buildings over 25 years and equipment over 5 years.

Note 26.1 Provisions for liabilities and charges analysis (Group)

Group (all provisions relate to Trust only)	Pensions: injury benefits £000	Legal claims £000	Other £000	Total £000
At 1 April 2020	**3,569**	**426**	**652**	**4,647**
Change in the discount rate	116	-	-	**116**
Arising during the year	155	2,741	230	**3,126**
Utilised during the year	(157)	(65)	-	**(222)**
Reversed unused	-	(20)	(652)	**(672)**
Unwinding of discount	2	-	-	**2**
At 31 March 2021	**3,685**	**3,082**	**230**	**6,997**
Expected timing of cash flows:				
- not later than one year;	514	3,082	230	**3,826**
- later than one year and not later than five years;	251	-	-	**251**
- later than five years.	2,920	-	-	**2,920**
Total	**3,685**	**3,082**	**230**	**6,997**

Pension costs 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 26.2 Clinical negligence liabilities

At 31 March 2021, £350,109k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Kent Hospitals University NHS Foundation Trust (31 March 2020: £346,385k).

Note 27 Contingent assets and liabilities

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Value of contingent liabilities				
NHS Resolution legal claims	(48)	(39)	(48)	(39)
Employment tribunal and other employee related litigation	-	(60)	-	(60)
Other	(1,000)	(1,000)	(1,000)	(1,000)
Gross value of contingent liabilities	**(1,048)**	**(1,099)**	**(1,048)**	**(1,099)**
Net value of contingent liabilities	**(1,048)**	**(1,099)**	**(1,048)**	**(1,099)**

Note 28 Contractual capital commitments

	Group		Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	10,673	11,456	10,673	11,456
Intangible assets	-	423	-	423
Total	**10,673**	**11,879**	**10,673**	**11,879**

Note 29 Financial instruments

Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the 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 Trust's 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 Group's financial assets and liabilities carry nil or fixed rates of interest. Cash deposits as at 31st March 2021 were mainly held in Government Banking Service accounts with floating interest rates. The Foundation Trust received £36.9m working capital loans from DoH during the period; these loans are at a fixed rate of 3.5%. Trade and other receivables for the Foundation Trust include a loan to the subsidiary, Healthex 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 31st March 2021 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 29.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	14,355	**14,355**
Cash and cash equivalents	78,681	**78,681**
Total at 31 March 2021	**93,036**	**93,036**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	30,153	**30,153**
Cash and cash equivalents	25,668	**25,668**
Total at 31 March 2020	**55,821**	**55,821**

Note 29.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	74,877	**74,877**
Cash and cash equivalents	67,943	**67,943**
Total at 31 March 2021	**142,820**	**142,820**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	100,811	**100,811**
Cash and cash equivalents	13,893	**13,893**
Total at 31 March 2020	**114,704**	**114,704**

Note 29.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Other borrowings	7,717	**7,717**
Trade and other payables excluding non financial liabilities	82,681	**82,681**
Total at 31 March 2021	**90,398**	**90,398**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	134,434	**134,434**
Other borrowings	7,717	**7,717**
Trade and other payables excluding non financial liabilities	40,356	**40,356**
Total at 31 March 2020	**182,507**	**182,507**

Note 29.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	84,606	**84,606**
Other borrowings	7,717	**7,717**
Trade and other payables excluding non financial liabilities	81,605	**81,605**
Total at 31 March 2021	**173,928**	**173,928**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Total book value
	£000	£000
Loans from the Department of Health and Social Care	134,434	**134,434**
Obligations under finance leases	91,004	**91,004**
Other borrowings	7,717	**7,717**
Trade and other payables excluding non financial liabilities	23,600	**23,600**
Total at 31 March 2020	**256,755**	**256,755**

Note 29.6 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 29.7 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 2021 £000	31 March 2020 restated* £000	31 March 2021 £000	31 March 2020 restated* £000
In one year or less	82,681	174,790	91,049	167,478
In more than one year but not more than five years	7,717	7,717	33,586	129,352
In more than five years	-	-	81,936	86,609
Total	**90,398**	**182,507**	**206,571**	**383,439**

* This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

Note 30 Losses and special payments

	2020/21		2019/20	
Group and trust	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	141	71	66	66
Bad debts and claims abandoned	184	396	260	346
Stores losses and damage to property	22	177	40	9
Total losses	**347**	**644**	**366**	**421**
Special payments				
Ex-gratia payments	85	31	121	50
Total special payments	**85**	**31**	**121**	**50**
Total losses and special payments	**432**	**675**	**487**	**471**

Note 31 Related parties

All bodies within the scope of the Whole Government Accounts (WGA) are treated as related parties of the Foundation Trust. Income and expenditure and year-end balances with these organisations are summarised below. Organisations with income or expenditure with the Foundation Trust for the year in excess of £1m have been separately identified below.

Department of Health and Social Care
Health Education England
Kent Community Health NHS Foundation Trust
Maidstone And Tunbridge Wells NHS Trust
Medway NHS Foundation Trust
NHS Blood and Transplant
NHS England
NHS Kent and Medway CCG
NHS Resolution
NHS South East London CCG

For 2020/21 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.

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 £2.8m (2019/20: £3.8m) revenue and incurred £0.7m (2019/20: £2.3m) expenditure with the subsidiary during the year. As at 31 March 2021 the Foundation Trust was owed £0.9m (2019/20: £4.0m) by the subsidiary and owed £0.6m (2019/20: £0.9m). These transactions and balances have been removed on consolidation.

A number of Directors of the Foundation Trust are also Directors of 2gether Support Solutions, a subsidiary created in 2018/19. The Foundation Trust received £2.8m (2019/20: £4.2m) revenue and incurred £111.7m (2019/20: £98.75m) expenditure with the subsidiary during the year. As at 31 March 2021 the Foundation Trust was owed £0.9m (2019/20: £3.0m) by the subsidiary and owed £11.1m (2019/20: £18.6m). Non-current debt owed to the Foundation trust amounted to £63.8m. These transactions and balances have been removed on consolidation.

A number of Directors of the Foundation Trust are also Directors of Beautiful Information Limited. The Foundation Trust received £220k (2019/20: £50k) revenue and incurred £436k (2019/20: £187k) expenditure with the associate during the year. As at 31 March 2021 the Foundation Trust was owed £0k (2019/20: £192k) by the subsidiary and owed £22k (2019/20: £22k).

Note 32 Better Payment Practice Code

	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Non NHS				
Total bills paid in the year	62,848	512,018	66,066	445,697
Total bills paid within target	57,507	460,726	43,059	349,877
Percentage of bills paid within target	91.5%	90.0%	65.2%	78.5%
NHS				
Total bills paid in the year	2,926	43,202	3,582	39,405
Total bills paid within target	2,135	37,087	1,822	29,348
Percentage of bills paid within target	73.0%	85.8%	50.9%	74.5%

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.