



Annual Report and Accounts 2015/16

East Kent Hospitals University NHS Foundation Trust

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CHAIR'S STATEMENT

I am pleased to introduce the 2015/16 Annual Report and Accounts for East Kent Hospitals University NHS Foundation Trust. This report gives us the opportunity to tell you how we have ended the financial year in terms of performance, developments and challenges in all our key areas of responsibility. It is also an opportunity to talk about our plans and aspirations for the future.

The Trust started the year in a difficult position having been rated by the Care Quality Commission (CQC) as 'inadequate' the previous year and having been put into special measures by our regulator, Monitor. Fairly early in the year, with an emphasis on improving quality and recruiting more skilled staff, it became apparent that we have a financial challenge and would end this year with a considerable deficit.

The Board has had a significant shakeup. I joined in May 2015 along with two other new non-executive directors and a new finance director. Since then we have also recruited an additional four new non-executive directors, a chief nurse, Sally Smith, and our new chief executive, Matthew Kershaw who joined in January to complete the team. With a new ambitious Board now in place, I am confident that we have strong foundations to continue building on improvements in the year ahead, and into the future.

Changes to our Board were made as part of work to strengthen the leadership of our Trust. We continually review the skills and expertise of our Board members to drive forward the improvement of the organisation to meet the needs of patients and their families for the future. We have a Board with a wealth of skills and diversity of background, have recruited the very best candidates, and are proud to say that all our Board members are permanent.

The real stars of the year for me have been our staff who, with all this change and challenge, have helped us reverse our fortunes and make progress to a reformed organisation. The last CQC visit in July 2015 improved our rating to 'requires improvement'.

The new leadership team has developed a brand new vision for the Trust which is 'to deliver great healthcare from great people'. It is determined to secure high quality, sustainable care for local communities, delivered by skilled and specialist staff. It also fully recognises the tough challenge this presents and is realistic that we cannot achieve this alone.

The increasing levels of demand that we see each year will inevitably grow in the future and we must identify opportunities now so that our services can continue to cope. With this in mind, during the year, the Trust committed to working with its healthcare partners, in east Kent, to develop a model of care that works in a joined up way across primary, community, mental health and acute services, and with social care partners for the longer term. The East Kent Strategy Board was established in September 2015 to embark on this work to maximise the use of local

NHS resources in a more seamless and accessible way. We firmly believe in partnership working as a vehicle for securing a sustainable future for local healthcare services and you can read more about the work of the East Kent Strategy Board in the chief executive's overview on performance within the pages ahead.

In the shorter-term, we will continue with our focus on delivering our improvement plan to move all our hospitals to a 'good' Care Quality Commission rating. But our ambition does not stop there. With a new energy for change, our aim is to place the Trust as a leader in the healthcare economy and that requires us to deliver 'great' patient care, treatment and experiences.

To achieve this, it is important we continue to learn from the people who use our services and the Board takes time to listen to patient stories to ensure we remain focussed on their needs. We welcome feedback from patients and their carers and recognise that by listening to their experiences we can improve the service we provide. I am always pleased to receive any patient feedback and it is particularly heartening for our staff to hear positive comments from our patients as well as seeing where we need to do better – whether that is through NHS Choices, the Friends and Family Test, patient surveys, via our governors, at membership and engagement events or through other channels. Despite the changes that have taken place across the Trust over the year, I am pleased that our standards of care have remained high and we will ensure that continues.

Our Council of Governors plays a crucial part in the running of our foundation trust and I am sincerely grateful to each of them for their support. Governors have specific responsibilities which include: ensuring that the voice of the public, patients and staff is used to inform decisions and improve patient care; appointing the chair and non-executive directors and approving the appointment of the chief executive. Unlike the Board of Directors, governors do not hold decision making rights but our Board does, and will continue to, listen to the views of our dedicated and committed Council of Governors.

It is a busy and challenging year ahead for East Kent Hospitals. Existing pressures must continue to be tackled whilst working towards a sustainable future which will see more and more partnership working to ensure people get the support they need, both in hospital and in the community, and to eliminate unnecessary waste and duplication across different organisations.

On a closing note, I would like to extend my thanks to everyone who has shown an interest and supported the Trust over the past year – this includes our volunteers and partners but particularly our staff who give their commitment, compassion and goodwill to care for patients. Their efforts have an important impact on the lives of local people every day and on everything we achieve as an organisation.



Nikki Cole
Chair

LEAD GOVERNOR'S STATEMENT

Since taking up post as lead governor in the summer of 2015, I have been impressed by the range and depth of the work undertaken by the Council of Governors to ensure that the voice of patients and the public remains at the forefront of service planning and delivery within the Trust. The role of the governors is primarily to hold the non-executive directors to account and the brief summaries from the chairs of the Council of Governors' committees below provide a flavour of how this is achieved.

The **Nominations and Remuneration Committee** have been particularly busy with appointments made for a new Trust chairman and six non-executive directors. This Committee leads the recruitment process on behalf of the Council and makes a recommendation for appointment to the full Council of Governors.

The **Strategic Committee** focuses on the Trust's forward planning and monitoring performance against this plan. National guidance for NHS trusts with respect to forward planning has developed significantly through the year and the committee has been busy keeping up to date with progress in this area.

The **Communications and Membership Committee** plays an essential role in ensuring that governors are provided with support to effectively communicate with the Trust's members. To this end the focus of their work this year has been on the development of the Trust's membership strategy.

The **Patient and Staff Experience Committee** have responsibility for looking at the detail of the quality of the service provided to patients and also the working environment for staff. As with the other committees, this has been a busy year keeping abreast of the national and local pressures and challenges in patient care and staff support.

As part of the changes being proposed to the Committee structure, the work of several of the existing committees has been pulled into one committee, the Audit and Governance Committee – more details are provided on pages 79 to 84. This will provide a valuable focal point for governors to consider corporate governance issues. The alignment of the governors' committee structure to the directors' committee structure will strengthen communication and understanding between the Council and Board, providing a more robust mechanism to support the governors' role in holding non-executive directors to account.

Finally, and on behalf of the full Council of Governors, I would like to record our thanks and appreciation for the contribution made by elected governor, Brian Glew, to the work of the Council over a number of years. Brian represented the Canterbury City Council constituency, chaired the Governors' Communication and Membership Committee and was appointed lead governor from July 2014. Brian sadly passed away unexpectedly in September 2015 – his presence is sorely missed by colleagues on the Council.

Sarah Andrews
Lead Governor, Elected Governor Dover

Our vision, mission and values

Our mission

Together we care: improving health and lives

Our vision

Great healthcare from great people

People feel **cared** for,
safe, respected and
confident we are
making a difference

Our values

We care so that:

- People feel **cared** for as individuals
- People feel **safe**, reassured and involved
- People feel teamwork, trust and **respect** sit at the heart of everything we do
- People feel confident we are **making a difference**

Highlights of our year

- **March 2016:** Trust launches free Wi-Fi for patients and visitors
- **February 2016:** Trust nurse chosen to front an inspirational national campaign to improve services for people with learning disabilities
- **January 2016:** Trust's clinical alerting system wins regional award
- **December 2015:** New picture menus to help patients
- **November 2015:** William Harvey Hospital rated best performing hospital in country for trauma by the Trauma Audit & Research Network
- **October 2015:** Trust ranked first in Kent for clinical research studies
- **September 2015:** Teenagers brighten rooms for children and parents at Queen Elizabeth The Queen Mother Hospital, Margate
- **August 2015:** Trust completes first phase of public engagement with Healthwatch Kent about why our hospital services need to change
- **July 2015:** A state-of-the-art medical centre opens at Estuary View, Whitstable, bringing a wide-range of outpatient services to the community
- **June 2015:** The new £24m Buckland Hospital opens in Dover offering local residents local services
- **May 2015:** Our hospital charity announces it spent £416,000 on improving patient experiences in the previous six months
- **April 2015:** Most Reverend and Right Honourable Justin Welby, Archbishop of Canterbury, opens the £150k Joan Bournier Diamond Jubilee Suite for relatives of very sick patients

● PERFORMANCE REPORT

An overview on performance from the chief executive

In my first few months at East Kent Hospitals I have made it an absolute priority to spend time on each of our hospital sites to listen to staff about how we provide care and support staff – from the many things that we do well to where we can improve quality of care. Everything we achieve is down to the hard work of staff. Hearing their views and engaging them fully is crucial to shaping decisions and strategies to ensure more of our patients receive outstanding care and experience. I firmly believe that by demonstrating that we support and value staff, we strengthen their ability to provide excellent care for our patients.

It has been a year of challenge and change but also demonstrable progress for the Trust. My team and I are determined to ensure the real improvements achieved over the year continue to be built upon to further improve the way in which we carry out our work for patients and staff. Equally, it is a priority to continue addressing the areas where we know we need to do better. One of the ways we will achieve that is through building and embedding a 'learning organisation' culture so staff feel more able to raise concerns and provide feedback – enabling changes to be made based on their experiences, as well as incidents, to improve quality of care, patient safety and general hospital performance. We have also set our priorities for the year ahead to concentrate on patients, people, provision and partnerships and this will also help us to focus on the improvements we need and will make.

Like many hospital trusts across the country we have continued to see significant pressure on our emergency care services. The balance of delivering care and treatment whilst maintaining good financial and operational performance has continued to be difficult through 2015/16. Improving emergency department performance remains a key priority to ensure more patients are seen, treated and discharged or admitted within the four-hour standard. There are a number of challenges around this including: working as well as we know we need to consistently; increasingly complex healthcare needs and patient flow through our hospitals. In addition, we must continue working with our partners to enable efficient discharges into the community, when a patient is clinically fit and able to leave hospital, allowing that capacity to be used for patients who need acute care.

We invested in substantive staff but in the meantime, spend on agency staff to provide appropriate levels of frontline care has had a significant impact on our overall year-end Trust financial deficit of £35.2m against a revised plan of £32.2m. We recognise that we must continue to look at how we become more efficient across our hospitals including how we use our resources and how we purchase. Much of this work is already underway – for example a dedicated programme has been implemented to attract staff with the right skills and expertise – either substantively or through registration with the internal staff bank – to reduce reliance on agencies and eliminate those costs.

While we remain in special measures and there is much more to achieve on our improvement journey, we are proud that the hard work of staff was recognised in the

latest Care Quality Commission report (CQC). The Trust's CQC report, published on 18 November 2015, moved the Trust from a grading of 'inadequate' to 'requires improvement' – the same rating as the majority of NHS trusts in the country. Two of the Trust's five hospitals were rated as 'good' with the other three being rated 'requires improvement'.

The CQC report noted an improved culture at the Trust and some outstanding practice including the Trust's outpatient improvement programme which the CQC said had "significantly improved" services for outpatients. It also recognised the Trust's innovation and improvement hubs which are generating enthusiasm among staff and some very good ideas for improving the way in which we provide care.

There remain a number of areas where we need to continue to drive improvement and dedicated work on this programme is making sure that happens. We are confident that a sustained focus on our improvement plan, which places patients at the heart of everything we do, will support the Trust to emerge from special measures.

There is a pressing need to tackle service pressures at the same time as developing a future model of care for the people of East Kent that meets changing needs. To address this, the East Kent Strategy Board was established in September 2015 by local health and care commissioners to spearhead a new drive to determine how best to provide health and care services to the population of East Kent.

Comprising all organisations involved in the planning, provision and delivery of health and care services in this area, the board is an advisory board with a clinical chair. Its membership includes the chief executives and most senior clinicians and leaders of East Kent's NHS and care services. The board will advise local health and care commissioners whose role it is to plan the future pattern of services across east Kent.

This board will also oversee the development of a model of care that works in a joined up way across primary, community, mental health and acute services, and with social care partners for the longer term. In the shorter term we will continue to ensure we are delivering safe services day to day and will make any necessary immediate changes to fulfil this duty.

The East Kent Strategy Board's work is in its early stages and no decisions have been made in respect to future models of care. Patients and the public will be involved at every stage of the process and this will include formal consultation on proposals later in 2016.

In addition to commencing planning for a strong future, there were plenty of achievements throughout 2015/16 to meet patient needs today. A major development was the opening of the new Buckland Hospital in Dover in June 2015. The new £24m facility offers local residents a range of outpatient services and improved access to other clinical services closer to home.

A new dedicated unit for women in need of urgent care opened in August 2015 at the William Harvey Hospital. The new Gynaecology Assessment Unit offers greater dignity and improved quality of care to women who need urgent medical attention.

Expert nursing staff are now able to offer compassion and expertise to those suffering emotionally distressing conditions.

There was further good news for staff at the William Harvey Hospital after a report published by the Trauma Audit & Research Network in November highlighted the hospital as the best performing in relation to managing trauma patients in England and Wales. The report rated over 100 hospitals offering trauma facilities across the country and ranked them according to performance based on survival rates of patients. The unit, which forms part of a wider trauma network introduced in 2013, sees patients with serious and life threatening injuries.

I would like to commend the team who are beginning the new acute medicine model at the Queen Elizabeth The Queen Mary Hospital in Margate. I have been impressed by all the work and drive to get this going and the early signs are positive. It's a great example of people coming together with a shared vision of providing a better service for our patients, and working through new and better ways of providing great care.

At the Kent & Canterbury Hospital an innovative research trial into a robotic walking device for people with spinal injuries has begun. The Trust is the only NHS organisation participating in the trial, which is taking place at the University of Kent at Canterbury. The robotic device lifts patients from a sitting position into a robot-supported standing position, allowing them to take part in a set of supported walking and stretching exercises, designed by specialist physiotherapists.

The Integrated Paediatric Therapy Service in Hythe is one of the hidden gems of East Kent Hospitals, providing integrated physiotherapy, occupational therapy and speech and language therapy services for children from 0-18 in Ashford, Shepway and Dover communities. I was bowled over by the passion and drive of the team members I met, and the whole approach to the service was a fantastic example of the partnership working and community approach we will do more of as a Trust.

I would also like to mention all the great work at the Royal Victoria Hospital that has continued to deliver local services to local people and of course our teams who are not hospital based but who provide great care in the community.

We are also proud of national recognition for our staff's work on clinical research – the way that clinicians gather evidence on how to improve treatments for patients. A league table published by the National Institute for Health Research Clinical Research Network in October, showed that last year, the Trust more than doubled the number of people taking part in research studies from 1672 in 2013/14 to 2367 in 2014/15. This placed the Trust at the top of other Kent trusts and a rise from 86th position in the national clinical research league table to 45th – a fantastic start.

In relation to how staff feel about working at the Trust, this year's staff survey results show an overall improvement on last year's survey in most areas. The most improved results include staff motivation at work, staff feeling able to contribute towards improvements at work and staff reporting good communication between senior management and staff. I believe this improvement reflects the efforts of staff across the Trust over the last year and, although it will be years before we see our culture change completely embedded within the organisation, indicates that we are moving in the right direction. Despite the improvements, we remain in the lowest 20% of trusts in England in the majority of areas surveyed and this must change. We are continuing with our work on the 'Respecting each other' programme

to end bullying and harassment and improving the appraisal process so staff know how they fit into the organisation and have opportunity for development within their roles.

There is a strong sense of connection with the communities the Trust serves. Many of our patients are friends or relatives of staff, who live locally, which strengthens that link. Over the year ahead, I am committed to doing more to make the organisation a great place to work for our staff who underpin everything that is achieved. Work will continue to embed the culture change programme and we will do more to care for the wellbeing of our staff.

As a Trust, we have some clear priorities for what we need to achieve in 2016/17 to continue our recovery. I am confident that by listening and engaging with our staff and patients, and through working collaboratively with our partners, we can achieve financial stability and secure excellent hospital services for the people of East Kent. Our priorities are to ensure people feel cared for as individuals; people feel safe, reassured and involved; people feel teamwork, trust and respect sit at the heart of everything we do and that people feel confident we are making a difference.

Finally, I am very grateful to our staff, governors, volunteers and partners for their commitment and continued support for East Kent Hospitals. I look forward to working with them in the year ahead to develop the Trust and its services.

A handwritten signature in blue ink, appearing to read 'M Kershaw', is positioned above a horizontal line.

Matthew Kershaw
Chief Executive

Achievement against 2015/16 annual objectives

Annual objective	Sub-objective	Full	Good	Partial	None
AO1: Implement the third year of the Trust's quality strategy demonstrating improvements in patient safety, clinical outcomes and patient experience / person centred care	Patient-centred care		★		
	Safe care			★	
	Effective care		★		
	Effective workplace culture		★		
AO2: Embed the improvements in the High Level Improvement Plan to ensure the Trust provides care to its patients that exceeds the fundamental standards expected			★		
AO3: Deliver Improvements in patient access performance to meet the standards expected by patients as outlined in the NHS Constitution and our provider licence with Monitor				★	
AO4: Improve the Trust's financial performance through delivery of the 2015/16 Cost Improvement Programme and effective cost control				★	
AO5: Develop, engage and consult on a clinically and commissioner supported strategy that achieves both clinical and financial stability				★	
AO6: Deliver cultural change programme to increase staff engagement and satisfaction			★		

Purpose and activities of the foundation trust

East Kent Hospitals University NHS Foundation Trust manages five hospitals including the William Harvey in Ashford, the Queen Elizabeth Queen Mother in Margate, Buckland in Dover, Royal Victoria in Folkestone and Kent and Canterbury in Canterbury city. The Trust also provides health services from other NHS facilities across East Kent including renal services in Medway and Maidstone.

The Trust has over 1000 beds including 27 critical care beds and 67 children's beds. Its 7,500 plus staff provide a range of core and specialist healthcare services to a population of over 750,000 across east Kent. The Trust receives over 200,000 emergency attendances, 94,000 inpatient spells and 727,000 outpatient attendances per year. There are 138,000 day case attendances.

As a teaching Trust the organisation plays a vital role in the education and training of doctors, nurses and other healthcare professionals, working closely with local universities and King's College University in London.

The Trust is proud of its national and international reputation for delivering high quality specialist care, particularly in cancer, kidney disease, stroke and vascular services.

Our hospitals

Buckland Hospital

The Buckland Hospital is a community hospital that provides a range of local services.

East Kent Hospitals has invested £24m to rebuild the Dover hospital to provide modern facilities for the south Kent coast population. The new hospital opened to patients in June 2015.

The new facilities include a minor injuries unit walk in centre, outpatient facilities, renal satellite services, day hospital services, child health ambulatory and child development services and diagnostic facilities. This was an important development for the Trust, securing local access to services.

Kent & Canterbury Hospital

Kent & Canterbury Hospital is an acute hospital providing a range of elective and emergency services including an Emergency Care Centre.

The hospital is located in the City of Canterbury. The original part of the main hospital building was constructed in 1937, with later developments undertaken on site in the 1960s and 2000.

This hospital provides a central base for many specialist services in east Kent such as renal, vascular, interventional radiology, urology, dermatology, neurology and haemophilia services.

Kent & Canterbury Hospital has a postgraduate teaching centre and staff accommodation.

Queen Elizabeth The Queen Mother Hospital

The Queen Elizabeth The Queen Mother (QEQM) Hospital, Margate is an acute hospital providing a range of emergency and elective services and comprehensive trauma, orthopaedic, obstetrics, general surgery and paediatric services. The hospital dates back to the 1930s when the original building was constructed. Between 1996 and 1998 most services were relocated and expanded into a new main hospital building linked to the original facilities.

The hospital 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 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.

Royal Victoria Hospital

The Royal Victoria Hospital, Folkestone is a community hospital that provides a range of local services. The hospital building is essentially Victorian, but has been upgraded over the years to provide 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.

William Harvey Hospital

The William Harvey Hospital (WHH), Ashford is an acute hospital providing a range of emergency and elective services as well as comprehensive maternity, trauma, orthopaedic and paediatric and neonatal intensive care services. The hospital is located on the outskirts of Ashford, adjacent to the M20 and was commissioned in 1977. Since then the site has been developed, substantially upgraded and, more recently, reorganised into medical and surgical floors.

The hospital has 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. There are also adult and elderly mental health services onsite provided by Kent and Medway NHS & Social Care Partnership Trust.

Our services	Kent & Canterbury Hospital	William Harvey Hospital	Queen Elizabeth The Queen Mother Hospital	Royal Victoria Hospital	Buckland Hospital	Estuary View Whitstable	Other community sites
Clinical support services							
Interventional radiology	✓	✓	✓				
Outpatient and diagnostic services	✓	✓	✓	✓	✓	✓	✓
Therapy services	✓	✓	✓	✓	✓		✓
Inpatient rehabilitation	✓	✓	✓				
Specialist services							
Cancer care (chemotherapy)	✓	✓	✓				✓
Cancer care (radiotherapy)	✓						
Child ambulatory services	✓	✓	✓		✓		
Community child health services	✓				✓		✓
Haemophilia services	✓						✓
Inpatient child health services		✓	✓				
Inpatient clinical haematology	✓						
Inpatient dermatology	✓						
Inpatient obstetrics, gynaecology and consultant-led maternity		✓	✓				
Midwifery-led birthing units		✓	✓				
Neo-natal intensive care unit		✓					
Special care baby unit		✓	✓				
Inpatient renal services	✓						
Renal dialysis	✓	✓	✓		✓		✓ ¹

¹ Also provided by EKHUFT at Maidstone and Tunbridge Wells NHS Trust and Medway Maritime Foundation NHS Trust

Our services	Kent & Canterbury Hospital	William Harvey Hospital	Queen Elizabeth The Queen Mother Hospital	Royal Victoria Hospital	Buckland Hospital	Estuary View Whitstable	Other community sites
Surgical services							
Critical Care Intensive Therapy Unit (ITU) / High Dependency Unit (HDU)	✓	✓	✓				
Day case surgery	✓	✓	✓				
Inpatient acute coronary care services	✓	✓	✓				
Inpatient breast surgery		✓	✓				
Inpatient emergency general surgery		✓	✓				
Inpatient emergency trauma services		✓	✓				
Inpatient ENT (ear, nose and throat), ophthalmology and oral surgery		✓					
Inpatient maxillofacial		✓					
Inpatient orthopaedic services		✓	✓				
Inpatient urology services	✓						
Inpatient vascular services	✓						
Orthopaedic rehabilitation		✓	✓				
Urgent care and long-term conditions							
24-hour emergency care centre	✓						
Accident and emergency		✓	✓				
Minor injuries unit	✓	✓	✓		✓		
Acute elderly care services	✓	✓	✓				
Acute stroke	✓	✓	✓				
Diagnostic and interventional cardiac services		✓	✓				
Endoscopy services	✓	✓	✓		✓		
Inpatient cardiology	✓	✓	✓				
Inpatient diabetes service	✓	✓	✓				
Inpatient gastroenterology services	✓	✓	✓				
Inpatient neurology	✓	✓	✓				
Inpatient neurorehabilitation	✓						
Inpatient respiratory	✓	✓	✓				
Inpatient rheumatology	✓	✓	✓				
Neurophysiology services	✓						
Ortho-geriatric services		✓	✓				

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 which saw the William Harvey Hospital in Ashford and Queen Elizabeth The Queen Mother in Margate opening as East Kent's district general hospitals while Kent & Canterbury Hospital, in Canterbury, became a specialist services hub, alongside the provision of medical care for adults.

The Trust received its formal certificate of registration in June 2010 by the Care Quality Commission (CQC) under the Health and Social Care Act 2008. The registration currently includes conditions which the Trust is addressing through its improvement, turnaround and transformation work.

Since becoming a foundation trust in 2009, East Kent Hospitals has been regulated by Monitor – the organisation responsible for authorising, monitoring and regulating NHS foundation trusts. Monitor placed the Trust in special measures on 29 August 2014 following a CQC in March 2014 which identified two of the three main hospital sites as 'inadequate' and the Trust rated overall as 'inadequate'.

Our hospitals were last inspected by the CQC in July 2015. The inspection report, published on 18 November 2015, rated two of our five hospitals as 'good' and three as 'requires improvement'. The Trust currently remains in special measures with a further inspection expected in May 2016. The CQC will normally recommend that a Trust comes out of special measures if the quality of care is showing sufficient signs of improvement but Monitor will decide whether to formally remove the Trust from special measures.

Care Quality Commission ratings for our hospitals in 2015

The CQC's report provides an individual rating for each of the Trust's five hospitals:

William Harvey Hospital in Ashford is now rated as 'requires improvement' but critical care and outpatient and diagnostic imaging are rated as 'good'.

Buckland Hospital in Dover is now rated as 'good' with all services at the hospital rated as 'good' including the Minor Injuries Unit.

Queen Elizabeth the Queen Mother Hospital in Margate is now rated as 'requires improvement' but again critical care and outpatient and diagnostic imaging are rated as 'good'.

Royal Victoria Hospital in Folkestone is now rated as 'good' with all services at the hospital rated as 'good'.

Kent & Canterbury Hospital in Canterbury is now rated as 'requires improvement' but children's services, critical care and outpatient and diagnostic imaging are rated as 'good'.

Our clinical strategy

The Trust is facing some significant challenges, most notably increasing demand, reduced income and continuing workforce pressures, meaning that we need to re-consider how we deliver care in the future.

We absolutely recognise that we need to continue to deliver services locally wherever possible. However, in order to maintain safe and sustainable services for the long-term we also know that we cannot continue to deliver services in the same way as we do at the moment.

Work is now underway led by our commissioners and with healthcare partners, to explore ways to transform how care is delivered. This is being overseen for east Kent by the East Kent Strategy Board.

In addition to the original ambition of the Board in taking a 'whole system approach' to designing health and care services, planning guidance from NHS England, published 22 December 2015, means that this work has an additional dimension as it will form part of a 'sustainability and transformation plan' for Kent and Medway.

Plans and timescales will be developed in 2016/17 with the intention is to go to public consultation on proposed options for service delivery in late 2016.

The Board will work with other health and care partners in Kent and Medway to deliver the plan whilst maintaining the pace and ambition of the programme for the population of East Kent.

Part of this engagement includes consultation with numerous local groups and organisations including the Kent Health Overview and Scrutiny Committee (HOSCs). This Kent County Council committee is charged with reviewing and scrutinising matters relating to the planning, provision and operation of health services in Kent. The Trust continues to build a positive relationship with the Kent HOSC which has been helpful. The purpose of this group is to provide an opportunity for more detailed exploration of the emerging issues for the health community than can be achieved in formal meetings.

Over the next few months we will be involved in seeking the views of our patients, public, clinicians, staff and voluntary organisations to understand how they feel about our services and to understand what's important to them. This information will help us to identify potential options around how we might deliver services in the future and will help us to positively shape proposals for public consultation.

Changing our services is not a simple task or one we have taken lightly. We must follow a legal process before any options can be outlined more fully to the public or before any decisions can be made. We are only at the start of the process.

Strategic priorities for 2016/17

- **Patients – help all patients take control of their own health**
- **People – identify, recruit, educate and develop talented staff**
- **Provision – provide the services people need and do it well**
- **Partnerships – work with other people and organisations to give patients the best care**

Working in partnership

The Trust's relationship with its commissioners is critical to business success. The four Clinical Commissioning Groups (CCGs) are GP led and commission services for the east Kent area.

The Trust engages with a large and diverse group of public groups and organisations. Organisations have included the Kent Community Health NHS Foundation Trust, Kent and Medway NHS Social Care Partnership Trust, South East Coast Ambulance Trust, academic partners and Kent County Council.

East Kent Hospitals has an on-going process of listening to the views of patients and the public. During 2015 we began a process of listening to patients and the public to ensure their points of view help shape the Trust's clinical strategy and the future of east Kent health services.

The Trust has been working closely with the CCGs on the emerging clinical strategy that will determine the future delivery of healthcare in East Kent.

The Trust, like every NHS Trust in the country, is expected to plan services to make them sustainable, drive efficiency and deliver high quality care. One of the drivers of the clinical strategy is to continually improve the quality of services the Trust offers.

To help us achieve this, we are continually working with Healthwatch Kent, an independent organisation set up to champion the views of patients and social care users across Kent. They work to help local people get the best out of their local health and social care services, whether it is improving them today or helping to shape them for the future.

Estuary View

East Kent Hospitals University NHS Foundation Trust is one of eight partners working collaboratively as part of the Age UK Integrated Care Programme 'Living Well' to become a national pilot. The programme supports 500 older people with long-term co-morbidities who are at high risk of hospital admission in the Ashford and Canterbury and Coastal CCG areas.

General Practitioners (GPs)

The Trust has improved the information it makes available to GPs by providing full details about each of our services and our clinical teams on the Trust's website. The information about our services is closely integrated with the information provided for the Choose and Book directory of service. The website information has had very positive feedback from GPs.

The Trust has invested resources in improving the speed and completeness of clinic letters and discharge summaries that are sent to GPs. Both had been identified by GPs as areas for improvement.

Voluntary organisations

The Trust has a strong record of partnering third sector voluntary organisations in the delivery and improvement of services.

Key issues and risks

The Trust's 2015/16 contracts with the four East Kent Commissioning Clinical Groups (CCGs) were agreed as managed contracts thereby reducing exposure to financial risk by securing a minimum income stream for the year. However, the Trust was carrying an element of risk in relation to winter spend which was not agreed as part of the annual contract.

The Trust was in special measures during the year and the Trust's regulator required it to prepare plans to stabilise its financial performance during the year and improve this performance in future years. The regulator has also required the Trust to undertake external reviews of its financial and other governance areas. These reviews have led to the Trust incurring some additional costs.

The main operational drivers of the Trust's weakening financial performance in 2015/16 included the cost of staffing driven by increasing contracted staff numbers and particularly being more reliant on agency and locum staff in order to maintain safe staffing levels to meet CQC requirements. £34.3m has been spent on agency staff in year largely for medical support and to address challenges in A&E. The main financial risk to the Trust this year has been the need to manage its cash position in order that creditors and staff can be paid. Large capital investments in hospital buildings and medical equipment have depleted the Trust's cash in the last couple of years. Due to the Trust's deficit, further pressure has been placed on the Trust's cash position which has been closely managed and helped mainly by the sale of unused land and building assets. Despite these sales the Trust's cash balance has fallen from £31.3m at the start of the year to £3.8m at its end. The cash position will be a key risk in the forthcoming year but will be covered by a loan from the Independent Trust Financing Facility (ITFF).

Going concern

The Trust has considered the situation with regard to 'going concern' and after making enquires, the directors have a reasonable expectation that the East Kent Hospitals University NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future.

This assessment is based on the fact that there remains the anticipation of the provision of service in the future, as evidenced by inclusion of financial provision for that service in published documents. All of the Trust's principal contracted commissioners have signed the NHS Standard Contract for the provision of services at the Trust for 2016/17.

How we measure performance

The Trust measures performance through a central integrated performance dashboard known as the Balanced Scorecard, which in turn leads into the integrated performance report, allowing for more in depth analysis and investigation. The scorecard pulls key metrics from a corporate and divisional perspective into one central and accessible report. These metrics comprise the key performance indicators including referral to treatment targets, cancer, diagnostics and A&E, together with workforce, safety, and quality, financial and operational metrics.

Metrics are interrogated both during the month and at the end of the month at relevant performance reviews, with actions escalated to the Trust Board.

How many people we treated

Point of delivery	2015/2016 year to date	2014/2015 year to date	Variance	Variance %
Referral Primary Care	149,029	145,161	3,868	2.7%
Referral non-primary care	106,400	114,196	-7,796	-6.8%
Outpatient new	186,420	191,219	-4,799	-2.5%
Outpatient follow up	384,085	404,891	-20,806	-5.1%
Elective day case	82,353	82,810	-457	-0.6%
Elective inpatient	15,488	15,932	-444	-2.8%
A&E	204,429	204,685	-256	-0.1%
Non-elective inpatient	85,814	82,974	2,840	3.4%
Other	5,402,780	5,106,494	296,286	5.8%

Referrals into the Trust from primary care saw a 2% increase (having increased by 5% last year), while non-primary care referrals are 7% below last year due to being managed more appropriately internally.

The outpatients' service, in total, has seen large reductions in ophthalmology and gynaecology.

Elective day case admissions and ward attenders remained very stable compared to last year however, elective inpatients saw a 1.5% reduction mainly due to the paediatric pathway being changed.

A&E attendances have seen a slight decrease compared to last year, but remain stable. Non-elective inpatients however have seen increases, mainly due to change in patient pathways in paediatrics, gynaecology (both due to the assessment unit schemes) and general medicine.

Financial performance

This section of the Annual Report provides a narrative on the financial performance of the Trust, highlights points of interest within the annual accounts and shows the Trust's performance against its financial targets.

The Trust (excluding subsidiaries) achieved an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of £(5.7)m. The Trust achieved an actual deficit for the year of £(35.2)m which was £(3)m adverse to the revised plan.

The financial results and the assets and liabilities of the Trust's wholly owned subsidiary company Healthex Limited (the parent company of East Kent Medical Services Limited which manages and operates the Spencer Wing private facilities at

the Queen Elizabeth the Queen Mother and William Harvey hospitals) have been consolidated with those of the Trust in the financial statements.

The East Kent Hospitals Charity financial results are also included in the consolidated accounts. As a corporate trustee of the Charity our relationship has been assessed and has determined that the Charity is a subsidiary. Therefore, the Annual Reporting Manual for Foundation Trusts requires subsidiary charities to be consolidated.

The group results, including Healthex Limited and East Kent Hospitals Charity are shown in the summary financial statements on pages 29 to 32.

The Trust submits an annual plan to Monitor (sector regulator for foundation trusts) each financial year. The table below shows performance against this plan. Our financial performance has been assessed against the financial sustainability risk rating. Monitor requires that NHS charities are excluded when assessing financial performance.

Trust Performance (including Healthex Limited, excluding East Kent Hospitals Charity)

Heading	Actual Performance	
	Target	Achievement
Operating income	£536.2m	£537.2m
Income & expenditure surplus/(deficit)	£(32.2)m	£(35.1)m
Reported savings	£16.2m	£16.5
Closing cash balance	£0.08m	£3.9m
Trust Capital programme	£13.0m	£12.7m
EBITDA	£(1.7)m	£(5.7)m

Regulatory ratings

Monitor publishes two ratings for each NHS foundation trust.

- The financial sustainability risk rating is Monitor's view of the level of financial risk a foundation trust faces and its overall financial efficiency. A rating of 1 indicates the most serious risk and 4 the least risk. A rating of 2* means the trust has a risk rating of 2 but Monitor consider its financial position is unlikely to get worse in the immediate future.

- The governance rating is Monitor's degree of concern about how the trust is run, any steps Monitor is taking to investigate this and/or any action it is taking. Monitor will either indicate they have no evident concerns, that it has begun enforcement action, or that the foundation trust's rating is 'under review', which means they have identified a concern but not yet taken action.

The role of these ratings is to indicate when there is a cause for concern at a trust. The ratings do not automatically trigger regulatory action. They simply prompt Monitor to consider whether a more detailed investigation is needed.

Monitor updates foundation trusts' ratings each quarter and also in 'real time' to reflect any regulatory action taken. For 2016/16 Monitor has rated this Trust '2' for financial sustainability risk rating and 'red' for the governance risk rating as the Trust remains in special measures.

2015/16 Performance					
	Annual Plan	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Financial sustainability risk rating	1	2	2	2	1
Governance risk rating	Red	Red	Red	Red	Red

2014/15 Performance					
	Annual Plan	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Continuity of service rating		4	4	3	3
Governance risk rating		Green	Red	Red	Red

Revisions to the risk assessment framework in August 2015

In June 2015 Monitor consulted on a number of proposed changes to the risk assessment framework to reflect the challenging financial context in which foundation trusts are operating and to strengthen Monitor's regulatory regime to support improvements in financial efficiency across the sector.

The changes include:

- Monitoring in-year financial performance and the accuracy of planning
- Combining these two measures with the previously used continuity of services risk rating to produce a new four-level financial sustainability risk rating
- Introducing a value for money governance trigger

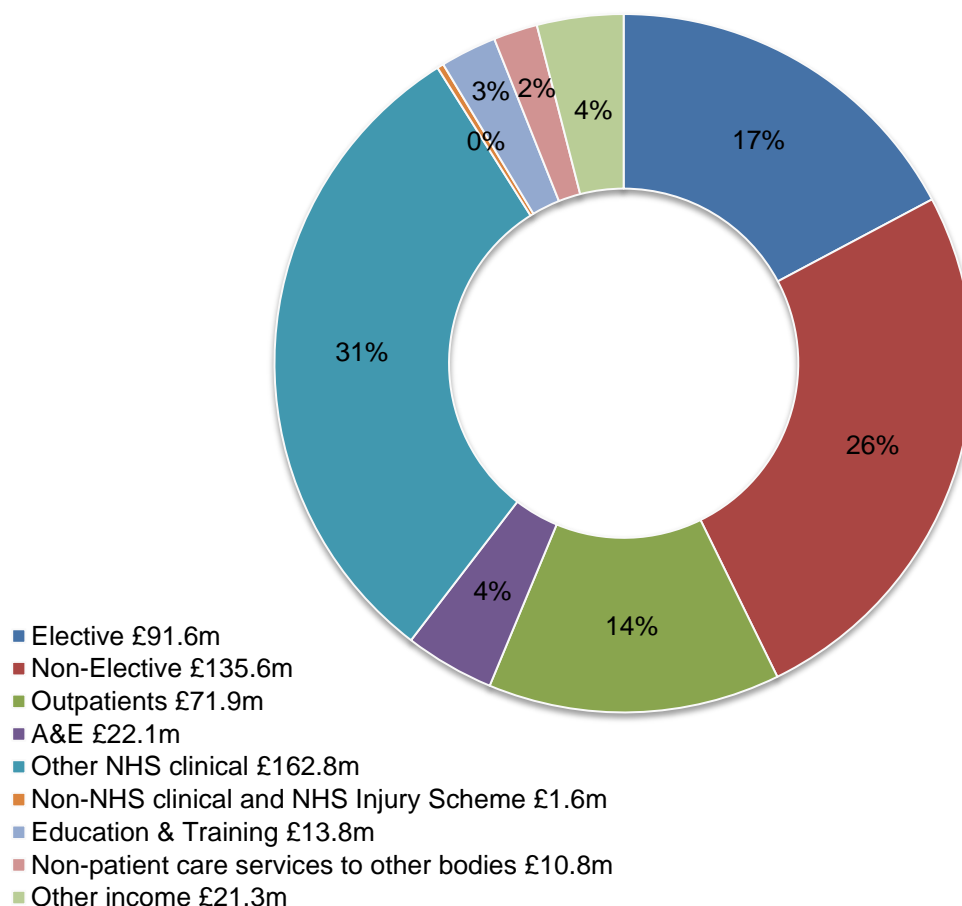
Monitor has also reviewed the appropriate reporting requirements and as a result, from August 2015 NHS foundation trusts will be required to submit financial information monthly as well as quarterly.

Financial analysis – (excluding subsidiaries)

Income

Total Trust income (£531.5m) was 0.04% higher than the previous year. The NHS Act 2006 requires that income for providing patient care services must be greater than income for providing any other goods/services. The Trust can confirm that 91% of total Trust income comes from providing patient care services. Any surplus made on the remaining 9% of income is used to support the provision of patient care.

2015/16 Trust income - total £531.5m



The majority of income for patient care came from NHS commissioners, mainly the East Kent Clinical Commissioning Groups (CCGs) and NHSE specialist services, secondary dental and screening programmes, which together accounted for £479.4m of the Trust's income in year.

Other income includes:

£5.7m staff recharges to other organisations

£3.7m from car parking

£2.3m for staff accommodation

£2.8m for research

£1.0m charitable donations

£3.6m compensation payment from a contractor relating to omissions and defects in a previous year's project

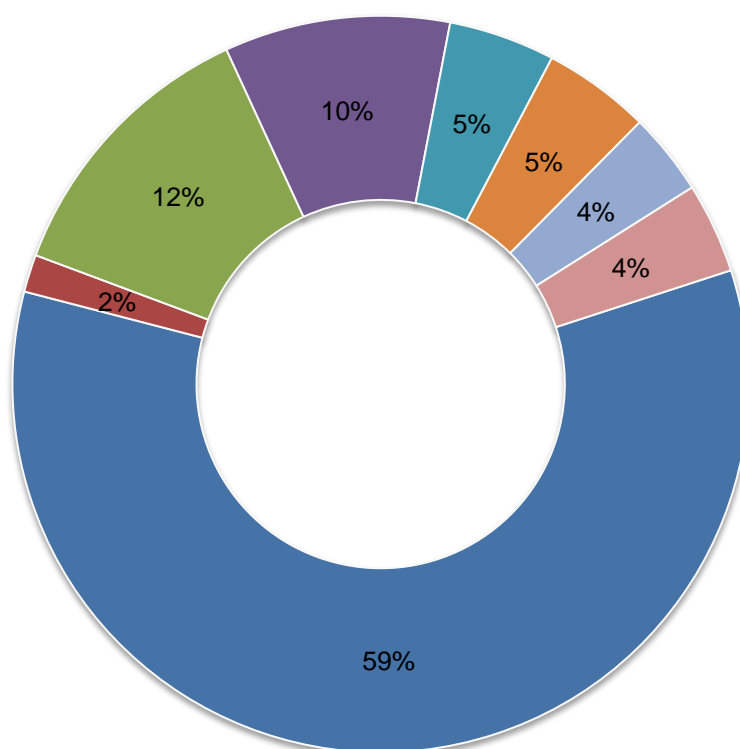
The Trust can confirm that we have complied with the cost allocation and charging guidance issued by HM Treasury.

Operating expenses

Total Trust costs increased by 5.6% (£29.7m) compared to the previous year. The chart shows what the money has been spent on. Clinical supplies and medicines together account for 55% of non-pay costs.

Each year we have to become more efficient providing the same service at a lower cost or a higher quantity or quality of service at the same cost. In 2015/16 we achieved £16.5m in cost and other efficiencies and income opportunities, enabling the Trust to continue to meet demand and enhance services. However, our ability to sustain year- on-year efficiencies expected by tariff is becoming progressively more challenging.

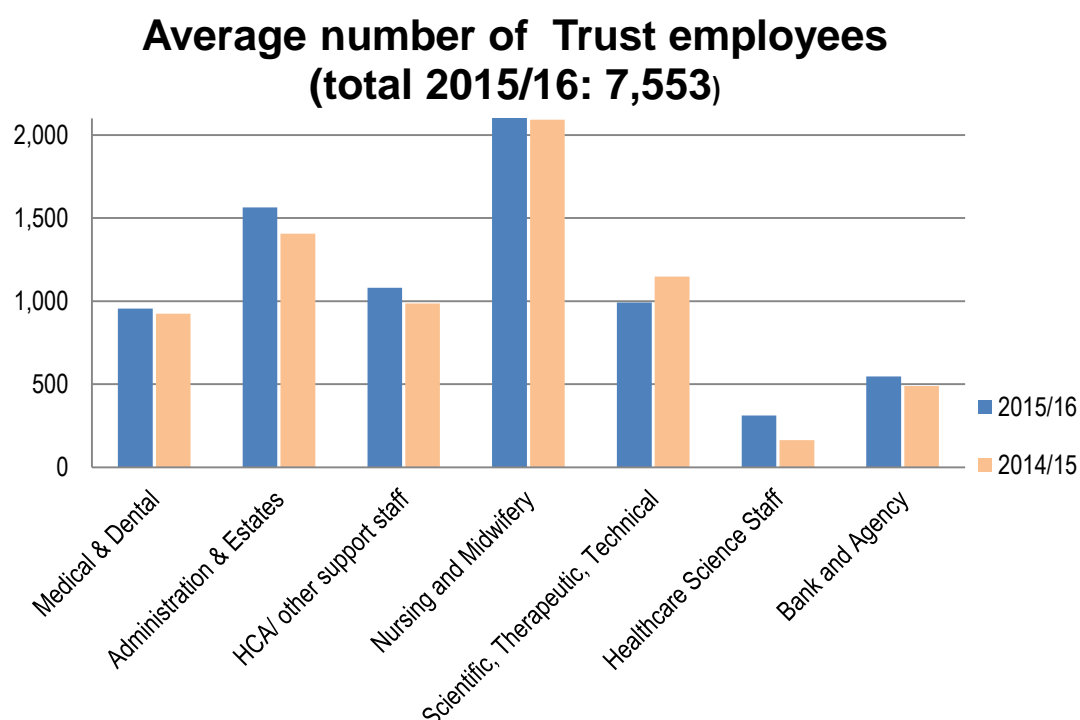
2015/16 operating expenses - total £557.3m



- Employee costs £329.0m
- Purchase of healthcare £9.2m
- Other clinical supplies £69.3m
- Medicines £55.2m
- General supplies & services £26.0m
- Premises and establishment costs £26.3m
- Depreciation and impairments £20.2m
- Clinical negligence premium £16.2m and other £5.9m

A total of 59% of the Trust's expenditure is for employees' salaries (including directors' costs) and payment of temporary staff. Details of directors' salaries and pensions can be found on page 51 of this report.

Total pay costs increased by 5% (£16.2m) with a greater number of permanent and temporary staff than last year.



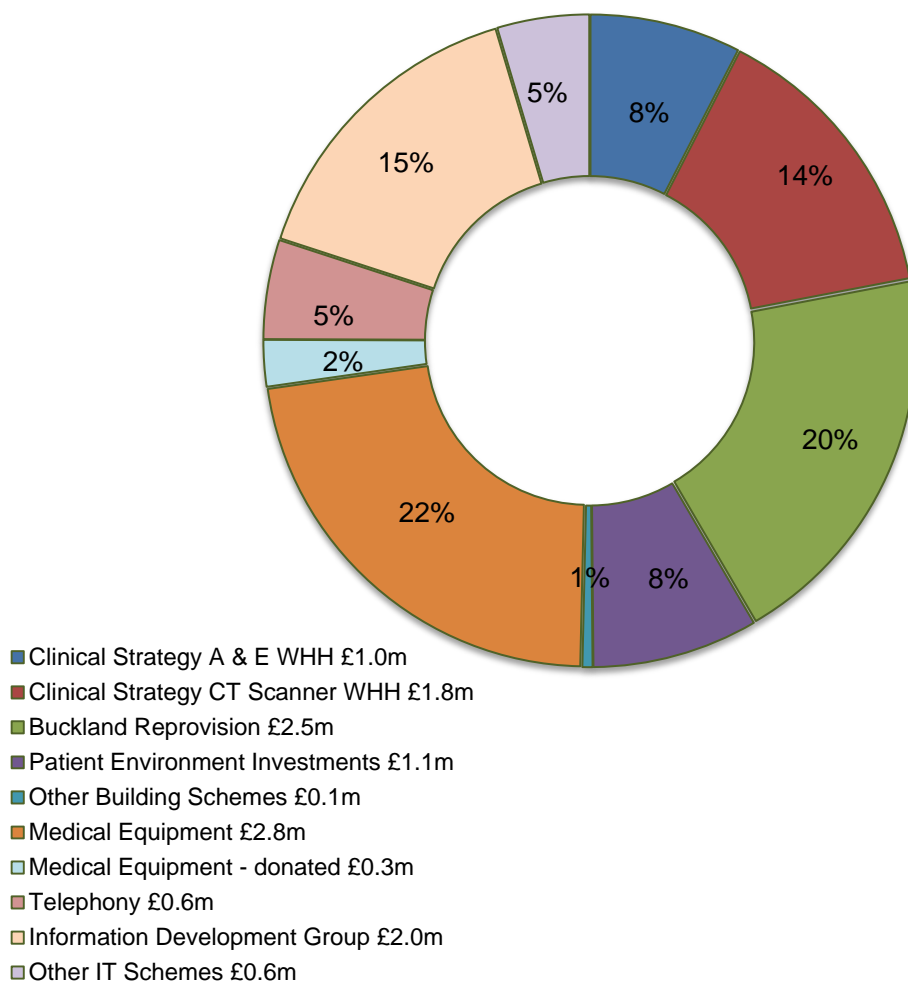
The numbers shown above are average full time equivalent values. Policies for staff pensions and other retirement benefits are shown in note 5.8 of the annual accounts.

There were four early retirements on ill-health grounds in 2015/16; the estimated cost (£0.1m) is borne by the NHS Pension Scheme.

Capital expenditure

We have continued our investment programme – improving and replacing property, facilities, fixed and moveable equipment, investing in technology to improve efficiency and enhance patient care and treatment. However, the adverse cash position has meant that we needed to restrict the overall programme. The new hospital in Dover was completed this year and opened in June 2015. This year we have spent £6.4m on construction projects, £2.8m on plant and equipment, and £6.3m on IT equipment and software. The main schemes and other categories of spend are shown in the chart below.

Capital expenditure 2015/16 - total £12.7m



In addition to the £12.4m Trust capital spend, £0.3m was spent on assets funded from donations (see page 71 for the Charitable Funds Committee chair's summary). A £14.2m capital investment programme has been agreed for 2016/17.

We comply with HM Treasury requirements for cost allocation and charging methods, and continue to use the 'modern equivalent asset' basis for valuing land and buildings.

Cash

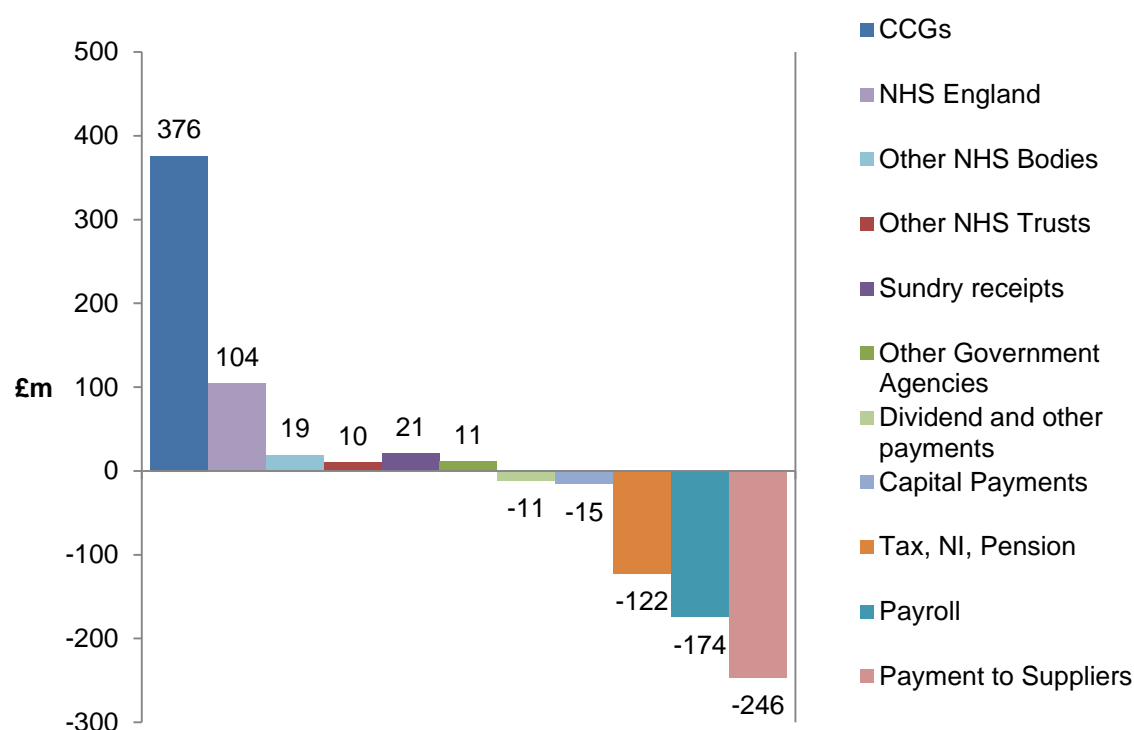
Trust cash balances decreased by £27.5m in the year, to £3.8m. The reduction is driven by:

- our investments in renewing our estate and equipment in order to improve our services to patients and
- the deterioration in our financial position

We have accounts with the Government Banking Service, and a high street bank.

The main categories of receipts and payments are shown in the following chart.

Trust cash receipts and payments 2015/16



Paying suppliers

In accordance with the Better Payment Practice Code, we aim to pay undisputed trade invoices within 30 days of receipt of goods or a valid invoice; unless other agreed payment terms are in force. Interest was paid to suppliers in 2015/16, totalling £18,000 which was £4,000 higher than the previous year, under the Late Payment of Commercial Debts (Interest) Act 1998.

Better Payment Practice Code - Measure of Compliance

Category: Non-NHS	2015/16		2014/15	
	Number	£000	Number	£000
Invoices paid in the year	100,307	241,147	94,972	250,755
Invoices paid on time	89,934	211,334	87,882	223,500
Paid on time - % of total	90%	88%	93%	89%
Category: NHS	2015/16		2014/15	
	Number	£000	Number	£000
Invoices paid in the year	3,117	30,174	3,715	31,305
Invoices paid on time	2,640	28,365	3,368	29,968
Paid on time - % of total	85%	94%	91%	96%

Payment performance to trade creditors in 2015/16 deteriorated to below the 95% benchmark to 90% for value and 88% for number.

Summarised annual accounts

The Trust's annual accounts are prepared under a direction issued by Monitor, under the National Health Service Act 2006. The financial statements comply with Monitor's Annual Reporting Manual for Foundation Trusts, as agreed with HM Treasury. Where relevant to NHS foundation trusts, the manual follows international financial reporting standards as adopted by the European Union.

Under the Code of Governance, the Board of Directors is responsible for presenting a balanced view of the Trust's financial position and future prospects. The directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's performance, business model and strategy.

The following financial tables are a summarised version of the Annual Accounts. A full set of accounts (including accounting policies) can be found on our website at www.ekhuft.nhs.uk. A copy may also be obtained through our Freedom of Information office email ekh-tr.FOI@nhs.net or phone **01227 766877 extension 73636**. Hard copies are available and a fee of £20 is made to non-members.

Statement of Comprehensive Income	Group 2015/16	Trust 2015/16	Group 2014/15	Trust 2014/15
	£000	£000	£000	£000
Operating Income from continuing operations	537,061	531,489	534,155	529,028
Operating expenses of continuing operations	(563,020)	(557,277)	(532,248)	(527,541)
Operating Surplus	(25,959)	(25,788)	1,908	1,487
Finance costs				
Finance income	186	142	246	200
Finance costs	(22)	(18)	(4)	0
Finance expense - unwinding of discounts on provisions	(36)	(36)	(303)	(303)
Public Dividend Capital dividends payable	(9,458)	(9,458)	(9,391)	(9,391)
Net Finance Costs	(9,330)	(9,370)	(9,452)	(9,494)
Movement in fair value of investment property	0	0	220	0
Corporation Tax expense	(41)	0	(98)	0
Surplus from continuing operations	(35,330)	(35,158)	(7,423)	(8,007)
Surplus/(deficit) of discontinued operations and the gain/(loss) on disposal of discontinued operations	0	0	0	0
Surplus for the year	(35,330)	(35,158)	(7,423)	(8,007)
Other comprehensive income (movement in reserves)				
Impairments	(1,221)	(1,221)	5,555	5,555
Revaluations	0	0	6,169	6,169
Other Reserve Movement	0	0	(6)	0
Fair value gains on available-for-sale financial investments	(126)	0	0	0
Total comprehensive income/(expense) for the year	(36,677)	(36,379)	4,296	3,717

Statement of Financial Position	Group 2015/16	Trust 2015/16	Group 2014/15	Trust 2014/15
	£000	£000	£000	£000
Non-current assets				
Intangible assets	2,215	2,215	2,760	2,760
Property, plant and equipment	307,247	304,433	319,420	316,523
Investment property	48	0	800	0
Other investments	2,861	48	3,074	48
Trade and other receivables	2,602	3,953	2,617	4,061
Total non-current assets	314,973	310,649	328,671	323,392
Current assets				
Inventories	9,695	9,695	9,033	9,033
Trade and other receivables	20,530	20,518	27,882	27,219
Non-current assets for sale and assets in disposal groups	550	550	0	0
Cash and cash equivalents	5,361	3,856	32,134	31,295
Total current assets	36,136	34,619	69,049	67,548
Total assets	351,109	345,268	397,720	390,939
Current liabilities				
Trade and other payables	(51,279)	(50,805)	(55,253)	(54,499)
Borrowings	(14)	0	(29)	0
Provisions	(470)	(470)	(2,080)	(2,080)
Other current liabilities	(5,075)	(5,067)	(8,803)	(8,536)
Total current liabilities	(56,838)	(56,342)	(66,165)	(65,115)
Total assets less current liabilities	294,271	288,926	331,555	325,825
Non-current liabilities				
Trade and other payables	0	0	(88)	0
Borrowings	(35)	0	(39)	0
Other financial liabilities	(107)	0	(102)	0
Provisions	(2,604)	(2,604)	(2,674)	(2,674)
Total non-current liabilities	(2,746)	(2,604)	(2,903)	(2,674)
Total assets employed	291,525	286,322	328,652	323,151
Financed by (taxpayers' equity):				
Public dividend capital	190,259	190,259	190,709	190,709
Revaluation reserve	87,042	86,803	88,985	88,746
Income and expenditure reserve	9,875	9,260	44,244	43,696
Charitable fund reserves	4,349	0	4,714	0
Total Taxpayers' Equity	291,525	286,322	328,652	323,151

Signature:



Matthew Kershaw, Chief Executive

Date: 19 May 2016

Statement of Changes in Taxpayers' Equity					
Group 2015/16					
	Public dividend capital (PDC)	Revaluation reserve	Income and Expenditure Reserve	NHS Charitable Funds Reserves	Total
	£000	£000	£000	£000	£000
Taxpayers equity at 1 April 2015	190,709	88,985	44,244	4,714	328,652
Surplus/(deficit) for the year	0	0	(35,834)	504	(35,330)
Impairments	0	(1,221)	0	0	(1,221)
Revaluations	0	0	0	0	0
Transfer to retained earnings on disposal of assets	0	(722)	722	0	0
Fair value gains / losses on assets	0	0	0	(126)	(126)
Public Dividend Capital received	250	0	0	0	250
Public Dividend Capital repaid	(700)	0	0	0	(700)
Other reserve movements - charitable funds consolidation adjustment	0	0	743	(743)	0
Taxpayers equity at 31 March 2016	190,259	87,042	9,875	4,349	291,525

Trust 2015/16				
	Public dividend capital (PDC)	Revaluation reserve	Income and Expenditure Reserve	Total
	£000	£000	£000	£000
Taxpayers equity at 1 April 2015	190,709	88,746	43,696	323,151
Surplus/(deficit) for the year	0	0	(35,158)	(35,158)
Impairments	0	(1,221)	0	(1,221)
Revaluations	0	0	0	0
Transfer to retained earnings on disposal of assets	0	(722)	722	0
Public Dividend Capital received	250	0	0	250
Public Dividend Capital repaid	(700)	0	0	700
Taxpayers equity at 31 March 2016	190,259	86,803	9,260	286,322

Statement of Cash Flows	Group 2015/16	Trust 2015/16	Group 2014/15	Trust 2014/15
	£000	£000	£000	£000
Cash flows from operating activities				
Operating surplus from continuing operations	(25,959)	(25,788)	1,908	1,487
Operating surplus of discontinued operations	0	0	0	0
Operating surplus	(25,959)	(25,787)	1,928	1,487
Non-cash income and expense:				
Depreciation and amortisation	17,024	16,871	16,723	16,567
Impairments and reversal of impairments	3,314	3,314	(284)	(284)
(Gain)/loss on disposal	(74)	(74)	31	31
Income recognised in respect of capital donations	(295)	(295)	(780)	(780)
Dividends accrued and not received	0	0	0	0
(Increase)/decrease in Trade and Other Receivables	7,306	6,925	11,417	14,704
(Increase)/decrease in Inventories	(662)	(662)	(1,338)	(1,338)
Increase/(decrease) in Payables and other liabilities	(7,579)	(6,979)	4,569	1,832
Tax (paid)/received	(41)	0	0	0
Increase/(decrease) in Provisions	(1,716)	(1,716)	(898)	(898)
NHS Charitable funds – net adjustments for working capital movements, non-cash transactions and non-operating cash flows	184	0	(254)	0
Other movements in operating cash flows	(47)	1	92	(162)
Net cash generated from/(used in) operations	(8,545)	(8,402)	31,186	31,159
Cash flows from investing activities:				
Interest received	75	142	135	134
Purchase of Intangible assets	(236)	(236)	(1,411)	(1,411)
Purchase of Property, Plant and Equipment	(12,698)	(12,652)	(34,965)	(34,879)
Sales of Property, Plant and Equipment	3,457	3,457	0	0
Receipt of cash donations to purchase capital assets	295	295	780	780
NHS Charitable funds – net cash flows from investing	950	0	174	0
Net cash generated from/(used in) investing activities	(8,157)	(8,994)	(35,287)	(35,375)
Cash flows from financing activities:				
Interest element of finance leases	(4)	0	(4)	(4)
Capital element of finance leases	(25)	0	(25)	(25)
Other interest paid	(18)	(18)		
Public Dividend Capital received	250	250	996	996
Public Dividend Capital repaid	(700)	(700)		
Public Dividend Capital dividend paid	(9,574)	(9,574)	(9,436)	(9,436)
Net cash generated from/(used in) financing activities	(10,071)	(10,042)	(8,469)	(8,469)
Net increase /(decrease) in cash and cash equivalents	(26,773)	(27,438)	(12,570)	(12,686)
Cash and cash equivalents at start of year	32,134	31,295	44,704	43,980
Cash and cash equivalents at end of year	5,361	3,856	32,134	31,295

Statement of accounting officer's responsibilities

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

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

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

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

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting 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 and
- prepare the financial statements on a going concern basis.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS

foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signature: 

Matthew Kershaw, Chief Executive
Date: 19 May 2016

Our business environment

Waste

The Trust has continued to focus on its waste management obligations, to ensure that the waste we produce is managed in compliance with waste and environmental legislation. Our objective is to protect the health and safety of all employees, patients and visitors and, as far as is possible, to protect the environment. We have also looked at ways of avoiding waste being produced and in reducing waste where possible.

This is being achieved by considering new methods in the way we order equipment and supplies and by sharing relevant information between our staff, our management and our waste contractors, each of whom have an important role in the process of removing and disposing waste in a safe and environmentally friendly way.

The percentage of waste recycling per total waste volume was recorded at 40.67% (an increase of 20% on the previous year), of which plastics, glass, cardboard, aluminium and paper are recycled back into the market and any residue is recovered as energy from waste.

Clinical healthcare waste has been audited in all areas of the Trust in 2015/16 to ensure that waste is being stored securely and that it has been segregated correctly at the point of disposal to save on waste disposal costs and be utilised for energy. Furthermore, our contractors use low carbon technology.

Security

The number of patients with mental health issues or confused states of mind are gradually increasing. This inevitably requires more 'safe assist' people to protect these individuals, other patients and staff from risks of violence and aggression.

New and improved CCTV systems are being installed in higher risk areas such as A&E. The Trust is reviewing all CCTV cameras and will be removing those in areas that are no longer justified.

A new policy and protocol in relation to 'missing persons' is being drafted to conform to new police operational procedure.

A new policy and protocol in relation to missing persons is being drafted to conform to new police operational procedure.

Fire

A fire compartmentation survey has been completed at the William Harvey Hospital and Queen Elizabeth the Queen Mother Hospital. The survey for Kent & Canterbury Hospital will be undertaken in the next financial year.

There have been two notable fires this year. One was quickly extinguished by the estates team and the second by the fire brigade. No injuries arose from either fire and disruption was kept to a minimum.

An exercise with Kent Fire and Rescue Service took place at Queen Elizabeth the Queen Mother Hospital and was well received. More joint fire exercises are being planned for the coming year across the Trust.

Our computers

For a number of years the Trust has been planning to move away from the old Windows XP operating system. The plans had been held back by a number of specialist health suppliers who were not able to support more modern software. However, this year we have unblocked these issues and achieved a major investment in new software and computers that has enabled the Trust to finally move away from Windows XP.

This transformation has been matched by a similar process in our datacentres which have had much needed investment to introduce modern storage systems allowing the Trust to move to the latest proprietary and open source operating systems.

Open source

The Trust was keen to get maximum value for money from its technology and this year has seen a move to introduce open source software wherever possible in line with NHS England guidance. One example of this is a new system to hold information about ophthalmology patients. The system, called Open Eyes, has been developed at Moorfields Eye Hospital and uses free software to deliver all of its features as well as introducing much more advanced features such as automated eye sketches.

Electronic casualty cards

The electronic casualty card system (eCasCard) replaced the paper CasCard at both Kent & Canterbury and Buckland hospital minor injuries units.

The new system records information in real time and more than one person can be working on the patient report at once through multiple tabs. This means there is no waiting for paper notes to become available or searching for them if they are not where they are expected to be. Data entry is standardised, legible and auditable.

The eCasCard automatically produces and delivers an A&E attendance notification to the GP. The system will help provide better quality of care, treatment and experience for patients. The information is delivered to GP practices electronically via the same route as the ward discharges.

We intend to roll out the new system to Queen Elizabeth the Queen Mother Hospital (QEQM) and William Harvey early in the new financial year.

Social, community and human rights

Measures are in place to ensure that all the Trust's obligations under equality, diversity and human rights legislation are complied with. The director of human resources is the Board lead for equality issues and the head of diversity and inclusion presents an annual equality report to Board of Directors to highlight any issues identified from a service and employer perspective. This document is then published as equality information on the Trust's public facing website in compliance with The Equality Act 2010 (Specific Duties) Regulations 2011. All the Trust's approved policy documentation is required to have an equality analysis.

Our policies in relation to social, community and human rights issues include:

- Covert Administration of Medicines Policy
- Diversity and Equality Policy
- Do Not Attempt Cardio-Pulmonary Resuscitation (DNACPR)
- Guidelines for the use of Chaperones During Intimate Examinations and Procedures
- Nutrition Policy for Adult Patients
- Nutrition Policy for Neonate and Paediatric Patients
- Patient Access Policy
- Patient Information and Consent To Examination Or Treatment Policy
- Privacy and Dignity Policy
- Safeguarding Vulnerable Adults Policy Including Mental Capacity Act and Deprivation Of Liberty, Forced Marriage, Prevent, Domestic Abuse

These policies are monitored for effectiveness by the individual committees responsible for their implementation and considered in the annual diversity and inclusion report published on our website after approval by the Board of Directors.

The Trust is committed to being an organisation within which diversity is valued and appreciated, regardless of race, age, disability, gender, sexual orientation, faith or religion and socio-economic status.

Overseas operations

The Trust has no overseas operations.

● ACCOUNTABILITY REPORT

Directors' report

Our Board comprises of the chair, seven non-executive directors and seven executive directors.

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

The annual accounts have been audited by KPMG. The directors confirm that:

- As far as they are aware there is no relevant audit information of which KPMG are 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 KPMG are aware of this information.

The Trust can confirm there have been no regulatory investigations undertaken at the Trust this year.

Whilst the day to day operational management is the responsibility of our chief executive and executive directors, the Board of Directors has collective responsibility for the following:

- Setting our strategic direction, incorporating continuous improvement and innovation
- The design and implementation of agreed priorities and objectives
- Ensuring sufficient processes are in place to deliver the Trust's forward plan
- Continually monitoring the Trust's effectiveness by ensuring an assurance framework is in place to support sound systems of internal control
- Managing strategic, operations and financial risks
- Ensuring sufficient performance management processes are in place to support delivery of all local and national targets
- Ensuring the Trust operates in line with the Trust's constitution

The Board of Directors reviewed its meeting structure during 2015/16. The Board now meets every two months, implemented from August 2015. During 2015/16, the Board met formally a total of eight times. Composition of the Board:

Non-executive directors as at 31 March 2016

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Nikki Cole	Chair	11/05/15 First Term	6/7
Barry Wilding	Senior Independent Director	11/05/15 First Term	7/7
Richard Earland	Non-Executive Director/Deputy Chair	01/01/14 Second Term	8/8
Colin Tomson	Non-Executive Director	11/05/15 First Term	6/7
Satish Mathur	Non-Executive Director	01/10/15 First Term	3/3
Sunny Adeusi	Non-Executive Director	01/11/16 First Term	2/2
Gill Gibb	Non-Executive Director	01/12/15 First Term	2/2
Ron Hoile	Non-Executive Director	01/01/16 First Term	1/1

Executive directors as at 31 March 2016

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Jane Ely	Chief Operating Officer	26/01/15	7/8
Nick Gerrard	Director of Finance and Performance	04/05/15	6/7
Matthew Kershaw	Chief Executive	08/01/16	1/1
Sandra Le Blanc	Director of Human Resources	01/09/14	6/8
Liz Shutler	Director of Strategic Development and Capital Planning	21/01/04	4/8**
Sally Smith	Chief Nurse and Director of Quality	Interim from 01/05/15 Substantive 28/07/15	7/7
Paul Stevens	Medical Director	01/06/15	8/8

* Possible and actual shown ** Due to sickness

Enhanced Quality Governance Reporting

In May 2014 Monitor launched the Well-led framework for governance review. This approach incorporates, and builds on the previous Quality Governance Framework.

The Trust self-assessed against the previous Quality Governance Framework annually, in order to provide assurance at each year end that appropriate quality governance controls were in place; the Board of Directors' reviewed performance and identified areas for improvement. Following the results of the first CQC inspection in March 2014, an external review of the Well-led framework was commissioned and undertaken. The review identified some immediate actions to be taken and an Executive Lead was designated for each specific action.

The action plan was monitored by the Board of Directors' and a review of the key controls and assurances was undertaken. A further external review of the Well-led framework commenced in quarter 4 of 2015/16 financial year and the findings are currently awaited.

A quality and safety assessment is a core component of the Trust's Cost Improvement Programme. The assessment evaluates the impact of reducing costs at an operational level against appropriate quality and safety indicators. The Trust's Quality Committee holds responsibility for ensuring that schemes do not impact adversely on the quality and safety of services.

Quality governance, quality of care and quality improvement are discussed in more detail in the Annual Report and Accounts, within the Quality Account and Annual Governance Statement.

Board biographies

Nikki Cole, Chair

Nikki joined the Trust in May 2015. A chartered engineer, Nikki started her career designing engine management systems for aircraft. Nikki undertook additional studies in organisation behaviour and has worked in a variety of industries including pharmaceutical, community care, finance, IT, telecommunications and defence. More recently Nikki has served on a number of boards including a university, national counselling charity and a social care community interest company.

Significant commitments of the chair include being an active member of Council at Brunel University London. Nikki is also a non-executive director of East Kent Medical Services.

Barry Wilding, Senior Independent Director

Barry joined the Trust in 11 May 2015. 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 Primary Care Trust, vice chair and senior independent director of Kent Community NHS Trust, and a member of the Council of People Living with Diabetes for the charity Diabetes UK.

Richard Earland, Non-Executive Director/Deputy Chair

Richard has over 40 years' public sector experience in defence, health and policing. Training initially as a radiographer in the Royal Naval Medical Service, he then spent a number of years in medical logistics and planning before moving into IT programme management. After 20 years in the Armed Forces he moved into policing where he had responsibility for large national infrastructure (IT and communications systems) within the National Policing Improvement Agency and in the Metropolitan Police. Richard has extensive experience of large scale technology enabled change programmes. With an MSc in organisation behaviour he has an interest in performance improvement through organisational development and technology change programmes. He has been an executive director of IT in a variety of large public sector organisations and worked in both the Ministry of Defence and Home Office.

Colin Tomson, Non-Executive Director

Colin was appointed in May 2015. Colin has over 30 years business experience with ICI and Unilever companies with international board responsibility for human resources, planning and business excellence. Colin's background also includes chairmanship of a primary care trust in Kent and Medway, South East Coast Strategic Health Authority chair in 2009, chair of the Local Strategic Partnership and membership of Health and Well Being Boards. He also has a personal interest in strategic planning, change management, leadership and people development.

Ron Hoile, Non-Executive Director

Ron joined the Trust in January 2016. Ron was previously a consultant general surgeon with an interest in vascular surgery. He has held several managerial positions including clinical director for surgery, medical director and was the principal surgical coordinator for the National Confidential Enquiry into Patient Outcome and Death (NCEPOD). He is currently the responsible officer for medical revalidation for Ramsay Health Care UK and Phoenix Hospital Group and a consultant general surgeon at Will Adams NHS independent sector treatment centre. He is also an appraiser for Spire Healthcare, an experienced teacher (currently teaching at King's College London Medical School, Imperial College and Christchurch University) and a member of the Court of Examiners of the Royal College of Surgeons of England.

Gill Gibb, Non-Executive Director

Gill joined the Trust in December 2015. Gill has significant experience within the banking profession and worked predominantly in the retail banking environment, moving ten years ago into the not-for-profit sector where she has worked for a number of charities as director and as chief executive officer of a Kent-based learning disability charity. Gill has been a member of, and worked with, a large number and variety of boards including the Charity Finance Group, the Kent & Medway Care Alliance and the Kent County Council Stakeholder Board. Gill is currently chief executive officer of Tree of Hope, a national children's charity based in Kent.

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 his 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 (FCMG) corporations. Sunny holds a Master of Science (MS) degree from the Massachusetts Institute of Technology, Boston, USA (Sloan Fellow) and an MBA from Imperial College London (Lord Sainsbury Fellow in Life Sciences).

Satish Mathur, Non-Executive Director

Satish is a chartered accountant and joined the Trust in October 2015. Satish has significant financial, commercial and change management experience, holding senior positions in both the private sector and the NHS. He now uses his 30 plus years of management experience in a variety of advisory and mentoring roles.

Matthew Kershaw, Chief Executive

Matthew joined the Trust in January 2016. Matthew has worked in the NHS for 24 years and following a number of operational and director roles culminating in the East Kent chief operating officer role, was chief executive of Salisbury NHS Foundation Trust. He has also held a number of national roles with the Department of Health including being the first trust special administrator for the country, working at South London Healthcare NHS Trust. Before his appointment at East Kent, he was chief executive of Brighton and Sussex University Hospitals NHS Trust for three years. Matthew is a trustee of the NHS Confederation, chairs the Kent Surrey and Sussex Clinical Research Network and has been a member of the Health Education England Kent Surrey and Sussex governing body. He also works with the Care Quality Commission and has been asked to chair a comprehensive hospital inspection in March 2016.

Nick Gerrard, Director of Finance and Performance

Nick joined the Trust in May 2015. Nick has significant experience in NHS finance for over 30 years including posts as director of finance at acute, mental health and community NHS trusts, most recently Mid Essex Hospital Services NHS Trust, and previously at East & North Herts NHS Trust, Barts and the London, Department of Health regional office, Ipswich Hospital, and Suffolk Mental Health. Nick has also held interim chief executive roles at a number of trusts. Nick has experience of strategic planning, governance and risk management, financial turnaround and cost improvement, performance management, pathology services, mergers, change management and service re-design, financial management and strategy, audit committees, business planning, information technology, supplies and procurement, estates and capital planning including PFI.

Jane Ely, Chief Operating Officer

Jane Ely was appointed as interim director of operations in September 2014 prior to securing the substantive chief operating officer position in January 2015. Prior to September 2014, Jane was the divisional director for our specialist services division. Jane has over 30 years' NHS experience including clinical work as a dietician, specialising in paediatrics, and then moving into general management.

Dr Sally Smith, Chief Nurse and Director of Quality

Sally was appointed as chief nurse and director of quality from 28 July 2015. Prior to that Sally had held the position of deputy chief nurse since July 2013. Sally's experience spans both senior management and senior clinical posts. Having trained in London she worked in intensive care at Lewisham Hospital for 15 years before moving to Kent to take up the post of head of nursing for critical care at Maidstone and Tunbridge Wells NHS Trust. During this time Sally undertook her doctorate in nursing where her research focus was the decision-making around the care of the acutely unwell patient. She then worked as a consultant nurse in critical care outreach for six years before moving back into operational management as the associate director of nursing for cancer and clinical support services division, followed by a short spell providing support and leadership to the emergency services division. She then took the deputy director of nursing post and was the dementia lead for the trust prior to her move to East Kent Hospitals.

Dr Paul Stevens, Medical Director

Paul Stevens joined the then Kent and Canterbury Hospitals NHS Trust from the Royal Air Force in 1995 as clinical director of the Kent Kidney Care Centre, implementing a programme of modernisation and development and establishing a predominantly clinical research programme in kidney disease. He has served on deanery, national and college committees, is a former president of the British Renal Society and member of the Department of Health Renal Advisory Group. He was clinical advisor and chair of a number of National Institute for Health and Care Excellence (NICE) clinical guidelines and was a member of the UK consensus panel for management of acute kidney injury. He was also privileged to have co-chaired the international Kidney Disease Improving Global Outcomes (KDIGO) chronic kidney disease guideline. He has published over 100 peer reviewed articles and given invited presentations to kidney societies around the globe. In April 2014 he was awarded the International Distinguished Medal by the United States National Kidney Foundation in recognition of significant contributions to the field of kidney disease internationally.

Sandra Le Blanc, Director of Human Resources

Sandra Le Blanc joined the Trust in September 2014, bringing over 25 years human resources experience in both the public and private sectors. Sandra was previously director of human resources at Southend University Hospital where she was responsible for all areas of human resources and IT. Her private sector experience has included human resources roles within Prudential and Balfour Beatty. Sandra is a magistrate and sits locally in East

Kent. She is also chairman of the East Kent Medical Services a subsidiary company of the Trust.

Liz Shutler, Director of Strategic Development and Capital Planning

Liz joined the Trust in January 2004. Liz has over 25 years' experience of working for the NHS and has held director level positions in health authorities and large acute trusts. Having commissioned hospital, community, mental health and primary care services for over ten years, Liz moved into strategic roles in hospital trusts and more recently has led the development of estates, facility and IT services.

Other executive directors and non-executive directors who served during 2015/16

NAME	DESIGNATION	APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE
Nicholas Wells	Chair	Left May 2015	1/1
Jonathan Spencer	Senior Independent Director/Deputy Chair	Term ended 31 October 2015	6/6
Valerie Owen	Non-Executive Director	Term ended 30 November 2015	5/6
Christopher Corrigan	Non-Executive Director	Term ended 31 December 2015	5/7
Peter Presland	Non-Executive Director	Term ended 30 September 2015	4/5
Chris Bown	Interim Chief Executive	01/04/15 to 07/01/16	7/7
David Baines	Interim Director of Finance and Performance	Interim to 04/05/15	1/1
Julie Pearce	Chief Nurse and Director of Quality	Left 30/04/15	1/1

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 reappointment 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.

Positions can be terminated by our Council of Governors should individuals become ineligible to hold the position. Details of the process are set out in our Constitution. Terms of office may be ended by resolution of our Council of Governors following the provisions and procedures laid out in our 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 our non-executive directors. Our senior independent director leads the annual evaluation of our chairman. A framework is in place, agreed by our Council of Governors, and outcomes are shared with the Council of Governors.

Our executive directors are appraised by our chief executive and our chief executive is appraised by our chair. Outcomes are provided to non-executive directors at a meeting of the Board's 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. During 2015/16 the Trust commissioned an external facilitator, David Amos, to undertake this review. This organisation has no other connection to the Trust.

The outcome of this review was considered by the Board's Nominations Committee and the Board of Directors at meetings held in January 2015 and February 2015. An action plan was developed and will be monitored.

Board performance is evaluated further through focussed discussions at away days.

All of our Board committees undertake an annual review of their terms of reference. Our Integrated Audit and Governance Committee and Finance and

Investment Committee conducted their annual reviews of effectiveness through a questionnaire to the membership during the year.

During 2015/16, there were a significant number of changes to the non-executive director component of the Board of Directors. The Trust secretary has therefore conducted a review of the work programmes of the statutory committees against the terms of reference. It is the intention to conclude evaluations of performance for all committees in 2016/17 once the new membership embeds.

Director interests

All members of our 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 our directors' interests is available on the Trust website www.ekhuft.nhs.uk

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 available to all staff on Sharepoint, this is reinforced with face to face training and a dedicated page on the Trust website. Preventative work and rigorous investigation of any suspicions is carried out by the local counter fraud specialist or is referred to NHS Protect. Disciplinary and/or legal action is taken where appropriate with recovery of proven losses wherever possible.

Remuneration report

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

Annual Statement on Remuneration from the Trust's Remuneration Committee

As chairman of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year 2015/16.

I can confirm that the committee conducted an annual review of director remuneration using benchmarking data provided by the Hay Group and concluded there would be no consolidated pay increases for executive directors for 2015/16.

During 2015/16, the Remuneration Committee led the process for the substantive appointment of the chief executive, director of finance and performance and chief nurse and director of quality.

The Trust engaged Odgers Berndston and Harvey Nash to conduct executive search and selection consultancy to assist the Trust with the appointment of these posts.

As part of this process, the committee agreed to increase the remuneration level after taking the following into consideration:

- Remuneration advice provided by Hay Group
- The current market
- The complexity and size of the Trust
- Challenges the Trust faces with being in special measures and in breach of its licence

Details of all director and executive director salaries can be found on page 51 of the report.



Richard Earland
Remuneration Committee Chair

Senior managers' remuneration policy

The 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 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. Increases of pay, such as cost of living awards, are subject to the individual evidencing effective performance.

Annual objectives cover both organisational and individual performance with individual performance being determined against the performance objectives.

The Trust's pay policy for senior managers was 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). 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.

Incremental progression has been removed with any increase in pay being based on performance in the previous year. Enhancements such as on-call premiums have been rolled into pay. Trust employees were not consulted with

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.

Trust very senior managers

Our very senior managers are appointed to Trust contracts in line with the Trust pay policy for very senior managers. The policy is reviewed annually by the Remuneration Committee.

The very senior manager pay policy is designed to:

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

These arrangements take account of independent advice commissioned from the Hay Group in September 2010 and July 2015 and have been subject to annual review, including:

- 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 initially covered the four divisional directors' positions, additional senior roles can and have been employed under the framework at the discretion of the chief executive and director of human resources.

The following table sets out a description of each component of the remuneration package for executive directors and very senior managers:

Component	Purpose and links to short and long-term strategic objectives	How the component operates	Max. that could be paid	Description of performance metrics and weightings used	Performance period	Amount that may be paid: Min level of performance in any payment under the policy; any further levels of performance set in accordance with policy
Salary	To set and review base salary	No pay range	No set maximum	None	Annual	<p>The Remuneration Committee determine the appropriate annual pay uplift after review of available information on National NHS pay negotiations as well as other available data such as the inflation rate and other economic indicators such as private sector pay uplift offers.</p> <p>Pay award is considered where individuals can evidence that they have achieved or exceed performance objectives.</p>

Component	Purpose and links to short and long-term strategic objectives	How the component operates	Maximum that could be paid	Description of performance metrics and weightings used	Performance period	Amount that may be paid: Minimum level of performance in any payment under the policy; any further levels of performance set in accordance with policy
Salary	To set and review base salary. Performance objective are linked to organisational and individual performance targets	Salary is determined on a market-related total pay policy, reviewed annually and uplifted where appropriate taking into account the following factors: <ul style="list-style-type: none"> 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 	Pay range for	None	Annual	Salary increase is dependent on meeting majority objectives as follows: Meeting all objectives well – 1 % increase Exceeding achievement of the objectives / requirements of role – 2% increase
Non-consolidated non-pensionable payment	This provides the Trust with the ability to make an additional payment for those individuals at the top of the pay range based on achievement or organisational and individual performance objectives					

The Trust has executive directors that are paid more than £142,500 per annum. The 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

The following table sets out a description of each component of the remuneration package for non-executive directors:

Fee payable to non-executive directors	Additional fees payable for additional duties
£10,000 (Basic fee)	<p>Committee chairs (with the exception of integrated audit and governance committee) = additional £2,500</p> <p>Chair of integrated audit and governance committee = additional £4,000</p> <p>Senior independent director (SID) = additional £1,000</p>

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.

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.

Note:

1. No payments were made to existing or past senior managers in 2015/16 or 2014/15 in respect of performance pay and/or bonuses
2. Pension related benefits is calculated as (20 x annual pension at 31st March 2016 + lump sum at 31st March 2016) - (20 x annual pension at 31st March 2015 + lump sum at 31st March 2015 adjusted for inflation at 1.2%) less employee pension contributions

1. No payments were made to existing or past senior managers in 2015/16 or 2014/15 in respect of performance pay and/or bonuses
2. Pension related benefits is calculated as (20 x annual pension at 31st March 2016 + lump sum at 31st March 2016) - (20 x annual pension at 31st March 2015 + lump sum at 31st March 2015 adjusted for inflation at 1.2%) less employee pension contributions

Directors' expenses	2015/16			2014/15		
Directors' mileage claims and other expenses are reported quarterly on the Trust website www.ekhuft.nhs.uk.	Total serving directors	Number claiming expenses	Total expenses £000	Total serving directors	Number claiming expenses	Total expenses £000
Total number and value	15	11	13	16	13	17
Governors' expenses	2015/16			2014/15		
	Total serving governors	Number claiming expenses	Total expenses £000	Total serving governors	Number claiming expenses	Total expenses £000
Total number and value	26	10	3	34	14	5.1

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. The results are shown in the table below:		
	2015/16	2014/15
Remuneration of highest-paid director (bands of £5k)	215-220	190-195
Median salary of all other staff	26,041	25,864
Ratio	8.3 : 1	7.4 : 1

Definitions: Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It also includes an average value for agency staff. It does not include severance payments, overtime 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	Opening CETV	Real increase in CETV
Name			at 31 March 2016	at 31 March 2016	at 31 March 2016	at 1 April 2015	
	£000	£000	£000	£000	£000	£000	£000
Matthew Kershaw	Not applicable						
Chris Bown	Not applicable						
Nick Gerrard	7.5-10	22.5-25	55-60	170-175	1197	993	176
David Baines	0-2.5	0	5-10	0	84	69	1
Sandra Le Blanc	0-2.5	5-7.5	15-20	55-60	338	300	35
Julie Pearce	0	0	50-55	155-160	1124	1153	0
Sally Smith	15-17.5	45-47.5	50-55	155-160	1083	711	335
Elizabeth Shutler	2.5-5	5-7.5	35-40	105-110	609	544	59
Paul Stevens	2.5-5	7.5-10	55-60	165-170	1286	1187	85
Jane Ely	10-12.5	35-37.5	50-55	150-155	967	724	234

Note:

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

Cash Equivalent Transfer Values: 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 accumulated benefits and any contingent spouse's pension payable from the scheme. The value includes any 'transferred-in' service or purchase of added years by the individual. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and represent the amount which can be taken by the member to another pension arrangement. The 'real' increase or decrease compared to the previous year takes account of inflation measured by the movement in the Consumer Prices Index.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

Signed: 

Date: 19 May 2016

Matthew Kershaw, Chief Executive

Average number of employees (WTE basis)

	Group		2015/16	2014/15
	Permanent Number	Other Number	Total Number	Total Number
Medical and dental	955	-	955	925
Ambulance staff	-	-	-	-
Administration and estates	1,603	-	1,603	1,450
Healthcare assistants and other support staff	1,096	-	1,096	994
Nursing, midwifery and health visiting staff	2,141	-	2,141	2,098
Nursing, midwifery and health visiting learners	2	-	2	8
Scientific, therapeutic and technical staff	992	-	992	1,148
Healthcare science staff	312	-	312	164
Social care staff	-	-	-	-
Agency and contract staff	-	274	274	227
Bank staff	-	296	296	282
Other	-	-	-	-
Total average numbers	7,101	570	7,671	7,296
Of which:				
Number of employees (WTE) engaged on capital projects	5	-	5	4

Reporting of compensation schemes - exit packages 2015/16

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	Number	Number
<£10,000	-	-	-
£10,001 - £25,000	-	-	-
£25,001 - 50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	-	-
Total resource cost (£)	£0	£0	£0

Reporting of compensation schemes - exit packages 2014/15

	Number of compulsory redundancies Number	Number of other departures agreed Number	Total number of exit packages Number
Exit package cost band (including any special payment element)			
<£10,000	-	1	1
£10,001 - £25,000	-	-	-
£25,001 - 50,000	-	-	-
£50,001 - £100,000	-	1	1
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	2	2
Total resource cost (£)	£0	£91,000	£91,000

Exit packages: other (non-compulsory) departure payments

	2015/16		2014/15	
	Payments agreed Number	Total value of agreements £000	Payments agreed Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	-	-	2	91
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	-	-	2	91
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

For all off-payroll engagements as of 31 Mar 2016, for more than £220 per day and that last for longer than six months

	2015/16
	Number of engagements
Number of existing engagements as of 31 Mar 2016	37
Of which:	
Number that have existed for less than one year at the time of reporting	35
Number that have existed for between one and two years at the time of reporting	2
Number that have existed for between two and three years at the time of reporting	-
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four or more years at the time of reporting	-

Assurance is in the process of being sought for all on-going arrangements. Processes are being strengthened to ensure all engagements include contractual clauses giving the Trust the right to seek tax assurances.

For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2015 and 31 Mar 2016, for more than £220 per day and that last for longer than six months

	2015/16
	Number of engagements
Number of new engagements, or those that reached six months in duration between 01 Apr 2015 and 31 Mar 2016	73
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	40
Number for whom assurance has been requested	40
Of which:	
Number for whom assurance has been received	3
Number for whom assurance has not been received	37
Number that have been terminated as a result of assurance not being received	-

36 arrangements ceased naturally within the financial year, not as a result of assurance neither requested nor received. Assurance is in the process of being sought for all on-going arrangements

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2015 and 31 Mar 2016

	2015/16
	Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	23
The off payroll engagement related to the interim Chief Executive April 2015-January 2016 pending permanent recruitment	

Statement of consideration of employment conditions elsewhere in the Foundation Trust

Service contracts

Details of each senior manager who served during the year and their date of service contract and unexpired term can be found on page 57.

As described above, all senior manager contracts contain a notice period of three or six months.

Terms and conditions of our non-executive directors and chairman are determined by our Council of Governors. As determined in our Constitution, non-executive directors can serve two three year terms, extendable by a further three years. The latter is subject to annual review.

The Board of Directors has established a Remuneration Committee whose membership consists of the Trust's chairman and all non-executive directors of the Trust.

The Trust has a remuneration committee and details of its responsibilities and membership can be found on page 45. 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 own performance, remuneration and terms of service.

The director of human resources provides advice and guidance, and withdraws from the meeting when discussions about his/her own performance, remuneration and terms of service are held.

Hay Group were engaged to provide advice to the committee on benchmarking of pay for executive directors, and on the review of the very senior manager pay policy for 2015/16.

They were engaged by the director of human resources as part of the committee's work to ensure external benchmarking takes place at least every three years and to assist with setting of salaries for new executive directors. Hay Group were selected on the basis that they have wide ranging experience within the public and private sector and they can apply the Hay Group method of job evaluation to the roles to support their advice. The fee for the report provided to the committee was £6,500.

Signature: 

Matthew Kershaw, Chief Executive
Date: 19 May 2016

Board committees

Our 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 2016 are:

Statutory:

- Integrated Audit and Governance Committee
- Remuneration Committee
- Nominations Committee

Non-Statutory:

- Finance and Investment Committee
- Quality Committee
- Charitable Funds Committee
- Strategic Workforce Committee

Reports from our committees can be found on page 59.

REMUNERATION COMMITTEE

The Board of Directors has established a Remuneration Committee whose membership consists of the Trust's chairman and all non-executive directors of the Trust. Attendance during 2015/16 was as follows:

Membership as at 31 March 2016	
Name	Actual / Possible
Richard Earland (Non-Executive Director and Committee Chair)	4/4
Nikki Cole (Chairman)	3/4
Barry Wilding (Senior Independent Director)	3/4
Colin Tomson (Non-Executive Director)	3/4
Ron Hoile (Non-Executive Director)	1/1
Gill Gibb (Non-Executive Director)	1/1
Sunny Adeusi (Non-Executive Director)	2/2
Satish Mathur (Non-Executive Director)	1/2
Other non-executives who served during 2015/16	
Name	Actual / Possible
Nicholas Wells (resigned 05/15)	0/0
Peter Presland (term ended 30/09/15)	0/2
Jonathan Spencer (term ended 31/10/15)	2/2
Valerie Owen (term ended 30/11/15)	3/3
Christopher Corrigan (term ended 31/12/15)	0/3

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 own performance, remuneration and terms of service.

The director of human resources provides advice and guidance, and withdraws from the meeting when discussions about his/her own performance, remuneration and terms of service are held.

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. Our IAGC is a suitably qualified and dedicated body, which supports the Board by critically reviewing those structures and processes upon which the Board relies, and provides the whole Board with an 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.

During 2015/16, our IAGC has taken a number of steps to tighten the governance processes within our organisation and move the Trust towards its aim of being 'best in class'.

The main role and responsibilities of the IAGC are set out in 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 www.ekhuft.nhs.uk

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 Board Assurance Framework is a document, prepared by and on behalf of our Board, which brings together the Trust's objectives and targets together with associated risks and controls in place to manage those risks. The Board Assurance Framework provides a valuable source of assurance to our Board that our Trust's objectives will be achieved.

During the previous financial year, our Board commissioned some assurance reviews as part of its undertakings to Monitor. These reviews highlighted a number of actions to improve risk management and understanding across the Trust. As a result, our Board felt our current risk management system was no longer fit for purpose and agreed to implement a new system to maintain the corporate risk register and Board Assurance Framework.

The population of our Board Assurance Framework was delayed until this work had concluded. However, to provide assurance to the IAGC in the interim, our Trust secretary undertook some assurance mapping against the current annual objectives and this was reviewed by the committee in January 2016.

Our IAGC will continue 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 98) and annual Enhanced Quality Report (see page 38).

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 on a regular basis outside the formal committee meetings to cover potentially sensitive issues and to ensure that their independence is maintained.

During 2015/16 the IAGC reviewed the contracts of the internal audit and local counter fraud teams as both were due for renewal.

The committee has received a number of assurance reports from our executive team during the year which include the raising concerns policy; contract tendering; write-offs and losses; information governance; health and safety and estates compliance; gifts and hospitality; single tender waivers. The committee also conducts an in-year review of quarterly self-certification to Monitor (comparison of predictions to outcomes).

The Trust's treasury policy was reviewed by the IAGC and endorsed at the December Board of Directors meeting. The committee also conducted its annual review of the Trust's Standing Financial Instructions which were endorsed by our Board in February 2016. Assurance was received by the committee that a rigorous review process had been undertaken, taking into consideration best practice.

The committee has continued its programme of 'deep dives' into specific areas of risk from the corporate risk register, during 2015/16 and these included:

- 2014/15 clinical coding and costing audit
- Pharmacy aseptic manufacturing update

Detailed presentations are received from service managers and clinical leads, giving IAGC members extra time to probe into current and potential risk and control issues and to obtain a better understanding of service issues. The committee then ensures that there are follow-ups on previous deep dives.

An in-depth review of the Trust's going concern position was also undertaken in the IAGC in January 2016 in light of the financial constraints faced by our Trust during 2015/16. The committee concluded our Trust should produce the

2015/16 accounts on a going concern basis. This approach received full support from our external auditors.

Our Trust secretary conducted an annual review of compliance against Monitor's Code of Governance. The outcome of this audit is summarised on page 94 of the annual report.

Our IAGC works closely with our Council of Governors. During 2015/16 the Council of Governors reviewed its committee structure and established an Audit and Governance Committee which will be chaired by a governor. Amongst other roles, this committee will review our external audit plans and will seek assurance from the IAGC on the work of the committee and our external auditors.

This committee will also work, as required, with our IAGC, to appoint the Trust's external auditors. This was not required during 2015/16.

Our IAGC also presents regular reports to the Council of Governor meetings to provide assurance on the work it is undertaking on behalf of the Board.

Membership of our IAGC

Our Integrated Audit and Governance Committee comprises of four non-executive director members. To ensure the proper segregation of duties and in line with best practice, our Trust chairman is not a member of the committee.

Members of our executive team, director of finance and chief nurse and director of quality, attend each meeting by invitation. As mentioned above, our external auditors, internal auditors and counter fraud service also attend.

Our chief executive is invited to attend at least once a year when the Annual Report, including the Annual Governance Statement, is discussed by the committee.

During 2015/16, the committee met a total of four times.

Non-executive members as at 31 March 2016	
Name	Attendance actual/possible
Barry Wilding (Chair from 01/10/15)	3/3
Gill Gibb	0/1
Colin Tomson	1/1
Ron Hoile	1/1
Other non-executives who were members during 2015/16	
Name	Attendance actual/possible
Peter Presland (Chair) (Term ended 30/09/15)	2/2
Richard Earland (member until 1 January 2016)	0/3
Jonathan Spencer (Term ended 31/10/15)	3/3
Valerie Owen (Term ended 30/11/15)	1/3

The committee chairman is suitably qualified.

NOMINATIONS COMMITTEE REPORT

The Nominations Committee membership consists of the Trust chairman and all non- executive directors. Attendance during 2015/16 was as follows:

Membership as at 31 March 2016	
Name	Actual / Possible
Sunny Adeusi (Non-Executive Director) (Committee Chair from 01/01/16)	3/3
Nikki Cole (Chairman)	5/6
Barry Wilding (Senior Independent Director)	5/6
Richard Earland (Non-Executive Director) (Committee Chair until 31/12/15)	6/6
Colin Tomson (Non-Executive Director)	6/6
Ron Hoile (Non -Executive Director)	1/2
Gill Gibb (Non-Executive Director)	2/2
Satish Mathur (Non-Executive Director)	2/3
Other non-executives who served during 2015/16	
Name	Actual / Possible
Nicholas Wells (resigned 05/15)	0/0
Peter Presland (Term ended 30/09/15)	1/3
Jonathan Spencer (Term ended 31/10/15)	3/3
Valerie Owen (Term ended 30/11/15)	4/4
Christopher Corrigan (Term ended 31/12/15)	0/4

The director of human resources provides employment advice to the committee.

During 2015/16 the Nominations Committee made the following appointments:

- Chief executive (substantive)
- Chief nurse and director of quality
- Director of finance and performance

A rigorous recruitment process was undertaken for all appointments, which included a series of stakeholder events and psychometric testing.

Odgers was commissioned to assist the Trust with the director of finance and performance and the chief nurse and director of quality appointments and Harvey Nash was commissioned to assist with the appointment of the chief executive. Advice was sought from Monitor, the Trust's regulator, for all appointments.

During 2015/16 there were a number of changes to the non-executive director component of the Board of Directors. The Nominations Committee undertook a review of the non-executive director component of Board Committee membership which was implemented in January 2016.

The Committee also received reports following the annual review of the balance, size and composition of the Board of Directors conducted by David Amos, independent consultant for discussion. Reports were also discussed at the February 2016 Board of Directors where the following areas of focus were agreed.

- Strategic marketing
- Estates and assets management
- Diversity, equity and strategy to support workforce planning

The committee will continue to monitor progress.

FINANCE AND INVESTMENT COMMITTEE (FIC)

The Finance and Investment Committee, which comprises at least three non-executive members of the Board (including the chair) together with the chief executive and the director of finance and performance management, provides assurance to the Board in regard to the Trust's financial strategy, financial policies, financial and budgetary planning, monitors financial and activity performance and reviews proposed major investments (and can approve some under the Trust's scheme of delegation). The committee continues to focus its work around five main areas:

- Development and maintenance of the Trust's medium and long term financial strategy
- Review and monitoring of financial plans and their link to operational performance
- Financial risk evaluation, measurement and management
- Scrutiny and approval of business cases and oversight of the capital investment programme
- Oversight of the finance function and other financial issues that may arise.

Background

As a result of non-executive director tenures coming to an end there have been replacements of all but one of the FIC non-executives during 2015/16. A new chair was appointed in October 2015.

At a national level the outlook for the NHS had been described as “the toughest financial climate ever known” and the majority of acute trusts are now producing deficits.

East Kent Hospitals University NHS Trust moved from surplus in 2013/14 to deficits in 2014/15 and a deepening deficit in 2015/16. As a result of these deficits, and the Trust’s failure to achieve national clinical and performance targets, Monitor has placed the Trust into special measures and enforced a number of mandatory undertakings in regards to its financial position. These undertakings included performing an external review of financial governance, producing short and medium term financial recovery plans and appointing an interim turnaround director.

As a result of the above the FIC has spent considerable time focusing on the mandatory undertakings during 2015/16 as well as continuing with its standard functions.

Financial effect of mandatory undertaking requirements

The key financial undertakings Monitor mandated on the Trust included:

- The submission of a short-term recovery plan focussed on stabilising and beginning to improve the financial position of the Trust during the 15/16 financial year. This was submitted to Monitor at the end of September 2015
- The submission of a long-term action plan reviewing the options and strategies required to bring the Trust back to an on-going sustainable financial position
- Develop a plan to address the financial governance issues identified in the report previously commissioned by the Trust. The review was performed during the year identifying several areas for improvement including policy reviews, undertaking training and skills development in both the finance team and general workforce, changing the annual planning process and improving the Trust’s financial reporting.

An overview of financial performance is provided on page 19.

The committee monitored financial performance monthly. Although the £16.5m Cost Improvement Programme (CIP) has been achieved this has been made possible largely through a significant element of non-recurrent savings. As these are one-off, the new year will have to start with making up for these savings on a recurring basis, thereby increasing the financial challenge facing the Trust during 2016/17.

The Trust has had difficulties implementing some of the planned workforce schemes due to its agency staffing needs to continue safe staffing levels as identified by the Care Quality Commission.

The financial position has also led to an increased scrutiny of the Trust's cash position and cash management. The position has been reviewed by the committee monthly and asset sales and capital spend controls have enabled the Trust to deliver a cash position circa £3.8m ahead of the revised plan.

In addition to the above financial planning reviews and financial monitoring, the committee has reviewed the Trust's corporate financial risks (April and September 2015), contract options with Clinical Commissioning Groups (November 2015), capital investment priorities (May 2015) and agreed the format of new financial reports (December 2016) which will be used by the Trust in 2016/17.

Areas of progress

Financial governance

The Trust commissioned Grant Thornton to review and report on financial governance. As part of its financial undertakings Monitor requested an action plan. As a result of the review the FIC agreed a governance action plan in August and have received a number of progress reports. Considerable progress has been made with the majority of the action items being completed. However, much work remains in the longer-term areas of increasing the skills and processes of the finance function and supporting the culture of proactive engagement in financial management throughout the Trust.

Financial recovery plans

The FIC has reviewed and recommended to the Board both short-term (June 2015) and long-term (October 2015) financial recovery plans. These define the planned improvements required to first stabilise and then, starting in 2016/17, to enable the Trust to improve its financial position.

The plans identified the main drivers for the Trust's worsening finances and areas of focus to address this decline. A turnaround director was appointed in October 2015 and has provided monthly updates to the FIC in relation to the stabilisation and cost reduction plans. Some progress has been achieved by the Trust to arrest and stabilise the decline. However, the FIC is aware that greater focus, effort, and innovation are required to start making real improvements at a time when a number of well publicised factors require additional resources.

The Trust's 2016/17 plan has been reviewed by the committee. The plan is currently set to produce a break-even position next year but will require significant cash savings of £30m and support from the Department of Health in the form of stability funds and emergency cash support during the year.

QUALITY COMMITTEE

Our Quality Committee is responsible for providing the Council of Governors and Board with assurance on all aspects of quality, including strategy, delivery, governance, clinical risk management, clinical audit; and the regulatory standards relevant to quality and safety.

During the 2015/16 period the committee met nine times. There was a change of chairmanship in January 2016 due to the appointment of a new non-executive chairman but this did not interfere with the functioning of the committee.

Quality in health can be defined as 'meeting the requirements of the community'. The Quality Committee aims to answer the question 'how safe is the Trust today and are we building quality?' Alongside that is the issue of whether there are systems in place to enable the staff to do the right thing and to prevent them doing the wrong thing. Where incidents have occurred, what has been learned and what has been changed?

Topics discussed by the committee during 2015/16 included:

- Review of performance against quality standards
- Updates from the Trust's Patient Safety Board, highlighting key risks by exception and areas of focus
- Updates from the Trust's Patient Experience Committee, highlighting key risks by exception and areas of focus
- Overseeing quality assurance of cost improvement schemes implemented in the Trust
- Quality performance reports from the infection, prevention and control team
- Monitoring delivery of the Trust's Clinical Audit and Effectiveness Programme
- Monitoring of quarterly performance against the Trust's quality strategy
- Review against the quality elements of the corporate risk register
- Results of patient surveys and associated Trust action plans
- Assurance regarding the key learning from claims, complaints and incidents
- Assurance regarding actions taken from external visits to the Trust
- Updates on NICE technical appraisals and guidance
- Updates from safeguarding teams (children and adults)
- Updates on safe systems for controlled drugs
- Compliance against Human Tissue Authority

The committee also is tasked with reviewing quality elements of the Board Assurance Framework. However, as mentioned in the report from the Integrated Audit and Governance Committee, population of the Board Assurance Framework during 2015/16 was delayed pending the implementation of a new risk system. The Integrated Audit and Governance Committee received a report from the Trust secretary following some assurance mapping undertaken against the current annual objectives.

During the year, the committee has identified areas for more detailed scrutiny and these include:

- Understanding the resource challenges within the Trust around participation in national clinical audits
- A report on consultant engagement – where this works well in the Trust and areas for improvement
- Issues around the outpatient booking systems
- An overview of the matron-led ward peer review pilot that commenced in 2014 for assurance that wards and departments foster a culture that reflects the shared purpose framework and Trust values
- Monitoring Trust performance in recording venous thromboembolism (VTE) assessments against the national standard of 95%

Membership of the committee consists of:

- Chairman (a non-executive director)
- Three additional non-executive directors
- Chief Nurse and Director of Quality
- Chief Operating Officer
- Medical Director

Medical directors from each of our divisions are invited to attend each meeting. Regular invited attendees also include representatives from the infection, prevention and control team and risk governance and patient safety teams.

STRATEGIC WORKFORCE COMMITTEE

Our 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.

The committee was first established by the Board of Directors in June 2015 and has met a total of ten times during 2015/16. There was a change of chairmanship in August 2015 due to the appointment of a new non-executive chairman and membership of all Board committees was reviewed in January 2016, but this did not interfere with the functioning of the committee.

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 which can ensure that 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.

Topics discussed by the committee during 2015/16 included:

- Scrutiny of the Trust's key workforce metrics at each meeting and overseeing the development of a workforce 'heat map' for the Trust
- Regular updates against the Trust's strategic recruitment and retention strategy

- Updates at each meeting on progress with the Trust's Cultural Change Programme, with a specific focus on measuring outcomes
- Monitoring of the Trust's statutory and role specific essential training compliance
- Receiving results from national staff surveys and scrutinising divisional and corporate action plans
- Strategic review of equality management, compliance and practice;
- Assurance reports on the management of overtime and temporary workforce within the Trust
- Medical education workforce updates, to include reports and action plans from various visits (GMC, HEKSS And KCL)
- The outcome of the review of job planning across the Trust to ensure robust job plans reflect the service and individuals objectives, and objectives defined for supporting professional activities
- Updates from the Trust's sickness absence project
- Discuss the Clinical Excellence Awards process for 2015/16 and make recommendations to the Board
- To discuss support required for staff recruited from overseas and learning from previous recruitment campaigns
- Receiving the six monthly ward establishment review for scrutiny prior to the Board
- Update on progress with the development of an organisation development strategy
- Receive regular reports on tribunal activity within the Trust
- To receive updates on the review of education and training across the Trust

During the year, the committee has identified areas for more detailed scrutiny and these include:

- Analysis and challenge of the emerging workforce strategy which flows from the clinical strategy and overall Trust plans for a sustainable future.
- A more in-depth understanding of the recruitment and retention challenges ('hot spots') within the Trust.
- Regular reports to understand the workforce challenges and gaps within the Trust's Emergency Department, both internal and national challenges, together with recruitment plans and potential new workforce models.
- Receiving reports on the workforce implications associated with the Trust's demand and capacity modelling.
- An update on how the Trust would be implementing new requirements around revalidation for nurses and midwives.

Membership of the committee consists of:

- Chairman (a non-executive director)
- Four additional non-executive directors
- Chief Nurse and Director of Quality
- Chief Operating Officer
- Medical Director
- Director of Human Resources
- Director of Finance and Performance

The Trust's head of equality and head of human resources are invited to attend each meeting.

The committee works closely with our Council of Governors and provides assurance reports to each Council meeting. Our Strategic Workforce Committee chair is aligned to the Council of Governors Workforce Committee.

CHARITABLE FUNDS COMMITTEE (CFC)

East Kent Hospitals Charity (the Charity) is an independent charity registered with the Charity Commission (England & Wales) and is setup to receive and raise funds for the wards and services provided by the East Kent Hospitals University NHS Foundation Trust.

The Trust is the corporate trustee and the Board of Directors acts as agents for the Trust.

The Charitable Funds Committee oversees the affairs of the Charity, which held assets of £4.3m as at 31 March 2016, under delegated powers set out in the terms of reference to promote, monitor and set the strategic direction for the Charity to ensure that the objectives of the Charity are met. The committee advise the Board of Directors who retain overall responsibility on all aspects of the Charity. Membership comprises the Trust chief executive, director of finance, medical director, director of strategic development and three non-executive directors, one of which is the chair.

During this financial year the committee met four times and reviewed the following policies and issues:

- Terms of reference for the committee
- Investment portfolio with Cazenove
- Investment properties
- Reserves policy
- Strategy for 2016 to 2019
- Achievement of objectives in allocation of grants to the Trust

Cazenove managers were invited to explain portfolio performance in the current market turmoil providing an opportunity for new committee members to raise concerns and strategic decisions.

Key decisions regarding the investment properties and maximising investment opportunities led to the recommendation to the Board of Directors to sell three of the properties to provide additional resources to support the programme of grants to the Trust in the coming year. The successful sale led to discussions relating to management of increased cash resources particularly in the short to mid-term.

With the increasing demands on the NHS to deliver more services, treatments and facilities the Committee have agreed to increase their support to the Trust

over the next three years.

During the last year the Charity received donations and legacies totalling £0.44m and made grants across all our hospitals of £0.6m.

All of the grants have achieved the Charity's aim of benefiting patient care by providing support and education as well as improving medical treatment and the environment in which they are given. Grants were given to purchase toys, stickers and bubbles to help distract our younger patients whilst undergoing treatments to the purchase of an ultrasound scanner, several phototherapy units, a laryngoscope, cardiac pacing bed and a MRI compatible ventilator, as well as supporting training for chemotherapy staff and cameras for simulation training for all staff.

The Charity's full annual report is available on the Trust website. The report covers some of the positive stories of time and energy given by many to our Charity 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 those people and organisations who are inspired to support the work of the staff and hospitals and whose efforts enable us to continually improve the quality of services we are able to provide for our patients.

Council of governors

The concept of an NHS foundation trust rests on local accountability, which governors perform a pivotal role in providing. Our Council of Governors, collectively, is the body that binds the Trust to its patients, service users, staff and stakeholders. It consists of elected members (staff and public) and appointed individuals who represent members and other stakeholder organisations.

Our 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 chairman
- The appointment and, if appropriate, removal the other non-executive directors
- Decide the remuneration, allowances and other terms and conditions of office of the chairman 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

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

Ensuring that services provided by us are developed to meet our patients’ needs and reflect the views and those of the wider community is of the utmost importance to the Board of Directors. Our Board has an overall duty to ensure the provision of safe and effective services for members of the public. The Board does this by using its governance structures.

Governors are required to canvass the opinion of the Trust’s members and the public 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 following sets out steps taken by members of our Board of Directors to understand the views of our governors and our membership:

- Our Board meetings are held in public. The agenda is shared with our Council of Governors prior to the meeting and the agenda and papers are published on our website. Our Council of Governors also receive a confidential copy of our closed Board meeting agenda and minutes to keep them abreast of all issues discussed by our Board of Directors.
- A joint meeting between the governors and non-executive directors was held on 22 February 2016. This meeting provided the opportunity for our Board of Directors and governors to consider their respective roles in communicating with members of the Trust and the wider public.
- Our chief executive is invited to attend each Council meeting to provide an update on the latest performance. All members of our Board of Directors have an open invitation to attend Governors’ Council meetings to respond to questions on recent Board and Board Committee activity.
- Governors have the opportunity to raise performance concerns at Council meetings, directly with our chair (or at Board of Director meetings).
- The Board of Directors engages our Council of Governors on a variety of strategic issues formally at meetings and on an ad hoc basis. Our Council of Governors Strategic Committee undertakes a facilitative role on behalf of the full Council to respond to our key strategic documents and developments.
- Our Council of Governors has established a number of substantive committees to take forward key pieces of work. Committees will invite specific directors or other members of our staff for particular agenda items driven by performance concerns, survey results, statutory visit outcomes or

membership/public feedback. Each governor committee also has an aligned non-executive director.

- Governors have participated in a programme of membership engagement events throughout 2015/16 including nine membership events, ten meet the governor sessions and three community events. In addition, the Trust has published three membership newsletters in 2015/16.

Each year the Trust prepares an annual plan and the governors are asked to provide the views of their constituents so that the Trust can ensure it is listening to the voice of the local population. Updates on the development of the Trust's forward plans were provided at full Council of Governor meetings and Council of Governor Strategic Committee meetings. On behalf of the full Council, the Council of Governor's Strategic Committee will co-ordinate a written view of the Trust's plans for consideration and response by the Finance and Investment Committee and Board of Directors.

As part of the Trust's development of a clinical strategy, a number of engagement events on the 'case for change' gave the public an opportunity to listen to the Trust's plans. A number of governors attended these events.

The agenda for Council of Governor meetings is discussed by the chair, Trust secretary and lead governor. In addition, governors are encouraged to put forward agenda items for their Council meetings and the following summarises agenda items discussed during 2015/16:

- Latest trust performance (each meeting).
- Regular updates following the CQC inspection to the Trust in March 2014 and July 2015. Governors receive updates on performance against the overall improvement plan.
- Regular clinical strategy updates (strategic development).
- Regular forward plan development updates, including a presentation on the NHS England annual planning guidance
- Copies of Monitor submissions
- Regular presentations on the Cultural Change Programme
- Staff engagement project updates and staff survey results
- Executive patient safety visit updates
- Presentation on the wider health economy
- Quality report local indicator requirements for Governors
- Feedback from governors that attend Governwell training

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 2015/16.

Governor training

During 2015 a number of our governors completed their term of office and a new cohort of governors was elected. In addition to a comprehensive induction programme, a number of our new governors took advantage of the opportunity to attend skills training courses run by Governwell. Governors attending these courses are encouraged to share learning within the wider Council.

In early May 2015 our auditors, KPMG ran a bespoke training session for governors in relation to interpreting the Trust's Annual Report and Accounts.

Our chair has also been working with our Trust secretary to strengthen the governors' development programme and as a result:

- Development topics are included in the closed session at our Council of Governor meetings
- In January 2016 the Council of Governors agreed to introduce an information session in between the public and private sessions of full Council meetings
- Governors attended sessions through NHS Providers/Governwell covering the following topics: governor core skills, membership and public engagement, NHS finance and business skills and recruitment: 'the governor role in non-executive appointments'
- The Trust secretary organised a workshop on Foundation Trust governance attended by Monitor and one of the Trust's non-executive directors. Topics included: information flows, holding non-executive directors to account, the role of the non-executive director, statutory duties of governors and Monitor's regulatory regime
- An in-house core skills training course will be delivered by Governwell in Spring 2016

Lead governor

Our Council of Governors has nominated a Lead Governor who in certain circumstances has a particular role in communicating with Monitor on behalf of the full Council.

In September 2015 our lead governor, Brian Glew (elected governor – Canterbury) passed away. An election process for a new lead governor was undertaken during October 2015. On 10 November 2015 the Council of Governors endorsed the appointment of Sarah Andrews as lead governor until July 2016.

Governor changes 2015/16 and election results

Three governors resigned from our Council during 2015/16 and, in line with our Constitution, we approached the next highest polling candidates at the last election which means that we said goodbye to one staff governor, Vikki Hughes who resigned in August 2015 and welcomed John Rampton in October 2015. Chris Warricker resigned in October 2015 to be replaced by Paul Bartlett for the remainder of Mr Warricker's term. The same procedure

was followed when Susan Seymour resigned in December 2015, which enabled us to welcome Michele Low to the Council in the same month.

The sad death of Brian Glew, our lead governor in September 2015 brought about a by-election held in February 2016 and as a result we welcomed Alan Holmes to the Council.

The overall percentage of votes for the May 2015 by-election based on the number of members who were balloted was:

- | | | |
|-------------------------|---------------------|--------|
| • Dover electorate 1448 | number of votes 195 | 13.47% |
| • Staff electorate 6941 | number of votes 503 | 7.25% |

The overall percentage of votes for the February 2016 by-election based on the number of members who were balloted was:

- | | | |
|------------------------------|---------------------|-------|
| • Canterbury electorate 3059 | number of votes 244 | 7.98% |
|------------------------------|---------------------|-------|

A list of all governors who served during 2015/16 is detailed on page 77.

Council of Governor public meetings

Our Council of Governors met in public a total of four times during 2015/16. In addition, a joint meeting with our Board of Directors was held in 1 October 2015 and a joint meeting with our non-executive directors took place on 22 February 2016. Both meetings were closed to the public.

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 2015/16:

Constituency	Name	Term of Office ends	Attendance at Council of Governor public meetings (See note to table)
Ashford Borough Council	Paul Bartlett Jane Burnett <i>Chris Warricker</i> Junetta Whorwell	12/02/2018 28/02/2018 28/02/2018 (<i>Resigned October 2015</i>) 28/02/2017	2/4 3/4 2/2 4/4
Canterbury City Council	Philip Wells <i>Pauline Hobson</i> Alan Holmes <i>Brian Glew</i> <i>Chris Warricker</i>	28/02/2017 28/02/2018 (<i>Resigned February 2016</i>) 28/02/2018 (<i>Elected February 2016</i>) 28/02/2018 (<i>Deceased September 2015</i>) 28/02/2018 (<i>Elected February 2016</i>)	4/4 3/4 0/0 2/2 0/0
Dover District Council	Sarah Andrews Carol George Margo Laing	28/02/2018 28/02/2017 28/02/2017 (<i>Elected from May 2015</i>)	4/4 3/4 3/4
Shepway District Council	Philip Bull Michele Low John Sewell <i>Susan Seymour</i>	28/02/2018 28/02/2018 (<i>Elected from December 2015</i>) 28/02/2017 28/02/2018 (<i>Resigned December 2015</i>)	3/4 1/1 3/4 3/3
Swale Borough Council	Paul Durkin Matt Williams	28/02/2018 28/02/2018	4/4 3/4
Thanet District Council	Roy Dexter Reynagh Jarrett Marcella Warburton	28/02/2017 28/02/2018 28/02/2017	2/4 2/4 3/4
Staff	David Bogard Mandy Carliell Rob Goddard <i>Vikki Hughes</i> John Rampton	28/02/2017 28/02/2017 28/02/2018 28/02/2017 (<i>Resigned August 2015</i>) 25/02/2017 (<i>Elected October 2015</i>)	4/4 4/4 2/4 0/2 1/1
Rest of England and Wales	Eunice Lyons-Backhouse	28/02/2018	4/4
University Representation (Joint appointment by Canterbury Christ Church University and University of Kent)	Debra Teasdale	28/02/2018	4/4
Local Authorities	Jane Martin	28/02/2018	3/4
South East Coast Ambulance Services NHS Foundation Trust	Geraint Davies	28/02/2018	0/4
Volunteers working with the Trust	Michael Lyons	28/02/2018	1/4

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

Board of Directors attendance at Council of Governors meetings

Non-executive directors are invited to attend each Council of Governor meeting. Executive Directors are invited to attend for specific items as requested by Governors.

NAME	DESIGNATION	DATE OF APPOINTMENT	COUNCIL OF GOVERNORS ATTENDANCE*
Nikki Cole	Chair	11/05/15 First Term	2/3
Barry Wilding	Senior Independent Director	11/05/15 First Term	2/4
Richard Earland	Non-Executive Director/Deputy Chair	01/01/14 Second Term	2/4
Colin Tomson	Non-Executive Director	11/05/15 First Term	2/4
Satish Mathur	Non-Executive Director	01/10/15 First Term	1/2
Sunny Adeusi	Non-Executive Director	01/11/16 First Term	0/2
Gill Gibb	Non-Executive Director	01/12/15 First Term	0/1
Ron Hoile	Non-Executive Director	01/01/16 First Term	1/1
Jane Ely	Chief Operating Officer	26/01/15	0/4
Nick Gerrard	Director of Finance and Performance	04/05/15	1/3
Matthew Kershaw	Chief Executive	08/01/16	1/1
Sandra Le Blanc	Director of Human Resources	01/09/14	0/4
Liz Shutler	Director of Strategic Development and Capital Planning	21/01/04	0/4
Sally Smith	Chief Nurse and Director of Quality	Interim from 01/05/15 Substantive 28/07/15	3/4
Paul Stevens	Medical Director	01/06/15	3/4

Other executive directors and non-executive directors who served during 2015/16

Nicholas Wells	Chair	Left 30 April 2015	0/0
Jonathan Spencer	Senior Independent Director/Deputy Chair	Term ended 31 October 2015	2/2
Valerie Owen	Non-Executive Director	Term ended 30 November 2015	3/3
Christopher Corrigan	Non-Executive Director	Term ended 31 December 2015	2/3
Peter Presland	Non-Executive Director	Term ended 30 September 2015	1/2
Chris Bown	Interim Chief Executive	01/04/15 to 07/01/16	2/2
David Baines	Interim Director of Finance and Performance	Interim to 04/05/15	0/1
Julie Pearce	Chief Nurse and Director of Quality	Left 30/04/15	0/0

* Possible and actual shown.

Council of Governors committees and working groups

Our Council of Governors has established a number of committees. As at 31 March 2016, the following substantive committees were in place:

- Audit and Governance Committee
- Communication and Membership Committee
- Nominations and Remuneration Committee (statutory)
- Patient and Staff Experience Committee
- Strategic Committee

There is also the facility for our Council of Governors to establish specific task and finish groups as required.

In January 2016 the Council of Governors agreed to the establishment of an Audit and Governance Committee in place of the Audit Working Group, Constitution Committee and Committee Chairs meeting. The new Audit and Governance Committee is responsible to the Council of Governors for:

- Working with the Board of Directors' Integrated Audit and Governance Committee (IAGC) to establish the criteria for the appointment, re-appointment or removal of the Trust's external auditors
- Receiving the external auditor's plan and work timetable for the year, to review the external auditor's performance and review any year end audit recommendations
- Receiving the internal auditors plan, work timetable and annual report, for information only
- Seeking assurance from the chair of the IAGC that internal control processes are in place and working effectively
- Enhancing and improving the effectiveness of the Council of Governors and to support closer working relationships between the Council of Governors and non-executive directors
- Working with the Trust Secretary to ensure the Trust's Constitution complies with latest legislation and Monitor guidance
- Considering any locally proposed amendments to the Trust Constitution
- Reviewing the effectiveness of non-executive director engagement with Council committees and working groups and report conclusions to the Council
- Reviewing the effectiveness of Council of Governor meetings and committee structures
- Reviewing committee activity, identifying common themes and key issues arising and report these to the Council
- Identify any emerging priorities for Council debate and engagement and make recommendations to the Council for its future agendas
- Monitoring all elements of the working of Council of governor meetings and make any recommendations to the full Council.

All committees are chaired by one of our governors and members of staff attend in an advisory capacity. Terms of reference and minutes of all governor meetings are published on our website as another means of communicating governor activities to the Trust membership and public.

In early 2016 the Council of Governors agreed to review the existing committee structure and as a first step asked the Nominations and Remuneration Committee to conduct a governor skills' audit. The outcomes will be used to ensure that governors are appropriately matched to governor committees and enable the Trust to derive maximum benefit from the wealth of expertise that our governors bring.

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, **01227 868784**, or through the membership area of our website **www.ekhuft.nhs.uk/members** or by emailing **amanda.bedford1@nhs.net**

Annual Members' Meeting

We held our Annual Members' Meeting in 1 October 2015. This event provides an opportunity for the public to meet and ask questions of our chair, chief executive and lead governor.

There were around 130 people in attendance, made up of Trust members, members of the public, members of the Council of Governors and Board of Directors, representatives from partner organisations and members of the Trust's staff. In addition to sharing information about our performance for the past year, a presentation on the development of trauma care in East Kent and the Trust's record of excellence in this field was well received.

Details of all public meetings are available on the Trust's website

www.ekhuft.nhs.uk

Work of the Council of Governors

Council of Governors Committees and working groups

Our Council of Governors has established a number of committees. At the start of the year this consisted of:

- Patient and Staff Experience Committee
- Communications and Membership Committee
- Nominations and Remuneration Committee (statutory)
- Audit Working Group
- Strategic Committee
- Committee Chairs meeting
- Constitution Committee

All committees are chaired by one of our governors and attended by Trust staff in an advisory capacity. Terms of reference and minutes of the public Council of Governor meetings are published on our website as another means of communicating governor activities to the Trust membership and public.

During the year the Council of Governors reflected on the structure of its committees and agreed that this should be revised. The process followed and progress made is described in the paragraphs below.

Constitution Committee

This Committee consists of two governors and two non-executive directors who work with the Trust secretary to ensure that the Trust's Constitution complies with the latest legislation and Monitor guidance and to consider any locally proposed amendments.

In December the committee met at the request of the Council of Governors to consider a proposal to revise the Council's Committee structure to align to the Board of Directors' structure and ensure that it fully supports the delivery of the governor's statutory responsibilities. As part of the proposal, the non-executive director chair of the aligned Board of Directors' Committee would be invited to be an attendee at the Council of Governors' Committee.

The proposals were accepted in principle and taken forward with the establishment of a new committee – the Audit and Governance Committee (AGC) – and the closure of the existing Audit Working Group, Constitution Committee and Committee Chairs meeting. The AGC was tasked with taking forward the Council of Governors' Committee re-structure and will be submitting a final proposal paper for agreement at the full Council meeting in May, based on its deliberations.

The Constitution Committee previously met in July to review and consolidate the guidance and documents provided to governors in relation to their role.

Audit Working Group (AWG)

The AWG met in September to receive the outcome of the External Audit of EKHUFT's Annual Accounts and Quality Report and the relevant assurance documents. A representative from auditors KMPG went through the reports in detail and the Committee noted the assurances received. As part of the transition process to the new committee structure, the auditors' annual plan for 2016/17 will be presented to the AGC.

Committee Chairs Meeting

This is an information meeting led by the Trust Chairman designed to enhance and improve the effectiveness of the Council of Governors and to support closer working relationships between the Council of Governors and our non-executive directors. The key aim of the re-structuring of the Council's Committee meetings to align these to the Board of Directors' structure provides a much closer link between governors and non-executive directors and therefore supersedes the purpose of this meeting. Ensuring that the agendas of all Board and Council Committees are linked and comprehensively cover their responsibilities will be managed by the AGC under the proposed changes.

Nominations and Remuneration Committee

Our 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 chairman and non-executive directors
- Agree the process for recruitment of the chairman and non-executive directors
- To make 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

- To consider and make recommendations to the Council of Governors on the remuneration and terms of appointments of the chairman and non-executive directors
- To contribute to an annual review of the structure, size and composition of the Board of Directors and to make 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 endorsed by our Council of Governors in January 2014. 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 the nominations committee on the qualifications, skills and experience required for each position. The Board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.

The committee is mindful of its responsibility to ensure an appropriate level of refresh and takes as its default position, unless there is compelling reasons to the contrary, that our non-executive director positions should be subject to competition at term expiry. This position was endorsed by the external review of corporate governance carried out by Deloitte's in 2014/15. As a result, this year has been a busy period for the Council of Governors Nomination and Remuneration Committee as illustrated below:

- In 2015 the terms of office of four non-executive directors came to an end and as such the Trust said goodbye to Peter Presland in September, Jonathan Spencer in October, Valerie Owen in November and Christopher Corrigan in December.
- The committee concluded its recruitment to Trust chair position and was involved in the recruitment of six new non-executive directors. They were supported in this task by the Trust's human resources department and an external recruitment agency, Odgers Berndstons.
- Upon recommendation of the committee the Council of Governors endorsed the appointment of the following positions:

Nikki Cole - Trust Chair (appointed 11 May 2015)

Colin Tomson - Non-Executive Director (appointed 11th May 2015)

Barry Wilding - Non-Executive Director (appointed 11th May 2015)

Satish Mathur - Non-Executive Director (appointed 1st October 2015)

Sunny Adeusi - Non-Executive Director (appointed 1st November 2015)

Gill Gibb - Non-Executive Director (appointed 1st December 2015)

Ron Hoile - Non-Executive Director (appointed 1st January 2016)

- The committee noted at its final meeting in the year that the second term of office of non-executive director, Richard Earland would come to an end in December 2016 and drafted a recommendation to be taken to the Council of Governors' Public Meeting on 24 May 2016. Details of all our non-executive directors who served during 2015/16 can be found on page 38.

Council of Governors Nominations and Remuneration Committee members 2015/16

Committee Members		
		*Attendance
Philip	Wells (Chair)	4/4
Mandy	Carliell	2/4
Roy	Dexter	1/4
Paul	Durkin	2/2
Brian	Glew (<i>Deceased September 2015</i>)	2/2
Carole	George	3/4
Margo	Laing	4/4
Michael	Lyons	3/4
Matt	Williams	1/4
Reynagh	Jarrett	4/4
*Attendance at meetings held during the year (actual/possible) is shown		

Membership

Our members play an active part in 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 the seventh, rest of England and Wales, allows non east Kent residents to become members and elect a governor.

- Ashford
- Canterbury
- Dover
- Shepway
- 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 members cannot be concurrent members of any public constituency.

Engaging and recruiting our members

We actively recruited more members through a variety of membership events during 2014/15 such as:

- The 'Sepsis Awareness' led by Dr Michelle Webb
- 'Pathology – behind the scenes' led by Professor Fritz Muhlschlegel
- 'Case for change' led by Rachel Jones, Director of Strategy and Business Development and Anne Neal, Assistant Director Strategic Development.

Then 'meet your governor' sessions were held across the Trust in 2014/15 giving the public an opportunity to talk directly to our governors and express their views.

Governors visited several community groups in 2014/15, encouraging them to sign up as members and become more involved in the Trust's work.

We have an ever increasing virtual panel of members who provide valuable feedback on patient leaflets, policies and also actively engage in various surveys about our services.

A twice yearly newsletter has been distributed to all members in all local constituencies since 2009. The Trust is reviewing this process and electronic alternatives are being discussed. The latest newsletter is available at www.ekhft.nhs.uk/members

Membership Report for East Kent Hospitals University from 01/04/2015 to 21/01/2016

Public constituency	Last year (2015/2016)	Population	Percentage
As at start (April 1)	11,438		
New Members	777		
Members leaving	916		
At year end (March 31)	11,299	705,716	1.60%
Staff constituency	Last year (2015/2016)		
As at start (April 1)	7,186		
New Members	417		
Members leaving	1,315		
At year end (March 31)	6,288		
Public constituency	Number of members	Population	Percentage
Age(years):			
0 - 16	0	9,154	0.00%
17 - 21	626	41,788	1.50%
22+	8,072	654,774	1.23%
Ethnicity:			
White	9,369	672,462	1.39%
Mixed	157	9,345	1.68%
Asian	514	16,455	3.12%
Black	303	5,341	5.67%
Other	71	2,113	3.36%
Socio-economic groupings *:			
AB	1,040	97,597	1.07%
C1	7,563	158,664	4.77%
C2	1,569	82,123	1.91%
DE	700	171,702	0.41%
Gender analysis:			
Male	3,355	350,821	0.96%
Female	7,802	354,895	2.20%
Do you consider you have a disability?			
Public	901		
Staff	299		

Staff report

The Trust employs 7,953 staff, many of these staff work flexibly and the overall Trust working time equivalent of 7082 supports this. The bulk of Trust staff are female (78%) and this is in line with the national NHS staffing picture.

The Trust workforce is also representative of the local population with 67% of the Trust workforce having a white British ethnic origin. The remaining 2,604 staff are employed from a diverse mix of ethnic origins and this is reflective of our diverse patient population.

Listening to and involving our staff is important to us, although we recognise that this is an area that requires improvement.

We have worked hard at this and also in trying to improve our communication and deliver 'ward to Board' communication. While there is still work to be done, our executive directors are now much more visible around the Trust. Our new chief executive is committed to spending time across all sites, and spent the majority of his first few weeks in post visiting staff at each of our hospitals.

We provide regular information for our staff on the Trust's performance (including financial performance) and new developments. We use a variety of ways to give this information including an online news site that staff can access anywhere, at any time, a monthly briefing for all teams to discuss and a Monday all staff message from the chief executive.

Engaging and consulting with our trade union colleagues is also important to us and the partnership relationship has greatly improved, as we work hard together to move East Kent out of special measures.

We consult with employees and their representatives through the Trust Staff Committee which meets every six weeks to discuss policies, procedures and other matters likely to affect employees' interests.

Head count

Ethnic Origin	Exec Director	Non Exec Director	Non Board Members	Grand Total
A White - British	7	3	5339	5349
B White - Irish			74	74
C White - Any other White background			438	438
D Mixed - White & Black Caribbean			19	19
E Mixed - White & Black African			2	2
F Mixed - White & Asian			24	24
G Mixed - Any other mixed background			40	40
H Asian or Asian British - Indian			409	409
J Asian or Asian British - Pakistani			62	62
K Asian or Asian British - Bangladeshi			15	15
L Asian or Asian British - Any other Asian background			245	245
M Black or Black British - Caribbean	1		24	25
N Black or Black British - African			141	141
P Black or Black British - Any other Black background			13	13
R Chinese			53	53
S Any Other Ethnic Group			82	82
Z Not Stated		4	958	962
Grand total	8	7	7938	7953

Gender	Executive Director	Non Exec Director	Non Board Members	Grand Total
Female	5	1	6201	6207
Male	3	6	1737	1746
Grand Total	8	7	7938	7953

Full-time	Part-time	Grand total
5400	2553	7953

Fixed term contracts	Internal secondment	Out on external secondment - paid	Out on external secondment - unpaid
585	60	4	1

Staff survey

Overall, the Trust's staff survey results, which received a 40% response rate, have improved since last year's survey in most areas. The most improved results include staff motivation at work, staff feeling able to contribute towards improvements at work and staff reporting good communication between senior management and staff.

Despite the improvements, East Kent Hospitals remains in the lowest 20% of trusts in England in the majority of areas surveyed and our ambition is to change this. The number of staff reporting experiencing bullying, harassment or abuse from colleagues in the staff survey has not improved since last year's survey. The Trust is engaging staff in developing the Trust's action plan to further improve by asking them to give us feedback on our proposed actions for the year. These actions include:

- To continue the 'Respecting Each Other' programme to end bullying and harassment, and broaden this to include harassment from patients. The 'Respecting Each Other' programme includes advice and support for staff, additional reporting channels, manager training and a staff charter
- To focus on looking after staff, giving staff more opportunities to look after their health and wellbeing while at work
- To improve on the quality of our appraisal process, so staff know what's expected of them, how they fit into the organisation and have the opportunity for development within their roles
- To focus on leadership and management capacity and capability within the Trust

Staff survey results 2015/16

	2014/15		2015/16		% improvement/ deterioration
Top 4 ranking scores	Trust	National average	Trust	National average	
Percentage of staff experiencing physical violence from staff in last 12 months	3%	3%	1%	2%	2% improvement
Percentage of staff feeling pressure in the last 3 months to attend work when feeling unwell	34%	26%	57%	59%	23% deterioration
Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	14%	14%	13%	14%	1% improvement
Percentage of staff appraised in last 12 months	87%	85%	86%	86%	1% deterioration
Bottom 5 ranking scores					
Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	42%	23%	42%	26%	-
Staff satisfaction with the quality of work and patient care they are able to deliver	-	-	3.73	3.93	-
Staff satisfaction with level of responsibility and involvement	-	-	3.78	3.91	-
Staff satisfaction with resourcing and support	-	-	3.13	3.30	-
Percentage of staff suffering work related stress in last 12 months	45%	37%	43%	36%	2% improvement

Employee sickness absence

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

Staff sickness absence provided HSCIC	2015/16 number	2014/15 number
Total days lost	58,602	60,965
Total staff years	6,921	6,642
Average working days lost (per WTE)	8.5	9

The Trust has calculated the employee sickness absence level for 2015/2016 is 3.8%, 1.2% relating to short-term absence and 2.6% relating to long term absence.

Sickness absence managers' toolkit

Occupational health staff provide advice to managers and members of staff on medical matters relating to health and well-being in the workplace including supporting staff in returning to work with recommendations around rehabilitation, workplace adjustments and redeployment where necessary. Occupational health can provide advice on:

- The prospects of a likely return to work with or without adjustments;
- Absences being related to disability or chronic conditions

Occupational health

The occupational health service successfully gained SEQOSH (Standard of Excellence and Quality) reaccreditation in 2016. There was a 33% increase in the number of referral related appointments and a 14% increase in pre-placement health screening from last year.

The department is hosting specialty training registrar in occupational medicine and has led the diploma in occupational medicine in partnership with Christ Church University.

Fast track access to both physiotherapy and psychiatric services are coordinated through the department with self-referral options for all staff with musculoskeletal issues to attend for treatment and gym classes.

Our manual handling lead was awarded the Trust 'We Care, Delivering Safer Services' award.

The department has made use of technology to link site workers across the three main sites to weekly meetings via a VIDYO system and clinical

supervision, case studies and team building is undertaken in this way and with a monthly face to face team review meeting.

The department has invested in a computerised diary and staff access system and is currently working with recruitment and rolling out management training to enable live tracking of new applications and referrals.

The seasonal flu vaccination programme was extended this year with a co-ordinated marketing and promotion campaign with a final uptake of 38.6%.

In line with the recommendations of the Health at Work Network, the department offers occupational health services on a contracted basis to nine other large organisations and on an ad hoc basis to over 100 other clients, ranging from small to medium businesses and sole traders.

We are also working in partnership with other NHS occupational health and manual handling teams to support services and efficiencies across Kent.

Recruitment and selection toolkit and recruitment and selection policy

Applicants who have declared a disability and who meet the minimum essential criteria for the post must be shortlisted for interview. When designing a test for interview purposes, the recruiting manager must be sure that the test is adaptable in order that reasonable adjustments, such as additional time, can be made for applicants with a disability.

All NHS staff must have a pre-appointment occupational health check, which adheres to equal opportunities legislation and good occupational health practice.

All checks must take into account the requirements of the Disability Discrimination Act 1995 (DDA) and reasonable adjustments must be made to ensure that people can work in the NHS regardless of physical impairment or learning disabilities.

The Trust is proud to have been awarded the two ticks' symbol. This symbol confirms during the advertising process that the Trust is committed to offering a guaranteed interview to disabled applicants who meet the minimum essential criteria for a post.

Diversity and equality policy

The Trust will not discriminate because 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. Disability and personal or home commitments will not form the basis of employment decisions except where necessary.

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 held a health and safety summit in September 2015, chaired by the interim chief executive with directors from each division and senior management. The main objective was to secure improved governance at senior level to support departments across the Trust. The Health and Safety Executive attended and gave an informative and well received presentation on the need for clear and robust corporate governance on safety matters.

The surgical services division has now formulated its governance structure for health and safety management. This leaves only the specialist services division and urgent care and long term conditions division to finalise their arrangements.

The Health and Safety Toolkit Audit system continues to prove invaluable in measuring performance and engaging with departmental representatives to provide expert advice.

The health and safety link workers in each department are demonstrating strong engagement with the health and safety team. However, turnover of these link workers occasionally leads to falling standards in a few departments.

Non-clinical incidents (like for like yearly comparison)	2013/14	2014/15	2015/16
Accident / fall (staff or visitors only)	605	618	
Breach of confidentiality / data protection / computer misuse	535	469	
Facilities / estates issues	253	259	
Fire including false alarm	131	152	
Manual handling	91	120	
Security	908	874	

Disclosures set out in the NHS Foundation Trust Code of Governance

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 the Code of Governance to monitor compliance and identify areas for development. The Integrated Audit and Governance Committee reviewed the Trust's assessment at a meeting held in April 2016.

The Trust is required to undertake an annual review of the Code of Governance to monitor compliance and identify areas for development. The Integrated Audit and Governance Committee reviewed the assessment at a meeting held in April 2016.

The Integrated Audit and Governance Committee confirmed, with exception to the following provisions, the Trust complies with the NHS Foundation Trust Code of Governance issued by Monitor in 2014.

The Trust is declaring a 'partial compliance' to the following statements.

CODE REF	PROVISION	TRUST RESPONSE
B.8.1	<i>The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.</i>	The Chief Nurse and Director of Quality left ahead of her notice period. Although this was not formally agreed by the Board, it was discussed internally with the Chief Executive and Non-Executive Directors to determine risks and interim arrangements.
E.1.1	<i>The board of directors should make available a public document that sets out its policy on the involvement of members, patients and the local community at large, including a description of the kind of issues it will consult on.</i>	<p>The Trust has a Membership Engagement Strategy in place which is subject to annual review.</p> <p>Work was on-going during 2015/16 to review and develop a robust Communications Strategy that would outline how and what the Trust would consult on. This is anticipated to conclude during 2016/17.</p>
E.1.2	<i>The board of directors should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums (eg, Local Healthwatch, the Overview and Scrutiny Committee, the local League of Friends, and staff groups).</i>	<p>The Trust has a Membership Engagement Strategy in place which is subject to annual review.</p> <p>Work was on-going during 2015/16 to review and develop a robust Communications Strategy to include how public interests would be represented. This is anticipated to conclude during 2016/17.</p>
E.2.1	<i>The board of directors should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co-operate. The board of directors should be clear of the form and scope of the co-operation required with each of these third party bodies in order to discharge their statutory duties.</i>	<p>The Trust reviewed its Communications function during 2015/16 and is in the process of refreshing its Communications Strategy.</p> <p>As part of the communications work the Board of Directors undertook a review of its stakeholders and role at a September 2015 workshop. In conjunction with CCGs at a Board To Board Meeting, the East Kent Strategy Board was launched to work with local service providers.</p> <p>This strategy would make clear requirements for third party engagement.</p>
E.2.2	<i>The board of directors should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each. The board of directors should review the effectiveness of these processes and relationships annually and, where necessary, take proactive steps to improve them.</i>	

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 ¹¹ 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 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 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	Accountability Report:

	directors, including the chairperson, has been conducted.	Director's Report
B.6.2	Where there has been external evaluation of the board and/or governance of the trust , the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	Accountability Report: Director's Report
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Performance report: Summarised annual accounts
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Accountability Report: Director's Report
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.	Accountability Report: Director's Report
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.	Not applicable for 2015/16
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: <ul style="list-style-type: none"> 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
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 2015/16
D.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
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

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 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 Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in Trust Accounting Officer Memorandum.

The purpose of the system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of East Kent Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Kent Hospitals NHS Foundation Trust for the year ended 31 March 2016 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 Medical Director, who is the Caldicott Guardian and the Chief Nurse and Director of Quality, who lead jointly on clinical risk management, the Director of Finance 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 Director of Strategic Development and Capital Planning Estates who is responsible for health and safety and the Deputy Director of Risk, Governance and Patient Safety who is responsible for information governance risks. The Chief Nurse and Director of Quality also has responsibility for establishing and implementing the processes and systems of risk management at corporate level and the Trust Secretary for the promotion of good corporate governance.

The Trust has in place a Risk Management Policy, reviewed and approved by the Board in February 2016, which applies to all Trust staff and which sets out the risk assessment and risk management processes. This policy has been revised to include a section on the organisation's risk appetite. The Management Board (MB) has overall responsibility for risk management and is supported in relation to clinical risk by the Patient Safety Board (PSB) and the Risk Group for the operational management and escalation of risk; both committees meet monthly.

There is a Strategic Health and Safety Committee which is responsible for the health and safety of employees, visitors and contractors. Monthly reports are received from the site-based Health and Safety Committees. The Strategic Health and Safety Committee reports directly to the Management Board.

The Integrated Audit and Governance and Quality Committees receive reports and assurance from the PSB and scrutinise evidence for the Board of Directors.

Risk is a key component of the Executive Performance Reviews (EPR) held with each division on a monthly basis. Not only are the divisions' current risks discussed but the agenda items are areas where the division has concerns and therefore risk is discussed in this context. Any areas highlighted as requiring immediate mitigation are added to the agenda of the next Key Metrics Review meeting that is two weeks after the EPR. This is where actions identified at EPR's are followed up to ensure swift resolution or additional action.

The Datix risk management system is in use to record processes including incident reporting, complaints, Patient Advice and Liaison Service (PALS) and legal services, including Coroner's inquests.

The strategic and corporate risk registers are recorded using a system called Insight (4Risk). This database links all risks to annual objectives and to the risk appetite, which was agreed by the Board of Directors' in September 2015, for each type of risk highlighted. The new reports, from 4Risk, were presented to the February 2016 Board and continue to be developed and populated. Divisional and specialty risk registers are being populated onto the 4Risk system. Risk assessment tools are available on the Trust Intranet and as an integral part of the Risk Management and Health and Safety Policies.

The Board Assurance Framework (BAF) assesses and evaluates the principal risks to the achievement of the strategic objectives and annual objectives and there is an alignment between the BAF and the risks currently outlined on the strategic risk register. The Board agreed in September 2015 that the risks required complete revision and it was therefore felt that the BAF would not be effective until the risks were revised. The Head of Internal Audit was consulted and it was confirmed that the IAGC would receive a document that mapped assurances against the current Annual Objectives. Risks to the Annual Objectives are highlighted on each Board and Committee report as a

way of demonstrating clear links and allows for good discussion in meetings. 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).

Of the agreed six annual objectives, all were either partially or substantially achieved in line with the metrics agreed at the beginning of 2015/16.

The most significant strategic risks affecting the Trust and recorded on the Strategic Risk Register, over the year under review were:

- Clinical Strategy including the ability of the Trust to deliver a clinical strategy that can be resourced
- Estate Condition - Unable to source improvements in the Estate across the Trust to ensure long term quality of patient facilities
- Ability to upgrade IT and take advantage of new technology
- Adverse effects on local services: organisational shape and form
- Failure to achieve financial balance
- Loss of clinical specialities and services that are Kent and Medway wide

The most significant corporate risks affecting the Trust are recorded on the Corporate Risk Register, over the year under review were:

- Failure to achieve financial stability and deliver financial plans
- The Trust fails to plan for changing levels of demand appropriately
- Patients' eyesight may be adversely affected by inadequate follow up arrangements
- New European Data Protection Rules
- Patients with mental health problems may be harmed because they do not receive timely mental health interventions
- Potential delayed treatment of patients requiring emergency acute general surgery intervention at the Kent and Canterbury Hospital site
- Ability to attract, recruit and retain high calibre staff to the Trust
- K&CH Ward or ECC patients may suffer adverse harm
- Patients with sepsis are not recognised or treated in a timely way which may affect their outcome
- Blood and blood product transfusion errors

The risk and control framework

The Trust is supported in managing risk by, the Local Counter Fraud and Local Security Management Specialists, patient representatives from the governor-led Patient Experience Group, patient membership of key Trust committees and groups, the work of the local Overview and Scrutiny Committees, the National Patient Survey Programme and the results of feedback on wards and departments.

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 Protect Counter Fraud Standards for providers. Preventative measures include reviewing Trust policies to ensure they are fraud-proof utilising intelligence, best practice and guidance from NHS Protect. 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 and compliance with training requirements and data quality.

NHS FOUNDATION TRUST GOVERNANCE: LICENCE PROVISIONS

In August 2014 Monitor found the Trust to be in breach with the following provisions of condition FT4 - FT4 (4)(b & c); FT4(5)(a – c, e,f); FT4(6)(c-f); FT4(7) of its Provider Licence. As a result the Trust commissioned a Board Governance Review and has been implementing the recommendations over the last year. The Trust commissioned a further Board Governance Review to assure itself that the actions had been implemented and embedded; this review will conclude in June 2016. The table below outlines what these conditions relate to and what action has been taken.

Condition	Action taken
FT4 The Licensee shall establish and implement (b) clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees (c) clear reporting lines and accountabilities throughout its organisation.	Under the direction of the newly appointed Chair the Non-Executive Director Committee Chairs reviewed and revised their terms of reference. In addition a new committee responsible for workforce was established. The membership and agendas have also been revised to ensure there is clarity on what should be reported. The performance management governance framework has been reviewed and includes revised Executive Performance Reviews and in March 2016, Key Metric Reviews were introduced for each Division. This has provided a more clarity about the purpose and outputs required. A workshop was held with the Executive Divisional teams in terms of roles, responsibilities, structure and processes. At this session standard templates and agendas were agreed for use throughout the Trust.
FT4 5The Licensee shall establish and effectively	The Trust commissioned a review of financial governance in July 2015 and the

<p>implement systems and / or processes:</p> <p>(a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;</p> <p>(b) for timely and effective scrutiny and oversight by the Board of the Licensee's operations;</p> <p>(c) to ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the SoS, the CQC, the NHS Commissioning Board and statutory regulators of health care professions;</p> <p>(e) to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making</p>	<p>recommendations have been put into an action plan. Many of the actions have been completed with the remaining actions receiving scrutiny from the Finance and Investment Committee.</p> <p>The Board has an annual plan of its business which includes a number of standing items that include a detailed review of the metrics and financial statements that make up the Trust's Governance and Financial Ratings.</p> <p>As a result of the Board Governance Review the Trust has invested time in developing a new integrated report which will go-live at the June 2016 Board meeting which will show the April data. The Board has been involved in the development to ensure they receive the information they require.</p> <p>The Trust has an Improvement Plan to deliver the recommendations from the CQC Inspection but to also ensure all improvement ideas are managed under one programme. The Quality Committee receives regular reports from the Patient Safety Board, Patient Experience Group and Clinical Audit and Effectiveness Committee regarding hospital standards.</p> <p>The Trust undertook a review of its committees against the availability of information and made some changes to the dates of meetings. It was agreed to assess the effectiveness of the changes six months after implementation. Given the Trust is undertaking a further Board Governance Review this action will be deferred until the new report is received.</p>
<p>(f) to identify and manage material risks to compliance with the Conditions of its Licence</p>	<p>The Board had a risk workshop where the risk appetite was developed and subsequently included in the risk management policy. A new electronic risk system has been implemented and is being used at a corporate level. Further training will be rolled-out for divisional staff.</p> <p>It was acknowledged that additional resource was required to support the Deputy Director of Risk Governance and Patient Safety and the appointment of a Risk Manager has been agreed. They should be in post early in 2016/17.</p>
<p>FT4 6 The systems and / or processes should</p>	<p>In response to this breach the Trust commissioned a data quality audit which provided</p>

<p>include but not be restricted to systems and / or processes</p> <p>(c) to ensure the collection of accurate, comprehensive, timely and up to date information on quality of care;</p> <p>(d) that the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;</p> <p>(e) that the Licensee including its Board actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these source</p> <p>(f) that there is clear accountability for quality of care throughout the Licensee's organisation including but not restricted to systems and / or processes for escalating and resolving quality issues including escalating them to the Board where appropriate</p>	<p>significant assurance that the processes are accurate and timely. The two main changes are the identification of a Non-Executive Director for Data Quality and the establishment of an Information Assurance Board. Both of which are in place.</p> <p>The terms of reference for the Quality Committee have been revised to ensure clinical attendance and engagement. There is now a clear flow of information from the Executive committees dealing with quality of care to the Quality Committee. The Medical Director and Chief Nurse and Directory of Quality have redesigned the reporting to ensure the Board and Committee receive the right information at the right time.</p> <p>The Trust developed a stakeholder engagement map and set out its strategy for engaging with all stakeholders in relation to consultation of its clinical strategy.</p> <p>In addition a communication strategy will be developed for 2016/17 and this work started with a workshop for the Board of Directors and Council of Governors in February 2016, with an outline of the thoughts being presented to the Council in May 2016.</p> <p>The Board and Council also endorsed the Membership Strategy which provides a framework for Governors to seek views from their members. This requires further development.</p> <p>The Board approved the Trust's three year Quality Improvement Strategy in April 2015. This had been developed through engagement with the staff.</p> <p>The governance structure was reviewed and strengthened to ensure concerns could be raised appropriately. The Executive Performance Reviews are a key part of this structure and were re-focussed in August 2015 and provide a way for divisions to escalate quality issues.</p>
<p>FT4 7 The Licensee shall ensure the existence and effective operation of systems to ensure that it has in place personnel on</p>	<p>The Trust has made a number of key changes to the Board of Directors with a new Chair and Chief Executive. A skills audit was undertaken in January 2016 and a Board development plan is in place.</p>

the Board, reporting to the Board and within the rest of the Licensee's organisation who are sufficient in number and appropriately qualified to ensure compliance with the Conditions of this Licence.	<p>The Chief Nurse and Director of Quality presented the Board, in line with national requirements, with a nurse staffing report; additionally Birth Rate Plus has provided assurance that the Trust is meeting the national staffing requirement of midwife: birth ratio of 1:28. As part of the work the Trust has reviewed its acuity and is aiming to achieve a midwife: mother in labour of 1:1.</p> <p>The Trust is appointing a Medical HR Lead to focus on job planning</p> <p>A succession plan is being developed and where appropriate may feed into staff development plans</p>
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In July 2015 Monitor found the Trust to be in breach with the following provisions of condition CoS3(1), FT4 5(a) (see above) and FT4 5(d) of its Provider Licence. The table below outlines what these conditions relate to and what action has been taken.

Condition	Actions Taken
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	<p>As a result of this condition the Trust asked the external auditors to provide a clear definition of "going concern" for discussion at the Integrated Audit and Governance Committee. As a result the accounts were prepared made up on a going concern basis and audited as such by KPMG.</p> <p>A financial governance review was commissioned and a large number of recommendations are currently being implemented. This should ensure that the systems and processes are robust. This work will require embedding over the next 12 months.</p>
FT4 5(d) The Licensee shall establish and effectively implement systems and / or processes for effective financial decision-making, management and control (including but not	As in Co3(1)

restricted to appropriate systems and / or processes to ensure the Licensee's ability to continue as a going concern);	
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SELF-CERTIFICATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board will self-certify its Corporate Governance Statement following a recommendation from the Integrated Audit and Governance Committee. The Board confirms that, thanks to their dedicated staff, the improvements outlined in the 2014/15 Annual Governance Statement were delivered. Some of this is evidenced in the section above. In addition the Board focussed on ensuring the Trust had a clear vision and mission which led to the development of the strategic and annual objectives.

The Board has seen a number of personnel changes in 2015/16 and the focus for 2016/17 will be to develop into a fully performing Board. Much of this will be through Board development sessions. A number of risks were highlighted above and the following actions will be delivered in 2016/17:

- A clinical strategy developed with staff and partners for public consultation before the end of 2016/17;
- Delivery of an integrated performance report which is consistently used throughout the Trust;
- Risk management needs to be further embedded and the Board Assurance Framework re-established;
- A review of the meeting schedule to understand if any additional changes are required to ensure timely information;
- The development of a Communications Strategy that includes engagement with all stakeholders;
- Full implementation and embedding of the Financial Governance action plan;
- Board and Divisional development;
- Fully populated and agreed succession plan with development plans to support individuals identified;

The Trust is aiming to complete the majority of the work by the end of 2016/17 and believes that it is able to evidence good plans to ensure a positive Corporate Governance Statement. It will take longer to embed the work and for the changes to have the required impact.

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 and assurance is provided through reports and dashboards to working groups and committees to the Board.

The divisional leadership teams are responsible for ensuring the divisional operational risks are assessed, mitigated as appropriate and reported upon when they cannot be mitigated locally. Each division has its own Risk Register and these are presented and monitored through the Executive Performance Review process monthly.

General Managers/Line Managers must ensure that all staff are aware of the risk management processes and report risks for consideration, and 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.

Following an external audit in 2014/15, which concluded that risk management was not fully embedded throughout the Trust with particular weaknesses at divisional level, a risk management consultant was recruited to review systems and processes for the management of risk across the Trust. There was no formal training programme on risk assessment, the risk management policy or risk registers within the Trust last year; however the Board of Directors were trained in risk management in September 2015 and a new training programme has been devised and staff at all levels are being trained. There is also mandatory training in Health and Safety, Fire, Moving and Handling, all of which have risk assessment as an integral component. A recruitment process for a Trust wide Risk Manager has concluded with an appointment confirmed in May 2016.

The BAF and Corporate Risk Register inform the Board, at six-monthly and bi-monthly intervals respectively, of the most significant risks, the control measures in place to mitigate the risks and assurance on the overall effectiveness of these controls. The Risk Register covers all areas including potential future external risks to quality and has clear ownership at executive level.

All staff are encouraged to report incidents and near miss events, via an embedded electronic system, as part of the Risk Management Policy. (staff survey for 2015). Trends and themes on incidents are reported to the Board of Directors bi-monthly. This information is augmented by a quarterly and annual aggregated report on incidents, complaints and claims, which outlines lessons learned from such events.

There were three external reviews around the system for checking naso-gastric tube placement for feeding. These concluded that the current system for insertion did not pose a patient safety risk but the process for acting on

alerts thorough the Central Alert System (CAS) required review. The CAS policy has been reviewed and re-issued and the governance around monitoring compliance strengthened.

Public stakeholders have been involved in the consultation programme for Clinical Strategy reconfiguration to support the Trust to deliver safe, sustainable services for the next 5-10 years. Specifically, public stakeholders have been involved in all serious incident investigations and each completed report shared; responses to specific questions and issues are included. 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 Board quarterly.

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

The Trust participated in a second CQC inspection in July 2015; this followed the inspection in late 2014/15 where the Trust was rated as 'inadequate'. The second report was published in November 2015 and there was an improvement in the rating applied by the CQC to 'requires improvement'. The following ratings were applied overall in respect of the five CQC domains:

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

The hospital sites in Dover and Folkestone were inspected for the first time during this process and both were rated as 'good' overall.

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.

CARBON REDUCTION

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's 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 BAF and the Non-Executive Director Committees of the IAGC and the Finance and Investment Committee (FIC). Due to the Trust's worsening financial position during 2015/16 additional control measures have been put in place and include setting up the Financial Recovery Group and holding regular and divisional challenge turnaround meetings. In addition the executive performance reviews, the main forum for performance management of the divisions, were strengthened to ensure consistent agendas and regular attendance by the executive team. 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:

- Aseptic and Pharmacy Stock Control
- Corporate Risk Register top 10 issues
- Information Governance Tool Kit
- Whistle Blowing
- Estates and Health and Safety Compliance Report
- Going Concern Status Review

A Non-Executive Director chairs the FIC which reports to the Board upon resource utilisation, financial performance and service development initiatives. As part of this assurance process the Trust has presented the revised short term 2015/16 planning document, the 2016/17 – 2017/18 Financial Recovery Plan and the final 2016/17 Monitor planning submission. In addition the FIC received regular turnaround and cash flow management updates. As part of the Monitor requirements the Trust commissioned Grant Thornton to complete

a Financial Governance Review. The report's action status has been reported to the FIC with the majority of actions completed. 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.

INFORMATION GOVERNANCE

The Trust had one information governance breach that required corrective action. This related to an incorrectly folded letter in a window envelope sent to a patient that revealed, through the window, that it had been copied to a specialist for a particularly sensitive condition. The patient was a child and lived in an area where the post was sorted in the local post office. This could lead to sensitive information about the family becoming widely known. Corrective quality control procedures were immediately put in place and the incident was reported to the Information Commissioner's Office (ICO), which advised the Trust that no action would follow. This is the first incident requiring a report to the ICO since 2011.

ANNUAL QUALITY REPORT

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

Overall responsibility for Quality Governance rests with the Chief Nurse and Director of Quality who is supported by the Medical Director and the Deputy Director of Risk, Governance and Patient Safety.

The Trust revised and updated a three year Quality and Improvement Strategy, which sets out its governance framework for delivering high quality healthcare. The strategy, which articulates clear quality objectives, has been informed through listening to patients, staff, our commissioners and other external stakeholders against the Trust's "Shared Purpose Framework". The Strategy has been approved by the Trust Board and will form the basis for the Quality Account next year.

The Trust agreed quality priorities for 2015/16 that were reported quarterly and form the basis of the Quality Account for this financial year. In preparation of the Quality Account, the Trust has engaged with the public and stakeholders from the beginning of the process and has ensured sufficient time for the auditor's assessment and validation of data using the mandated and governor selected indicators.

The Patient Safety Board, Patient Experience Group and Quality Committee review the quarterly integrated quality report, which shows progress against the Quality Improvement Strategy for 2015-18. During the year a number of

quality dashboards have been developed to support the agreed quality metrics agreed for the financial year and these are reported by each division as part of the Executive Performance Review process each month. The development of an Information Assurance Board resulted from an external review of data quality and there are clear processes in place to ensure data accuracy and data quality across the range of indicators which are included within the Quality Report for 2015/16.

The Trust created a new committee to focus on the implementation of NICE guidelines and quality standards; this has supported the development of policies and procedures that are, where possible, based on national best practice. The Quality Report outlines the Trust's performance against the agreed performance measures for 2015/16 in more detail.

REVIEW OF EFFECTIVENESS

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control.

The outgoing interim chief executive officer (acting as accounting officer) left that position on 31 December 2015 having been in post for the first three quarters of the financial year. I have been appointed as the substantive chief executive officer and in preparing this statement I am reliant upon the work of internal and external audit and the assurance provided by the executive team and the assurances are summarised below.

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 the content of the quality report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and quality committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Maintaining and reviewing the system of internal control

During the year the Board had a number of workshops and development session which have been essential in facilitating the number of personnel changes that have taken place since May 2015. In order to ensure a strong start to 2016/17 the Board has revised its corporate vision and mission and this is now supported by new Strategic and Annual Objectives. As part of this work the strategic risks were updated and the 2016/17 Board Assurance Framework developed.

The Board also had a facilitated session in September 2015 to agree the Board's risk appetite; this was as a result of a recommendation in the report

received from Deloitte in February 2015. At this session it was agreed that the Corporate Risk Register, and as a result the risks allocated to the annual objectives in the Board Assurance Framework, needed to be reworked by the lead executives. This work was seen as vital to ensuring the Board remains sighted on its key risks and opportunities. The Board agreed a number of new strategic risks at its December 2015 meeting. In order to provide assurance that the Board had mechanisms in place to monitor the risks to its annual objectives an assurance map was presented to the Integrated Audit Committee in January 2016.

The Trust invested in a new risk system, 4Risk, and this will provide the organisation with good strategic, corporate, divisional and ward risk registers and work is still in progress to deliver this consistently at all levels of the Trust. This work will continue throughout 2016/17. The new system allows the risk register to be linked with the Board Assurance Framework and systematises the process. It also allows for evidence and assurance documents to be added to the risk record. The newly revised Corporate Risk Register was presented to the Trust's Management Board in March 2016 with the Board Assurance Framework being presented to the Integrated Audit and Governance Committee, the Quality Committee, the Finance and Investment Committee, the Strategic Workforce Committee and the Board during April and May 2016.

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 highlighted in the balanced scorecard. The balanced scorecard 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.

The IAGC reviewed work in the following areas during the year:

- Review and scrutiny of the Corporate Risk Register and the Assurance Map
- Approval of auditors' plans, reports and scrutiny of the Trust's response to agreed actions
- Governance around Information Management
- Review and scrutiny of the Risk Management Policy
- Counter fraud, Losses and Special Payments
- Clinical Audit and Effectiveness
- Annual report and accounts

The Quality Committee reviewed work in the following areas:

- Clinical elements of the Corporate Risk Register and Board Assurance Framework

- Patient safety, quality and experience performance (including infection control)
- Safeguarding
- Clinical Audit
- Progress with the implementation of the Quality Strategy
- Implementation of clinical guidance
- Learning from clinical incident, claims and complaints

The Finance and Investment Committee reviewed work in the following areas:

- Financial performance
- Demand and Activity
- Progress with Cost Improvement Plans
- Financial Policies
- Implementation of Financial Governance recommendations
- Oversight of financial undertakings
- Development of the Annual Plan

The Strategic Workforce Committee reviewed work in the following areas:

- Clinical and non-clinical staffing, recruitment plans
- Cultural Change programme “A Great Place to Work”
- Equality and diversity annual report
- HR high level strategies
- Clinical and non-clinical leadership programmes
- Revalidation
- Medical Education, learning and development
- Statutory and Mandatory training
- Staff surveys and action plans

Head of internal audit opinion

The organisation has an adequate and effective framework for risk management, governance and internal control.

However the internal audit work identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. Internal Audit issued the following reports:

- Temporary staffing (Red)
- Professional Registration (Amber/Red)
- Sickness Absence (Amber/Red)
- Staff Expense Claims (Amber/Red)

Due to the desire to strengthen processes around workforce, the Trust has undertaken an independent review and is increasing its investment in controls and processes. At the end of the financial year good progress had been made on implementing the management actions as agreed. These continue to be tracked through the IAGC.

In addition Trust management requested an internal audit on Pharmaceutical Drug Processes. This audit was presented to the IAGC at its April 2016 meeting along with a presentation by the Director of Pharmacy on how the recommendations were being implemented. This audit received an “Amber/Red” rating.

Executive responsibilities

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 Risk Group, introduced in January 2016, is the principal executive Committee for reviewing risk in the Trust; the Committee is chaired by the Chief Nurse and Director of Quality. The Committee is supported by a dedicated Risk Management Team with individuals allocated to each division. The addition of a Risk Manager in 2016/17 will provide senior level support. This team provides information to every Board meeting on numbers of clinical incidents by site, broken down by severity and theme, and benchmarked against the previous months’ performance. The details of all reported serious incidents and progress with actions were also reported.

Clinical Audit continues to play a significant role in maintaining and reviewing the effectiveness of the system of internal control. This year the Clinical Audit team have continued with their extensive audit programme which aims to ensure patients have access to the same high quality standards of care no matter where they live. There have been some challenges in delivering the programme for this year because of the large number of audit topics included. The Enhancing Quality and Enhanced Recovery programmes have, however, continued covering a number of key clinical pathways and there have been sustained improvements made. The CQUIN audit programme and the internal clinical audit programme covering all clinical divisions are renewed annually focusing on key clinical topics, such as dementia, COPD and a wide range of national audits.

The involvement of divisions in participating in their approved annual clinical audit programmes this year has been variable and the action plan follow-up inconsistent. Consequently, the Trust has developed a revised and more realistic programme for 2016/17 and is on an improvement journey to further embed the clinical audit function within each of the divisions.

External Reviews

During the year a number of external bodies inspected us or were invited by us to undertake reviews to provide assurance:

- Grant Thornton, Financial Governance Review (reported August 2015)
- Care Quality Commission (CQC) (reported November 2015)
- Health and Safety Executive

Grant Thornton Review

The Trust requested a review of financial governance and as a result:

- undertook a thorough review of the Standing Financial Instructions and promoted these through a number of mechanisms to raise awareness;
- the Management Board agreed a mandatory training programme for all staff in relation to finance;
- revised the executive performance reviews to ensure effective robust challenge between the divisions and the executive team in relation to divisional performance;
- reviewed the flow of information between the Finance and Investment Committee and Board. The Chair's report is a key component to this information flow ensuring a focus on outstanding actions and risk management;
- implemented a revised business planning process; and
- redesigned the performance reporting; this is due to be delivered for the April 2016 Board.

Care Quality Commission

As indicated earlier in the document, the CQC inspected the Trust in July 2015 and reported their findings in November 2015. The themes identified were:

- End of Life Care pathway: Multiple actions have been taken to improve patients' and carers' experience of dying in the Trust; working with external partners, improved documentation on the inpatient units and for transfer of care of the dying patient out of hospital, carers experience questionnaires, e- learning modules for all staff have been identified and staff experience survey will soon be rolled out
- Audit: in relation to completion of clinical. A new way of managing the audit process is being implemented and Divisional Medical Directors are supporting the roll-out of this change
- Staffing levels: recruitment processes have been streamlined and in many areas vacancies are reducing. There are still hard to recruit to vacancies and more work is required to ensure vacant positions are filled quickly to avoid agency costs
- Environment: fire safety concerns were addressed at the time of inspection
- Medicines storage: the Chief Nurse and Director of Quality has worked with the nursing staff to address the concerns raised in relation to management of medicine storage
- NG tube protocol: the Trust sought external assurance over how it uses the Cortrak System; this showed positive results. In addition the nutrition policy and other relevant documents were reviewed

The CQC did commend the Trust on the following areas of outstanding practice:

- Outpatients transformation programme
- Innovation hub
- Support to joint surgery patients and patients discharged with cervical collar

The Trust remained in Special Measures after improving from an overall Trust rating of 'inadequate' to 'requires improvement'. If the Trust can maintain and continue to improve its performance and response to the issues raised, the CQC and NHS Improvement will consider lifting Special Measures following the next re-inspection.

CONCLUSION

As noted above, the Trust has made good progress during 2015/16 with the Care Quality Commission rating improving from 'inadequate' to 'requires improvement'. The Improvement journey continues as the recommendations from the external reviews are implemented and embedded and staff identify other areas for improvement.

I am fully committed to providing sustainable high quality care for the population of East Kent.

Signature:



Matthew Kershaw, Chief Executive

Date: 19 May 2016

Sustainability reporting

Usage

The Trust's total energy usage is 95,491,618 kWh. The associated cost is £5,031,370 and the carbon emissions is 22,300 tonnes.

Electricity - total consumption 27.8m kWh this is a 15% reduction against the average Trust usage from 2012 to 2015.

Gas - total consumption is over 42m kWh. This is a 2.17% reduction against the average usage for 2012 -2015.

Steam - total consumption is over 25m kWh this is slight increase against last year.

Cost

Electricity - cost over £3.4m. This is a 6.6% increase in costs, mainly due to a 10% increase in the rate to 12.28 ppkWh.

Gas - cost over £1.3m. This is a 17% reduction against the average cost from 2012 -2015, also the rate has decreased to 2.98 ppkWh.

Steam - cost over £290,000. This is to do with some improvements made to the steam system at the Queen Elizabeth Queen Mary and William Harvey hospitals in the last financial year and also a change in the way the steam is provided to the William Harvey Hospital. This has allowed an increase of steam imported from the waste incinerator plant on the William Harvey Hospital site which is more economical per kWh, than the steam generated by the William Harvey Hospital boiler house.

QUALITY REPORT

QUALITY REPORT 2015-16

EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

What is a Quality Account?

All providers of NHS services in England have a statutory duty to produce an annual report to the public about the quality of services they deliver. This is called the Quality Account.

The Quality Account aims to increase public accountability and drive quality improvement within NHS organisations. They do this by getting organisations to review their performance over the previous year, identify areas for improvement and publish that information, along with a commitment to you about how those improvements will be made and monitored over the next year.

Quality consists of four areas which are key to the delivery of high quality services:

- How well do patients rate their experience of the care we provide? (patient experience and person-centred care).
- How safe is the care we provide? (improving safety and reducing harm).
- How well does the care we provide work? What are the outcomes of care? (clinical effectiveness).
- How effective is the workplace in enabling staff to provide good quality care? (effective workplace culture).

This report is divided into four sections, the first of which includes a statement from the Chief Executive and looks at our performance in 2015/16 against the priorities and goals we set for patient safety, clinical effectiveness and patient experience.

The second section sets out the quality priorities and goals for 2016/17 for the same categories, and explains how we decided on them, how we intend to meet them, and how we will track our progress.

The third section provides examples of how we have improved services for patients during 2015/16 and includes performance compared against national priorities and our local indicators.

The fourth section includes statements of assurance relating to the quality of services and describes how we review them, including information and data quality. It includes a description of audits we have undertaken and our research work. We have also looked at how our staff contribute to quality.

The annexes at the end of the report (page 233) include the comments of our external stakeholders including:

- Our Commissioners (CCGs)
- Healthwatch Kent
- Council of Governors.

Part 1 – Statement on quality from the Chief Executive of the NHS Foundation Trust

This is our seventh annual Quality Report and its purpose is to provide an overview of the quality of the services we provided to our patients during 2015/16, and to outline our priorities and plans for the forthcoming year. Our plans for the future are based on a revised Quality Strategy to be delivered over the next two years.

The NHS has had a difficult year, and high-profile failures to meet key performance measures in the face of unprecedented levels of emergency demand have made national and local headlines and given rise to new levels of scrutiny and oversight. We have not been immune to those pressures or to that scrutiny but, whilst it is important to acknowledge the failures, we must also remember that there is a great deal to celebrate and commend. We are also working at a time of financial constraints in the NHS and it has never been more important to focus on our patients' experience of their care and evidence of clinical effectiveness to improve quality continually.

The Trust overall was rated by the Care Quality Commission as 'requires improvement' following their inspection in July 2015. The reports identified improvement since the last inspection with our rating going from 'inadequate' to 'requires improvement'. The Trust was rated 'requires improvement' for the categories 'safe', 'responsive' and 'well-led'. The category 'caring' was rated as 'good'. The Trust was rated as "inadequate" for effective services. The three acute sites (William Harvey Hospital, Kent & Canterbury Hospital and Queen Elizabeth Queen Mother Hospital) were all rated 'requires improvement', with the Buckland hospital and Royal Victoria hospital, Folkestone, rated as 'good'. The Trust remains in Special Measures by Monitor and whilst this status has applied since 27 August 2014, this report highlights many examples of progress, improvement and innovation, and our staff should feel proud of their efforts and achievements.

Some areas to celebrate are the reduction in the number of deep pressure ulcers, our mortality rates which are consistently below the levels nationally and the consistently good feedback from our patients about our maternity services. Eight "never events" occurred throughout the year and this is explored in more detail in the report. Our rate of incident reporting improved and is sustained at a position above the median nationally. Sometimes we have fallen short of the ambitious goals that we set for ourselves, and these areas too are included within the report, alongside our plans to refocus our efforts in 2016/17. The full Quality Account outlines in much

more detail the areas of achievement. A summary of the key achievements this year is attached overleaf.

Looking forward to the year ahead, the report sets out what we aspire to achieve in respect of the priorities identified by our patients, staff and other stakeholders. Our aim, as always, is to continue to focus on the essentials of care in order to continue to improve clinical outcomes and to ensure that our patients have a positive care experience. We remain, as always, grateful for the ongoing commitment and contribution of patients, staff, governors, members, commissioners and other stakeholders in supporting our quality improvement activities and providing the oversight, scrutiny and constructive challenge that are essential to improving the quality of our services.

The content of this report has been subject to internal review and, where appropriate, to external verification. I confirm, therefore, that to the best of my knowledge the information contained within this report reflects a true, accurate and balanced picture of our performance.

Signature:



Matthew Kershaw, Chief Executive

Date: 19 May 2016

Section 1: How well did we do in 2015/16 in relation to the goals we set to improve quality?

The Trust's vision, mission and values are as follows:

Our Vision Great healthcare from great people

Our Mission Together we care – improving health and lives

Our Values We care so that:

- People feel cared for as individuals;
- People feel safe, reassured and involved;
- People feel teamwork, trust and respect sit at the heart of everything we do; and
- People feel confident we are making a difference.



Our Quality Strategy and how did we do in 2015/16?

In 2015/16 we revised our Quality Strategy and set new goals for the next three years. This Strategy sets out our quality ambitions and priorities to improve the safety and effectiveness of patient care whilst continuing to develop and improve patient experience. It also includes measures around culture and working together effectively. Our strategy enables us to describe how we intend to improve continuously through a co-ordinated approach to delivery, improvement and governance.

The end of year summary of achievements against the first year of the 2015-2018 Quality Strategy, demonstrates that:

- 23 quality improvement areas were achieved in full
- 12 were partially achieved
- 5 were not achieved.

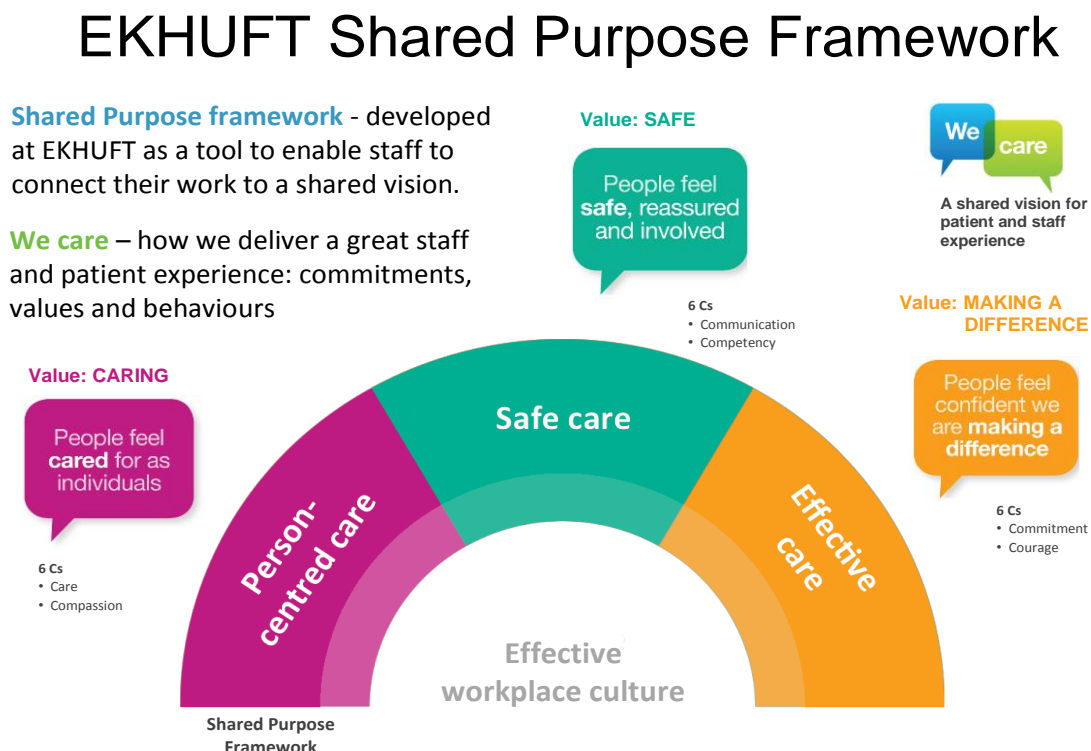
Further work will be required to address the areas not achieved within the 2015-2018 Quality Strategy and these relate specifically to the number of never events, our performance against national standards and risk assessment for venous thromboembolism (VTE).

Our Quality Strategy is built around our Shared Purpose Framework which has four key purposes:

1. **Person-centred care and improving patient experience**
2. **Safe care by improving safety and reducing harm**
3. **Effective care by improving clinical effectiveness and reliability of care**
4. **An effective workplace culture that can sustain the above and enable quality improvement.**

The Figure below illustrates how we blend the achievement of our quality goals with the Trust values and the four purposes. Together these impact on the quality of the experience our patients receive.

Figure 1: EKHUFT Shared Purpose Framework



How we have prioritised our quality improvement initiatives:

Our quality improvement initiatives are delivered via the Trust's annual objectives, which are informed by the Trust's strategic objectives. The Shared Purpose Framework guides our quality priorities along with our We Care Trust values.

During 2015/16, a fourth element was added to our Shared Purposes; this was the 'Respecting Each Other' programme and the main focus is about ending bullying and harassment within the Trust and making this a great place to work for everyone.

The programme does three things:

- Supports staff – there is advice and support available for staff who may be experiencing bullying
- Tackles inappropriate behaviour – we are setting out what is, and is not, acceptable behaviour and we are training managers to put in place good working practices and tackle the bad ones
- Checks things are getting better – every six months we ask all staff about bullying and harassment in the Staff Friends & Family Test survey, so we can make sure it's getting better, everywhere.

Delivering on these areas produces sustained improvements in the care and services we provide. For the year 2015/16 examples of our priorities have focused on infection

prevention and control, improving patient pathways through service improvement initiatives and seeking and acting on feedback from patients and users. In addition much work has taken place to develop an effective workforce, in numbers and expertise to provide a responsive person-centred culture. We have placed a large focus on developing the work-based culture to become effective as teams, enabling our staff to flourish thereby delivering on our four purposes. These priorities are described in our Quality Strategy.

Through the development of our quality strategy we identified four priorities and these are described below:



Priority 1 Person-centred care and improving patient experience

This priority is focussed on delivering a high quality responsive experience that meets the expectations of those who use our services.

What we said we would do in 2015/16:

We aimed to make further improvements in patient experience during 2015/16 by putting patients first and listening and responding to the feedback they give.

During 2015/16 we aimed to:

- Continue to implement our Improvement Plan following our 2015 Care Quality Commission (CQC) inspection;
- Improve the care of patients who raise concerns or complaints and increase the number of compliments received;
- Share patient feedback and make it available to the public and staff through live feeds on the Trust's website;
- Improve the responsiveness to patient experience feedback and the embedding of feedback to improve patient experience;

- Improve the essential aspects of nursing care with a focus on pain management, nutrition and hydration;
- Embed the We Care values by monitoring National Inpatient survey feedback;
- Embed engagement into everyday practice by increasing public, patient and carer involvement in internal decision making, developing our relationship with key local health economy stakeholders, vulnerable patient groups, minority communities and voluntary community organisations.

How did we do in 2015/16?

- Our improvement plan is reviewed and updated monthly with staff and is published on the Trust's website and on the NHS Choices website;
- The number of complaints has fallen this year and our response rate to complaints and concerns raised for the year has increased from 72% to 92% being answered within the timeframe agreed with the complainant. The number of compliments received has decreased by just over 1,000 for 2015/16 in comparison to 2014/15 (31,860 for 2014/15 and 30,855 for 2015/16)
- The Trust's website provides patients and the public with a direct link to the Patient Opinion Website, as well as including an example of feedback provided via this site
- Patient feedback from the Friends and Family Test is displayed within wards and departments; this is updated monthly. In addition, responses to the issues raised in "you said, we did" are updated monthly, demonstrating the actions taken
- Achieved 81% inpatient satisfaction on pain management based on the 2015 inpatient survey
- We have reviewed the majority of our menus, including soup, sandwiches, the main hot meals of the day, puree meals, soft meals and mashed meals. We have reprinted all of our menus and currently have our main menu out for consultation with patient groups regarding its readability, as we are keen to make it attractive and easy to read to ensure we tempt the palettes of our patients as much as possible. During the past year we have also ensured we provide an increased variety for our patients who prefer vegan meals and our evening meal service now has two soup varieties, the popular tomato soup and a soup of the day. During 2015/16 we will continue to review our food service and continue to make improvements based on patient, public and staff feedback
- National Inpatient Survey - The survey sampled 1,250 patients consecutively discharged inpatients, working back from the last day of July 2015, who had had a stay of at least one night in hospital. The Survey contains 74 questions within nine categories. There was no improvement in the overall national benchmarked data since 2014, six categories remained the same, and there was deterioration in two categories where the Trust is performing in the lowest performing 20 per cent of trusts nationally. These are the 'Hospital

and the Ward' and 'Care and Treatment'. 'The Emergency / A&E Dept' is also performing in the lowest performing trusts nationally.

- The Head of Equality and Engagement leads on patient and public engagement. There were three significant areas of engagement this year. They were the Roma Network; the launch of the NHS British Sign Language (BSL) card in collaboration with other partners, and engagement with the Kent Pride march in Margate.
- The Trust has sustained an excellent working relationship with HealthWatch Kent who are the statutory body set up to champion the views of patients and social care users across Kent. HealthWatch volunteers and other members of the public sit on a number of decision making groups and committees. Demand for more public involvement in steering groups and committees is growing constantly from within the Trust.



People feel
safe, reassured
and involved

Priority 2 **Safe care by improving safety and reducing harm**

This priority is focussed on delivering safe care and removing avoidable harm and preventable death.

What we said we would do in 2015/16

- Further reduce the Hospital Standardised Mortality Rate (HSMR), Summary Hospital-level Morality Indicator (SHMI) and crude mortality
- Publish consultant level data on mortality and quality for ten surgical and medical specialties
- Reduce 'Never Events' to zero
- Improve infection prevention and control by zero tolerance of avoidable MRSA and achievement of trajectories for C. difficile and E. coli rates

- Improve the use of a Patient Safety Checklist for inpatients
- Reduce the number of falls resulting in harm
- Reduce the number of category 2, 3 and 4 pressure ulcers; the focus for the year is on the prevention of heel ulcers
- Increase Harm Free Care measured by the NHS Safety Thermometer to 95%
- Increase our achievement of openness and transparency, 'duty of candour'

How did we do in 2015/16?

- The HSMR in January 2016, the latest available, was 84.4. The year to date HSMR for 2015/16 is 88.11; this level remains better than the peer benchmark nationally. The crude mortality figures vary monthly
- Consultant level data on mortality and quality regarding a number of specialties has been published on the NHS Choices website. A link to this has been provided on our Trust website for patients
- There have been eight 'Never Events', which have all been reported nationally and investigated
- There has been two case of avoidable MRSA allocated to the Trust this year against zero tolerance. A further two cases were reported in March 2016 and we still await the allocation of these cases. There were 28 cases of C. difficile against a limit of no more than 45
- An initial audit of the use of the Patient Safety Checklist was conducted and the audit process is currently being further developed to widen the use of a procedural checklist outside an operating theatre environment
- We achieved a lower than national average falls rate at 5.47 per 1,000 occupied bed days
- Harm Free Care performance has been variable and reached 94.5% in May 2015, but fell to 91.5% in March 2016
- During 2015/16 we set out to reduce avoidable acquired pressure ulcers by a further 25%. This has been achieved for confirmed category 3 and 4 pressure ulcers and reflects the continued success of the 'Think Heels' campaign. Sustained improvements have been demonstrated by a 5% reduction in all acquired heel ulcers and 69% in avoidable heel ulcers at year end. Reducing category 2 pressure ulcers has been more challenging and the 25% reduction trajectory remained unmet at year end. Changes in the classification system has resulted in 26 avoidable un-stageable ulcers which have been lost to follow up and not included in these figures
- From 27 November 2014 there is a statutory requirement to inform patients and patient's families suffering from a level of moderate harm, severe harm or death verbally and in writing; this is part of our responsibilities for Duty of Candour. From 01 April 2015 to 31 March 2016, just over 42% of patients or their families were informed of the incident. It is recognised that the current process to capture this data is not robust and the questions on Datix which record Duty of Candour compliance require amendment during Quarter 1

2015/16 to support robust evidence of improvements. Duty of Candour has also been included in the Trust wide audit plan. The Trust Duty of Candour process was introduced in Quarter 3 and monthly monitoring reports are circulated to divisional leadership teams and quarterly progress updates are included within the quarterly integrated incident, complaints and claims report. Duty of Candour has been included within the clinical awareness induction day for new starters, incident investigation training and root cause analysis training. A "5 questions" mini audit has also been developed as a tool for the patient safety and executive team to use during clinical visits to promote incident reporting, openness and learning in practice. There is a plan to develop a Duty of Candour slide set for use within meetings, audit days etc



People feel
confident we
are **making a
difference**

Priority 3 Effective care by improving clinical effectiveness and reliability of care

This priority is focussed on increasing the percentage of patients receiving optimum care with good clinical outcomes.

What we said we would do in 2015/16

- Respond to the findings of the July 2015 CQC visit and monitor improvements against the action plan;
- Respond to Patient Reported Outcomes Measures (PROMS) to identify and implement areas of improvement;
- Work in collaboration with community and social care providers to improve the pathways of care for patients with long term conditions who are over the age of 75;
- Increase the number of patients following ambulatory care pathways;


- Increase the number of our services available 7 days a week including extended therapy services;
- Expand technologies to improve communication across primary and secondary care for patients;
- Display actual-versus-planned staffing levels on wards, report monthly to the board, publish on the Trust's website and undertake six monthly staffing reviews;
- Reduce the number of avoidable unplanned re-admissions;
- Ensure that where appropriate end of life conversations have been had with patients and carers that these are well documented, building on the establishment of an End of Life Board.

How did we do in 2015/16?

- An updated Improvement Plan was submitted to the CQC on 16 November 2015 which was in line with the timeframe outlined by the inspection team. An Improvement Board is in place and is leading the monitoring of our improvement plan
- A dashboard of consultant-level PROMS data has been developed and shared with the surgical division to enable regular review and response to data
- The number of patients following ambulatory care pathways increased. These include a mixture of emergency and planned pathways
- The number of our services available 7 days a week including extended therapy services, increased to cover all integrated discharge teams, all imaging services other than ultrasound examinations and all pathology services
- Expansion of technologies to improve communication across primary and secondary care has led to the introduction of a Patient Information Platform enabling our consultants to view patient's GP records
- Actual-versus-planned staffing levels have been displayed on wards since April 2014. Reports to the board and on the Trust's website will continue. Gradual improvement was seen over the first months of reporting on fill rates. Slight reductions in fill rate, in December and February, reflect the requirement for additional shifts during winter pressures not always being filled by NHSP. Work to ensure that roster templates closely reflect the budgeted establishment and include shifts necessary for additional beds has supported the increased fill rates seen over time
- The 30 day re-admission rates have reduced in February 2016, having peaked during November through to January. They remain consistently higher than the same period last year. It is worth noting that this is a different picture to that seen in quarters 1 and 2; where 30 day re-admissions were consistently lower than 2014/15. Commissioners introduced the Discharge to

Assess pathways 2 & 3 in September 2015, effectively streaming patient flow into community facilities.

- The 'End of Life conversations form' is on the Patient Administration System (PAS) in all areas to capture the discussion held. It also gives clinicians indicators regarding best practice in End of Life Care on the reverse. Senior clinicians sign the form with the consent of the patient/family. This form is currently being audited across EKHUFT with a report due in Spring. This will assess how well the process is embedded.



People feel **cared** for,
safe and confident
we are **making a**
difference.

Priority 4 An effective workplace culture that can enable and sustain quality improvement

This priority is focussed on developing a workplace culture that enables individuals and teams to deliver high performance, focused on patient-centred safe and effective care.

What we said we would do in 2015/16:

- Clearly display information on nursing, midwifery and care staffing to patients and the public
- Support frontline staff to identify ways of working that cost less whilst maintaining high quality patient care
- Implement the Friends and Family Test (FFT) to staff
- Enable quality improvement by addressing culture and leadership
- Embed engagement into everyday practice for our staff and for our patients
- Improve how we learn from patient feedback and clinical incidents
- Establish our Quality Improvement and Innovation Hub to support staff in delivering person-centred, safe and effective care and to improve services for patients
- Further roll out our Team Based Working Effectiveness programme

- Provide clinical leadership development based on our Shared Purpose Framework
- Embed the We Care values by monitoring and improving the National Staff and In-patient survey feedback

How did we do in 2015/16?

- Information about nurses, midwives and care staff deployed, by shift, against planned levels has been displayed at ward level since April 2014. The levels are displayed using a red, amber, green status; green depicts staffing levels are as planned; amber depicts that the ward is slightly short staffed but not compromised; red depicts an acute shortage for that shift. The display allows staff to explain the reasons for any shortage and also what actions they have taken to mitigate the situation, thereby offering assurance to patients and visitors
- The Service Improvement and Innovation Team support divisions to increase efficiency whilst maintaining high quality patient care. This work has involved the Health and Social Care Village, reducing re-admissions, improving theatre efficiencies and ambulatory care pathways
- The staff Friends and Family Test (FFT) was introduced during 2014/15. Each quarter since then, staff have been surveyed to assess the extent to which they would recommend EKHUFT as a place to work or to be treated. The most recent survey was sent at the beginning of March 2016 and included additional questions to gain feedback on the effectiveness on internal communications at EKHUFT
- The Culture Change Programme was launched at the Trust at the beginning of 2015. It has had three key areas of focus:
 - Leadership & management development
 - Communications & engagement
 - Bullying & harassment

Agreed key measures for the programme include the annual NHS Staff Survey results

- Attention on embedding engagement has continued to increase as part of the cultural change programme. One key area, which will have a positive impact on engagement, is an effective two-way communication process. The Trust's team brief process is currently being reviewed and a group has been identified to pilot a new approach
- Improve how we learn from patient feedback and clinical incidents. All patient feedback through NHS Choices and the Patient Opinion website receives a response from the Trust, either by the Chief Nurse and Director of Quality or the Patient Experience Team (PET). Every quarter we review the themes and issues arising from incidents, claims and complaints. Examples are used to inform staff using the Risk Wise publication every quarter. These are also described as lessons learned and shared with our commissioners quarterly.

The divisions have developed change registers to record the changes made following investigations, clinical audit findings and patient complaints

- The Quality Improvement and Innovation Hub (QIIH) is in place on each site and the teams that support this initiative have led on a number of quality initiatives hosted within each hub. This initiative was commended by the CQC during their last inspection as being innovative
- An Editorial Board is being established which will review all material to be published in the repository of the QIIH. A website is under development but the Quality Improvement and Innovation Hubs on each site are used by staff to host training events and specific learning
- Our Clinical Leadership Programme is now established and we are working towards our aim of all our ward managers undertaking the programme over the next three years. We have also launched this programme with our medical clinical leads
- The Trust's 2015 survey results showed improvements in 42 of the 60 comparator questions. Most improved areas include staff motivation at work, staff feeling able to contribute towards improvements at work and staff reporting good communication between senior management and staff. The Trust also saw its highest overall staff engagement score for the last five years. One score that didn't improve was the number of staff reporting bullying and harassment, despite this being a key focus of the Culture Change programme

Following the results, the Board has agreed four Trust-wide priorities:

- To continue the 'Respecting Each Other' programme to address bullying and harassment, and broaden this to include harassment from patients
- To focus on staff health and well-being, providing useful interventions to support staff feeling well, using recent NICE guidance as a road map for action
- To improve on the quality of the appraisal process, so staff know what's expected of them, how they fit into the organisation and have the opportunity for development within their roles
- To focus on leadership and management capacity and capability

In addition to these Trust-wide priorities, each of the divisions is creating a 'Great Place to Work' action plans to address specific issues.

Each division within the Trust is also working on a local action plan to address specific issues for staff within the division.

Section 2: Our annual quality objectives for 2016/17

The Trust's annual objectives for 2016/17 are aligned with our Quality Strategy. Its specific objective is to implement the second year of the Trust's Quality Strategy for 2015-18 demonstrating improvements in patient safety, clinical outcomes and patient experience / person-centred care, including implementing and monitoring the CQUINS programme.

The strategy supports us in our endeavour to continually improve the services we provide for our patients and their families by:

- making changes that will lead to better patient outcomes (health), better system performance (care) and better team development (learning).
(Batalden & Davidoff, 2007)

The strategy also aims to make explicit what the quality improvement goals for the Trust are over the next three years, how we are going to achieve those goals, and what needs to be in place to enable the goals to be achieved.

The strategy has been informed by listening to patients, staff, our commissioners and other external stakeholders.

1. **Developing effective workplace cultures** is an intentional focus of the shared purpose framework and growing a critical community of staff with skills in culture change is a priority that drives all the Trust's workplace learning and leadership programmes, with the aim of creating a social movement.

'The most immediate culture experienced and/or perceived by staff, patients, users and other key stakeholders. This is the culture that impacts directly on the delivery of care. It both influences and is influenced by the organisational and corporate cultures with which it interfaces as well as other idiocultures through staff relationships and movement.' (Manley et al, 2011:4)

2. **Valuing and developing our staff** - Our strategy recognises the importance of valuing and developing our staff so that we all feel confident and competent that we are able to do a good job. This includes:

- Regular appraisals and personal development
- Self-assessment using the 'Shared Purpose' competency framework
- Encouraging staff to engage with 360 degree feedback
- Learning to give and receive feedback for improvement
- Being responsible for taking action and learning from errors and feedback
- Learning together – organising team development opportunities

3. **Legal duty of candour** - Our strategy recognises our legal 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. We aim to be open and transparent about:

- Reporting and learning from incidents and concerns
- Responding to complaints and other forms of feedback
- Embedding learning from investigations and clinical audits
- Seeking feedback from stakeholders including commissioners, HealthWatch, and partner organisations

Our strategy outlines what we want to achieve over the next few years expressed as our strategic quality goals. The next few slides contain 'driver diagrams' which outline the quality goals and priorities for us over the next three years.

The goals are aspirational and our annual programme will support incremental improvement.

Figure 2 - Person Centred Care

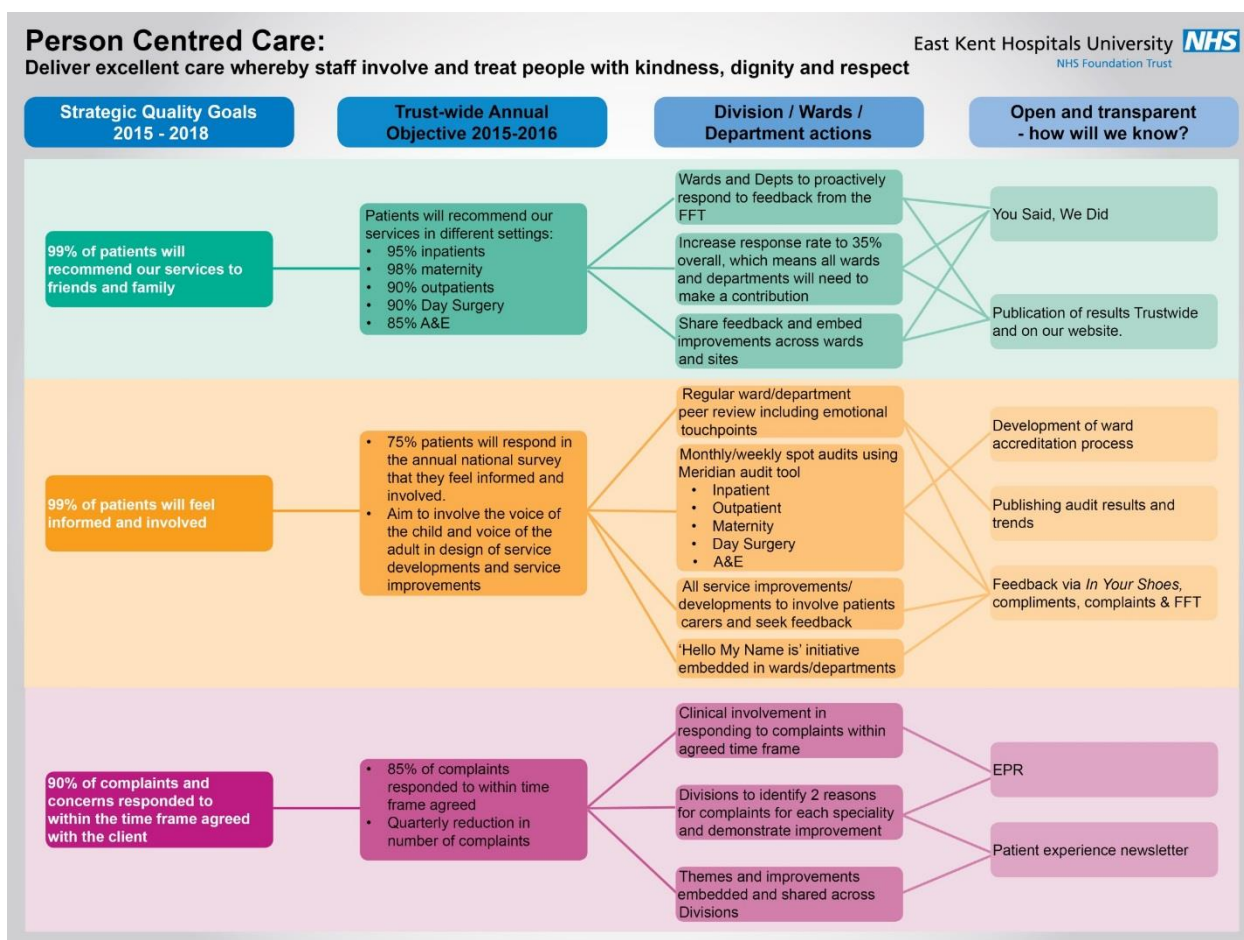


Figure 3 - Effective Care

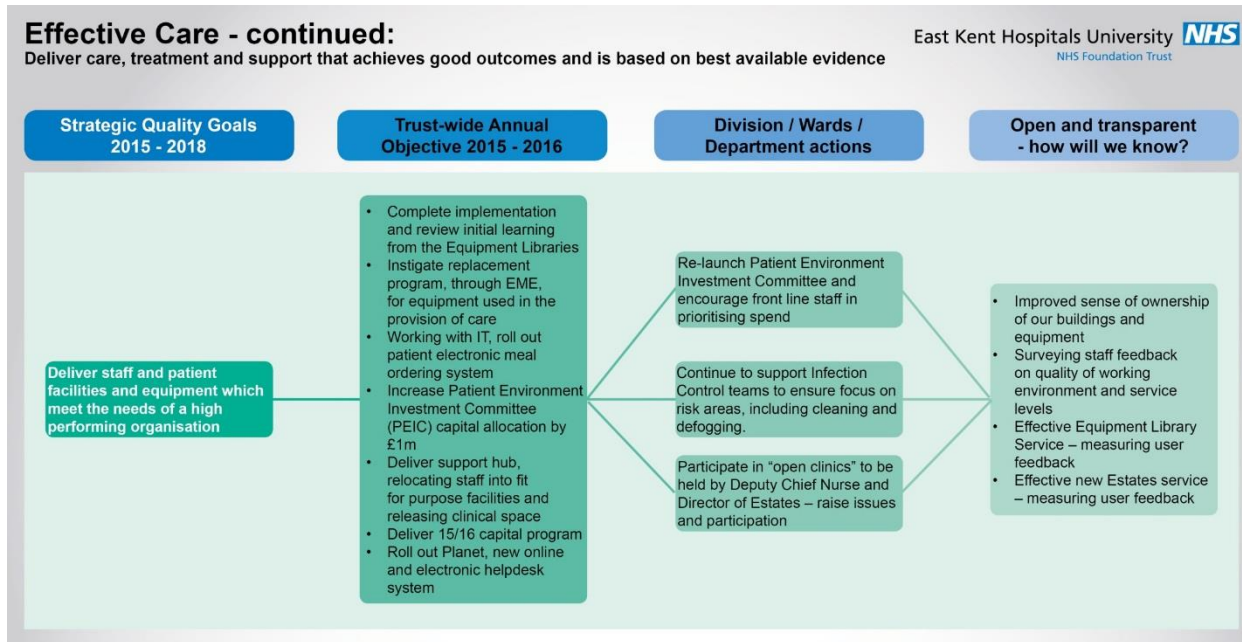
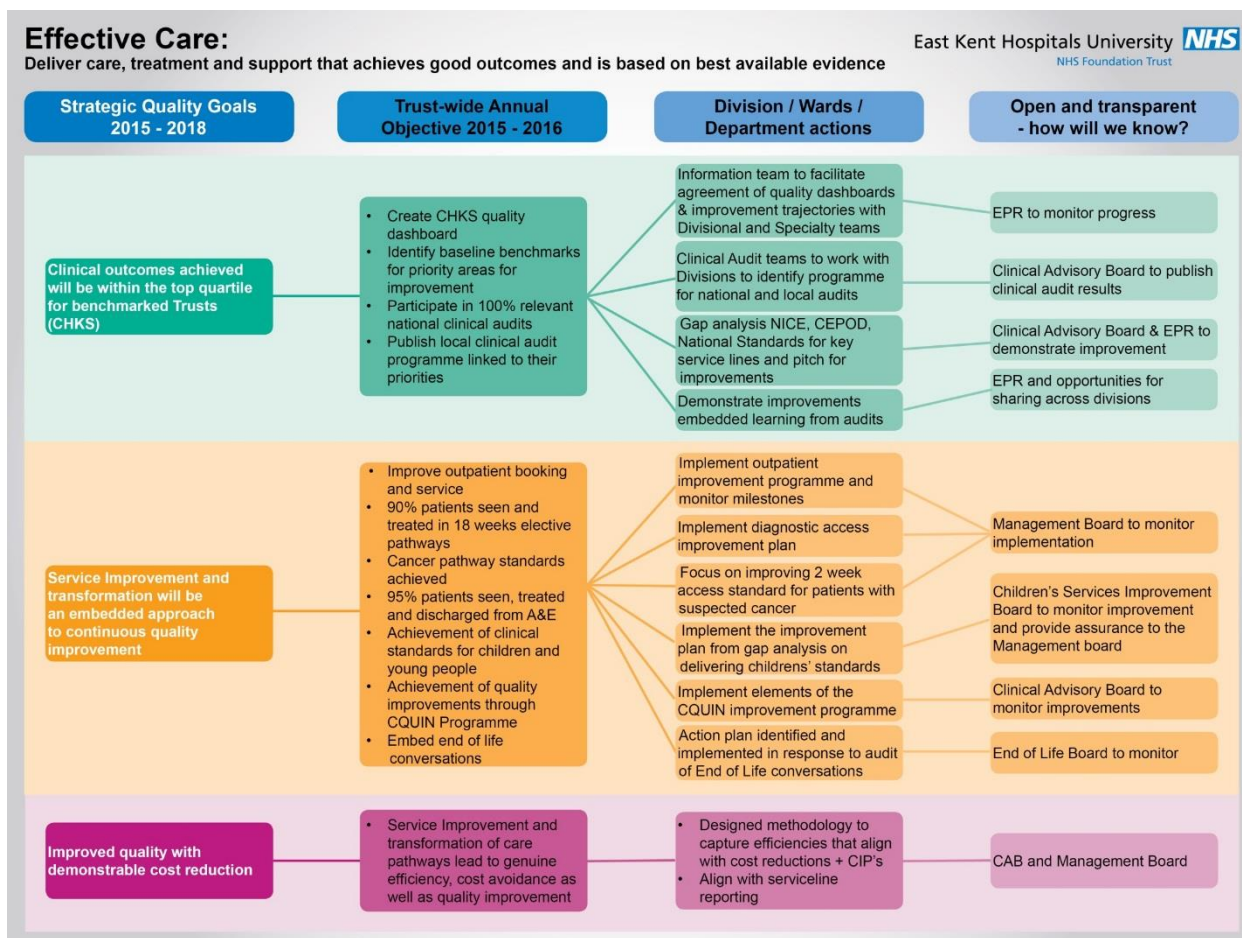
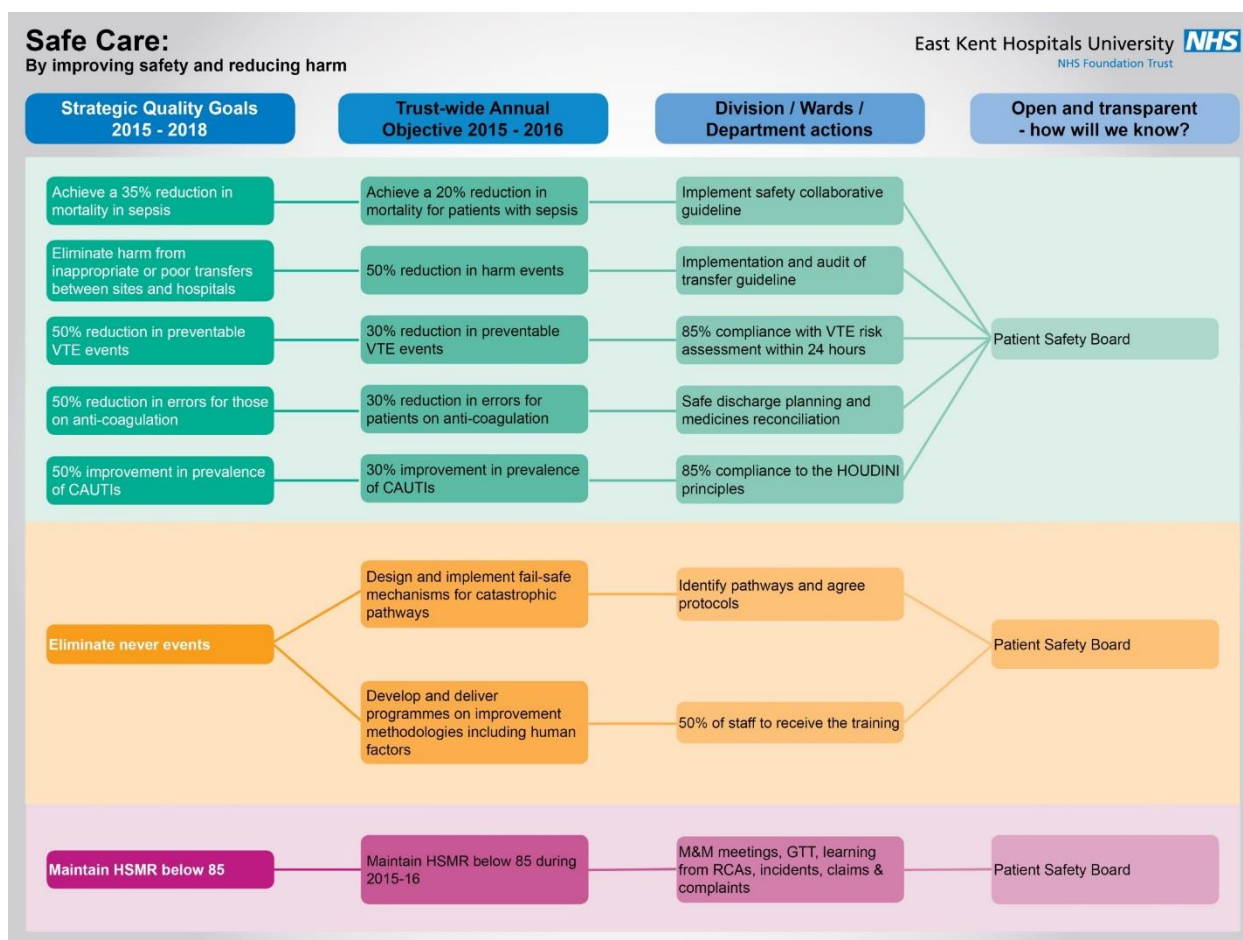


Figure 4 - Effective Workplace Culture



Figure 5 - Safe Care



4. Responsibility & Accountability for delivery

- Each of us individually has a responsibility to either deliver or contribute to the delivery of high quality care. For that reason, our ambition for quality will be a key component of job descriptions, appraisals and our organisational development plans

Implementation will be supported by the executive directors & divisional leadership teams, clinical and operational leaders on all hospital sites. We will be held to account through the monthly executive performance review process

- Executive accountability for the delivery of this strategy is jointly owned by the Chief Nurse & Director of Quality and the Medical Director
- The Board of Directors will agree the overall strategy and annual work programme and will monitor the effectiveness of delivery

Commissioning for Quality and Innovation

We aim to finalise agreement of the following national and local CQUIN areas for improvement with our commissioners by May 2016:

Table 1 - National & local priorities set by CCGs 2016/17

1	National	NHS staff health and wellbeing	<ol style="list-style-type: none"> 1. Responses in the staff survey in relation to health and well-being and the second relating to the introduction of health and wellbeing initiatives for staff 2. The CQUIN also includes availability of healthy food on site for NHS staff, visitors and patients and uptake by front line staff of the flu vaccine
2	National	Sepsis	<ol style="list-style-type: none"> 1. Monthly audit of the identification of sepsis; 2. Administering intravenous antibiotics within one hour to all patients who present with severe sepsis, Red Flag Sepsis or septic shock to emergency departments and other units that directly admit emergencies 3. Three day antibiotic review
3	National	62 day cancer waits	<ol style="list-style-type: none"> 1. Target compliance 2. Completion of clinical harm reviews and root cause analysis on long waiters
4	National	Antimicrobial resistance & stewardship	<ol style="list-style-type: none"> 1. Reduction in antibiotic consumption 2. Review of antibiotic prescriptions
5	Local	EoLC	<ol style="list-style-type: none"> 1. Implementing multi agency policy for EoLC – see EoLC section
6	Local	Patient flow	<ol style="list-style-type: none"> 1. Yet to be confirmed

Table 2 - National & local priorities set by National Specialised Commissioning clinical reference group (NHS England) 2015/16

1	Not yet in receipt of the draft schedules
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Section 3: Examples of how we improved quality during 2015/16

In addition to activity directly aligned to the Trust's Quality Strategy, many other achievements have taken place which are worthy of mention, and examples of these are described below.

Specific Quality Improvement Work we undertook in 2015/16:



1. PERSON-CENTRED CARE AND IMPROVING PATIENT EXPERIENCE:

1. Patient and public involvement and the "We Care" Programme

Foundation Trust members are invited to take part in meetings at which quality improvement is a key element of the agenda. We encourage feedback from members and governors. The membership team raises awareness of programmes to the public through hospital open days and other events.

2. Eliminating mixed sex accommodation

The Trust continues to work closely with the CCG Chief Nurses to monitor the Single Sex Accommodation Policy. This remains a challenge, and is reflected in the NHS in-patient survey results for 2015. Improvements continue to be made to our estate across the Trust to ensure that we provide improved bathroom and toilet facilities in all areas to ensure maximum privacy and dignity for our patients; there are a number of constraints to resolving these issues but the intention is to resolve those affecting the emergency and urgent care pathways as a priority.

There were 393 reportable mixed sex breaches to NHS England via the national Unify2 system from 01 April 2015 to 31 March 2016. This is an increase over the performance reported last year as we have revised our reporting criteria. We received external assurance that the way we collect and report on mixed sex compliance meets the National Guidance. A review of bathroom mixed sex compliance has been undertaken and is being taken forward by the Trust.

Our latest compliance statement can be found on our website at:

www.ekhuft.nhs.uk

3. Pain management services

The Trust achieved 81% in the 2015 inpatient survey, which was an improved performance from the previous year. There is more work to do as this still places the Trust in the lower performing organisations nationally and will be a priority for improvement in 2016/17.

All new patient-controlled Analgesia and epidural devices have been successfully implemented Trust-wide.

An audit of inpatient pain management and impact of changes on new forms of staff education in relation to pain management was completed Trust-wide.

4. Improving hospital food

Our picture menus have been launched and have proved to be essential for our patients with difficulties communicating and reading a menu. The new look menu encourages greater independency and helps with the communication between staff, relatives and patients as all can review the menu together to agree meal choices, ensuring the patients' likes and dislikes are at the centre of the decision making process when it comes to meal times

Scrutiny around the potential to introduce toast for the benefit of specific patients has proved challenging (operational and financially), as a result of the health & safety and fire risks associated with using toasters at ward level. Despite these challenges the implementation of toast remains a priority for us and whilst patients can be provided with toast from the main kitchens, we will continue to investigate creative ways to improve this service for our patients.

We are delighted to have just received a national award from the Hospital Caterers Association for putting the patient at the centre of the patient dining service through strong partnership working with our Soft FM provider (Serco), and for utilising the values within the 6C's which are:

- Care – caring defines our work;
- Compassion – empathy, privacy and dignity;

- Competence – using effective and technical knowledge to enhance the service;
- Communication – central to effective caring relationships;
- Courage – having the personal strength and vision to innovate, and;
- Commitment – taking action to make this vision and strategy a reality

We have worked closely with our dementia focussed teams and have managed to trial and subsequently achieve full resource for our Dementia Friends at Queen Elizabeth The Queen Mother Hospital (QEQM) to be provided with meals whilst they accompany patients with dementia at lunch time. This encourages patients to socially interact with others during their meal on the ward in a calm and conversational way, but also encourages patients to ‘mirror’ the carers, which triggers patients to copy their actions and so eat and drink more. This has already had a positive effect on the patients. This process is being monitored over the next year to review benefits prior to making the decision to roll it out to the other sites.

5. Patient Led Assessments of Care Environments (PLACE)

Patient Led Assessments of Care Environments (PLACE) provides a framework for inspecting standards to demonstrate how well individual healthcare organisations believe they are performing in the following key areas:

- Cleanliness
- Food
- Privacy and dignity
- General maintenance/décor

Table 3 - PLACE results 2015/16

	Cleanliness %		Food %		Privacy, Dignity & Wellbeing %		Condition, appearance & maintenance %		Dementia %	
	2015/ 16	2014/ 15	2015/ 16	2014/ 15	2015/ 16	2014/ 15	2015/ 16	2014/ 15	2015/ 16	2014/ 15
Trust	94.1	94.81	82.61	91.73	78.2	81.97	89.83	90.30	72	N/A
National	97.57	97.25	88.49	88.79	86.03	87.73	90.11	91.97	74.5	N/A

The third annual PLACE audits were conducted between April and May, across the three acute sites. The assessment teams consisted of patient representatives and Trust staff on a ratio of 50/50. The environment audit for patients with dementia was conducted for the first time this year.

There has been a good improvement at the William Harvey Hospital (WHH) in the cleanliness category with the 2015 result improving by 3.3%. At the QEQM performance is marginally down by 0.12%. However the K&CH saw a deteriorating position on the 2014 assessment by 5% and management intervention is underway.

The Trust average for the food metric saw a 9% decrease against the 2014 result; however both the Kent and Canterbury Hospital (K&CH) and QEQM recorded a positive increase in all food measures. This drop reflects a number of initiatives which were recorded in 2014 as being already delivered but a number remained outstanding in 2015/16. This inflated the scoring in 2014 and as such has now been adjusted to reflect the actual position.

The inclusion of mixed sex accommodation as a rating tool in 2014 continues to affect the Trust in terms of its privacy and dignity rating. Both K&CH and WHH sites show the issues more starkly and are our weakest sites. The recent improvements to privacy and dignity in outpatient areas in both sites will help us improve on this score next year. These concerns have been highlighted in the 2015 in-patient survey where privacy and dignity issues are more evident.

Given the Trust's large, varied and aged estate, a slight decrease in the condition, appearance and maintenance score from 2014 result demonstrates the commitment to support the estate overall. The new facilities and investments in Dover and endoscopy should be reflected in 2016 PLACE assessment. The Trust invested £2m through the Patient Investment and Environment Committee in 2015/16 and has committed to continue this investment in 2016/17.

How do we compare?

This years' results paint a mixed picture when compared against neighbouring Trusts and the national average. The Health and Social Care Information Centre, which is responsible for administering PLACE assessments, continue to develop a methodology which would see Trusts being compared within their peer group with size, patient numbers and number of sites being included into comparison metrics.

6. The NHS National Inpatient Survey 2015

All NHS Trusts in England are required to participate in the annual adult inpatient survey which is led by the Care Quality Commission (CQC). The survey provides us with an opportunity to review progress in meeting the expectations of patients who are treated by us. The inpatient survey results are collated and contribute to the

CQC's assessment of our performance against the essential standards for quality and safety.

The Inpatient Survey was conducted during 2015. The survey required a sample of 1250 consecutively discharged inpatients, working back from the last day of July 2015, who had had a stay of at least one night in hospital. The survey asked a range of questions in the following categories:

- The emergency department
- Waiting list and planned admissions
- Waiting to get a bed on a ward
- The hospital and ward
- Doctors
- Nurses
- Care and treatment
- Operations and procedures
- Leaving hospital
- Overall views and experiences.

Survey statistics for East Kent Hospitals University NHS Foundation Trust show the following:

- 553 patients completed a questionnaire, which is a response rate of 47% - an improvement from the 2014 rate of 44%.
- There was also an improved position for patients reporting that the quality and choice of food offered was of a good quality and that the number of nursing staff on duty was sufficient. This is reflected in the Trust receiving a national award for the quality and choice of food.
- Areas where there was a deteriorating position for the Trust were around the questions relating to privacy and dignity and discharge delays reported; this is reflected in the deteriorating position for the PLACE assessment in 2015/16.
- Feedback about information received in the emergency/A&E departments and privacy and dignity in emergency departments were at the lower level of satisfaction nationally. Patients reporting sharing accommodation and bathroom facilities were also at the lower level of satisfaction nationally.
- There was an improved position regarding cleanliness of clinical areas but this was also at the lower satisfaction levels nationally.
- All other areas were "about the same" as national performance.

Table 4 - National in-patient survey results

Question	2012 (%)	2013 (%)	2014 (%)	2015 Survey Comparison (%)
The Emergency/ A&E Department <i>(answered by emergency patients only)</i>	84	84	80	81
Waiting list and planned admissions <i>(answered by those referred to hospital)</i>	91	85	88	87
Waiting to get to a bed on a ward	80	77	76	76
The hospital and ward	80	80	81	80
Doctors	85	84	82	84
Nurses	83	83	82	84
Care and treatment	76	77	75	77
Operations and procedures <i>(answered by patients who had an operation or procedure)</i>	84	85	83	84
Leaving hospital	73	76	72	73
Overall views and experiences	49	56	56	62

Improvements identified in response to the 2014 Inpatient Survey were implemented in 2015/16 and an action plan has been developed to respond to the results of the 2015 Inpatient Survey.

Table 5 - Improvements planned following the 2015 in-patient survey

Issue to be addressed	Action to be taken
1. Information provided in the A&E Dept	To improve the information patients are given on their condition
2. Use of mixed sex bathroom and other facilities	To ensure the use of treatment, bathroom or shower areas by same sex is avoided
3. Changes to admission dates	Improve communication and information provided to patient
4. Cleanliness of wards and other accommodation	Improve compliance with cleaning KPIs, weekly monitoring of cleanliness by matrons and PLACE assessments
5. Patients feeling threatened by other patients and visitors	Review security provision and the use of the SafeAssist programme
6. Patients supported to eat their meals	Roll out the changes to meal times and patient feeding at the QEQM across the other two sites
7. Patient involvement in their care or treatment	Improve communication and information provided to patients throughout their episode of care and improve working relationships within teams
8. Patients did not consistently report their pain was well managed	Improve the management of pain
9. Before the operation the anaesthetist explained in an understandable way how patients would be put to sleep	Improve communication with patient before anaesthesia
10. Patients not feeling they are treated with respect and dignity during their stay	Understand the reasons and improve the interactions with patients

Our priorities for improvement during 2016/17 will include plans to address the areas where results of the National Inpatient Survey have deteriorated since 2014/15, or are lower than anticipated, to ensure that patient experience can be improved.

7. Responding to feedback through Patient Opinion and NHS Choices

Patient Opinion and NHS Choices are independent websites enabling patients to register feedback on the service they have received. They provide a simple web

based method of providing comments and feedback to the Trust. These comments are widely read by staff and acted upon. Feedback is used to make improvements and also shared with staff to encourage or develop actions to address concerns. Comments posted on Patient Opinion are read and answered by the Chief Nurse and Director of Quality supported by the Patient Experience Team. Often this necessitates actions by the Trust to resolve the concern raised by the patient or their visitor. The feedback is considered in conjunction with complaints, concerns and compliments received through other routes in order to drive up quality of care.

The Trust has received an increased number of comments via Patient Opinion this year and we responded to 100% of these comments.

Examples of recent feedback received:-

Queen Elizabeth the Queen Mother Hospital – the very best care

Dear QEQM I just wanted to tell you about the fantastic level of care I had during my stay with you in the Quex ward, all the nursing staff worked their socks off to provide a level of care I have not had before in any hospital I have had to use, they all went the extra mile to look after me , they worked so well together as a team and I think having the Quex ward for knee and hip replacements is a great idea and shows just how well the NHS can work when you have such dedicated staff. All the nurses were fantastic I would like to give a special mention to a young nurse just about to qualify. To see how hard the nurse worked and how caring they were is a very good indicator of just how lucky we are having the Quex ward look after us after our surgery. Many thanks.

Buckland Hospital – Dover

I had an appointment yesterday 4th February and it is a real challenge getting to the hospital from Deal on public transport so I was very unhappy when I got to the hospital on time and had a long wait which ended up with me being referred back to my GP! The staff are rude and very unhelpful and the place just seems totally disorganised. Not Happy”.

Kent & Canterbury Hospital - Dermatology

From start to finish I was dealt with care, humour and great professionalism.

Kent and Canterbury Hospital – Colposcopy - did not feel involved

I have attended the colposcopy unit twice following an abnormal smear. First time I was given a calm and reassuring explanation by the nurse, their examination was well explained and I felt very much part of what was happening. The second time I

was seen by a doctor. I was given no choice in the gender of the doctor. In the pre consultation, the doctor gave me the impression they were going to carry out a biopsy before they examined me. I had not expected this - the letter did not say this might be an option. In the procedure, which physically was carried out well, the doctor described what they were seeing but not what it meant. The doctor carried out a biopsy. I was given no choice or option. I was due to fly on an international long haul later in the day and I was not able to mention this. I felt completely powerless and 'done to'. I had to leave distressed and then call back and speak to the accompanying nurse to try to make sense of what had happened, what would happen next and what the outcomes might be. Whilst it is fine to say 'have you any questions' repeatedly, when you are a woman lying there being examined intimately it is very hard to think straight when the procedure had already been determined. Not at all happy.

William Harvey Hospital – CDU – end of life care

We could not thank the staff who looked after our relative for the last four days of his life. The staff were so attentive to the individual and our family. Nothing was too much and they all respected our wishes as a family. I would like to thank the staff for all their great care and hope this message is received by them all.

8. Safeguarding adults and children

Safeguarding vulnerable adults and children is an important part of the way we deliver care to our patients.

Protecting children

Safeguarding remains an integral part of the care delivered to our paediatric patients and their families. Emerging safeguarding themes, such as child sexual exploitation (CSE), trafficking and female genital mutilation, demand that the range of activity undertaken by the team both grows and diversifies in order to support this agenda. In addition, the team has seen an increase of all safeguarding activities that support children, individual staff members and our partner agencies. Safeguarding activity undertaken to give assurance that the Trust is meeting its responsibilities defined in "Working Together to Safeguard Children" (DoH 2103) include:-

- Consultations with the Safeguarding Team
- Safeguarding children supervision
- Completion of health chronologies for court proceedings
- Production of Serious Case Review reports for Kent Safeguarding Children Board

- Working with partner agencies to develop policies and protocols for emerging safeguarding themes

In 2015/16:

- The Safeguarding Children Team undertook 2,901 consultations between March 2015 and March 2016; these were mostly from staff within the Trust when concerns about a child or their family were identified. This is a further significant increase in activity since the last financial year
- The electronic flagging system on PAS for all children and unborn babies subject to Kent Child Protection Plans continues to be used effectively. In addition this system is used successfully to share information from partner agencies when safeguarding concerns have been identified
- Midwives have identified over 1,051 vulnerable families through the use of the Concern and Vulnerability form, this is a significant increase from the previous year demonstrating the level of vulnerability that community midwives are managing within their caseloads
- Child protection supervision has continued to be offered to Paediatric Therapists and case holding midwives as well as debrief sessions for staff affected by some difficult cases
- A rolling annual training programme has remained in place for staff in child health, midwifery and A&E; this is in addition to the monthly Level 3 basic awareness courses. A training plan has been developed to provide bespoke Level 3 workshops across all sites in order to enable relevant staff to have greater access to training. Training compliance for the Trust is 87% (January 2016) demonstrating a steady increase month on month
- The Safeguarding Children Team have completed four Serious Case Reviews (SCR) within the last year. Any learning from these SCRs is captured within training
- Four other cases are under consideration by the Local Safeguarding Board

Key highlights:

- The Safeguarding Children Team have increased in capacity by having a further advisor and a practitioner. The advisor is due to begin in June 2016.
- In February the Trust appointed two named paediatricians for safeguarding (0.12 wte) to support the Designated Doctor for Safeguarding. This will further strengthen the advice, support and leadership provided by the Safeguarding Children Team
- Datix incident reporting of all women who have undergone historical female genital mutilation procedures commenced in January 2015. This has ensured that the safeguarding team are aware of all patients identified so that effective risk assessment for female children within these families can be taken. To date, 18 have been formally reported to Health and Social Care Information Centre.

- The Safeguarding Children Policy has been completed in line with National and Local Guidance.

Protecting adults

The People At Risk Team (PART), previously the Adult Safeguarding Team, continues to support doctors, therapists and nurses across each of our three main hospital sites and two community hospitals, in all matters relating to safeguarding and the protection of people's human rights. They work closely with the specialist Dementia, Nutrition and Tissue Viability teams to improve the quality of care for patients and ensure that it is person-centred. Much of the work is about preventing abuse.

EKHUFT has remained in Special Measures following the last CQC inspection of July 2015. The Safeguarding team has witnessed on-going public anxiety about care across the Trust. This year many concerns raised have been found to have limited foundation and were based unfortunately on beliefs relating to a general negative perception about the organisation. There have been 56 formal allegations of abuse against the Trust with in the last year. This is a small rise of four cases from the previous year. The Trust has raised formal concerns on behalf of patients, relating to events in the community on 53 occasions. This is identical to the previous year.

Whilst most cases have been about pressure ulcers and miscommunication at point of discharge, there has been a trend of allegations of sexual abuse by staff. In all cases the member of staff has been suspended from duty whilst an investigation has taken place. No case has been taken forward for prosecution by the Police, however some disciplinary action has followed in line with Trust policies and the requirements of professional bodies.

In March 2014, the Supreme Court made a new ruling about the application of the Deprivation of Liberty Safeguards (DoLS) which has had a significant impact on care providers and the legal implications for the lawful detention of people who lack mental capacity and who are unable to understand their own care and treatment requirements. This has resulted in a much larger number of patients falling in to the Deprivation of Liberty (DOL) category. Nationally, measures have been put in place to prioritise cases as current resources are grossly inadequate to assess all. The Association of Directors of Adult Social Services' screening tool is in use. Using this tool, EKHUFT made applications for 73 people this year. Only 16 applications were authorised (22%) by Kent County Council and reported to the CQC before discharge. The remainder of the patients were never seen (78%) and therefore did not receive the formal safeguards lawfully required.

The increasing number of patients being admitted with challenging behaviour has continued to cause concern so the team's work has been focused on raising

awareness of the appropriate use of clinical restraint and use of SafeAssist acute, to support such patients

The number of Independent Mental Capacity Advocacy (MCA) fell this year to 73 referrals. Last year the Trust ran a very successful IMCA awareness project for doctors but this could not be sustained in 2015/16.

Domestic abuse has been of particular concern in the Thanet area and 582 Multi Agency Risk Assessment (MARAC) cases have been handled by the Trust.

In July 2015, the Securities Act became law. This has resulted in the requirement for all staff to receive counter terrorism training. Additional information has been added to the literature issued as level 1, to meet the new requirements of the Securities Act 2015. This year 1377, received level 1 awareness and 55 received the Level 2 Healthwrap 3.

The annual peer evaluation of EKHUFT promotion of Safeguarding was completed in March 2016. The outstanding issues are:

- To improve the data reporting of numbers of staff trained in safeguarding.
- Develop a public facing web page to support the Making Safeguarding Personal agenda.

Some key highlights from 2015/16 are outlined below:

- The Adult Safeguarding policy was renewed in December 2015.
- There were continued greater levels of involvement with medical teams.
- Presenting at the continued roll out of the multi-agency workshops for the Self Neglect Policy, across Kent. Over 1000 multi-agency personnel have attended.
- Participation in the Tap2Tag project, a research project to hold key health information for high risk patients, on an electronic wrist band, assessable by a professional using a smartphone.
- Involvement at the Innovation Hubs at William Harvey Hospital and Kent & Canterbury.
- Roll out of SMART + Tool to identify the most high risk vulnerable adults.

Learning disability

During 2015/16, EKHUFT has continued to explore how people with learning disabilities use Trust services compared to the general population; there are currently 1,855 people highlighted or flagged as having learning disabilities that have used our services. This number has increased by 140 over the past year.

Compared to the general population, people with learning disabilities continue to be more likely to be admitted via A&E, and less likely to be admitted electively than the general population. These figures have remained broadly similar to those in 2014/15.

The Learning Disability Repeated Admission Pathway became housed on the Electronic Disease Notification (EDN) system enabling richer and more reliable data. During the last financial year, 36 repeated admission referrals were made to Specialist Learning Disability matrons at Kent Community Hospitals Foundation Trust and the patients' own GP surgery.

Data from CareflowConnect, identified 418 admission alerts that have been reviewed and actioned in this past financial year.

In addition to regular education and training events, Health Education Kent Surrey Sussex have re-commissioned us to stage a series of workshops examining reasonable adjustments for people with learning disabilities. Learning Disability Champions meetings are now occurring on each site.

Research into My Healthcare Passport found that 80% of respondents were aware of the tool, however only 40% advised that they had used the tool.

A pathway of care for people who lack capacity and who do not engage in diagnostics has further developed with anaesthetists on each acute hospital site taking the lead for coordinating the procedure. Several new patients have benefited from this pathway in the past financial year.

A learning disability mortality case notes review has been undertaken on 17 cases of people who died in EKHUFT during 2015/16. Themes that emerged related to patients receiving adequate nutrition, the Mental Capacity Act 2005 and Do Not Attempt Cardiopulmonary Resuscitation (DNACPR), and it was noted that the majority of these cases had had previous activity or admissions to an EKHUFT Hospital.

9. Compliments, concerns, comments and complaints (the 4Cs)

Patients and their carers who raise concerns and complaints following an episode of care or treatment they receive give us an opportunity to learn and improve our services.

The Trust's process for managing the 4Cs is strongly patient-focussed and based on the Parliamentary and Health Service Ombudsman's (PHSO) six principles for good complaint handling:

- Getting it right
- Being customer focussed
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement

The 4Cs programme is managed by the Patient Experience Team (PET) in conjunction with divisional teams. During 2015/16, the PET dealt with 873 formal complaints, 3,505 informal contacts (raising concerns or sign posting) and nearly 31,000 compliments. Activity for the last five years is highlighted in the table below.

Table 6 - Complaints summary

	Date first received				
	2011/12	2012/13	2013/14	2014/15	2015/16
Total number of formal complaints received	691	768	894	1,036	873
Informal contacts received	3,150	2,729	3,521	843	828
PALS contacts received	-	-	-	2,787	2,677
Compliments received	18,478	15,391	17,076	31,860	30,855

The total number of informal concerns has decreased by 3.4% from the previous financial year (3,630 in 2014/15 compared to 3,505 in 2015/16) and the formal complaints have decreased by nearly 16%. 'Concerns' are issues which cannot be answered immediately, but do not have the complexity of a complaint. We aim to provide the enquirer with a response to a concern within ten working days. It is gratifying to note that the number of concerns received has fallen in a two year period (from 2013/2014 compared with 2015/16) by 76%. Recording of complaints by the Patient Advice and Liaison Service (PALS) was re-introduced last year; consequently the number of informal contacts has reduced. PALS issues are also fairly steady, having reduced by around 4%. This may reflect the capacity of the service, given that some callers are not prepared to leave a message on the answerphone. We always undertake to respond to any message left on the answerphone within 24 hours of its receipt (but struggle sometimes if there is no answer to our call). We believe the decreased number of complaints received this year has been driven by the improved findings following the CQC inspection in July 2015.

The number of compliments has decreased by 3% in 2015/16 from the peak in 2014/15 (31,860 for 2014/15 to 30,855 for 2015/16).

Table 7 - Response time for formal complaints

	Year received				
	2011/12	2012/13	2013/14	2014/15	2015/16
Percentage first response received by the complainant within agreed time	96	83	88	79	92

We aim to provide all complainants with a thorough and empathetic response to their complaints. We want to answer all the points they raise in an honest and open manner. We are disappointed, therefore when a complainant writes back in dissatisfaction. We refer to these letters as returners. We are now seeing a gradual reduction in the number of returners, which had been increasing during the year, to a maximum of 23 in the month of October, reducing to 12 in January 2016 and then by 10 each in February and March 2016. Significant work has been put into improving the responses going out to clients, but more needs to be done at division level to ensure that letters are consistently of the high quality we expect.

In 2015/2016 we:

- Continued to embed the work of the previous year, emphasising the need to address complaints in a proactive fashion, bearing in mind that a prompt response is more satisfying to the client and produces a better outcome.
- Demonstrated lessons learnt from complaints and published these in the quarterly 'Lessons Learnt' newsletter and by putting action points from cases upheld by the PHSO on the Trust website
- We also published some of the compliments we received and promoted these 'Magic Moments' in Trust News
- The specific contributions made by individual staff were acknowledged in monthly Board reports

During 2016/17 we will:

- Continue to produce reports that demonstrate lessons have been learnt
- Deliver more training for staff in complaints handling, from the initial face to face contact through to complex complaint responses. This will always be an ongoing commitment for new members of staff
- Embed our new ways of working and reporting
- Reduced the number of complainants returning because their concerns have not been addressed in our initial response

10. Innovation

The Trust prides itself in being a leader in innovation by embracing opportunities to utilise technology in order to improve patient care and communication. During 2015/16 there have been many examples of this including:

➤ **HOUDINI**

Urinary tract infection (UTI) is the most common infection acquired as a result of health care, accounting for 19% of healthcare associated infection (HCAI), with between 43% and 56% of UTIs associated with a urethral catheter. The risk of developing a catheter associated urinary tract infection (CAUTI) increases the longer a urinary catheter remains in situ.

The HOUDINI protocol was developed by an Infection Prevention Team at BJC Healthcare Washington University Hospital Medical School, St Louis. HOUDINI is an acronym used to list the indications for continued use of a urinary catheter:

HOUDINI PROTOCOL

- **H**aematuria (visible)
- **O**bstruction
- **U**rology surgery
- **D**ecubitus ulcer (e.g. assist in healing open sacral/perineal wounds in incontinent patients)
- **I**nter and output measurement (Input-output fluid monitoring for haemodynamic stability)
- **N**ursing end of life care
- **I**mmobility (Prolonged immobilisation e.g. potentially unstable thoracic or lumbar spine)

Where none of these indications exist the catheter should be removed.

The Trust is the first to implement the HOUDINI protocol in all inpatient areas. Paediatric units, and midwifery where catheter guidelines already exist, have not been included in the initial implementation.

➤ **CareFlow Connect**

CareFlow Connect is a clinical communications network which has transformed how our teams work together to improve patient safety and outcomes. It instantly connects and engages everyone involved in a patient's care to deliver a more integrated, efficient and cost effective way of working.

CareFlow is a mobile, customised alerting system, which pushes vital patient information to care teams in real time, delivering the right data to the right person

at the right time. The messaging platform provides a secure, virtual environment where teams across all healthcare settings can share immediate, patient-centric conversations. This enables a collaborative flow of high quality, comprehensive and up-to-date information between healthcare professionals, regardless of their location. This system produces a faster response to patient needs; quicker and more informed decision making, reduced delays and bottlenecks, earlier intervention, and more timely treatment and discharge. It breaks down silos to deliver coordinated, connected care.

It is used to alert our kidney doctors about any patient in the Trust who is at risk of developing kidney disease and to notify our learning disability nurse to any patient admitted with a known learning disability.

➤ Tap2tag

Tap2tag is a simple to use medical device that links to a secure personalised webpage for storing personal health information. One can use. This is typically in the form of a silicone rubber wristband which contains a near field communication (NFC) chip. The user of the device uploads information that they would want to share in an emergency to a secure website. In case of need, the chip can be 'tapped' with an NFC enabled phone or through a website to allow data to be accessed by the person responding in the emergency. It can also be set up to send messages to friends and carers so that they know that the wearer is in difficulty. We are working with the company to provide this service to our patients with a learning disability who may find communication of this information difficult.

2. SAFE CARE - IMPROVING SAFETY AND REDUCING HARM:

Patient safety

Patient safety remains the core focus of the Trust, the Board of Directors and the divisional leadership teams. The following areas are examples of the initiatives and goals for patient safety we use to improve performance. In July 2014, we engaged with the three year national *Sign up to Safety Campaign* www.signuptosafety.nhs.uk and declared five pledges in support of NHS England's patient safety improvement quest to reduce avoidable harm by 50%. These are:

1. Putting safety first by committing to reduce avoidable harm by half and making our goals and plans public.
2. Continually learn by making our Trust more resilient to risks, by acting on the feedback of patients and measuring how safe our services are.
3. Honesty by being transparent with people about our progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong.
4. Collaborate by taking a leading role in supporting local collaborative learning so that improvements are made across all of the local services that patients use.
5. Supporting and helping people understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate the progress.

We have started to align these pledges and actions with corporate, specialist and divisional Safety Improvement Plans for 2016/17. The EKHUFT pledges that have been launched on our website which can be accessed via this link, [EKHUFT Sign Up to Safety Plan](#). Specific safety improvement plans, framed as driver diagrams, focus on:

- Reducing hospital acquired urinary catheter related infections
- Reducing preventable venous thromboembolic (VTE) events
- Reducing discharge errors for those patients on anti-coagulation
- Reducing deaths from sepsis
- Eliminating harm from inappropriate/poor transfers between sites and to tertiary centres

Our other priorities are outlined below:

Put safety first

- Sepsis
- HOUDINI
- Adopting a WHO-type checklist for interventional procedures outside operating Theatres
- Eliminate “Never Events”
- Continue to reduce avoidable: pressure ulcers, falls, medication issues, HCAI, VTE
- Clinical Handover of Care/Transfer of Care

Continually learn

- Increase reporting of incidents
- Respond to safety indicators both nationally and locally
- Assurance of mechanisms to embed learning

Honesty

- Duty of Candour
- Transparency, making safety information more visible
- Improving communication skills
- Website development

Collaborate

- Engage service users
- Public, patients and staff participating in community-based events
- Working between the Trust and local commissioning groups
- Corporate and divisional safety improvement plans

Support

- Clinical leadership
- “We Care” champions
- Quality Improvement and Innovation Hub to help staff improve, develop, enquire and act (IDEA)
- Teams Improving Patient Safety Programme (TIPS); plus a project to support staff with human factors training in collaboration with Health Education Kent, Surrey and Sussex (HEKSS)
- Development of Schwartz Rounds

1. Reducing falls

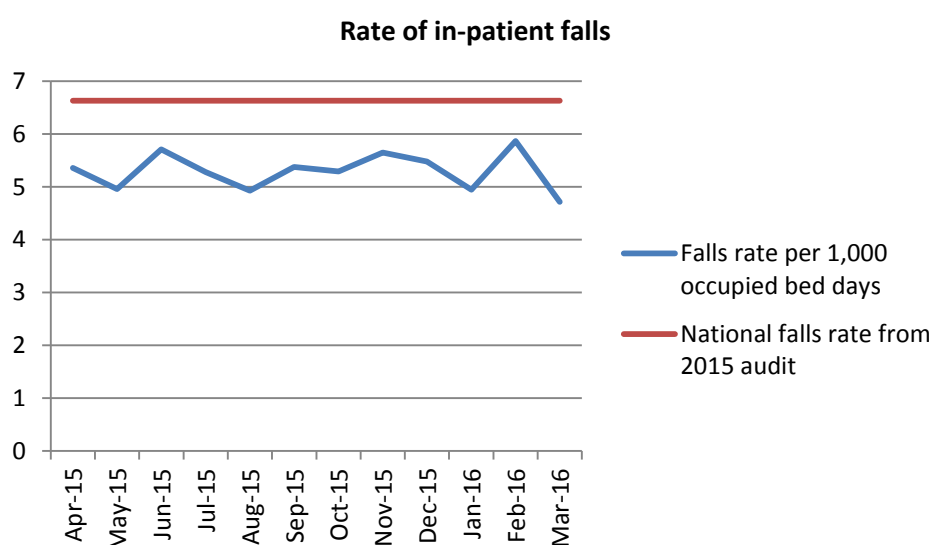
Keeping our patients safe when they are in hospital is an important priority for us. With an increasingly frail and elderly population, who often have multiple clinical needs, it is essential that we do all that we can to reduce the risk of falling. The National Patient Safety Agency, in the report ‘Slips, Trips and Falls in Hospital (2007)’ state that much can be done to reduce the risk of falls and minimise harm whilst allowing patients the freedom to mobilise safely in hospital.

From April 2015 to March 2016 there were 5.47 falls per 1000 patient bed days. This is a reduction on the previous year and just under the national average. There were 22 patients who sustained a hip fracture; following investigation seven were deemed avoidable. Three patients died following falls, two as a result of avoidable hip

fractures and one following a head injury. Key learning points from investigations findings are consistent; these include completion and actions from falls risk assessments and inconsistent embedding of learning following patient falls resulting in a head injury.

The Trust took part in the first National Inpatient Falls Audit in 2015. This audit enabled us to analyse our governance structure and audit completion of risk assessments (with comparison with other Trusts). The K&CH performed in the top five hospitals nationally with the QEQUH in performing in the top 30. The WHH performed less well which is consistent with the fall and injury rates noted. There were 170 hospitals participating.

Figure 6 - Patient falls per 1000 occupied patient bed days



The key targets for 2016-17 are:

- To implement the “Fallstop” quality improvement programme at WHH, this will include education and training around completion of the Falls Risk Assessment and Care Plan and adherence with Post Fall Protocols as well as providing simulation training (what to do in the event of a fall)
- To reduce avoidable hip fractures
- Reduce rates of falls within the Urgent Care and Long-term Division at the WHH to bring the hospital in line with the other sites and below the national average

2. Reducing avoidable hospital acquired pressure ulcers

Pressure ulcers represent a major burden of sickness and reduced quality of life for patients and create significant difficulties for patients, their carers and families. Pressure ulcers can occur in any patient but are more likely in high risk groups such as the elderly, the overweight, malnourished and those with certain underlying conditions.

During 2015/16 we set out to reduce avoidable acquired pressure ulcers by a further 25%. This has been achieved for confirmed category 3 and 4 pressure ulcers and reflects the continued success of the 'Think Heels' campaign. Sustained improvements have been demonstrated by a 5% reduction in all acquired heel ulcers and a 69% reduction in avoidable heel ulcers at year end. It should also be noted that changes in the classification system has resulted in 26 avoidable unstageable ulcers which have been lost to follow up and not included in these figures.

Reducing category 2 pressure ulcers has been more challenging and the 25% reduction trajectory remained unmet at year end. Initial analysis had indicated a propensity for sacral ulcers and the 'Bottoms Up' campaign was launched in response. Although there has been an increase in reported hospital acquired sacral/buttock ulcers this financial year, a heightened awareness may have had an impact. As the campaign was only launched in November 2015 and during the winter pressures months, there has been little time to fully embed the project.

Figure 7 - Category 2 Pressure Ulcer incidence against trajectory

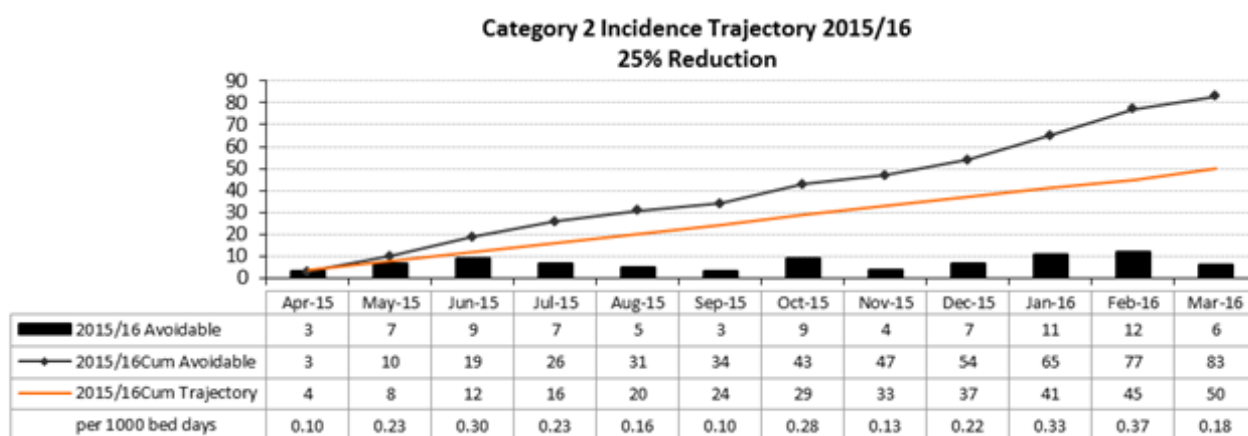
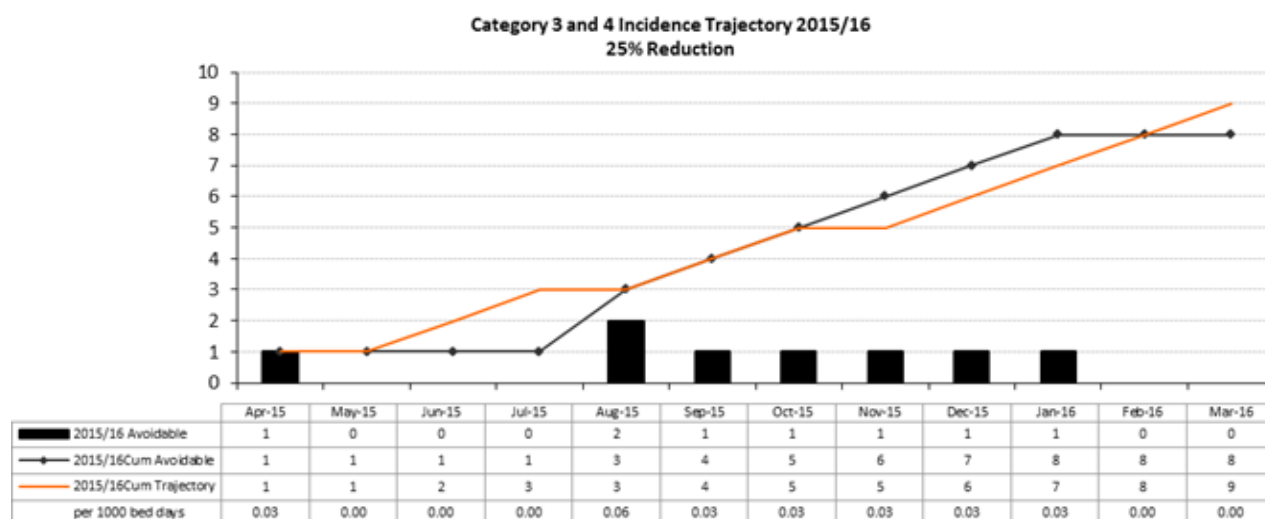


Figure 8 - Category 3 & 4 Pressure Ulcer incidence against trajectory



In support of our programme to reduce hospital acquired pressure ulcers, during 2015/16 we have:

- Supported the Pressure Ulcer Steering Group to develop and oversee the Trust-wide action plan
- Undertaken a repositioning project with frontline leaders; including analysis of an exploratory audit and related actions and documentation enhancement
- Held tissue viability link nurse meetings twice annually, developing competencies and encouraging leadership in wound prevention and management
- Supported the paediatric departments to implement the SKINS bundles in January 2016 in line with NICE Guidance 2014
- Continued to work with frontline teams to identify, address and raise awareness of learning from adverse incidents
- Delivered training to all staff as required, including link nurses, student nurses, junior doctors and registrars
- Worked with the members of the beds and mattress subgroup to complete equipment trials for hybrid mattresses and made recommendations for improvements; securing a new block rental resource
- Worked with medical photography to improve compliance with wound care management

- Updated the mattress protocol in conjunction with the Medical Equipment Library (MEL)
- Supported individual wards with improvement programmes and the Pressure Ulcer Panels to ensure learning is identified and assured
- Provided support to frontline teams to deliver safe, effective wound care
- Provided wound care advice for 1914 patients and made over 1571 patient referral visits
- Developed a multi-disciplinary referral pathway for patients to improve safe management of leg ulcers
- Undertook a joint workshop with the Community Trust to develop continuity of practice between primary and secondary care for pressure ulcer prevention

Next steps - During 2016/17 we will:

- Update the Trust's Pressure Ulcer Policy in line with the latest national and international guidance
- Refresh 'Bottoms Up' campaign and re-launch at the tissue viability link nurse meeting in May 2016.
- Identify areas with high levels of avoidable pressure ulcers and work with them to address themes.
- Strengthen the role of the tissue viability link nurse in order for them to support in the improvement of pressure prevention strategies.
- Focus on patient information and involvement regarding pressure ulcer prevention.
- Set further pressure ulcer reduction trajectories for continuous improvements.

3. Reducing Venous Thromboembolism (VTE)

Venous Thromboembolism (VTE) is a significant cause of death, long term disability and chronic ill health. Reducing its incidence has been recognised as a clinical priority for the NHS. Our improvement programme aims to improve the percentage of all adult inpatients who have a VTE risk assessment on admission to hospital using the national tool.

During 2015/16 the national target for patients risk assessed for VTE remained at 95%. In response to an external audit of our recording process, which identified accuracy of VTE risk assessment reporting, the data collection and reporting process was changed. This affected our overall performance and we achieved 84.5% for VTE risk assessment in quarter three of 2015/16. The Hospital Acquired Thrombosis (HAT) RCA targets were adjusted to reflect continued compliance with return rates to also include a reduction in preventable HAT of 30% for 2015/16. The reporting period is not currently complete and the performance to date demonstrates a 10% reduction; the rate of the improvement was much better in quarters one and two.

In support of our programme to reduce the risk of venous thromboembolism, during 2015/16 we have:

- Improved the quality and accuracy of the VTE risk assessment reporting
- Maintained the quality of data recording and reporting for Trust wide VTE incidents and HAT, as a result the quality standard was adjusted to reduce preventable HAT by 30%, at the time of writing not all data has been returned. This will be affected by compliance with VTE risk assessment
- Run multiple quality improvement projects within specialist areas to increase compliance with VTE risk assessment, including reducing medication omissions
- Provided regular updates to clinical leads on consultant compliance of VTE risk assessment
- VTE staff training programme continues with: mandatory eLearning (for clinical staff); specific training for healthcare assistants; preceptorship nurses; midwives and junior doctors; midwifery updates; VTE practical workshops (rolling programme) and increased unit specific sessions (ITU, theatres etc.)
- Kent Thrombosis Network commenced, initiated and led by Trust staff, includes VTE prevention and standardising HAT RCA processes across Kent
- Worked closely with commissioners and multiple stakeholders to address various national VTE prevention strategies (including updated Royal College of Gynaecologists guidance, Mothers and Babies: Reducing Risk through Audits and Confidential Enquiries, British Committee for Standards in Haematology guidelines etc)

Next steps – During 2016/17 we will:

- Focus on patient information and involvement in raising awareness of VTE;
- Undertake audits against NICE quality standard (QS3)
- Improve real time VTE risk assessment monitoring on VitalPAC
- Improve data quality, validation and recording of VTE risk assessment on VitalPAC
- Develop Trust wide awareness programmes in response to preventable HAT RCAs e.g. 'zero tolerance for blank boxes' on drug charts and joint work with other specialists focussing on administration of critical medicines
- Expand VTE link workers programme in line with Shared Purpose Framework with a launch during National Thrombosis Week
- Improve consultant specific VTE prevention data, including risk assessment compliance, HAT RCAs and link to dashboards, performance and other monitoring including appraisal

4. Identification and management of deteriorating patients

VitalPAC is an innovative software system which allows doctors and nurses to record clinical data on handheld devices at the bedside, analyse it instantly, and automatically summon timely and appropriate help. VitalPAC therefore enables clinicians to identify deteriorating patients on wards across the Trust more easily. VitalPAC is currently in use on 51 adult inpatient areas within the Trust.

Following the pilot of VitalPAC in the majors and resuscitation areas in A&E at the William Harvey Hospital, Ashford, a bid was placed with the Nurse Technology Fund for mobile data solutions in this area but this was unsuccessful. Further work is now taking place to take this forward.

VitalPAC is now in use in the ambulatory care units across the three sites enabling a complete care record for day cases and inpatient records. There has been a pilot of the fluid management module on two wards which has shown that, whilst the module worked correctly, further enhancements need to be made to the functionality in order to make this more fit for purpose. This development work is planned for later this year and full roll out across all wards will then be planned.

Escalation of care messages using VitalPAC Doctor in conjunction with multi-tone bleeps has been piloted on three wards and has shown that this solution is working as expected. Further work to take place regarding a device solution for medical staff and subsequent plans for further roll out.

QlikView provides accessible reports and performance data for all VitalPAC data. This includes compliance on VTE assessments, indwelling device care, nutritional assessments and standard observational data.

Next steps – During 2016/17 we will:

- Roll out the use of the fluid management module across the three sites following required development work
- Determine a device solution for junior doctors and roll out the use of VitalPAC Doctor and escalation messages across all VitalPAC wards on the three sites
- Commence the recording of MRSA screening using VitalPAC in all VitalPAC areas

5. The WHO Safer Surgery Checklist

The WHO Safe Surgery Checklist was introduced as part of the Safe Surgery Saves Lives initiative. The aim of the checklist is to aid operating theatre teams to reduce the numbers of adverse incidents in this area. Compliance with completing the WHO Safe Surgery Checklist for 2015/16 is 99.12% for the period March 2015 to March 2016, compared to 97% in 2014/15. There was some variation by site and by surgical speciality and the range was 87.8% to 100%, with most areas achieving over 98%.

NHS England published new National Safety Standards for Invasive Procedures (NatSSIPs) in 2015, which outline guidance for a checklist approach, best practice for all invasive procedures, including those undertaken outside an operating theatre environment.

Next steps – During 2016/17 we will:

- Develop our local safety standards for invasive procedures and monitor compliance
- Conduct spot checks on the use of the WHO Safer Surgery in real-time
- Include the WHO Safer Surgery Checklist within the induction plans for staff across all specialties.

6. Collaborative Patient Safety Visit Programme (CPSV)

An Executive Patient Safety Visit programme started in April 2009; this was revised to the CPSV programme in 2015/16 following a detailed feedback from staff. The objectives of the CPSV are to:

- Dedicate time for leaders and frontline staff to promote a safety culture.
- Enquire about patient safety standards to reduce avoidable harm, such as incident reporting and how learning is shared and embedded.
- Discuss how well Trust priorities have been implemented for patient safety, address issues and drive improvements with actions.
- Listen to concerns and gain assurance over actions.

During 2015/16 we undertook 64 visits compared to 59 in 2014/15. We limited this years' programme to areas of high activity/high risk with known patient safety concerns/incidents/complaints and claims. The programme this year involved clinical leads and patient safety leads conducting 'patient safety review rounds' with frontline staff, focussing on reducing harm in clinical care and developing local safety

improvement plans in line with divisional safety improvement plans (SIPs). Teams were briefed with a dashboard of data and intelligence and we used iPads and an IT solution to collect data before, and during, the visit.

Next steps – During 2016/17 we will:

- Improve preparedness and advertising. Invite individuals in ward/ department teams to record their patient safety concerns, accolades, or suggestions using an anonymous system
- Ask divisions to include 'patient safety review rounds' and SIPs in their clinical governance reports and align these with divisional SIPs
- Improve feedback to staff using Team Brief or Trust News and make available the patient safety visit record/SIPs on the intranet.

7. Reducing harm events using the NHS Safety Thermometer

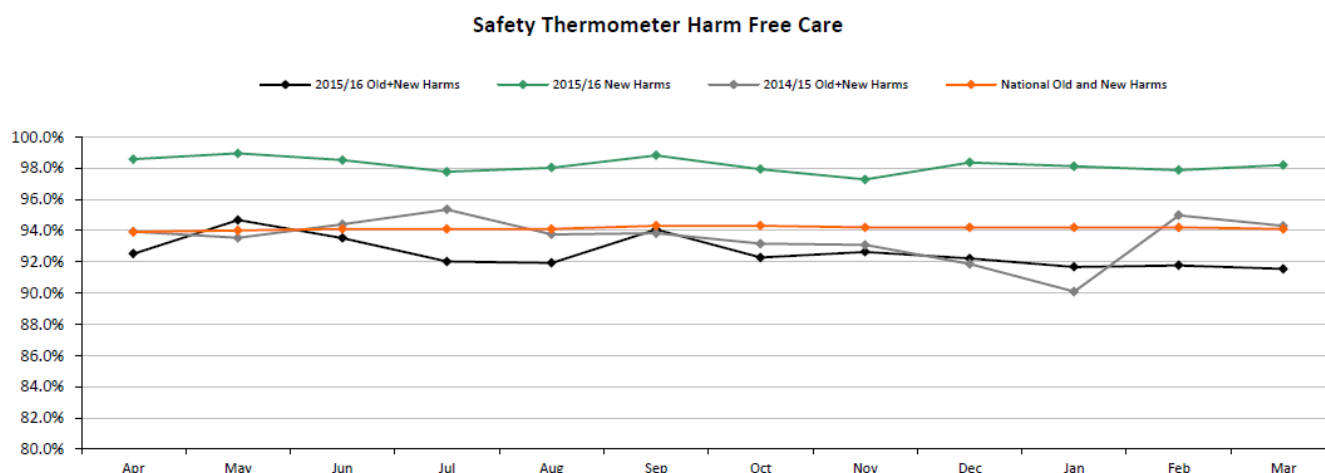
The aim of the Safety Thermometer is to identify, through a monthly survey of all adult inpatients, the percentage of patients who receive harm-free care. Four areas of harm are currently measured and most are linked to the other patient safety initiatives outlined in this report:

1. All grades of pressure ulcers whether acquired in hospital or before admission;
2. All falls whether they occurred in hospital or before admission;
3. Urinary catheter related infections;
4. Venous thromboembolism risk assessment and appropriate prevention.

The strength of the NHS Safety Thermometer lies in allowing frontline teams to measure how safe their services are and to deliver improvement locally. There are several different ways in which harm in healthcare is measured and there are strengths and limitations to the range of approaches available. The NHS Safety Thermometer measures prevalence of harms, rather than incidence, by surveying all appropriate patients on one day every month in order to count the occurrences of harms. Harm Free Care includes both harms acquired in hospital ("new harms") and those acquired before admission to hospital ("old harms"). There is limited ability to influence "old harms" if a patient is admitted following a fall at home, or with a pressure ulcer, but these are included in the overall performance reported to the Health and Social Care Information Centre.

Our performance in delivering Harm Free Care varies monthly but has been below the national average of 94% for most of 2015/16. Harm Free Care in the Trust this year has been consistently above 98%.

Figure 9: NHS Safety Thermometer - % Harm Free Care EKHUFT against national performance 2016/17



Next steps – During 2016/17 we will:

Continue to survey all adult inpatients monthly and will work to achieve a sustained reduction, linked to our CQUINs programme and Sign up to Safety pledges, in prevalence of all pressures ulcers (including patients admitted with pressure ulcers), falls with harm, urinary tract infections in patients with catheters and venous thromboembolism. We will also work with our partner organisations to identify ways of improving new and old harms.

8. Reducing infections

Healthcare associated infections (HCAI) are infections resulting from clinical care or treatment in hospital, as an inpatient or outpatient, nursing homes or even the patient's own home. Previously known as 'hospital acquired infection' or 'nosocomial infection', the current term reflects the fact that a great deal of healthcare is now undertaken outside the hospital setting.

The term HCAI covers a wide range of infections. The most well known include those caused by meticillin-resistant *Staphylococcus aureus* (MRSA), meticillin-sensitive *Staphylococcus aureus* (MSSA), *Clostridium difficile* (*C. difficile*) and *Escherichia coli* (*E. coli*). Although anyone can get an HCAI some people are more susceptible to acquiring an infection. There are many factors that contribute to this:

- Illnesses, such as cancer and diabetes, can make patients more vulnerable to infection and their immune system less able to fight it
- Medical treatments for example, chemotherapy which suppresses the immune system
- Medical interventions and medical devices for example surgery, artificial ventilators, and intravenous lines provide opportunities for micro-organisms to enter the body directly
- Antibiotics harm the body's normal gut flora ("friendly" micro-organisms that live in the digestive tract and perform a number of useful functions). This can enable other micro-organisms, such as *Clostridium difficile*, to take hold and cause problems. This is especially a problem in older people

Long hospital stays increase the opportunities for a patient to acquire an infection. Hospitals are more "risky" places than the community outside due to:

- The widespread use of antibiotics can lead to micro-organisms being present which are more antibiotic resistant (by selection of the resistant strains, which are left over when the antibiotics kill the sensitive ones)

Many patients are cared for together – this provides an opportunity for micro-organisms to spread between them.

Table 8 - HCAI Performance

HCAI performance 2010-11 to 2015-16							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	DH limit 2015-16
MRSA post 48 hour cases only	6	4	4	8*	1	4**	0
Clostridium difficile post 72 hour cases only	96	40	40	49	47	28	45

* Following analysis of each case, six reported MRSA bacteraemias were considered to be unavoidable.

**Two of the four MRSA bacteraemias recorded, occurred in March 2016, one was provisionally assigned to EKHUFT and the other was provisionally assigned to South Kent Coast CCG, both have been referred to NHS England for arbitration and the outcome is pending.

E. coli

E. coli is the most frequent cause of blood stream infection locally and nationally. All cases are reported to the Public Health England mandatory database each month

which provides an opportunity for comparison with other trusts. The majority of cases are linked to urinary tract infections, bile duct sepsis and other gastrointestinal sources. The E. coli rate in east Kent appears high (141.9 compared with the NHS average of 103.3 for NHS Trusts in 2014-15) when measured per occupied bed day. However, more than 80% of cases of E. coli bacteraemia are present at the time of admission to hospital and, therefore, in most cases represent community-acquired infection. When the E. coli rate is measured per head of population (Table 9), it is seen that the rate in Ashford CCG is below the England average whereas the population centres with a higher proportion of > 75 year old residents, experience higher rates of E. coli sepsis.

Table 9 - E. coli bacteraemia rate/100,000 population by CCG

CCG	2012-13	2013-14	2014-15	2015-16 (est)
Ashford CCG	67.4	54.2	58.3	58.3
Canterbury & Coastal	64.4	69.7	74.6	71.6
South Kent Coast	66	74.2	68.8	78.1
Thanet	66.3	87	76.8	92.9
England Rate	60.4	63.6	66.2	64.8

The England trend of increased numbers per year is also reflected in the EKHUFT data showing numbers of E. coli cases by year (Table 11)

Table 10- E coli blood stream infections EKHUFT by financial year

Year	2012-13	2013-14	2014-15	2015-16
E coli bloodstream infections	433	487	469	528

Again given that the majority of cases are admitted with endogenous E. coli infection, it is likely that the upward trend represents an increase in the population susceptibility to E. coli infection, rather than healthcare associated infection.

Sepsis

Reports have found that the incidence of sepsis in the UK is >100,000 annually with 35,000 deaths per year, the incidence has increased by 8-13% over last decade. Sepsis is the third highest cause of mortality in the hospital setting and the most common reason for admission to ITU. Publications suggest that if basic interventions

were reliably delivered to 80% of patients, then the NHS could save 11,000 lives and £150 million (*Ombudsman's report 2014, all parliamentary group on sepsis 2014, NHS England Patient Safety Alert 2014, NCEPOD report 2015*).

National drivers and internal audit has led to a recognition that we need to improve recognition and delivery of sepsis care.

A Sepsis Collaborative was established in September 2014 with our external partners including South East Ambulance (SECAmb), primary care, community and internally from divisions. A driver diagram was created and work streams identified to improve the clinical recognition, initiation and delivery of appropriate treatment and escalation to expert staff. The Trust leads on the regional Sepsis Collaborative across Kent, Surrey and Sussex. SECAmb contributed a “code yellow” alert system, which is now being rolled out across the region that includes pre-hospital diagnosis and management; we plan to extend the ‘code yellow’ alert phase. A sepsis audit tool was developed last year and has been used to capture data and report data in real-time for all future sepsis audits. This model is being adopted so that audit results are directly comparable and we can start gathering together all of the intelligence available. An “ask 5 questions” exercise was undertaken in April 2015 and was used to collect staff responses electronically and was undertaken to establish the baseline level of education of our frontline staff. This includes healthcare assistants and allied health professionals. A combined tick box screening/implementation sepsis tool was completed using a PDSA approach (Plan, Do, Study, Act).

9. Never Event monitoring

Eight Never Events were reported by the Trust in 2015/16. There were a range of these event and they included:

Type of event	Issues and learning identified
Operating on the wrong site (Three incidents related to placing a local/regional anaesthetic on the wrong side or site; there was one on each site. One was a wrong site surgical procedure)	<p>The Stop Before You Block process was not well embedded across the Trust. The involvement of the anaesthetist in the WHO safer surgical checklist and the team brief was inconsistent. The number of distractions for theatre staff also contributed to the incident occurring.</p> <p>Late changes to operating lists need to be communicated in a unified process.</p>
ABO plasma incompatibility	<p>The alert flag on the pathology system had been turned off for a plasma incompatible group O transfusion to a group A patient. Incompatibility for plasma is not the same as for blood – there was lack of awareness of this incompatibility.</p> <p>The blood transfusion policy has been simplified for all blood groups.</p> <p>Ward staff and laboratory staff have been re-trained</p>
Retained items (2) One endobag retrieval system component and one retained tampon	<p>Ensure that disposable items are always checked following removal to confirm they are complete.</p> <p>Guidance for the use of tampon in perineal suturing updated and occasions for use clarified. Inclusion of all items in a formal swab, needle and instrument count.</p>
Misplaced nasogastric tube	<p>Primary checking mechanism remains pH testing; where an aspirate cannot be obtained the secondary check is a chest X-Ray interpreted by a consultant radiologist or intensivist.</p>

There was no harm to six of the eight incidents; one patient required further surgery and one patient died.

10. Patient Safety Alerts

NHS England produces safety alerts following analysis of incidents reported on the National Learning and Reporting System (NRLS). There have been eight alerts in 2015/16. We have a cascade system within the Trust to ensure relevant specialities are aware of the alert, information is disseminated and appropriate actions taken to reduce the risks highlighted within the alert.

These alerts are distributed by the national Central Alerting System (CAS).

There has been some concern nationally about the number of alerts that had not been actioned by NHS Trusts, giving rise to anxiety about the safety of services. In light of this, action has been taken to review and update local processes to ensure that action is taken and progress recorded as required. There are no patient safety alerts with outstanding actions for the year.

A series of external investigations and reports have been commissioned this year to assess the robustness of the approval process for all patient safety alerts. The final report is awaited.

11. Reporting patient safety incidents

When an incident occurs we investigate what happened and record the level of harm caused as a direct result of omissions or commissions in the provision of our services.

Table 11 - Level of harm

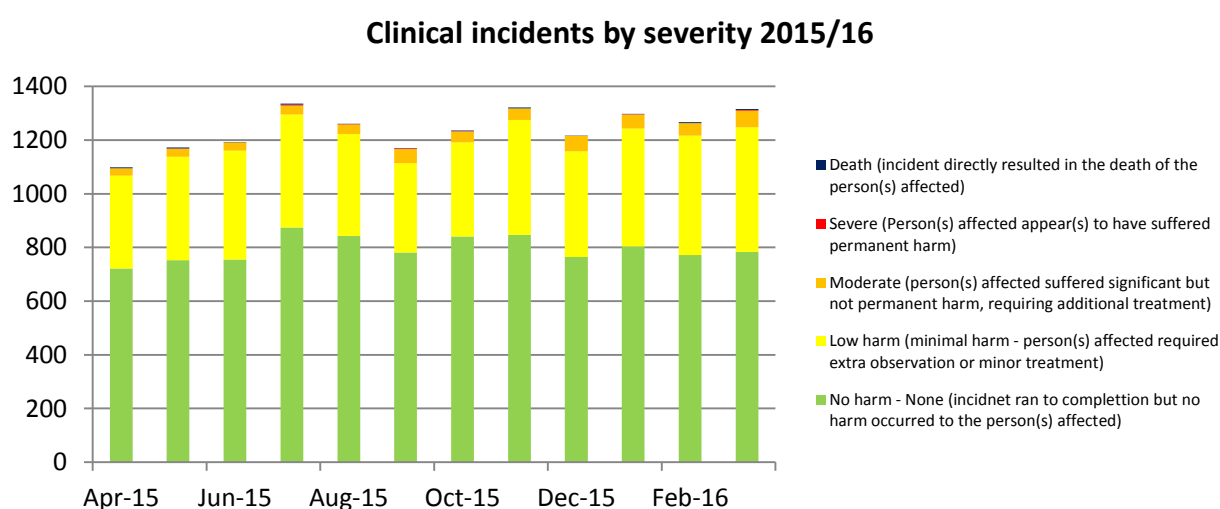
Level	Description
No harm	Impact prevented – any patient safety incident that had the potential to cause harm but was prevented, resulting in no harm to people receiving NHS-funded care. Impact not prevented – any patient safety incident that ran to completion but no harm occurred to people receiving NHS-funded care.
Low	Any patient safety incident that required extra observation or minor treatment and caused minimal harm, to one or more persons receiving NHS-funded care.
Moderate	Any patient safety incident that resulted in a moderate increase in treatment and which caused significant but not permanent harm,

	to one or more persons receiving NHS-funded care.
Severe	Any patient safety incident that appears to have resulted in permanent harm to one or more persons receiving NHS-funded care.
Death	Any patient safety incident that directly resulted in the death of one or more persons receiving NHS-funded care.

We aim to create a strong patient safety culture within the Trust; consequently we anticipate that a high number of incidents are reported whilst we try to reduce the level of harm that occurs as a result of incidents.

All incidents are reported using an electronic system to make it easier for staff to report and then manage the response to incidents. In the last year we reported 14,885 clinical (patient safety) incidents. Our aim is to encourage staff to report incidents and near miss events when they occur (see Figure 10).

Figure 10 - Severity of harm



Every patient safety incident is reported to the National Reporting and Learning System (NRLS), which now compares our data with all acute Trusts every six months. The April 2016 report shows an improvement from the reporting of 38.44 incidents per 1,000 bed days for the period October 2014 to March 2015 to reporting 39.26 incidents per 1,000 bed days for the period April 2015 to September 2015. This also shows an improved position for the Trust when compared with peers and places us above the median threshold at 38.25 incidents per 1,000 beds. We continue to promote and encourage staff to report incidents. We are liaising with staff on an ongoing basis to improve our incident system to support both reporting and learning from incidents.

Within the Trust we aim to follow the NRLS Data Quality Standards Guidance (2009). Accordingly in the last 12 months, we have improved the design of the electronic incident reporting form and introduced regular monthly reviews of data quality.

We support our staff to be open and transparent with patients and relatives when an incident occurs. We formally implemented our “Duty of Candour” guidance for all incidents with a moderate, severe or death categorisation in January 2015; this has continued throughout the 2015/16 financial year. This aims to enable information about incidents and the investigation to be shared in writing with patients and their relatives as soon as practically possible. We have identified a “Candour Guardian” to support staff with this process.

12. Duty of Candour

Duty of Candour (DoC) became law in November 2014. This places a duty on staff to inform patients and/or their representatives of any incidents of moderate, severe harm or death. We must give a sincere, specific apology, the facts as known to date and offer support within ten working days of the incident occurring and follow up in writing about any issues identified.

When an investigation is completed, the patient and/or relative should be given a copy of the investigation report and a letter advising of the findings. We try to do this within ten working days of the final report being approved.

During 2015/16:

There were 521 moderate harm incidents recorded for 2015/16. There is evidence that 184 patients were informed of the harm as reported on Datix; relatives were also informed in 123 cases. Relatives were informed in a further 30 cases due to the patient not being able to be informed. Support and initial facts were given to 13 patients, and a further one apology was given to the patient’s representative of the 19 severe harm incidents. However in only four cases was there recorded evidence on Datix that the patient or relative had been provided with a letter relating to the final outcome of the investigation. There were 27 cases reported relating to the death of a patient. This is presumably due to the incident being discussed with the patient prior to the final outcome. An apology was given to the relative in 12 cases, but there was none recorded in two cases.

Next steps and actions for 2016/17 are:

- Update the training for staff on their responsibilities for duty of candour.
- Revise the information for staff on the Intranet

- Use the Quality, Improvement and Innovation Hubs to support key messages for staff
- Incorporate the duty of candour requirements into all training in incident management.

Learning from incidents

Incident data is used alongside other measures of quality and safety to inform divisional patient safety improvement plans. Learning from Serious Incidents is shared at Governance Boards and the Quality Assurance Board. In addition the local Patient Safety Collaborative for Serious Incidents enables learning to be shared across the Kent locality.

Clinical Shout Out Safety (SOS) Programme

In September 2015, the Trust set up an online process for clinical staff to highlight their ward/department successes, concerns and suggestions, called Clinical Shout Out Safety (also known as [Clinical SOS](#)), which is directly linked to the [Trust's patient safety programme](#) and supports the core principle of encouraging staff to raise concerns about patient safety.

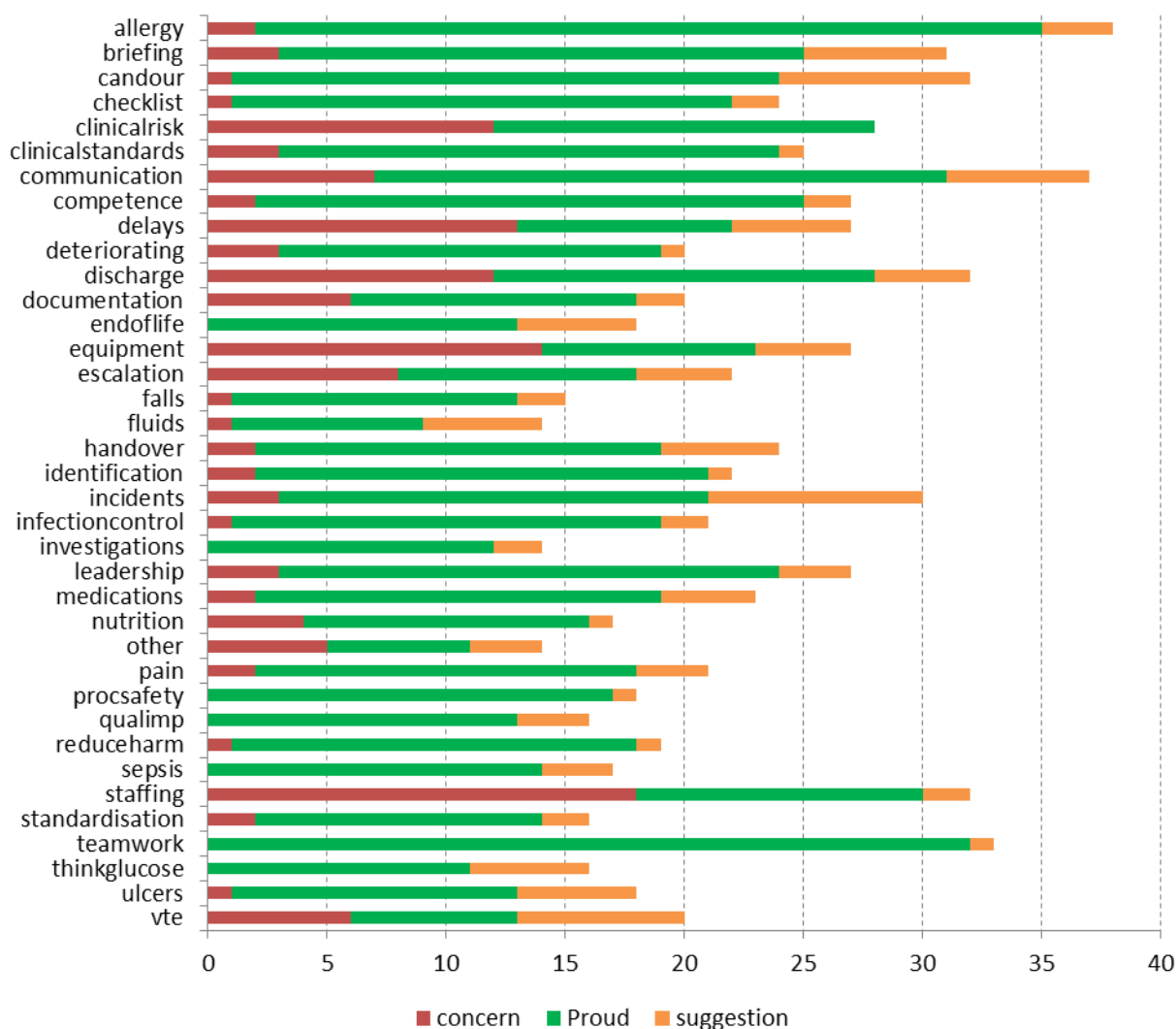
Staff can raise patient safety matters, request for their suggestions and concerns to be escalated and receive feedback if reply details are provided. In order to promote continuously safety and depending on the kind of SOS messages received, these are forwarded, anonymously if required, to the service concerned for actions, information and learning.

SOS messages, and other patient safety indicators, drive divisional safety improvement plans. Staff are therefore invited to fill in a Clinical SOS prior to a [Collaborative Patient Safety Visit](#) (CPSV) taking place. This enables plans and SOS themes (37 A to Z themes) to be discussed during the visit. Following the visit, action plans are:

- Discussed at divisional team meetings
- Monitored through divisional patient safety improvement plans
- Reported in committees

During 2015/16 we:

- Have reviewed and analysed the 76 issues raised (32 were anonymous)
- Reported on key themes within reports to Board committees – Figure 11 shows the issues raised

Figure 11 - SOS patient safety themes raised by staff**Next steps:**

- Reducing avoidable harm requires a commitment to having both a systematic approach to safety and a focus on getting the basics right. Patient safety is everyone's responsibility and it is built upon the actions of individuals. As Clinical SOS becomes more embedded and staff are encouraged to raise concerns, make suggestions or share good practice through [Shout Out Safety](#), the Trust will gather an even stronger picture of safety matters of significance to its workforce and will be able to address these as promptly as possible, hence fostering a safer culture and practice for our patients and staff.
- Identification of a "Freedom to Speak up Guardian" for the Trust.



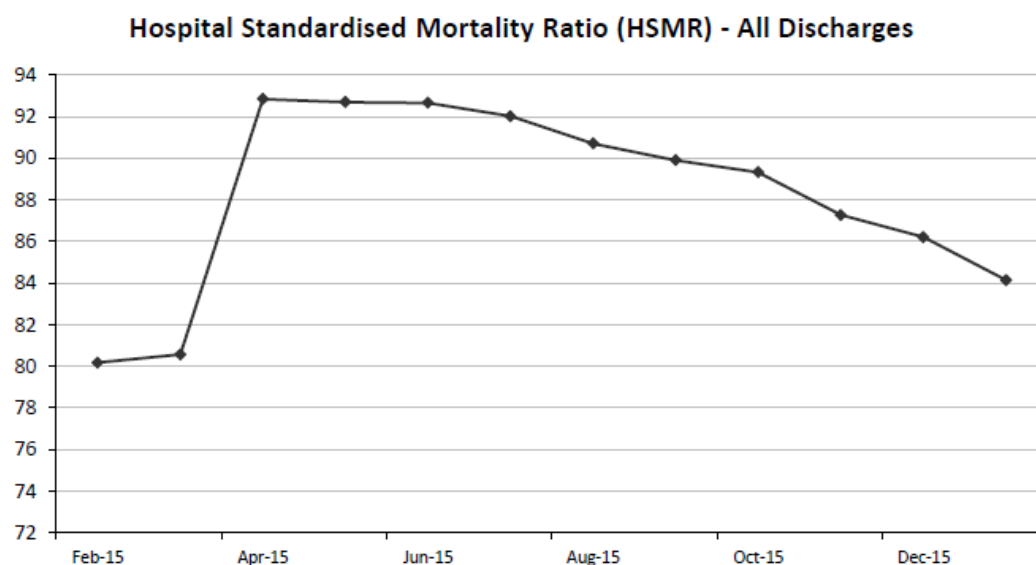
People feel
confident we
are **making a
difference**

3. EFFECTIVE CARE - IMPROVING CLINICAL EFFECTIVENESS AND RELIABILITY OF CARE

1. Mortality reduction

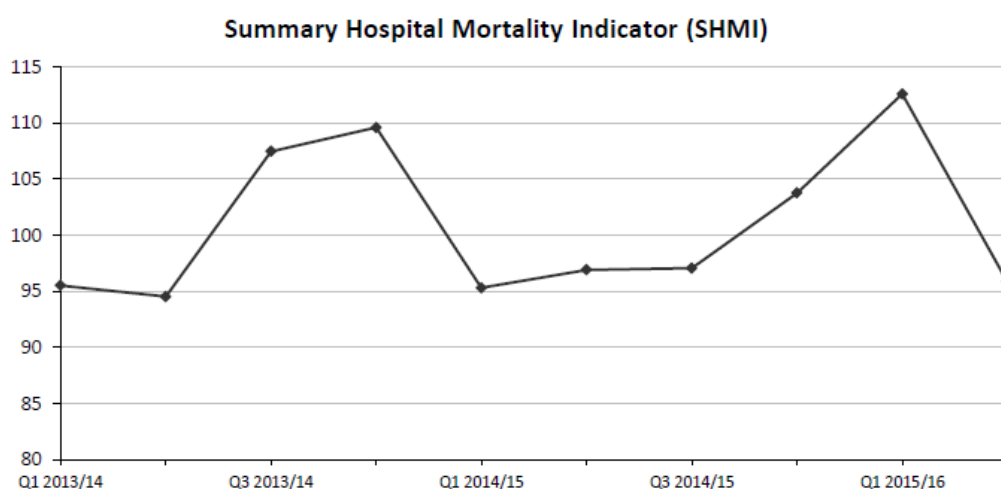
Hospital Standard Mortality Ratio (HSMR) explained

HSMR is a measurement system which compares a hospital's actual number of deaths with their expected number of deaths. The prediction calculation takes account of factors such as the age and sex of patients, their diagnosis, whether the admission was planned or an emergency. If the Trust has a HSMR of 100, this means that the number of patients who died is exactly as predicted. If HSMR is above 100 this means that more people have died than would be expected, an HSMR below 100 means that fewer than expected died. In 2015/16, the latest in year HSMR was 88.11, which means the Trust has a significantly better mortality figure than the national average.

Figure 12 - Hospital Standardised Mortality Ratio (HSMR)

The Summary Hospital Mortality Index (SHMI) is a different way of recording mortality, which takes into account patients who die within 30 days of their discharge from hospital, who are excluded from the HSMR calculation. Our performance since this new measure has been introduced is outlined in Figure 14. The most recent data reported indicate a SHMI value of 1.019 for the year from September 2014 to October 2015. This places the Trust within category 2 and means we have a SHMI that is within that expected nationally.

Using this information we have undertaken a series of speciality mortality reviews where mortality appeared to be higher than our peers.

Figure 13 - Summary Hospital Mortality Index

Next steps

Each division within the Trust will use the information from mortality reviews and link this with their patient safety programmes, which are reviewed by the Patient Safety Board

- The Trust will further develop a process of retrospective case note reviews for all patients who die whilst in our care. This initiative follows the recommendations made in the Mazar's Report published in December 2015.
- The reporting of mortality data to the Board will continue but a dedicated committee will review any death considered to have been avoidable.
- Each division will revise the format of their mortality and morbidity meetings to make it clear how learning from case reviews is embedded across the Trust.
- The teaching "Grand Rounds" across the three sites will refocus the approach on patient safety using a facilitated case review model.

2. Enhancing Quality and Recovery Programme - Reliable Care

The Trust participates in a region wide programme known as "Enhancing Quality and Recovery". The aim of this programme is to record and report how well we perform against a set of evidence-based measures that experts have agreed all patients should receive in a number of clinical care pathways. The programme is now in its fifth year, with the aim of improving quality of care received by patients, and in

2014/15 included the following pathways.

Enhancing Quality pathways:

- Pneumonia
- Heart failure pathway
- Chronic Obstructive Pulmonary Disease (COPD) pathway

Enhanced Recovery pathways:

- Colorectal surgery
- Gynaecology surgery
- Hip and knee surgery

The programmes require us to audit all patient discharges from clinical pathways monthly; this is undertaken three months after the date of discharge for the Enhancing Quality programme, and two months after discharge for the Enhanced Recovery Programme. The reports provide information on our performance and this is benchmarked with our peer acute providers in the region.

During 2015/16 we achieved the target compliance for all Enhancing Quality and Recovery Programme pathways and were awarded the most improved Trust for the performance over the year.

Table 13 - Achievement of Enhancing Quality and Recovery Programme targets
Performance in 2015/16

Summary of performance in 2015/16	
Enhancing Quality	
Pneumonia	✓
Heart Failure	✓
COPD	Baseline data collection only
Enhancing Recovery	
Colorectal Surgery	✓
Gynaecology Surgery	✓
Hip and Knee Surgery	✓

The performance measure is a grouping of a number of measures for each pathway.

The quality performance for 2014/15 and the projected quality performance for 2015/16 is shown below in table 14.

Table 14 – EQ and ERP Quality awards

	2014/15 Quality award	2015/16 Quality award (projected)
Pneumonia	Improvement needed (0-50%)	Moderate achiever (>50-69.99%)
Acute Heart failure	High performer (70-89.99%)	Moderate achiever (>50-69.99%)
ERP Orthopaedics	Excellent performer (90-100%)	High performer (70-89.99%)
ERP Gynaecology	Excellent performer (90-100%)	High performer (70-89.99%)
ERP Colorectal	Moderate achiever (>50-69.99%)	Moderate achiever (>50-69.99%)

Further information on the range of measures is available on request by either emailing general.enquiries@ekht.nhs.uk or phoning us on 01227 766877.

3. End of Life (EoL) care

There have been a number of initiatives developed by the Trust this year and whilst much of this was planned, the feedback given to the CQC by our staff demonstrated they required more support in this complex and often challenging area.

- **Interagency EoL policy** – we have participated in the development of this policy. It has been presented to the EoL Board and will be presented to the Trusts Policy and Compliance Group once it has been ratified by the CCGs.
- **Carers Questionnaires** - Carers experience of EoL care in the Trust has been completed using the VOICES bereavement survey format. Seventy surveys completed out of 300 sent. The overall level of care was rated at 81% for either excellent or good.
- **National EoL Audit** - We again participated in this audit in 2015/16. There are some common themes where learning is yet to be consistently embedded into practice.
- **Documentation (to support staff across the Trust in the care of dying patients)** - The completion of the documentation will be audited every three months and the use of the documentation is incorporated within the questions on the staff survey.
- **Education and Training – General** – The Palliative Care Teams provide training on all F1, F2 and CT (doctors in training) training days. They also provide education and training on clinical areas.
- **Links with Pilgrims Hospices** - Strong links are in place with the Pilgrims Hospice and both the Hospice Medical Director and Director of Nursing are core members of the Trusts End of Life Board.

Next steps

- The EoLC policy will be incorporated in to the Doctors appraisal process.
- A staff survey has been developed to assess areas such as the use of the EoL documentation and how comfortable staff feel in managing dying patients and their carers. This is being rolled out in April 2016.
- Four mandatory learning modules have been proposed – completion of all four will be dependent on the areas where staff work. All staff will need to complete training in EoL.
- Development of an end of life facilitator. The main emphasis will be on training and supporting staff to enable them to provide sustainable good quality care to patients who are dying and the care given to carers of our

dying patients. This post will lead on the regular audits that will determine how the Trust is progressing on the improvements to EoL care in the Trust.

- Collaboration with Macmillan to fund two additional facilitator posts.
- Complete the drafting of local CQUINS for EoL care

4. Patient Reported Outcome Measures (PROMs)

PROMs assess the quality of care delivered to patients from the patient perspective. The EQ-5D is a survey tool that seeks to assess how effective the surgery was by measuring pre- and post-operatively patients mobility, self-care, usual activity, pain & discomfort, and anxiety/depression.

The four procedures are:

- Hip replacements;
- Knee replacements;
- Groin hernia;
- Varicose veins.

The area of greatest improvement is in the primary knee repair category with the other areas showing similar performance to national levels. The adjusted average health gain for all procedures is better than national in all areas. See table 20.

Table 15 - PROMs data – Data provisional for 2014 and 2015

EQ- 5D Index Score - % Patients reporting improvement								
	2012		2013		2014		2015	
Procedure	National	Trust	Trust	National	Trust	National	Trust	National
Groin hernia	51.6	48.1	56.5	50.6	52.0	50.2	49.1	51.1
Hip replacement (primary)	89.4	88.6	86.3	89.3	90.3	90.6	87.7	89.7
Knee replacement (primary)	78.6	67.6	79.0	81.4	81.8	82.2	92.9	82.6
Varicose Vein	52.1	*	*	51.8	*	53.8	*	54.1

* Number of responses too small to be reported

5. Service Improvement and Innovation Team

The SII Teams' mission is closely aligned with the Trusts' Quality and Improvement Strategy (2015-18) in that they aim to enable effective service transformation and sustainment in quality services which are linked to a shared purpose and are:

- Safe
- Person-centred
- Influence an effective workplace culture

The Service II Team have focused on seven core workstreams considered to have the most benefit to the organisation. These were:

1. Reducing agency spend
2. MSK pathway
3. Women's health & maternity
4. Theatre efficiency
5. Site management and patient flow
6. Medicines optimisation
7. Outpatients: productive model

Whilst prioritising these schemes, the SII Team have been involved with over 60 individual service improvement projects. Some examples include:

- Development of the Service Improvement Toolkit, available electronically via the Quality Improvement & Innovation Hub
- Establishment of the Trust-wide Reducing Agency Programme and Internal Approval process
- Establishment of the multi-agency Muscular-Skeletal Programme (EKHUFT, CCG's, KCHFT, Primary Care) and development of an 'ideal pathway'
- Supported the development of the Gynaecology Assessment Unit at WHH (opened August 15)
- Development of the Trust-wide Registered Practitioner-led Discharge process, which has been piloted within Women's' Health
- Completion of a full 'time & motion' exercise across community midwifery, resulting in the use of PAS 'in real time' for antenatal appointments
- Developed a Trust's Capacity & Demand Escalation Plan, the Integrated Discharge Policy and the Direction of Choice Policy
- Developed and implemented a Discharge to Assess model and, more recently SAFER Patient Flow (in progress)
- Managed the 80 Health & Social Care Village beds, across four care homes.
- Supported the Sepsis Collaborative and Sepsis Awareness Week
- Undertook process reviews of unplanned readmissions, recruitment of staff, Emergency Department to Radiology, Histopathology

- Supported the introduction of the theatres 'On Offer' lists
- Completed a 'time & motion' exercise through theatres to help identify issues which impact on turnaround times



People feel **cared** for,
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4. AN EFFECTIVE WORKPLACE CULTURE TO ENABLE QUALITY IMPROVEMENT

Improving internal communication and staff engagement

Attention on embedding engagement has continued to increase as part of the cultural change programme. One key area, which will have a positive impact on engagement, is an effective two-way communication process. The Trust's team brief process is currently being reviewed and a group has been identified to pilot a new approach.

The Culture Change Programme was launched at the Trust at the beginning of 2015. It has had three key areas of focus:

- Leadership & management development
- Communications & engagement
- Bullying & harassment

Agreed key measures for the programme include the annual NHS Staff Survey results.

Progress to date has included a revised policy and process for staff to raise concerns, 'job shadowing' and regular blogs by the executive team and a number of options developed to support staff who feel they are being treated inappropriately.

We have implemented a range of clinical leadership programmes for our staff that focus on improving leadership capacity and capability to deliver our Quality and Improvement Strategy focussed on person-centred, safe and effective care through effective workplace cultures. We will aim for all of our clinical leaders to undertake this programme over the next three years. The programmes focus on learning in the workplace through self-assessment, practice related 360 feedback from patients and colleagues, observations of care and peer review. The programmes are built around our Shared Purpose Framework which informs our Quality Strategy and key competences related to each element are career-level specific to enable a clear development framework for our clinical leaders.

2015/16 performance

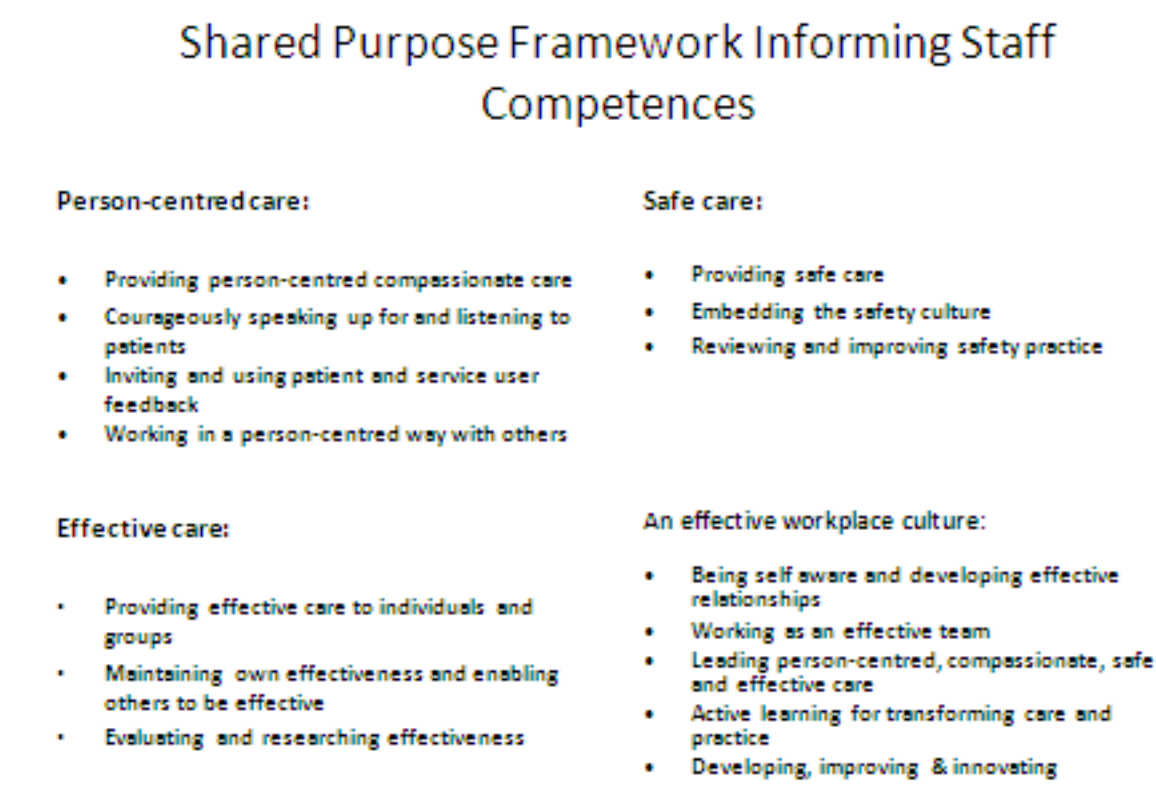
- Our latest staff Friends and Family Test (FFT) has shown a 6% decrease in staff who say they would recommend the Trust as a place to work (49% compared to 55% previously).
- We have also seen a slight decrease in staff recommending the Trust for treatment with this quarter's result being 74% compared to 78% previously. The detailed data is currently being examined by divisions in order to identify the specific areas of action and improvement that we need to undertake with support from Human Resources

Next steps – During 2016/17 we will:

- Report quarterly on the results of Staff Friends and Family tests
- Evaluate the leadership development programme
- Report the results of NHS Staff Survey – annually
- Develop internal staff surveys using survey monkey

Along with these formal measures, informal feedback from staff is being sought continuously. The focus on cultural change and the overall 'Improvement Journey' at EKHUFT is beginning to have a positive impact on staff.

Figure 14 - Shared Purpose Framework competences



1. Quality Improvement and Innovation Hub - connecting us to be the best

The Quality Improvement and Innovation Hub is a resource intended for all staff to help them improve, develop, inquire and innovate into their practice and work. The Hub is structured around the four purposes and has co-leads for each purpose to enable an integrated approach across all organisational priority areas linked to quality including service improvement, research and development. Material is being added according to a project plan. Reviewers have been identified for testing the site. Plans for integrating videos to enable achievements to be shared in a user-friendly and engaging way through iPhone configuration is being developed.

Part 2 - Priorities for Improvement and Statements of assurance from the Board

During 2015/16 the East Kent Hospitals University NHS Foundation Trust provided and/ or sub-contracted 100% of NHS services.

The EKHU has reviewed all the data available to them on the quality of care in 100% of these NHS services.

The income generated by the NHS services reviewed in 2015/16 represents 100% of the total income generated from the provision of NHS services by the East Kent Hospitals University NHS Foundation Trust for 2015/16.

1. Clinical Audit

Participation in clinical audits

During 2015/16, 41 national clinical audits and four national confidential enquiries covered relevant health services EKHUFT provides. During that period the Trust participated in 82% national clinical audits, and 100% of national confidential enquiries, of the national clinical audits and national confidential enquiries which it was eligible to participate in. Two projects did not require data collection during the reporting period and the Trust did not participate in three audits that it qualified to participate in.

The Trust does not participate in every national audit, with the exception of those classified as mandatory. A formal value judgement is applied by the members of the Clinical Audit and Effectiveness Committee (CAEC) to each audit to assess the overall benefits and resources required to participate.

The national clinical audits and national confidential enquiries that East Kent Hospitals University NHS Foundation Trust participated in, and for which data collection was completed during 2015/16, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry. The national clinical audits and national confidential enquiries that East Kent Hospitals University NHS Foundation Trust was eligible to participate in during 2015/16 are as follows:

Table 16: National confidential enquiries and national audits

National audit/Enquiry	Participation	Percentage of cases included	Actions
Acute care			
Adult Asthma	✓	Audit data not required	National data collections planned for later in 2016/17
Adult Community Acquired Pneumonia	✓	To start March 2015	Data entry closes 31/05/2015
Case Mix Programme (ICNARC CMP)	✓	100 across the 3 main sites	Has supported a business case for the expansion of ITU. Resus Team review results and actions monthly
Emergency use of oxygen	✓	30 records across 3 main sites	No national report published for 2015
Major Trauma: The Trauma Audit & Research Network (TARN)	✓	Data completeness 100 Data accreditation 98.7	Results taken to the monthly Trauma Board Meetings which are saved onto SharePoint.
National Joint Registry (NJR)	✓	89.08 (1,760 cases submitted)	Validation highlighted concerns over data quality which is being addressed. Actions monitored at divisional level
National emergency laparotomy audit (NELA)	✓	QEQM 71 WHH100	Intra-operative cardiac output monitoring equipment requested as part of capital programme for 2016/17. Excellent performance against national peers
Non-invasive ventilation - adults	X		
Patient Outcome and Death (NCEPOD) a) Mental Health b) Acute Pancreatitis c) Sepsis	✓	a) 100 b) 87 c) 100	Presenting to Patient Safety Board. Process now in place for all NCEPOD audits

Blood & Transplant			
<p>National Comparative Audit of Blood Transfusion</p> <p>1. The National Comparative Audit of the use of Patient Blood Management in Scheduled Adult surgery</p> <p>2. The National Comparative Audit of the use of Red Cells and Platelets in Adult Haematology patients</p>	✓	<p>1. 100</p> <p>2. Registration stage only – no minimum data figure set</p>	<p>1. Re-audit in summer 2016</p> <p>2. Report due in July 2016</p>
Cancer			
Bowel cancer (NBOCAP)	✓	83	Information team to attach 90 day mortality rates to the reports annually to provide the Surgeons with more specific data
Head and neck oncology (DAHNO)	✓	<p>100 as of 31/10/14 (final submission)</p> <p>851 patients in total</p>	Introducing MDT checklists in order to improve data entry and results
Lung cancer (NLCA)	✓	86	CNS are now very engaged and the data will be monitored on a monthly basis.
National Prostate Cancer Audit	✓	<p>Number of expected cases = 247.</p> <p>Case ascertainment % of expected cases with NPCA record and at least 1 TNM = 44</p>	Report published in November 2015 and actions being identified
Oesophago-gastric cancer (NAOGC)	✓	100	Not being reported until December 2016
Heart			
Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	✓	Data collection not yet required	Data collection September to October 2016

National Vascular Register also contains the Carotid Intervention audit (CIA), which was previously listed separately in QA:	✓	88 (National figure only available)	Achieving all targets. Results are presented at both NHS trust and surgeon level.
Congenital heart disease (Paediatric cardiac surgery) (CHD)	x	-	Not applicable to the Trust
Adult cardiac surgery audit (ACS)	x	-	Not applicable to the Trust
Cardiac Rhythm Management (CRM) (NHS Service information link)	✓	100	No current actions – register rather than an audit. Data completeness <90% to be improved
Coronary Angioplasty/National Audit	✓	100	Breaches for pPCI are discussed and actions taken forward at a monthly meeting. Data validation in place. Data collection still underway. Next report expected November 2015
Heart failure (Heart Failure Audit)	✓	Trust 2014: Total admissions submitted = 554. Heart failure admissions = 395	The reporting year runs from 1st April – 31st March 2016 but is not yet available.
Cardiac arrest (National Cardiac Arrest Audit)	✓	96	Currently used as a monitoring report rather than to inform clinical change. Resus Team review results and actions monthly
Pulmonary hypertension (Pulmonary Hypertension Audit)	x	-	Not applicable to the Trust
Long term conditions			
Paediatric Diabetes (NPDA)	✓	90	No current actions – awaiting audit findings
Renal replacement therapy (Renal Registry)	✓	100	Exception reporting takes place monthly. Report a year in arrears 2015 data collection just commencing

Chronic kidney disease in primary care*	x	-	Not applicable to the Trust
Diabetes (Adult) ND (A) includes national inpatient audit (NPDIA)	✓	3	No current actions - data collection is still underway
Inflammatory bowel disease (IBD)	✓	<25%	No cases have been entered for this audit since this phase begun on the 1st March 2015. Data now being submitted from December 2015
National Chronic obstructive Pulmonary Disease (COPD) Audit Programme	✓	92	Task and finish group responsible for COPD Pathway design and recruitment of Respiratory Nurses
National Chronic obstructive Pulmonary Disease (COPD) Audit Programme – secondary care	✓	N/A	No report published in 2015/16. Data collection on 2017
National Chronic obstructive Pulmonary Disease (COPD) Audit Programme – Limited to Wales	X		Limited to Wales
National Ophthalmology Audit	X		The trust will participate in the 2016/17 audit
Rheumatoid and early inflammatory arthritis	✓	100	No current actions – local data collection is still underway.
UK Parkinson's Audit (previously known as National Parkinson's Audit)	✓	100 In registered elderly care 0 In neurology	The Trust did not fully participate
UK Cystic Fibrosis Registry	✓	Not available	The patients with cystic fibrosis treated at the trust will be participating but will be part of a regional network
Child Health Clinical Outcome Review (NCEPOD) is part of this programme.	✓	Not available	Data collection will be starting in the next few weeks so EKHUFT have not submitted any cases.
Mental Health			

Mental health (care in emergency departments)	✓	87	No current actions – awaiting audit findings
Prescribing in mental health services (POMH)	x	-	Not applicable to the Trust
Suicide and homicide in mental health (NCISH)	x	-	Not applicable to the Trust
Older People			
Falls & fragility fracture audit programme	✓	Delirium = 54.3 BP = 54 Medication = 67 Vision = 60 Mobility aid = 58 Continence = 60 Call bell = 79	Validation on-going and monthly reports issued one month in arrears. Falls reduction planned in 2016/17 improvement programme
Sentinel Stroke National Audit Programme (SSNAP) 1. Organisational 2. Clinical Audit	✓	1. 100 2. Kent and Canterbury Hospital = 80-89 Queen Elizabeth the Queen Mother Hospital = 80-89. William Harvey Hospital = >90	Quarterly reports are produced and any actions are discussed at the monthly Stroke Pathway Meetings
National Audit of Dementia	x		Trust not participating in the pilot audit
Older people (care in emergency departments)	✓	88.5	No current actions – awaiting audit findings
Other			
<i>Elective surgery (National PROMs Programme)</i>	✓	% unknown - 65 completed April-Sept	To produce a monthly PROMs Dashboard. Surgical leads are in place who will review the reports

		2014	and identify any appropriate responses needed to any adverse results.
National Audit of Intermediate Care	x		Not applicable to the Trust
British Society for Clinical Neurophysiology (BSCN) and Association of Neurophysiological Scientists (ANS) Standards for Ulnar Neuropathy at Elbow (UNE) testing			Awaiting information regarding participation to be received
Women & Children's Health			
Fitting child (care in emergency departments)	✓	100	No current actions – awaiting audit findings
Epilepsy 12 (Childhood epilepsy audit)	✓	0	The Epilepsy 12 Audit has been completed for the organisational audit but there were problems with data entry for the clinical audit element of the audit
Maternal newborn & infant clinical outcomes review programme (MBRRACE-UK)	✓	95	This is a mortality register and the deaths are reviewed as part of the on-going mortality reviews. Awaiting Lead to be identified.
Neonatal intensive and special care (NNAP)	✓	2015 figures not yet available from national centre	Pulling existing information from NICU/SCBU's "Badger" system every quarter.
PICANet (Paediatric Intensive Care)	x	-	Not applicable to the Trust

Note: those audits that have been greyed out are not applicable to this Trust.

The reports of 100% of national audits were reviewed by the provider in 2015/16 and East Kent Hospitals University NHS Foundation Trust intends to take the actions outlined in Table 16 to improve the quality of healthcare provided.

The reports of 330 local audits were reviewed by the provider in 2015/16 and East Kent Hospitals University NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided.

We looked at the findings from local clinical audits this year and we will take the following actions to improve the quality of healthcare provided. A full list of actions can be provided on demand but for the purposes of this report it was felt inappropriate to list all the actions as the number is considerable, therefore, a sample of actions identified through the clinical audit programme are listed in table 17 where the audit was at a stage to identify actions.

Table 17: Actions identified following local audits

Audit	Action
CQUIN Audit of Sepsis Screening Tool and Antibiotic Prescribing	Sepsis screening tools in use across Trust in Accident & Emergency Departments, Paediatrics, Surgical Assessment Unit and Maternity
	Antibiotic prescribing within 1 hour of admission improved from 53% of patients to 74% of patients
	“Sock it to Sepsis” Day carried out at the 3 main hospital sites to raise Sepsis awareness and management
	Sepsis guidance in the form of cards distributed to staff
CQUIN Audit of AKI diagnosis and treatment in hospital and the plan of care to monitor kidney function after discharge	AKI Specific Electronic Discharge Notification introduced to give guidance and collect data regarding compliance
	Education sessions for doctors carried out at induction
	Doctors not performing well identified and educated
	Compliance improved from 19% of patients to 52%
Audit of Compliance with the HOUDINI Pathway Post Introduction of HOUDINI Trust Wide (AD/024/15)	HOUDINI pathway in use throughout the Trust
	Audit report disseminated to <ul style="list-style-type: none"> • Ward Managers • Matrons • Divisional Heads of Nursing • Divisional Governance Teams
	The Deputy Director Infection Prevention and Control will, in conjunction with the Clinical Audit Department, develop a HOUDINI data collection tool for online use to be used by the Divisions to support the improvement of compliance with HOUDINI principles
Enhancing Quality Heart Failure Audit (Merged with National Heart Failure Audit)	Bi monthly multi-disciplinary meetings carried out to discuss findings, actions and concerns
	Pathway implemented between Community and Acute trust

Audit	Action
July 2015)	Heart Failure Nurses in post
	On average 90% of patients received all of the relevant measures at the point of merging with the National Heart Failure Audit
Enhancing Quality Community Acquired Pneumonia Audit (UC/014/15)	Plan to develop CAP Bundle in conjunction with the implementation of the COPD Bundle
	Results presented to Respiratory Clinicians at Chest Forum
	Results presented to the Quality Assurance Board
	Enhancing Quality end of year target met
Use of the DNA CPA form 2014 (AD/006/14)	Incorporated the audit recommendations & actions into the deteriorating patient programme & reported to the Patient Safety Board
	Include in individual ward audits carried out as part of Frontline Fridays and provide instant feed- back to teams
	Discussed with the End of Life board the idea of combined limitation of treatment form with a DNACPR form to provide clarity for patients, staff & families regarding the level of treatment to be provided
	Advanced communication training offered
OA Conservative Thumb Management (A/152/13)	Provision of information to all patients attending the class about the treatment and care they should be offered and the service providing their care
	Access to 'Understanding Osteoarthritis' NICE guidance for all patients
	Carry out a re-audit
Waste medicines destroyed when have potential re-use (A/106/12)	Devised medications checklist to go with drug chart/medical notes
	Updated existing 'blue-lidded' bin poster with sentence 'patient's name and other identifiable information should be discarded as confidential waste'
	Standardised existing poster made by Pharmacy K&CH across

Audit	Action
	the Trust
	Added label from Pharmacy on any inpatient items over £2 in value stating "High cost: return to Pharmacy if un-used".
Lumbar Puncture (A/170/13)	Meeting between Consultants held to gather opinion on pain management, position and the way of consent taking.
	Produced Local guideline for Lumbar Puncture
Mouth Care and Oral Hygiene (A/083/12)	Policy written to include updated oral hygiene guidelines
	Awareness day held in Quality Hubs
	Screensaver put onto computers for one week, article in Trust news and regular newsletters to raise awareness
Tissue viability audit 2015 (AD/005/15)	Presentation at Link Nurse study day and pressure ulcer steering group
	Set reduction trajectory & on- going monitoring hospital acquired heel ulcers
	On- going monitoring access to mattresses
	Re-audit in 12 months
Audit of use of the Purple Syringe (AD/003/15)	Shared the results with ward/department managers and matrons
	Encouraged managers to carry out regular independent audits using packs previously sent out with information sheet explaining who to ask for advice
	Medicines management training reviewed to ensure that use and management of purple syringes is covered appropriately
	Re-audit in 12 months
Falls assessment and intervention re-audit 2014 (UC/029/14)	Amended FRACP to clearly demonstrate if a risk is not present
	Developed bespoke ward based audit for completion by ward Falls Link Workers monthly
	All F1/2 falls training sessions now include need for measurement
	New algorithm for the management of postural hypotension

Audit	Action
	Ward based training sessions provided in accordance with the Meridian heat maps
	Re circulated ordering links for socks
	All three sites registered for national audit and confirmed intent to complete the project
Audit of the use of the Transfer Checklist SBAR 2015 (AD/002/15)	Posters & transfer policy sent to all heads of divisions, ward managers & on boards within all sites A&E, CDU & education centres
	Education campaign – incorporated posters & transfer issues into induction programme for junior doctors as a rolling process
	Displayed posters on a stall for the Quality improvement & innovation Hub
	Re-enforced protocol that no patient should be transported by SECAMB or NSL without an appropriately completed SBAR
Therapy Internal Professional Standards Re-Audit (SU/001/14)	Developed clearer guidance to support completion of the audit tool, via guidelines and PowerPoint slides
Management of Encephalitis – 2015 (UC/002/15)	Development of practical diagnostic algorithm
Adherence to Low Priority Protocol in Dermatology Surgery (SP/003/15)	Presentation in local departmental teaching event (Research and Audit meeting)
NSAIDS ERP (SS/050/14)	Changed the seven day NSAID abstinence policy
	Encouraged intra- and post-operative NSAID prescribing and administration
	Increased awareness amongst anaesthetists, surgeons and ward nursing staff that NSAIDS ok for short courses in patients with sensitivities to long-term use.
	Raised awareness among anaesthetists regarding the benefits of NSAID usage post-arthroplasty through presentation
	Raised awareness of solutions to enable usage for as many patients as possible through Discussion with ward pharmacists,

Audit	Action
	nursing and medical staff in ERP meetings
Re-audit of One Stop Cataract Clinics (SS/029/14)	Reviewed pathway for transfer of information between services (External Providers to Trust) Reviewed pre-assessment criteria with day surgery to consider alternatives Enabled communication between waiting list office / pre-assessment and clinics to ensure seamless pathway for patients Met with senior staff on each site to ensure safe staffing levels are in place
Feverish children (UC/025/14)	Febrile children advice card implemented Printed out traffic light sign and place on notice board
Audit of documentation of End of Life Care, Post withdrawal of LCP	Development of End of Life Care Strategy and Action plan for EKHUFT via Small task and finish group formulated from EOL board Development of bereaved relatives survey Development of a draft training matrix Retrospective audit of 20 EOL care conversation forms per site to be carried out following implementation
Still Births (SP/020/14)	Updated checklist Created leaflet based on RCOG leaflet on stillbirth and include information on lactation and contraception Teaching session planned for all trainees especially senior trainees on consenting for post mortem after still birth
Children receiving Systemic Therapy within Dermatology (SP/025/14)	Create database for all paediatric patients taking immunosuppressant therapy Drug initiation sticker for medical notes implemented -to ensure accurate documentation and that monitoring blood tests are performed Specialist nurse enrolled to educate families and oversee monitoring and encourage compliance. Presented Poster at BAD event to highlight this issue.

2. Participation in clinical research

The number of patients receiving relevant healthcare services or sub-contracted by EKHUFT in 2015/16 that were recruited during that period to participate in research approved by a research ethics committee was 1553. A league table produced by the National Institute for Health Research published in October 2015 showed the Trust had increased the number of people participating in research studies by just over 40 per cent. This means the Trust is now 45th in the national performance for clinical research.

A key overriding government goal for the NHS is for every willing patient to be a research participant, enabling him or her to access novel treatments earlier. The formation of Academic Health Sciences Networks (AHSNs) has supported the

Academic Health Science Centres to build on their models of accelerating adoption and diffusion, and will present a unique opportunity to align education, clinical research, informatics, innovation, and healthcare delivery.

EKHUFT remains committed to improving the quality of care we offer and to making our contribution to wider health improvement. The Trust wishes to provide better care to patients and the local population by bringing sustainable transformational change to health research, development and innovation in east Kent.

Our Research, Development and Innovation Strategy focuses on:

- Fostering a vibrant research, development and inquiry culture in practice;
- Growing our staff's capability and capacity across a broad range of approaches, methodologies and methods to enable all the factors that influence patient outcomes and experiences to be embraced locally;
- Growing our own research so that EKHUFT researchers substantially increase research and innovation outputs and impacts;
- Supporting the research endeavours led by others through increased recruitment to NIHR portfolio-adopted and commercially funded studies.

3. Information on the use of the CQUIN Framework

A proportion of East Kent Hospitals University NHS Foundation Trust's income in 2015/16 was conditional upon achieving quality improvement and innovation goals agreed between East Kent Hospitals University NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of NHS services, through the Commissioning for Quality and Innovation payment framework (CQUIN).

The monetary total for income in 2015/16 conditional upon achieving quality improvement and innovation goals was £ 9,907,771 including £1,005,231 related to Specialised Services provided. This was 2.5 per cent of the contract values.

Details of the 2015/16 CQUIN programme are listed below in Table 18: The Trust achieved 40 per cent of the Acute Kidney Injury and 50 per cent of the Sepsis scheme.

Table 18 - CQUIN performance

	CQUIN SCHEDULE 2015/16			
	General Services Schemes	% value	*£000s (est.)	Origin
1	Acute Kidney Injury	0.25	360	NATIONAL
2	Sepsis	0.25	450	NATIONAL
3	Improving diagnosis of dementia	0.25	900	NATIONAL
4	Chronic Obstructive Pulmonary Disease (COPD) pathway	0.4375	1,575	LOCAL
5	Diabetes pathway	0.4375	1,575	LOCAL
6	Heart failure pathway	0.4375	1,575	LOCAL
7	Over 75s frailty pathway	0.4375	1,575	LOCAL
	Total Value	2.50%	8,903	

	CQUIN SCHEDULE 2014/15			
	Specialised Services Schemes	% value	*£000s (est.)	Origin
1	Clinical Utilisation Review Installation and Implementation (CUR1)			NATIONAL
2	Clinical Utilisation Review Benefits Realisation - Impact (CUR2)			NATIONAL
3	Clinical Utilisation Review Benefits Realisation - Reporting (CUR3)			NATIONAL
4	Hepatitis C Networks (IM1)			NATIONAL
5	Oral Chemotherapy usage/wastage (CB3)			NATIONAL
6	Breast Chemotherapy (Oncotype DX test) (C6)			NATIONAL
7	To Reduce Delayed Discharges from ICU to Ward Level Care (Local 1)			NATIONAL
8	Neonatal Admissions (WC7)			NATIONAL
	Total Value	2.40%		

* Support for Operational Delivery Networks was a mandatory payment and was therefore not rated. The specialised services CQUINs were not finalised with our commissioners and therefore no financial penalty will be incurred.

The value of the 2015/16 CQUIN programme is estimated to be worth £9.9m pounds. Further details of the agreed goals for 2016/17 and for the following 12 month period are available electronically or on request by contacting:

East Kent Hospitals University NHS Foundation Trust Headquarters
Kent and Canterbury Hospital
Ethelbert Road
Canterbury
Kent
CT1 3NG

e-mail: general.enquiries@ekht.nhs.uk

Phone: 01227 766877

Fax: 01227 868662

4. Information relating to registration with the Care Quality Commission (CQC) and periodic / special reviews

The Care Quality Commission (CQC) is a regulatory body that makes sure hospitals, care homes, dental and GP surgeries, and all other care services in England provide people with safe, effective, compassionate and high quality care. The Trust, like all other NHS organisations is registered with the CQC to carry out its day-to-day function of providing care and treatment to patients, the majority of whom live in east Kent. East Kent Hospital University NHS Foundation Trust is required to register with the CQC and its current registration status is registered without conditions.

The CQC has not taken enforcement action against East Kent Hospital University NHS Foundation Trust during 2015/16.

East Kent Hospitals University NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

Trust-wide investigation

The East Kent Hospital University NHS Foundation Trust participated in a CQC inspection for the second time, week commencing 13 July 2015.

The CQC report was published on 18 November 2015 and the Trust was rated as “requires improvement” overall. Specifically the following ratings were applied overall in respect of the five CQC domains:

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

The detailed ratings for each of the five sites inspected are outlined below:

William Harvey Hospital

	Safe	Effective	Caring	Responsive	Well-Led	Overall
A&E	Inadequate	Inadequate	Requires Improvement	Requires Improvement	Inadequate	Inadequate
Medicine	Requires Improvement	Requires Improvement	Good	Requires Improvement	Good	Requires Improvement
Surgery	Good	Requires Improvement	Good	Requires Improvement	Good	Requires Improvement
Critical Care	Requires Improvement	Good	Good	Good	Good	Good
Maternity & Gynae	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement
Services for Children & YP	Requires Improvement	Good	Good	Good	Requires Improvement	Requires Improvement
EOLC	Requires Improvement	Inadequate	Good	Requires Improvement	Requires Improvement	Requires Improvement
OPD & Diagnostics	Good	Not rated	Good	Requires Improvement	Good	Good
Overall	Requires Improvement	Inadequate	Good	Requires Improvement	Requires Improvement	Requires Improvement

Queen Elizabeth the Queen Mother Hospital

	Safe	Effective	Caring	Responsive	Well-Led	Overall
A&E	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement
Medicine	Requires Improvement	Requires Improvement	Good	Requires Improvement	Good	Requires Improvement
Surgery	Requires Improvement	Good	Good	Requires Improvement	Good	Requires Improvement
Critical Care	Requires Improvement	Good	Good	Good	Good	Good
Maternity and Gynaecology	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement
Services for Children & YP	Requires Improvement	Good	Good	Good	Requires Improvement	Requires Improvement
EOLC	Requires Improvement	Inadequate	Good	Requires Improvement	Requires Improvement	Requires Improvement
OPD & Diagnostics	Good	Not rated	Good	Good	Good	Good
Overall	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement

Kent & Canterbury Hospital

	Safe	Effective	Caring	Responsive	Well-Led	Overall
Minor Injuries Unit	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement
Medicine	Requires Improvement	Requires Improvement	Good	Requires Improvement	Good	Requires Improvement
Surgery	Requires Improvement	Good	Good	Requires Improvement	Good	Requires Improvement
Critical Care	Requires Improvement	Good	Good	Good	Good	Good
Services for Children & YP	Good	Good	Good	Good	Good	Good
EOLC	Requires Improvement	Inadequate	Good	Requires Improvement	Requires Improvement	Requires Improvement
OPD & Diagnostics	Good	Not rated	Good	Good	Good	Good
Overall	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement

Buckland Hospital – Dover

	Safe	Effective	Caring	Responsive	Well-Led	Overall
Minor Injuries Unit	Requires improvement	Good	Good	Good	Good	Good
Services for Children and Young Persons	Good	Good	Good	Good	Good	Good
OPD & Diagnostics	Good	Good	Good	Requires improvement	Good	Good
Overall	Good	Good	Good	Good	Good	Good

Royal Victoria Hospital – Folkestone

	Safe	Effective	Caring	Responsive	Well-Led	Overall
OPD and Diagnostics	Good	Not rated	Good	Requires improvement	Good	Good
Overall	Good	Not rated	Good	Requires improvement	Good	Good

Special Measures

The CQC held a Quality Summit on 16 November 2015 attended by the Trust, Monitor, Commissioners, Kent HealthWatch and other local stakeholders to start planning the actions needed in order to make the necessary improvements. Following the Quality Summit and as a direct consequence of the findings made by the CQC the Trust remained in Special Measures during the 2015/16 financial year and is subject to enforcement action. Monitor found the Trust to be in breach with the following provisions of condition FT4 - FT4 (4)(b & c); FT4(5)(a - f); FT4(6)(c-f); FT4(7) of its Provider Licence.

Since being found in breach the Trust has commissioned and responded to a number of external reviews and following these Trust has put in place action plans to deliver the improvements. Progress against these plans is monitored on a monthly basis. The improvements focus on senior leadership, board processes and systems and organisational effectiveness. The enforcement action relates to ensuring that the Trust has in place sufficient and effective board, management and clinical leadership capacity and capability, as well as appropriate governance systems and processes. A date for a further inspection has not yet been set; however, this is anticipated in the 2016/17 financial year.

Detailed action plans and a High Level Improvement Plan were developed to address the key findings and the “must do” issues identified by the CQC. The Improvement Plan is extremely detailed, setting out how the Trust will make changes across the whole organisation. Six key work streams have been identified (below), and progress has been updated progress on a monthly basis:

- Culture and leadership
- Governance arrangements including data quality

- Workforce and staffing
- Patient experience and complaint management
- Children's services
- Outpatient services.

Monitor appointed an Improvement Director, Mrs Susan Lewis to assist in the delivery of these areas for improvement. The Improvement Plan was submitted to the CQC, Commissioners and other local stakeholders on 23 November 2015.

As an organisation, the Trust is aware that whilst taking effective, fast-acting steps to get the Trust out of Special Measures, over the longer term, there will be wide-ranging actions across all specialties that will need to take place to ensure we keep improving.

5. Data quality - NHS Number and General Medical Practice Code Validity

The East Kent Hospitals University NHS Foundation Trust submitted records during 2015/16 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data which included the patient's valid NHS number and/or included the patient's valid General Medical Practice Code was:

Table 19 - NHS Number and General Medical Practice Code Validity

Category	2012/13 (%)	2013/14 (%)	2014/15 (%)	2015/16 (%)
NHS Number				
% for admitted care	99.89	99.8	99.7	99.6
% for outpatient care	99.99	99.9	99.9	99.9
% for A&E care	99.43	98.9	99.03	99.16
General Medical Practice Code				
% for admitted care	99.99	100	99.9	100
% for outpatient care	99.99	100	99.9	100

% for A&E care	100	100	100	99.9
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6. Information Governance Toolkit attainment levels

East Kent Hospitals University NHS Foundation Trust's Information Governance Assessment Report overall score for 2015/16 was 75% and was graded "green". This is an improved position from 2015/16.

7. Clinical coding

East Kent Hospitals University NHS Foundation Trust was subject to an Information Governance Clinical Coding Audit during the reporting period by the Health and Social Care Information Centre (HSCIC) and the error rates reported in the latest published audit for that period for diagnosis and treatment coding (clinical coding) were:

Primary diagnosis –	93.00%
Secondary diagnoses –	93.19%
Primary procedure –	92.75%
Secondary procedure –	88.96%

The audited episodes were selected at random from coded data created during quarter two of the 2015/16 financial year. The sample consisted of activity from General Medicine, General Surgery, Obstetrics, Urology, Orthopaedics, Pain Medicine, Elderly Medicine, ENT, Oral Surgery, and Gastroenterology; however activity coded by the Spencer Wing was excluded. These results should not be extrapolated further than the actual sample audited.

In addition to the annual IG audit, the Clinical Coding department also implemented a programme of individual coder audits during 2015/16. The minimum pass criterion was set at 90% for primary diagnosis and procedures. 75% of those audited passed at the first attempt with results in excess of 90%. Those who did not achieve the minimum standard, were re-audited three months later and all secured the desired percentages. This initiative is set to continue during 2016/17 with the first round of audits commencing in June 2016 with the minimum pass criteria for primary diagnosis and procedure being set at 93% accuracy.

To continue with the improvement of clinically coded data, the department has also procured a sepsis audit. The auditors will meet with the AHSN KSS sepsis lead

ahead of its commencement. The aim of the audit is to improve the accuracy of sepsis clinical documentation thus ensuring that the coded data is more representative of the cases being treated by the organisation.

8. Friends & Family Test (FFT)

The Friends and Family Test asks how likely a person is to recommend the ward or A&E department to their friends or family. The scoring ranges from:

- Extremely likely;
- Likely;
- Neither likely nor unlikely;
- Unlikely;
- Extremely unlikely.

The percentage measures for patients that would and would not recommend our services are then calculated. The FFT does not provide results that can be used to directly compare providers because of the flexibility of the data collection methods and the variation in local populations. This means it is not possible to compare like with like with other trusts. There are other robust mechanisms for that, such as National Patient Surveys and outcome measures. The real strength of the FFT lies in the follow up questions that are attached to the initial question, and a rich source of patient views can be used locally to highlight and address concerns much faster than more traditional survey methods. During March we received 11,301 responses in total. The total number of inpatients, including paediatrics who would recommend our services was 93% (95% in February-16). Performance for A&E it was 75% (78% in February-16), maternity 97% (95% in February-16), outpatients 91% (the same as February-16) and day cases 93% (94% in February-16).

The Trust star rating in March 2016 was 4.48 (4.51 in February 2016). The response rate for inpatients was 38% (31% in February 2016), A&E 26%, (27% in February 2016), maternity 37% (30% in February 2016). The response rate for outpatients was 26% (27% in February 2016) and 35% for day cases (37% in February 2016).

Our latest staff FFT has shown a 6% decrease in staff who say they would recommend the Trust as a place to work (49% compared to 55% previously). We have also seen a slight decrease in staff recommending the Trust for treatment with this quarter's result being 74% compared to 78% previously. The detailed data is currently being examined by divisions in order to identify the specific areas of action and improvement that we need to undertake with support from human resources. More detail can be found in Table 20 – Quality Indicators 2015/16. Feedback received is shared with wards / units and information on how we have responded in the form of “You Said, We Did” posters is published and updated on the wards / units each month.

Table 20 - Prescribed Quality Indicators 2015-16

Indicator	Trust	Reason for performance	Actions to be taken	National Average	Trusts and FTs with lowest score	Trusts and FTs with highest score
<p>The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre (HSCIC) (Oct 14 – Sept 15 and Jul 14 – Jun 15) with regard to –</p> <p>(a) the value and banding of the summary hospital-level mortality indicator (“SHMI”) for the trust for the reporting periods; and</p> <p>(b) the percentage of</p>	<p>(a) Oct 14 – Sept 15</p> <p>1.019, Banding 2 – Trust’s mortality rate is as expected</p> <p>Jul 14 – Jun 15</p> <p>1.026, Banding 2 – Trust’s mortality rate is as expected</p>	<p>The performance is currently lower than the national average for the palliative care indicator. Regular reporting of Z51.5 coding is already scrutinised by the Patient Safety Board (PSB) with the aim to reduce this coding rate still further.</p>	<p>1. Real time reporting via balanced score card to divisions and as part of the regular Information report to the PSB</p> <p>2. Review of data and collaboration with commissioners to identify out of hospital deaths</p> <p>3. Review of end of life care pathways to ensure planning, in line with patient wishes, following patient discharge</p>	<p>(a) 1.000</p>	<p>(a) Oct 14 – Sept 15</p> <p>The Whittington Hospital NHS Trust (0.652)</p> <p>Jul 14 – Jun 15</p> <p>The Whittington Hospital NHS Trust (0.661)</p>	<p>(a) Oct 14 – Sept 15</p> <p>North Tees and Hartlepool NHS FT (1.177)</p> <p>Jul 14 – Jun 15</p> <p>North Tees and Hartlepool NHS FT (1.177)</p>

<p>patient deaths with palliative care coded at either diagnosis or specialty level for the trust for the reporting period.</p> <p>* the palliative care indicator is a contextual indicator.</p>	<p>(b) Oct 14 – Sept 15</p> <p>21.7%%</p>					
				<p>(b) Oct 14 – Sept 15</p> <p>26.5%</p>	<p>(b) Oct 14 – Sept 15</p> <p>The Whittington Hospital NHS Trust (0.2%)</p>	<p>(b) Oct 14 – Sept 15</p> <p>Imperial College NHS FT (53.5%)</p>
	<p>Jul 14 – Jun 15</p> <p>19.1%</p>			<p>Jul 14 – Jun 15</p> <p>26.0%</p>	<p>Jul 14 – Jun 15</p> <p>The Whittington Hospital NHS Trust (0%)</p>	<p>Jul 14 – Jun 15</p> <p>Imperial College NHS FT (52.9%)</p>

<p>The data made available to the National Health Service or the NHS Foundation Trust by the HSCIC with regard to the trust's patient reported outcome measures scores for—</p> <p>(i) groin hernia surgery,</p> <p>(ii) varicose vein surgery,</p> <p>(iii) primary hip replacement surgery, and</p> <p>(iv) primary knee replacement surgery, during the reporting period.</p> <p>(provisional data only for both date ranges – EQ-5D Index data)</p> <p>Based on adjusted average health gain</p>	<p>Apr 15 – Sept 15</p> <p>(i) 0.110</p> <p>(ii) N/A</p> <p>(iii) 0.467</p> <p>(iv) 0.374</p>	<p>The Trust has continued to improve the performance in patient outcomes for primary knee replacement for the latest data set, and is now above the national average for EQ-5D Index</p>	<p>1. Identified clinical lead for all PROMs within Division.</p> <p>2. Review patient feedback.</p>	<p>Apr 15 – Sept 15</p> <p>(i) 0.088</p> <p>(ii) 0.104</p> <p>(iii) 0.454</p> <p>(iv) 0.334</p>	<p>Apr 15 – Sept -15</p> <p>(i) Barking, Havering & Redbridge University Hospitals NHS Trust (0.00)</p> <p>(ii) Worcester Acute Hospitals NHS Trust (0.037)</p> <p>(iii) United Lincolnshire Hospitals NHS Trust (0.359)</p> <p>(iv) Sherwood Forest NHS Trust (0.207)</p> <p>Apr 14 – Mar 15</p> <p>(i) Lewisham & Greenwich NHS Trust (0.000)</p> <p>(ii) St George's</p>	<p>Apr 15 – Sept 15</p> <p>(i) North Lincolnshire & Goole NHS FT (0.135)</p> <p>(ii) University Hospitals of South Manchester NHS FT (0.130)</p> <p>(iii) University Hospitals of Coventry *+& Warwickshire NHS Trust (0.520)</p> <p>(iv) Northumbria Healthcare NHS FT (0.412)</p> <p>Apr 14 – Mar 15</p> <p>(i) Poole Hospital NHS FT (0.154)</p> <p>(ii) Buckinghamshire Healthcare NHS</p>
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	Apr 14 – Mar 15 (i) 0.104 (ii) N/A (iii) 0.442 (iv) 0.298			Apr 14 – Mar 15 (i) 0.084 (ii) 0.095 (iii) 0.437 (iv) 0.315	University Hospitals NHS FT (-0.002) (iii) Walsall Healthcare NHS Trust (0.331) (iv) South Tyneside NHS FT (0.204)	Trust (0.154) (iii) St Hugh's Hospital (0.517) (iv) Nuffield Health – Cambridge Hospital (0.418)
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<p>The data made available to the National Health Service or NHS Foundation Trust by the HSCIC with regard to the percentage of patients aged –</p> <p>(i) 0 to 15; and</p> <p>(ii) 16 or over, readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust during the reporting period.</p> <p>(Other large acute Trusts comparative dataset)</p> <p>Latest available data</p>	<p>2011/12</p> <p>(i) 7.64%</p>	<p>The Trust has recognised that our readmission rate for adults, although slightly above the national average, is higher than our local peer group. We have been working internally to understand the reasons for this finding. This has been found to be due, in part, to the anxiety of residential and nursing home staff to continue care following discharge from the acute setting and some coding anomalies within the Emergency Care Centre at the Kent & Canterbury Hospital site.</p>	<p>1. Currently testing a predicative readmission scoring model to target patients who are frequently readmitted due to their long-term condition, dependency problems and frailty.</p> <p>2. Undertaking a national service improvement project with a local CCG to understand better the reasons for readmissions.</p>	<p>2011/12</p> <p>(i) 10.23%</p>	<p>(i) Epsom & St Helier University Hospitals NHS</p>	<p>(i) The Royal Wolverhampton Hospitals NHS Trust</p>
	<p>(ii) 12.53%</p>				<p>Trust</p> <p>(6.40%)</p>	<p>(14.94%)</p>
	<p>2010/11</p> <p>(i) 7.71%</p>			<p>2010/11</p> <p>(i) 10.31%</p>	<p>(ii) Norfolk and Norwich University NHS Foundation Trust</p> <p>(9.34%)</p>	<p>(ii) Epsom & St Helier University Hospitals NHS Trust</p> <p>(13.8%)</p>
	<p>(ii) 12.09%</p>			<p>(ii) 11.43%</p>	<p>(i) Epsom & St Helier University Hospitals NHS Trust</p> <p>(6.41%)</p>	<p>(i) The Royal Wolverhampton Hospitals NHS Trust</p> <p>(14.11%)</p>
					<p>(ii) Northern Lincolnshire and Goole NHS FT</p> <p>(9.22%)</p>	<p>(ii) Heart of England NHS FT (14.06%)</p>

The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the trust's responsiveness to the personal needs of its patients during the reporting period.	2014/15 (75.5) 2013/14 (77)	The criteria for 2013/14 have changed to include the overall patient experience score, rather than a subset of personal needs. This makes comparison with previous years' performance difficult to quantify. Performance is around the national average.	1. The "We Care" programme is currently in progress, with a series of actions identified to improve patient experience and responsiveness to individual patient needs. This is further outlined in the patient experience section of this report.	2014/15 (76.6) 2013/14 (76.9)	2014/15 North Middlesex University Hospital NHS Trust (67.4) 2013/14 Croydon Health Services NHS Trust (67.1)	2014/15 Royal Marsden NHS FT (87.4) 2013/14 Royal Marsden NHS FT (87)

<p>The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard the percentage of staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends.</p> <p>All Trusts</p>	<p>2015</p> <p>60%</p>	<p>We have sought staff feedback as part of the “We Care” programme in order to understand the reasons why our performance has deteriorated in the last survey results. The Trust is in the lower quartile of performance this year and shows deterioration from the previous year. The staff survey results for 2015 are included within the Annual Report and Accounts</p>	<p>1. The “We Care” programme is currently in its second year of roll-out, with a series of actions identified to improve in this area.</p> <p>2. The cultural change programme developed following the CQC inspection in 2013/14 and continues</p> <p>3. There are actions identified by the Board of Directors following the results the staff survey in 2015</p>	<p>2015</p> <p>69% (All Trusts only)</p>	<p>2015</p> <p>Isle of Wight NHS Trust & Mid Yorkshire NHS Trust (46%)</p> <p>2014</p> <p>Royal Cornwall Hospitals NHS Trust</p>	<p>2015</p> <p>Liverpool Heart and Chest Hospital NHS FT, Papworth Hospital NHS FT, Queen Victoria Hospital FT, The Christie NHS FT & The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS FT (93%)</p> <p>2014</p> <p>The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS FT (93%)</p>

	53%			67%	(38%)	
Friends and Family Test – Patient. The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre for all acute providers of adult NHS funded care, covering services for inpatient, A&E and maternity areas (without independent sector providers)	<p>Inpatient Feb 2016 (33.8%)</p> <p>A&E Feb 2016 (26.7%)</p>	The Trust remains on above the national performance requirements across all areas but is below the highest reporting Trusts nationally.	We implemented texting and interactive voice messaging service to supplement the existing hard copy feedback card system that has enabled us to achieve and sustain the standard for A&E for last months performance figures.	<p>Inpatient Feb 2016 (24.1%)</p> <p>A&E Feb 2016 (13.3%)</p>	<p>Inpatient Feb 2016 Norfolk & Norwich University NHS FT (6.1%)</p> <p>A&E Feb 2016 Royal Devon & Exeter NHS FT (0.2%)</p> <p>Maternity Feb 2016</p>	<p>Inpatient Feb 2016 Birmingham Women's NHS FT (100%)</p> <p>A&E Feb 2016 Royal Free London NHS FT (46.4%)</p>

	Maternity Feb 2016 Antenatal (N/A) Birth – (30.4%) Post Natal (N/A) Community (N/A)			Maternity Feb 2016 Antenatal – (N/A) Birth – (24.6%) Post Natal – (N/A) Community – (N/A)	Antenatal (N/A) Birth – Countess of Chester Hospital NHS FT (0%) Post Natal (N/A) Community (N/A)	Maternity Feb 2016 Antenatal (N/A) Birth - Birmingham Women's NHS FT (92.1%) Post Natal (N/A) Community (N/A)
The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the response rates of the Friends and Family Test in the inpatient, A&E and maternity areas (without independent sector	Inpatient Jan 2016 32.7% A&E Jan 2016			Inpatient Jan 2016 23.5% A&E Jan 2016	Inpatient Jan 2016 Norfolk & Norwich NHS FT (4.1%) A&E Jan 2016 Sherwood Forest	Inpatient Jan 2016 Birmingham Women's NHS FT (100%) A&E Jan 2016 Royal Free London

providers)	21.3%			12.9%	NHS FT (0.4%)	NHS FT (39.9%)
	Maternity			Maternity	Maternity	Maternity
	Jan 2016			Jan 2016	Jan 2016	Jan 2016
	Antenatal – (N/A)			Antenatal – (N/A)	Antenatal – (N/A)	Antenatal – (N/A)
	Birth – (35.2%)			Birth – (23.2%)	Birth – Bedford Hospital NHS Trust & Luton & Dunstable University Hospital NHS FT (0%)	Birth – Birmingham Women's NHS FT
	Post Natal – (N/A)			Post Natal – (N/A)	Postnatal – (N/A)	Post Natal – (N/A)
	Community – (N/A)			Community – (N/A)	Community – (N/A)	Community – (N/A)

<p>The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the percentage of patients recommending the Trust in the Friends and Family Test in the inpatient, A&E and maternity areas. (without independent sector providers)</p>	<p>Inpatient</p> <p>Feb 2016</p> <p>(95%)</p>	<p>The Trust performs above the national benchmarked figures in all areas other than in A&E. Feedback from patients suggests this is due to perceived long waiting times, lack of facilities to obtain drinks, the attitudes expressed by some members of the clinical team and the adequate and timely management of pain.</p>	<p>Matrons in A&E have introduced comfort rounds to ensure that every patient is reviewed every couple of hours. This includes information on their pain management, food and drink availability and any restrictions, ensuring that call bells are within reach and to ascertain if there are any outstanding needs.</p> <p>Matrons are participating in these comfort rounds when on duty. Pain assessments are being checked to ensure they follow the current Trust guidelines.</p> <p>The William Harvey A&E site has allocated an HCA in the waiting area to check patients are safe, comfortable and informed improves care and feedback.</p>	<p>Inpatient</p> <p>Feb 2015</p> <p>(95%)</p>	<p>Inpatient</p> <p>Feb 2016</p> <p>Sheffield Children's NHS FT</p> <p>(74%)</p>	<p>Inpatient</p> <p>Feb 2016</p> <p>Birmingham Women's NHS FT</p> <p>(100%)</p>
	<p>A&E</p> <p>Feb 2016</p> <p>(78%)</p>			<p>A&E</p> <p>Feb 2015</p> <p>(85%)</p>	<p>A&E</p> <p>Feb 2016</p> <p>North Middlesex University NHS Trust</p> <p>(46%)</p>	<p>A&E</p> <p>Feb 2016</p> <p>Royal Devon & Exeter NHS FT</p> <p>(100%)</p>
	<p>Maternity</p> <p>Feb 2016</p> <p>Antenatal – 93%</p>			<p>Maternity</p> <p>Feb 2016</p> <p>Antenatal – 95%</p>	<p>Maternity</p> <p>Feb 2016</p> <p>Antenatal – Epsom & St. Helier Hospitals NHS Trust (56%)</p>	<p>Maternity</p> <p>Feb 2016</p> <p>Antenatal – 15 Trusts with (100%)</p> <p>Birth – 39 Trusts</p>

	Birth – 95% Post Natal – 96% Community – 98%			Birth – 96% Post Natal – 94% Community – 98%	Birth – Southport & Ormskirk NHS Trust (74%) Post Natal – Whittington Hospital NHS Trust (74%) Community – King's College Hospital NHS FT (87%)	with (100%) Post Natal – 15 Trusts with (100%) Community – 55 Trusts with (100%)
The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the percentage of patients recommending the Trust in the Friends and Family Test in the inpatient, A&E and maternity areas. (without independent sector providers)	Inpatient Jan 2016 95% A&E Jan 2016 81%			Inpatient Jan 2016 95% A&E Jan 2016 86%	Inpatient Jan 2016 Sheffield Children's Hospital NHS FT (73%) A&E Jan 2016 North Middlesex University NHST (52%)	Inpatient Jan 2016 Great Ormond Street Children's Hospital NHS FT (100%) A&E Jan 2016 Liverpool Women's NHS FT (100%)

	<p>Maternity</p> <p>Jan 2016</p> <p>Antenatal – 94%</p> <p>Birth – 99%</p> <p>Post Natal – 97%</p> <p>Community – 100%</p>			<p>Maternity</p> <p>Jan 2016</p> <p>Antenatal – 96%</p> <p>Birth – 97%</p> <p>Post Natal – 94%</p> <p>Community – 98%</p>	<p>Maternity</p> <p>Jan 2016</p> <p>Antenatal – Epsom & St Helier Hospitals NHS Trust (61%)</p> <p>Birth – Southport & Ormskirk NHs Trust (76%)</p> <p>Post Natal – Salisbury NHS FT (71%)</p> <p>Community – Southport & Ormskirk Hospitals NHS Trust (79%)</p>	<p>Maternity</p> <p>Jan 2016</p> <p>Antenatal – 38 Trusts with 100%</p> <p>Birth – 40 Trusts with 100%</p> <p>Post Natal – 25 Trusts with 100%</p> <p>Community – 61 Trusts with (100%)</p>
<p>The percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism during the reporting period.</p>	<p>Q3 2015/16</p> <p>84.5%</p>	<p>Our performance over time has reduced and this is partially explained by the Trust adopting an electronic system to record VTE risk assessments. The electronic system does not function in the</p>	<p>1. VTE risk assessments are being reported by individual consultant.</p> <p>2. A detailed action plan has been developed with</p>	<p>Q3 2015/15</p> <p>95.5%</p>	<p>Q3 2015/16</p> <p>Warrington & Halton Hospitals NHS FT</p> <p>(61.5%)</p>	<p>Q3 2015/16</p> <p>Royal National Orthopaedic Hospital NHS Trust, Robert Jones & Agnes Hunt Orthopaedic Hospital NHS FT &</p>

	Q2 2015/16 94.9%	Emergency Departments and there have been delays in this part of the pathway. A system improvement of the electronic system resulted in some data inaccuracies in the VTE risk assessments.	commissioners. 3. Any incomplete VTE risk assessments for patients undergoing surgical procedures will be completed before the patient leaves the operating theatre. 4. The electronic system has been checked and is fully functional.	Q2 2015/16 95.9%	Q2 2015/16 Hull & East Yorkshire NHS Trust (75%)	South Essex Partnership NHS FT (100%) Q2 2015/16 Cambridge & Peterborough Hospitals NHS FT, Robert Jones & Agnes Hunt Orthopaedic Hospital NHS FT & South Essex Partnership NHS FT (100%)
The rate per 100,000 bed days of cases of C.difficile infection reported within the trust amongst patients aged 2 or over during the reporting period.	Apr 14 – Mar 15 14.2	The Trust has an active programme of infection prevention and control and the incidence of C. difficile infections has decreased significantly over time. Performance is reported to the Board monthly as part of the	1. An educational campaign has been developed to raise awareness of the need to detect all C. difficile cases in patients admitted with diarrhoea, to avoid late detection resulting in	Apr 14 – Mar 15 15.1	Apr 14 – Mar 15 The Royal Marsden Hospital NHS FT (62.72)	Apr 14 – Mar 15 Alder Hey Children's Hospital NHS FT Birmingham Children's Hospital

	<p>Apr 13 – Mar 14</p> <p>14.8</p>	<p>Clinical Quality and Patient Safety Report. Further details can be found in this report, which shows further reductions in number and rate of C. difficile across the Trust</p>	<p>pre-72hr cases becoming post-72hr cases.</p> <p>2. There is close monitoring of all antimicrobial prescribing through the antimicrobial stewardship programme and committee across all specialties.</p> <p>3. Hydrogen peroxide misting fully in place and actively used.</p> <p>4. New diarrhoea risk assessment tool in full operation and well embedded.</p>	<p>Apr 13 – Mar 14</p> <p>14.7</p>	<p>Apr 13 – Mar 14</p> <p>University College London Hospitals</p> <p>(37.1)</p>	<p>NHS FT</p> <p>Birmingham Women's Hospital NHS FT</p> <p>Moorfield's Eye Hospital NHS FT</p> <p>(0)</p> <p>Apr 13 – Mar 14</p> <p>Birmingham Women's,</p> <p>Moorfield's Eye,</p> <p>(0)</p>
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<p>The data made available to the National Health Service trust or NHS foundation trust by the Health and Social Care Information Centre with regard to the number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.</p>	<p>Oct 2014 – March 2015</p> <p>Number of incidents reported = 6,189</p> <p>Rate per 1,000 bed days = 38.4</p>	<p>In the past we have relied on the individual reporters and their managers to assign the level of harm to each incident reported. This has resulted in variation of the assessment of patient harm at both severe harm and death categories.</p> <p>Recently, we have taken a decision to record all deaths following elective surgery to ensure these are all investigated using a formal RCA process; this may have contributed to the</p>	<p>1. The central team reviews the final attribution of harm to all severe harm and death incidents to ensure this is consistent and accurate before the data extraction to the NRLS</p> <p>2. The drive to increase reporting rates continues in order that the Trust maintains a reporting rate above the median for acute (non-specialist) trusts.</p>	<p>Oct 2014 – March 2015</p> <p>Number of incidents reported = 621,776</p> <p>Average rate per 1,000 bed days = 37.1</p>	<p>Oct 2014 – March 2015</p> <p>The Dudley Group NHS Foundation Trust</p> <p>Number of incidents reported = 443</p> <p>The Dudley Group NHS FT</p> <p>Rate per 1,000 bed days = 3.6</p>	<p>Oct 2014 – March 2015</p> <p>Central Manchester University Hospitals NHS FT</p> <p>Number of incidents reported = 12,784</p> <p>Wye Valley NHS Trust</p> <p>Rate per 1,000 bed days = 82.2</p>

	<p>Apr 2014 – Sept 2014</p> <p>Number of incidents reported = 5,986</p> <p>Rate per 1,000 bed days = 36.1</p>	<p>increase of these death related incidents in the most recent report published.</p>		<p>Apr 2014 – Sept 2014</p> <p>Number of incidents reported = 587,483</p> <p>Average rate per 1,000 bed days = 35.9</p>	<p>Apr 2014 – Sept 2014</p> <p>Doncaster & Bassetlaw NHS FT</p> <p>Number of incidents reported = 35</p> <p>Doncaster & Bassetlaw NHS FT</p> <p>Rate per 1,000 bed days = 0.2</p>	<p>Apr 2014 – Sept 2014</p> <p>Central Manchester University Hospitals NHS FT</p> <p>Number of incidents reported = 12,020</p> <p>Northern Devon Healthcare NHS Trust</p> <p>Rate per 1,000 bed days = 75</p>
<p>The number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe</p>	<p>Oct 2014 – March 2015</p> <p>Number of incidents reported involving severe</p>	<p>In the past we have relied on the individual reporters and their managers to assign the level of harm to each incident reported. This has resulted in variation of the assessment of patient harm at both</p>	<p>1. The central team will review the final attribution of harm to all severe harm and death incidents to ensure this is consistent and accurate before the data extraction to the</p>	<p>Oct 2014 – March 2015</p> <p>Number of incidents reported involving severe harm or death</p>	<p>Oct 2014 – March 2015</p> <p>South Warwickshire NHS FT</p> <p>Number of incidents</p>	<p>Oct 2014 – March 2015</p> <p>Weston Area Health NHS Trust, Harrogate and District NHS FT &</p>

harm or death. (Large Acute Category)	<p>harm or death = 16</p> <p>Rate per 1,000 bed days = 0.10</p> <p>Apr 2014 – Sept 2014</p>	<p>severe harm and death categories. Recently, we have taken a decision to record all deaths following elective surgery to ensure these are all investigated using a formal RCA process; this may have contributed to the increase of these death related incidents in the most recent report published.</p> <p>The revised guidance from NHS England may change the rate of reporting in future.</p>	<p>NRLS.</p> <p>2. Data extracts to the NRLS sent daily.</p>	<p>= 3,089</p> <p>Average rate per 1,000 bed days = 0.19</p> <p>Apr 2014 – Sept 2014</p>	<p>reported involving severe harm or death = 128</p> <p>South Warwickshire NHS FT</p> <p>Rate per 1,000 bed days = 1.53</p> <p>Apr 2014 – Sept 2014</p>	<p>Poole Hospital NHS FT</p> <p>Number of incidents reported involving severe harm or death = 2</p> <p>Poole Hospital NHS FT & Buckinghamshire Healthcare NHS Trust</p> <p>Rate per 1,000 bed days = 0.2</p> <p>Apr 2014 – Sept 2014</p> <p>Dorset County Hospital NHS FT, George Eliot Hospital NHS Trust & The Dudley Group NHS Foundation</p>
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	<p>Number of incidents reported involving severe harm or death = 11</p> <p>Rate per 1,000 bed days = 0.07</p>			<p>Number of incidents reported involving severe harm or death = 2,851</p> <p>Average rate per 1,000 bed days = 0.19</p>	<p>Stockport NHS FT</p> <p>Number of incidents reported involving severe harm or death = 97</p> <p>Northern Devon Healthcare NHS Trust</p> <p>Rate per 1,000 bed days = 1.09</p>	<p>Trust</p> <p>Number of incidents reported involving severe harm or death = 0</p> <p>Dorset County Hospital NHS FT, George Eliot Hospital NHS Trust & The Dudley Group NHS Foundation Trust</p> <p>Rate per 1,000 bed days = 0</p>
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Part 3 – Other Information

How we keep everyone informed

Measuring our performance

Foundation Trust members are invited to take part in meetings at which quality improvement is a key element of the agenda. We encourage feedback from members, governors and the public. The patient and public experience team raises awareness of programmes to the public through hospital open days and other events. Quality is discussed as part of the meeting of the Board of Directors and our data is made publicly available on our website.

The Trust amalgamated the roles of Equality and Human Rights Manager and Head of Public and Patient Engagement at the beginning of the year to ensure that Trust engagement included those sections of the community who are often underrepresented in engagement activity. The new Head of Equality and Engagement is currently reviewing the Trust's Patient and Public Engagement strategy. The coming year will see enhanced patient involvement resulting in improved patient experience and outcomes.

During the last year, the Trust has held two engagement events for members of voluntary community organisations (VCOs) when the Trust's annual plan, equality performance and patient nutrition were discussed. In addition, the Patient and Public Advisory Forum met on four occasions and explored a large range of quality issues. The Trust has numerous other patient, carer, family and staff groups, which meet regularly in disparate divisions and departments.

Table 21 outlines the performance of the East Kent Hospitals University NHS Foundation Trust against the indicators to monitor performance with the stated priorities. These metrics represent core elements of the corporate dashboard and annual patient safety programme presented to the Board of Directors on a monthly basis.

Table 21 - Measures to monitor our performance with priorities

	Data Source	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Limit/ Target 2015/2016
Patient safety								
C difficile – reduction of infections in patients > 2 years, post 72 hours from admission	Locally collected and nationally benchmarked	96	40	40	49	47	28	45
MRSA bacteraemia – new identified MRSA bacteraemias post 48 hours of admission	Locally collected and nationally benchmarked	6	4	4 (1 avoidable 3 unavoidable)	8 (2 avoidable, 4 unavoidable, 2 contaminants)	1	4**	0
In-patient slip, trip or fall, includes falls resulting in injury and those where no injury was sustained	Local incident reporting system	2,340	2,107	2,009	2,156	2,134	2,025	No target
Pressure ulcers – hospital acquired pressures sores (grades 2-4, avoidable and unavoidable)	Local incident reporting system	233	236	303	335	264	222	No target

**Two of the four MRSA bacteraemias recorded, occurred in March 2016, one was provisionally assigned to EKHUFT and the other was provisionally assigned to South Kent Coast CCG, both have been referred to NHS England for arbitration and the outcome is pending.

Hospital Standardised Mortality Ratio (HSMR) – overall	Locally collected and nationally benchmarked	84	84.2	78.8	79.5	80.73	88.11	Better than England baseline
Crude Mortality (elective %)	Locally collected	0.766	0.616	0.489	0.3	0.43	0.28	NA
Crude Mortality (non elective %)	Locally collected	35.14	33.09	30.95	30.7	30.19	29.58	NA
Summary Hospital Mortality Index (%)	Locally collected and nationally benchmarked	3.95%	3.90%	3.17% (Q2 2012/13 data)	1.019 Banding 2 – Trust's mortality rate is as expected	1.030 Banding 2 – Trust's mortality rate is as expected	1.02 Banding 2 – Trust's mortality rate is as expected	NA
Enhancing Quality - Community Acquired Pneumonia	Locally collected and regionally benchmarked	71.04	81.16	80.17	58.46 Month 11	38.22%	91.63%	35.38%
Enhancing Quality – Heart Failure	Locally collected and regionally benchmarked	26.72	51.99	66.9	73.68 Month 11	87.19%	91.63%	80.21%
Enhancing Quality – Hips & Knees	Locally collected and regionally benchmarked	94.48	95.74	98.58	92.61 Month 11	93.1%	87.43%	90%
Patient experience								
The ratio of compliments to the total number of complaints received by the Trust (compliment : complaint)	Local complaints reporting system	15:1	27:1	20:1	20:1	30:1	18:1	12:1
Patient experience – composite of five survey questions from national in-patient survey	Nationally collected as part of the annual in-patient survey	66.1%	65.6%	65.8%	No longer reported	No longer reported	No longer reported	See indicator below
Overall patient experience score	Nationally collected as part of the annual in-	N/A	N/A	N/A	77%	77%	76.6%	> national average of

	patient survey							75.5%
Single sex accommodation – mixing for clinical need or patient choice only	Locally collected	100%	100%	100%	100%	<100% CDU areas affected	<100% CDU, Stroke units affected	100%

Table 22 - Performance with National Targets and Regulatory Requirements

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	National target achieved
Clostridium difficile year on year reduction	94	96	40	40	49	47	28	✓
MRSA – maintaining the annual number of MRSA bloodstream infections at less than half the 2003/04 level	15	6	4	4	8	1	4**	X
Cancer: two week wait from referral to date first seen: all cancers	94.95%	95.30%	96.6%	95.43%	94.8%	93.52%	93.29%	✓
Cancer: two week wait from referral to date first seen: symptomatic breast patients	NA	93.99%	95.13%	93.93%	92.7%	88.93%	90.57%	X
All cancers: 31 day wait from diagnosis to first treatment	NA	99.13%	99.06%	99.11%	98.2%	98.35%	95.13%	X
All Cancers: 31-day wait for second or subsequent treatment or surgery	97.31%	99.04%	97.64%	97.48%	13/14 monitor RAF guidance requires the cancer 31 day wait to be split by Rx type			
- Surgery	Not previously reported separately				97.6%	94.92%	93.26%	X

- Anti-cancer drug treatment	Not previously reported separately				99.6%	99.52%	97.80%	✓
- Radiotherapy	Not applicable to this Trust							NA
All Cancers: 62-day wait for first treatment, from urgent GP referral to treatment	71.98%	87.67%	88.98%	87.83%	86.6%	81.08%	72.6%	X
All Cancers: 62-day wait for first treatment, from consultant screening service referral	NA	95.22%	98.53%	97.20%	87.8%	90.89%	91.8%	✓
Maximum time of 18 weeks from point of referral to treatment – non admitted	98.34%	97.07%	96.36%	97.16%	98.2%	96.84%	91.51%	X
Maximum time of 18 weeks from point of referral to treatment – admitted	89.97%	89.39%	91.80%	91.96%	90.7%	84.86%	74.58	X
Maximum time of 18 weeks from point of referral to treatment – incomplete pathway	92.04%	94.14%	95.21%	94.73%	95.4%	92.81%	89.12%	X
Maximum waiting time of 4 hours in A&E from arrival to admission, transfer or	98.61%	97.14%	95.99%	95.09%	94.9%	91.72%	86.31%	X

discharge								
% diagnostic achieved within 6 weeks NOT INCLUDED IN 13/14 MONITOR RAF GUIDANCE AS A DATA ELEMENT REQUIRED	97.50%	99.96%	99.6%	99.76%	99.8%	99.06%	99.81%	✓
Certification against compliance with requirements regarding access to health care for people with a learning disability	6	6	6	6	6	6	6	✓

Data Quality

The Trust was disappointed that its auditors identified errors in the 'percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period' and 'A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge' indicator as part of their audit process.

We were able to provide further assurance on the 18 week referral to treatment pathway documentation as some of the selected cases included referrals from patients seen initially in the private sector and patients identified from the musculo-skeletal pathway, where documentation does not consistently follow the standard booking process.

The data around clock stop for patients admitted, transferred or discharged could not be consistently verified with the documentation made in the Emergency Departments, Minor Injuries Units or the Emergency Care Centre at the Kent and Canterbury site. There was full validation with the recorded start times. Previous Internal Audit of A&E performance has recommended the episode end times be recorded directly onto the Patient Administration System (PAS) in order to capture real-time information. The lack of other data sources to corroborate these times was identified as an issue in this audit. The Trust is currently in the process of a phased implementation of an electronic CAS card, which should improve the data quality moving forward.

The Trust will place future focus on implementation of efforts to improve its data quality and processes.

Annex 1: Statements from the Council of Governors and Clinical Commissioning Groups - Limited Assurance Report on the content of the Quality Report

Incorporating guidance from the Department of Health's Quality Accounts Regulations and Monitor we were advised to send our Quality Accounts to our lead commissioners, the Local Involvement Network, and our governors.

All NHS Foundation Trusts ask their Governors to comment on their Quality Report/Account. Exploration of a number of these accounts reveals that the approach to this varies. EKHUFT Governors have developed an approach to providing a commentary to the annual Quality Report that is comprehensive, with opportunity for all Governors to contribute. This is underpinned by the Governors' involvement in Quality matters during 2015/16:

- receipt of all Quality reports presented to the Board of Directors (BoD) at the same time the BoD receives them, with opportunity to pose questions by e mail or by attending the public meeting;
- receipt of BoD Quality Committee report to the public meetings of the Council of Governors (Council) and opportunity to call assigned Non-Executive Directors (NEDs) to account in that arena;
- opportunity for in depth examination of detailed issues at the Council's Patient and Staff Experience Committee (P&SE), including identification and monitoring of a Governor Indicator, undertaking specific projects and close questioning of assigned NEDs.
- receipt of extremely comprehensive Executive Improvement Journey pack, Handbook and Plans ahead of the CQC visit, involvement in that visit with a Council session with Inspectors (summer 2015) – Governors welcomed this involvement and hoped that it would continue for any future inspections;
- ongoing involvement with the Improvement Journey with full reports to each Council meeting, membership and involvement in the Improvement Journey Delivery Board, Steering Group and Quality Summit;
- open invitation to attend sessions at the QII Hubs on each site;
- open invitation to attend Schwarz Rounds, which provide an opportunity for staff from all disciplines across the organisation to reflect on the emotional aspects of their work; and
- governor representation on a wide range of development groups and boards that report in to the BoD Quality Committee including: End of Life, Falls, Safety, Medications, etc.

Although the Trust is still in special measures, the Council is pleased to note that the CQC visit in July 2015 identified improvements since its last inspection and that their rating went from 'inadequate' to 'requires improvement' within the domains of safe, responsive and well led. The Trust was rated as inadequate for effective services. This Quality Report identifies many examples of progress, improvement and innovation. The Commentary takes account of the difficult year experienced within the NHS and the new levels of scrutiny at a time of financial constraints.

The Council welcomed the addition to of a fourth element to the Trust's Shared Purpose Framework, which guides the quality priorities, together with the Trust values. Added during 2015/16, the 'Respecting Each Other Programme' has a main

focus of significantly reducing bullying and harassment within the Trust and supporting staff who may be experiencing bullying, tackling behaviour, and ensuring progress continues. We recognise that, although a priority, the development of effective workplace cultures will ultimately take some time to become embedded and fully impact on sustained and consistent improvement. The Quality Improvement and Innovation Hubs are recognised as a useful resource intended for all staff, helping them to improve, develop, inquire and innovate their practice and work.

The Council also welcomes the continued implementation of the Improvement Plan with the staff monthly review and update on the Trust website/NHS Choices; displays in Wards and Departments of feedback from the Friends and Family Test; and the direct link for patients and public to the Patient Opinion Website. We support the Trust's strategy towards the legal obligation for duty of candour with total openness and transparency. We are pleased to note that comments posted on Patient Opinion are read and answered by the Chief Nurse and Director of Quality, supported by the Patient Experience Team.

The Council is also pleased to note the improvements made in the following areas:

- hospital food – with the development of award winning menus;
- the occurrence of Health Care Acquired Infections (HCAIs) had been kept within agreed limits which was delivering a continually improving level of quality of care;
- prevention of pressure sores remained a key focus and Governors were particularly pleased to note the reduction in the occurrence of deep pressure ulcers; and
- the improvement over the year in response times to complaints.

There are some areas of concern.

National Inpatient Survey

There has been no overall improvement in the national benchmarked data since 2014 with a deterioration in two categories: the Hospital and Ward and Care and Treatment; and the Emergency/A&E Department. Both performances are within the lowest quartile nationally. Issues needing to be addressed include:

- improvement of information given to patients in the A&E Department;
- avoidance of mixed sex treatment/bathroom/shower areas;
- improved patient communication/information;
- making sure that patients are always treated with respect and dignity; improved compliance with cleaning KPIs
- Review of security
- support to patients at meal times where necessary
- improvement in pain management.
- more patient involvement in their care/treatment; and
- improved communication with patients prior to anaesthesia.

Never Event Monitoring

NHS England confirmed that there were no Never Events reported by the Trust in 2014/15. The Quality Report also mentioned the consistent fall of these events over the past four years. However, Council was disappointed to note that eight Never Events were reported by the Trust in 2015/16, ranging from operating on the wrong side to ABO plasma incompatibility, retained items following surgery and a misplaced nasogastric tube. There was no harm sustained by patients in six of the eight incidents, however in the remaining two cases one patient died and the other required surgery.

Whilst being concerned at the number of never events in year, and fully cognisant of the dreadful impact on patients and their families, the Council was encouraged to note that the staff involved had felt supported through the investigative process and consider that this is a positive indicator of the shift in culture within the organization.

Learning has been identified following these events and the importance of dissemination and embedding through the organization was recognised.

Cancer waiting times

The Council was disappointed to note that the Trust had not met all the National Targets for cancer waiting times and hopes to see improvements against these targets in the coming year.

Emergency Department Performance

The Council was disappointed to note that the Trust failed to comply with undertakings made to Monitor (the regulator) in September 2014 which were required because the Trust had breached the terms of its license relating to A&E waiting times; the Trust consequently had to make further undertakings in August 2015. The Council continues to hold the NEDs to account for the performance of the Board on this issue, recognising that this is a national challenge. It is noted that the Board received a paper on performance against the Trust's Emergency Department Action plan at every formal meeting. The detailed paper taken to the April 2016 Board continues to demonstrate the commitment from staff to meet these challenges and the progress that is being made.

Objectives for 2016/17

The Council supports the choice of Trust Quality Objectives for 2016/17 and is pleased to note that these have been informed through listening to patients, staff, commissioners and stakeholders. Improvements in End of Life care, reduction in VTEs and use of the SAFER patient flow bundle are issues that the Governors are particularly pleased to note feature in these objectives.

Finally, the Council would like to acknowledge the commitment of so many staff to delivering high quality and patient focused services during increasingly challenging times.



Ashford Clinical Commissioning Group



Canterbury and Coastal
Clinical Commissioning Group

Ashford and Canterbury & Coastal CCGs response

We have reviewed the Quality Account for East Kent Hospitals NHS University Foundation Trusts from 2015 – 2016.

As Commissioners, we welcome the effort of management and all staff within East Kent Hospitals NHS University Foundation Trusts, to continue to improve the quality of care delivered to patients. The 2015 – 2016 Quality Account clearly illustrates how staff and management have worked hard; reflected by the improvement of the July 2015 CQC inspection rating from “inadequate” to “requires improvement”.

Key achievements this year have included the Trust’s success in the reduction of Health Care Acquired Infections particularly C.Diff and the ongoing organisational cultural change. In addition, a collaborative working relationship between commissioner and provider has strengthened.

Commissioners acknowledge actions being taken and challenges being faced in trying to meet statutory requirements in areas such as A&E, VTE, safeguarding reporting, meeting cancer targets and mixed sex accommodation.

We recognise the Trust’s progress in the work being done to improve patient safety and the continued learning. As commissioners, we continue to support the Trust and acknowledge the challenges being faced in the management and prevention of serious incidents, never events and the improvement of maternity care. During 2016-17 we anticipate momentous improvements in these areas in order to assure patient safety and experience, for our population. We look forward to continuing this collaborative work with senior management within the Trust.

EKHUFT Quality Account Response from South Kent Coast CCG

Thanet and South Kent Coast CCG welcome the Quality Account for 2015-2016. The CCG broadly agrees with the data that has been provided to review, whilst noting this is limited by the timescales for gaining commissioner comment and data being validated.

The Quality Account reflects the findings of the CQC inspection in July 2015 when the Trust improved in its rating from “inadequate” to “requires improvement”. Despite this improvement in CQC rating of its services, Monitor continues to require the Trust to be in Special Measures. The Improvement Plan is referred to within the Account.

Throughout the Quality Account the CCG can recognise the Trust and the services that are provided to the residents in East Kent. The commissioner would welcome information developments that enable greater transparency of services as received by residents in South Kent Coast as distinct from the other three CCG areas given their particular challenges.

The Quality Account provides the reader with detailed progress and clarity of achievement for the priorities for 2015/ 2016. Where these have not been achieved there is evidence of further action planned and being taken to make improvements. Thanet and SKC CCGs are concerned; as is the Trust, about the increase in Never Events locally and would wish to see this position dramatically improve in 2016/17. We welcome increased focus on measurably improving patient experience and with the Trust providing more outcome information from audits to provide the commissioner and residents of Thanet and SKC CCGs with clarity about the effectiveness of the services they experience.

Thanet and SKC CCG notes the Quality Account focuses on particular mandated requirements and the Trust’s local priorities. We would have welcomed in this year’s account greater context for Thanet and SKC residents given a number of constitutional requirements have not been met throughout the year and other concerns which fall outside the remit of this account.

The CCG welcomes the priorities that have been set for 2016-2017 particularly the challenging work to continue to improve the organisational culture and leadership. The priorities have been set to build upon current work which, if successful, will provide definite quality and safety improvements for patients. This includes areas such as VTE and reducing HCAI. The Trust has acknowledged the significant work that needs to take place within its workforce to improve FFT scores and staff confidence.

Annex 2: Statement of Directors' responsibilities in respect of the Quality Accounts

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - board minutes and papers for the period April 2015 to March 2016
 - Papers relating to Quality reported to the Board over the period April 2015 to March 2016
 - Feedback from the NHS South Kent Coast CCG and NHS Thanet CCG dated 19 May 2016
 - Feedback from the NHS Ashford CCG and NHS Canterbury and Coastal CCG dated 19 May 2016
 - Feedback from governors dated 18 May 2016
 - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2015
 - the 2015 national in-patient survey
 - the 2015 national staff survey
 - the Head of Internal Audit's annual opinion over the trust's control environment dated 19 May 2016
 - CQC Intelligent Monitoring Report 31 May 2015
- the Quality Report presents a balanced picture of the Trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and

- the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report (available at www.monitor.gov.uk/annualreportingmanual).

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

By order of the Board

NB: sign and date in any colour ink except black



19 May 2016

.....Date.....Chairman



19 May 2016

.....Date.....Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of East Kent Hospitals University NHS Foundation Trust to perform an independent assurance engagement in respect of East Kent Hospitals University NHS Foundation Trust's Quality Report for the year ended 31 March 2016 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to limited assurance consist of the following two national priority indicators (the Indicators):

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by Monitor.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the Detailed Guidance for External Assurance on Quality Reports 2015/16 ('the Guidance'); and
- the Indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and supporting guidance and the six dimensions of data quality set out in the Guidance.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and supporting guidance and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- board minutes and papers for the period April 2015 to May 2016;
- papers relating to quality reported to the board over the period April 2015 to May 2016;
- feedback from the NHS South Kent Coast CCG and NHS Thanet CCG dated 19 May 2016;
- feedback from the NHS Ashford CCG and NHS Canterbury and Coastal CCG dated 19 May 2016;
- feedback from governors dated 18 May 2016;
- feedback from local Healthwatch organisations (none received);
- feedback from Overview and Scrutiny Committee (none received);

- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2015;
- the 2015 national patient survey;
- the 2015 national staff survey;
- the 2015/16 Head of Internal Audit's annual opinion over the Trust's control environment; and
- the 2015 CQC Intelligent Monitoring Report.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of East Kent University Hospital NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2016, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and East Kent Hospitals University NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by East Kent Hospitals University NHS Foundation Trust.

Basis for qualified conclusion

As set out in the Statement on Quality from the Chief Executive of the Foundation Trust on pages 118 to 119 of the Trust's Quality Report, the Trust has acknowledged its challenge in meeting its key performance measures.

Our testing of percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period identified the following:

- We were unable to obtain sufficient supporting documentation to support the performance indicator for 2 of our 21 samples selected.
- For one sample selected, we noted that its classification was not supported by the documentation reviewed.

Our testing of A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge identified the following:

- We were unable to obtain sufficient supporting documentation to support the performance indicators for 16 of our 40 samples selected.
- For 16 of our 40 samples, the time used for the indicator was not supported by the documentation reviewed, as a result 4 samples were incorrectly recorded as compliant.

As a result of these issues, we are unable to conclude that nothing has come to our attention that causes us to believe that for the year ended 31 March 2016 the Indicators have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and supporting guidance and the six dimensions of data quality set out in the Guidance.

Qualified conclusion

Based on the results of our procedures, except for the effects of the matters described in the 'Basis for qualified conclusion' section above, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance; and
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance.

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

25 May 2016

Consolidated Annual Accounts for the year ended 31 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST ONLY

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of East Kent Hospitals University NHS Foundation Trust for the year ended 31 March 2016 set out on pages 1 to 44. In our opinion:

- the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2016 and of the Trust's income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Recognition of NHS and non-NHS income – £537 million (PY: £534 million)

Refer to page 6 (accounting policy), pages 13 and 30 (financial disclosures), and to the Integrated Audit and Governance Committee Report.

The risk: The main source of income for the Group is provision of healthcare services to the public under contracts with NHS commissioners, which makes up 98% of income from activities. The Group participates in the national Agreement of Balances exercise for the purpose of ensuring that intra-NHS balances are eliminated on the consolidation of the Department of Health's resource accounts. The Agreement of Balances exercise identifies mis-matches between income and expenditure and receivable and payable balances recognized by the Group and its commissioners, which will be resolved after the date of approval of these financial statements. Mis-matches can occur for a number of reasons, but the most significant arise where:

- the Trust and commissioners record different accruals for completed periods of healthcare which have not been invoiced; and
- income relating to partially completed period of healthcare is apportioned across the financial years and the commissioners and the Trust make different apportionment assumptions.

Where there is lack of agreement, mis-matches can also be classified as formal disputes and referred to NHS England Area Teams for resolution.

In addition to this patient care income the Trust reported total income of £46 million (PY: £42 million) from other activities, principally education and training, research and development, or other activities. Much of this income is generated through contracts with other NHS and non-NHS bodies which are based on varied payment terms, including payment on delivery, milestone payments and periodic payments. Consequently there is a risk that income has been recognised on a cash rather than an accruals basis. In

particular some sources of income require independent grant confirmations which can impact the amount of the income the Trust will actually receive.

Our response: In this area our audit procedures included:

- For estimated accruals relating to completed periods of healthcare, comparing a sample of accruals to the invoice raised in the new financial year and checking evidence of payment/acceptance;
- For partially-completed periods of healthcare, inspecting a sample of related invoices raised in the new financial year and related records of patient care to assess the appropriateness of the apportionment of income between financial years;
- Considering the adequacy of the disclosures about the key judgments and degree of estimation involved in arriving at the estimate of revenue receivable and the related sensitivities;
- Investigating contract variations and seeking explanations from management for any variations;
- Reviewing the Agreement of Balances exercise with other NHS organisations;
- For Non-NHS income, comparing a sample of Non-NHS income to the invoice and bank statements; and
- Confirming the basis of upon which provisions for bad debts have been made.

Valuation of Land and Buildings – £278 million (PY: £260 million)

Refer to pages 7 and 8 (accounting policy), page 23 (financial disclosures), and to the Integrated Audit and Governance Committee Report.

The risk: Land and buildings are initially recognised at cost. Non-specialised property assets in operational use are subsequently recognised at current value in existing use (EUV). Specialised assets, where a market value is not readily ascertainable, are subsequently recognised at the depreciated replacement cost (DRC) of a modern equivalent asset that has the same service potential as the existing property (MEAV). An impairment review is carried out each year to ensure that the carrying amounts of assets are not materially different from their fair/current values, with a full valuation every five years and an interim desk-top valuation after three years

There is significant judgement involved in determining the appropriate basis (EUV or DRC) for each asset according to the degree of specialization, as well as over the assumptions made in arriving at the valuation. In particular, the DRC basis requires an assumption as to whether the replacement asset would be situated on the existing site or, if more appropriate, on an alternative site, with a potentially significant effect on the valuation.

The most recent full valuation of land and buildings was commissioned by the Trust in 2014/15. Valuations of selected material additions, and impairment review of assets were conducted in 2015/16.

Our response: In this area our audit procedures included:

- We assessed, with input from our internal valuation experts, the competence, objectivity and independence of the Trust's external valuer and considering the terms

of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the NHS Foundation Trust Annual Reporting Manual;

- Critically assessing the asset additions excluded from the interim valuation of significant additions;
- Undertaking work to understand the basis upon which any revaluations and impairments to land and buildings had been classified by the Trust and determining whether the recognition of these gains and losses in the financial statements complied with the requirements of the NHS Foundation Trust Annual Reporting Manual 2015/16; and
- We considered the adequacy of the disclosures about key judgments and degree of estimation involved in arriving at the valuation and the related sensitivities.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements was set at £10 million (PY: £10 million), determined with reference to a benchmark of income from operations (of which it represents 2% (PY: 2%)). We consider income from operations to be more stable than a surplus-related benchmark.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £250,000 (PY: £250,000), in addition to other identified misstatements that warrant reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's head office in Canterbury.

4 Our opinion on other matters prescribed by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the following matters on which we are required to report by exception

Under ISAs (UK&I) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and

provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy; or

- the Integrated Audit and Governance Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Code of Audit Practice we are required to report to you if in our opinion:

- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

In addition we are required to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

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

6 Other matters on which we report by exception - adequacy of arrangements to secure value for money

Under the Code of Audit Practice we are required to report by exception if we conclude that we are not satisfied that the Trust has put in place proper arrangements to secure value for money in the use of resources for the relevant period.

The Trust was inspected by the Care Quality Commission in 2014 and the final report was published on 13 August 2014. The Trust was found to be in breach of the following provisions of its Provider Licence: FT4(4)(b) and (c); FT4(5)(a-f); FT4(6)(c-f); and FT4(7). The Trust was placed into special measures, and implemented actions during 2015 to mitigate these concerns. The Trust was inspected again by the Care Quality Commission in 2015 and the final report was published on 18 November 2015. The Trust was found to be in breach of the following provisions of its 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
- FT4 (5)(d) - The Licensee shall establish and effectively implement systems and / or processes 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);

The Trust remains in special measures. The actions taken by the Trust to mitigate these concerns are set out in the Annual Report along with a summary of progress made to date.

As a result of these matters, we are unable to satisfy ourselves that the Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate of audit completion

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

Respective responsibilities of the accounting officer and auditor

As described more fully in the Statement of Accounting Officer's Responsibilities on page 33 the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Respective responsibilities of the Trust and auditor in respect of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves 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.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG), as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The purpose of our audit work and to whom we owe our responsibilities

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 Council of Governors of the Trust, as a body, 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 Council of Governors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Philip Johnstone

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London E14 5GL

25 May 2016

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Foreword to the accounts

East Kent Hospitals University NHS Foundation Trust

These accounts, for the year ended 31 March 2016, 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

A handwritten signature in blue ink, appearing to read 'M Kershaw', is written over a horizontal line.

Matthew Kershaw
Chief Executive

Date

19 May 2016

Consolidated Statement of Comprehensive Income

	Note	Group		Trust	
		2015/16	2014/15	2015/16	2014/15
		£000	£000	£000	£000
Operating income from patient care activities	3	491,438	492,002	483,994	485,573
Other operating income	4	45,623	42,153	47,495	43,455
Total operating income from continuing operations		537,061	534,155	531,489	529,028
Operating expenses	5, 7	(563,020)	(532,248)	(557,277)	(527,541)
Operating surplus/(deficit) from continuing operations		(25,959)	1,908	(25,788)	1,487
Finance income	10	186	246	142	200
Finance expenses	11	(58)	(307)	(54)	(303)
PDC dividends payable		(9,458)	(9,391)	(9,458)	(9,391)
Net finance costs		(9,330)	(9,452)	(9,370)	(9,494)
Movement in the fair value of investment property and other investments	16	-	220	-	-
Corporation tax expense	12	(41)	(98)	-	-
Surplus/(deficit) for the year from continuing operations		(35,330)	(7,423)	(35,158)	(8,007)
Surplus/(deficit) on discontinued operations and the gain/(loss) on disposal of discontinued operations	13	-	-	-	-
Surplus/(deficit) for the year		(35,330)	(7,423)	(35,158)	(8,007)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	6	(1,221)	5,555	(1,221)	5,555
Revaluations	17	-	6,169	-	6,169
Other reserve movements - Charitable funds		-	(6)	-	-
May be reclassified to income and expenditure when certain conditions are met:					
Fair value gains/(losses) on available-for-sale financial investments	16	(126)	-	-	-
Total comprehensive income/(expense) for the period		(36,677)	4,296	(36,379)	3,717

The notes on pages 6 to 44 form part of these accounts

Statements of Financial Position

	Note	Group		Trust	
		31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Non-current assets					
Intangible assets	13, 14	2,215	2,760	2,215	2,760
Property, plant and equipment	14, 15	307,247	319,420	304,433	316,523
Investment property	16	48	800	-	-
Other investments	16	2,861	3,074	48	48
Trade and other receivables	19	2,602	2,617	3,953	4,061
Total non-current assets		314,973	328,671	310,649	323,392
Current assets					
Inventories	18	9,695	9,033	9,695	9,033
Trade and other receivables	19	20,530	27,882	20,518	27,220
Non-current assets for sale	20	550	-	550	-
Cash and cash equivalents	21	5,361	32,134	3,856	31,295
Total current assets		36,136	69,049	34,619	67,548
Current liabilities					
Trade and other payables	22	(51,279)	(55,253)	(50,805)	(54,499)
Other liabilities	23	(5,075)	(8,803)	(5,067)	(8,536)
Borrowings	24	(14)	(29)	-	-
Provisions	27	(470)	(2,080)	(470)	(2,080)
Total current liabilities		(56,838)	(66,165)	(56,342)	(65,115)
Total assets less current liabilities		294,271	331,555	288,926	325,825
Non-current liabilities					
Trade and other payables	22	-	(88)	-	-
Borrowings	24	(35)	(39)	-	-
Other financial liabilities	25	(107)	(102)	-	-
Provisions	27	(2,604)	(2,674)	(2,604)	(2,674)
Total non-current liabilities		(2,746)	(2,903)	(2,604)	(2,674)
Total assets employed		291,525	328,652	286,322	323,151
Financed by					
Public dividend capital		190,259	190,709	190,259	190,709
Revaluation reserve		87,042	88,985	86,803	88,746
Income and expenditure reserve		9,875	44,244	9,260	43,696
Charitable fund reserves	17	4,349	4,714	-	-
Total taxpayers' and others' equity		291,525	328,652	286,322	323,151

The financial statements on pages 2 to 44 were approved by the Board of Directors on 19th May 2016 and signed on its behalf by:

Signed



Matthew Kershaw

Chief Executive

Date

19 May 2016

Statement of Changes in Equity for the year ended 31 March 2016

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	NHS charitable funds reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	190,709	88,985	44,244	4,714	328,652
Surplus/(deficit) for the year	-	-	(35,834)	504	(35,330)
Impairments	-	(1,221)	-	-	(1,221)
Transfer to retained earnings on disposal of assets	-	(722)	722	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	(126)	(126)
Public dividend capital received	250	-	-	-	250
Public dividend capital repaid	(700)	-	-	-	(700)
Other reserve movements	-	-	743	(743)	-
Taxpayers' and others' equity at 31 March 2016	190,259	87,042	9,875	4,349	291,525

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	190,709	88,746	43,696	323,151
Surplus/(deficit) for the year	-	-	(35,158)	(35,158)
Impairments	-	(1,221)	-	(1,221)
Transfer to retained earnings on disposal of assets	-	(722)	722	-
Public dividend capital received	250	-	-	250
Public dividend capital repaid	(700)	-	-	(700)
Other reserve movements	-	-	-	-
Taxpayers' and others' equity at 31 March 2016	190,259	86,803	9,260	286,322

Statement of Changes in Equity for the year ended 31 March 2015

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	NHS charitable funds reserves £000	Total £000
Taxpayers' and others' equity at 1 April 2014 - brought forward	189,713	77,306	52,027	4,314	323,360
Surplus/(deficit) for the year	-	-	(8,469)	1,046	(7,423)
Impairments	-	5,555	-	-	5,555
Revaluations	-	6,169	-	-	6,169
Transfer to retained earnings on disposal of assets	-	(45)	45	-	-
Public dividend capital received	996	-	-	-	996
Other reserve movements	-	-	640	(646)	(6)
Taxpayers' and others' equity at 31 March 2015	190,709	88,985	44,244	4,714	328,652

Statement of Changes in Equity for the year ended 31 March 2015

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2014 - brought forward	189,713	77,067	51,658	318,438
Surplus/(deficit) for the year	-	-	(8,007)	(8,007)
Impairments	-	5,555	-	5,555
Revaluations	-	6,169	-	6,169
Transfer to retained earnings on disposal of assets	-	(45)	45	-
Public dividend capital received	996	-	-	996
Other reserve movements	-	-	-	-
Taxpayers' and others' equity at 31 March 2015	190,709	88,746	43,696	323,151

Information on reserves

NHS charitable funds reserves

This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted.

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 trust. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS foundation 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 NHS foundation trust.

Statement of Cash Flows

	Note	Group		Trust	
		2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Cash flows from operating activities					
Operating surplus/(deficit)		(25,959)	1,908	(25,788)	1,487
Non-cash income and expense:					
Depreciation and amortisation	5	17,024	16,723	16,871	16,567
Impairments and reversals of impairments	6	3,314	(284)	3,314	(284)
(Gain)/loss on disposal of non-current assets	5	(74)	31	(74)	31
Income recognised in respect of capital donations	4	(295)	(780)	(295)	(780)
(Increase)/decrease in receivables and other assets		7,306	11,417	6,925	14,704
(Increase)/decrease in inventories		(662)	(1,338)	(662)	(1,338)
Increase/(decrease) in payables and other liabilities		(7,579)	4,569	(6,979)	1,832
Increase/(decrease) in provisions		(1,716)	(898)	(1,716)	(898)
Tax (paid)/received		(41)	-	-	-
NHS charitable funds - net movements in working capital, non-cash transactions and non-operating cash flows		184	(254)	-	-
Other movements in operating cash flows		(47)	92	1	(162)
Net cash generated from/(used in) operating activities		(8,545)	31,186	(8,402)	31,159
Cash flows from investing activities					
Interest received		75	135	142	134
Purchase of intangible assets		(236)	(1,411)	(236)	(1,411)
Purchase of property, plant, equipment and investment property		(12,698)	(34,965)	(12,652)	(34,879)
Sales of property, plant, equipment and investment property		3,457	-	3,457	-
Receipt of cash donations to purchase capital assets		295	780	295	780
Investing cash flows of NHS charitable funds		950	174	-	-
Net cash generated from/(used in) investing activities		(8,157)	(35,287)	(8,994)	(35,375)
Cash flows from financing activities					
Public dividend capital received		250	996	250	996
Public dividend capital repaid		(700)	-	(700)	-
Capital element of finance lease rental payments		(25)	(25)	-	(25)
Interest paid on finance lease liabilities		(4)	(4)	-	(4)
Other interest paid		(18)	-	(18)	-
PDC dividend paid		(9,574)	(9,436)	(9,574)	(9,436)
Net cash generated from/(used in) financing activities		(10,071)	(8,469)	(10,042)	(8,469)
Increase/(decrease) in cash and cash equivalents		(26,773)	(12,570)	(27,438)	(12,685)
Cash and cash equivalents at 1 April		32,134	44,704	31,295	43,980
Cash and cash equivalents at 31 March	21	5,361	32,134	3,856	31,295

Notes to the Accounts

Note 1 Accounting policies and other information

Basis of preparation

Monitor is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the FT ARM which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2015/16 issued by Monitor. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies 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.

Going concern

The accounts for financial year ending 31st March 2016 have been prepared on a going concern basis.

The Trust has considered the situation with regard to 'going concern' and after making enquires, the directors have a reasonable expectation that The East Kent Hospitals University NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future.

This assessment is based on the fact that there remains the anticipation of the provision of service in the future, as evidenced by inclusion of financial provision for that service in published documents. All of the Trust's principal contracted commissioners have signed the NHS Standard Contract for the provision of services at the Trust for 2016/17.

Note 1.1 Consolidation

East Kent Hospital Charity

The NHS foundation trust is the corporate trustee to the East Kent Hospital Charity. The foundation trust has assessed its relationship to the Charity and determined it to be a subsidiary 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.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the foundation trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

HealtheX Limited

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position. Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

On 3rd December 2012, the Trust acquired a subsidiary company, purchasing 100% of the share capital of HealtheX Limited, which is also the parent company of East Kent Medical Services Limited. The subsidiary provides the operation and management of a private hospital. The results of the subsidiary have been consolidated in full for 2015/16 consistent with the previous year. The assets of the subsidiary have been included in the consolidated Statement of Financial Position. Accounting policies have been aligned and inter company balances have been eliminated.

Note 1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.3 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments 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 NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost 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.

Other schemes

The subsidiary, HealtheX 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.

Redundancy Costs

Redundancy costs are recognised as an expense when the Trust is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide benefits as result of an offer made to encourage voluntary resignations. Redundancy costs for voluntary resignations are recognised as an expense if the Trust has made an offer of voluntary resignation, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than twelve months after the reporting period, then they are discounted to their present value.

Note 1.4 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 1.5 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 and
- the cost of the item can be measured reliably.
- individual assets have a cost of £5,000 or form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Borrowing costs associated with the construction of new assets are not capitalised.

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 economic lives.

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.

All assets are measured subsequently at valuation. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

All property is revalued using professional valuations every five years, with an interim valuation every 3 years. Where assets are subject to significant volatility, then annual revaluation may be required. A full valuation was carried out as at 31st March 2015. Both full and interim valuations are carried out by professionally qualified valuers, Boshier and Company (RICS qualified), in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

In the years between those in which a revaluation is undertaken the Trust takes advice from Boshier and Company, an independent firm of RICS qualified valuers, as to the movements in land and property values to determine whether indexation is required. In 2015/16 the Valuer reported that the appropriate Building Cost Information Services (BCIS) indices were forecasting increases circa 2% for the year to 31st March 2016 and trending lower. On this basis the Valuer advised that any increase in the building value of the Trust portfolio at 31st March 2016 would be neither significant or material. The opinion of the Valuer was sought in respect of land values, who advised there had been no significant or material change in value to the land value within the Trust portfolio. Accordingly the Trust has not applied indexation to land or buildings for 2015/16.

Where substantial works are undertaken between formal valuation exercises the Trust arranges for ad-hoc valuations to be conducted. A valuation of such works was undertaken on the 31st March 2016 for substantial works completed in the financial year 2015/16. For non-specialised operational property the basis of valuation is existing use value. Specialised operational property is valued at depreciated replacement cost, based on a modern equivalent asset. For non-operational properties including surplus land, the valuations are carried out at market value. Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Operational plant and equipment is valued at net current replacement cost. Where assets are of low value (have a net book value below £1m), and/or have short useful economic lives (below 10 years), these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net recoverable amount.

The carrying values of property and plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. An annual assessment is carried out to review high value equipment for evidence of impairment.

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.

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

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 income.

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 *FT ARM*, 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 income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - management are committed to a plan to sell the asset
 - an active programme has begun to find a buyer and complete the sale
 - the asset is being actively marketed at a reasonable price
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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. 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government grant and other 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.

Useful Economic lives of property, plant and equipment

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives normally applied are shown in the table below:

	Min life Years	Max life Years
Land (freehold land considered to have infinite life and not depreciated)		
Buildings, excluding dwellings	40	40
Dwellings	40	40
Plant & machinery	5	15
Transport equipment	7	7
Information technology	5	8
Furniture & fittings	10	10

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the FT 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 1.6 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; and have a cost of at least £5,000. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

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 under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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 economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful economic life of intangible assets

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

	Min life Years	Max life Years
Intangible assets - purchased		
Software	5	5

Note 1.7 Revenue government and other grants

Government grants are grants from government bodies other than income from commissioners or NHS 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.

Note 1.8 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.

Note 1.9 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

De-recognition

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

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

Classification and measurement

Financial assets are categorised as "fair value through income and expenditure", loans and receivables or "available-for-sale financial assets". Categories of financial assets currently held by the Trust are loans and receivables and the investment in the subsidiary, Healthex Limited. The investment portfolio held by the Charity is classed as an available-for-sale financial asset.

Financial liabilities are classified as "fair value through income and expenditure" or as "other financial liabilities". The Trust currently has no financial liabilities at fair value through income and expenditure.

Investment in the subsidiary, Healthex Limited

The Trust's investment in its subsidiary, Healthex Limited, has been recognised in accordance with IAS 27 in the Trust's financial statements. This investment has been eliminated on consolidation and replaced with the assets and liabilities of the subsidiary.

Financial assets and financial liabilities at "fair value through income and expenditure"

Financial assets and financial liabilities at "fair value through income and expenditure" are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

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

The trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and "other receivables" including loans (the loans relate to the subsidiary and are thus eliminated in the consolidated position).

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

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Available-for-sale financial assets

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

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of "other comprehensive income". When items classified as "available-for-sale" are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in "finance costs" in the Statement of Comprehensive Income.

Other financial liabilities

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

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced - directly or where available through the use of a bad debt provision.

Note 1.10 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation 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 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 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. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

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.

Note 1.11 Provisions

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

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 27.1 but is not recognised in the NHS foundation trust's accounts.

Non-clinical risk pooling

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

Note 1.12 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 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 28, 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 1.13 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 Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (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 thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.14 Value added tax

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

Note 1.15 Corporation tax

The Trust does not have a corporation tax liability for the year 2015/16. 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 Trust's subsidiary Healthex Limited is liable to corporation tax, which is consolidated into the Group financial statements.

Note 1.16 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at fair value through income and expenditure) are translated at the spot exchange rate on 31st March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.17 Third Party Assets

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

Note 1.18 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, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However 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 1.19 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2015/16.

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted

The HM Treasury *FReM* does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury *FReM* interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration. The application of the standards as revised would not be expected to have a material impact on the accounts for 2015/16, were they applied in that year.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the *FReM*: early adoption is not therefore permitted
- IFRS 15 Revenue for Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the *FReM*: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the *FReM*: early adoption is not therefore permitted.
- IPSAS 32 Service concession arrangements - Subject to consultation
- IFRS 11 (amendment) – acquisition of an interest in a joint operation
- IAS 16 (amendment) and IAS 38 (amendment) – depreciation and amortisation
- IAS 16 (amendment) and IAS 41 (amendment) – bearer plants
- IAS 27 (amendment) – equity method in separate financial statements
- IFRS 10 (amendment) and IAS 28 (amendment) – sale or contribution of assets
- IFRS 10 (amendment) and IAS 28 (amendment) – investment entities applying the consolidation exception
- IAS 1 (amendment) – disclosure initiative
- IFRS 15 Revenue from contracts with customers
- Annual improvements to IFRS: 2012-2015 cycle

Note 1.21 Critical accounting estimates and judgements

International accounting standard IAS1 requires estimates, assumptions and judgements to be continually evaluated and to be based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The purpose of the evaluation is to consider whether there may be a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year, compared to the carrying value in these accounts. The following significant assumptions and areas of estimation and judgement have been considered in preparing these financial statements.

Value of land, buildings and dwellings, excluding the subsidiary, £270m (2014/15 £260m): This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer with extensive knowledge of the physical estate and market factors. The value does not take into account potential future changes in market value which cannot be predicted with any certainty.

Partially Completed Spells: Patients who were admitted on or before the 31st March but have not been discharged before midnight are valued for income purposes based upon the following:-

Number of days plus one they have been in hospital divided by the average length of stay of the average patient treated by the same specialty, multiplied by the mean price of the same specialty. Patients who are being cared for in intensive care are also valued based on the agreed tariff multiplied by the number of days the patient has been cared for up to the 31st March. Using this methodology the value of Partially Completed Spells as at 31st March 2016 is £2.5m, this is compared to £2.4m at 31st March 2015. The valuation as at 31st March 2016 has been agreed with commissioners. Partially completed spells were calculated as at the 31st March.

Maternity Pathway Adjustment: The Trust receives a full pathway payment for all expectant mothers who started their antenatal care during 2015/16 irrespective of the expected date of delivery. Deferred income has been calculated based on the estimated gestation period remaining for those mothers yet to deliver as at 31st March 2016 and assuming all pregnancies last for a duration of 40 weeks. Using this methodology the value of income deferred to future periods is £2.0m which has been agreed with Commissioners, compared to £1.8m at 31st March 2015. The valuation for 2015/16 was based on 31st March actual data.

Healthcare from other non-NHS bodies: in order to meet waiting time targets, the Trust presently refers some patients for treatment at private/independent hospitals. An estimation of £1.3m is included in 2015/16 operating expenditure for outstanding charges from these organisations, based on referral data held in the Trust's Patient Administration System at 31st March 2016 (2014/15 £1.1m).

Untaken annual leave: no salary costs have been included at year-end for annual leave earned but not taken by employees at 31st March 2016 as the Annual Leave policy states that employees are no longer allowed to carry forward leave.

Provisions: Assumptions around the timing of the cashflows relating to provisions are based upon information from the NHS Pensions Agency and expert opinion within the Trust and from external advisers regarding when legal issues may be settled.

Stocks: The material stock balances included within the accounts were counted and valued close to the balance sheet date (Theatres / Cardiology Pacemakers and ICDs), Pharmacy stocks are recorded as reported from the Pharmacy stock system which is subject to a rolling programme of stock valuation. Minor stock takes, where no material change is anticipated, will be included at the values counted earlier in the year.

Note 2 Operating Segments

Resources are organised across four clinical divisions comprising the specialties listed in the following table, and corporate services covering the functions listed below. Divisional Performance Reports and Service Line Reports form the basis of the 2015/16 results and the comparatives for 2014/15. Neither Healthex Limited nor the Charity meets the definition of an operating segment and are therefore excluded from the Segmental Report.

	Urgent Care & Long-term conditions	Surgical Services	Specialist Services	Clinical Support	Corporate functions/ Overheads
Content of Divisions	Acute and Specialist Medicine, A&E, Healthcare of Older People	General Surgery, Head and Neck, Trauma & Orthopaedics, Urology, Vascular, Anaesthetics	Cancer, Haemophilia, Clinical Haematology, Renal, Dermatology, Women's and Children's Health	Pathology, Pharmacy, Radiological Sciences, Therapies, Outpatients	Clinical Quality & Operations, Strategic Development and Capital Planning (including Facilities and IT), HR, Finance and Performance Management

Clinical Divisions are performance-managed at Contribution level (i.e. before apportionment of overheads and financing costs). Income for each NHS patient spell or attendance is credited to a division based on the primary treatment or procedure undertaken. Direct costs charged to each division reflect the cost of running the areas and services under their direct control.

The direct cost of providing clinical support between clinical divisions is charged out on a fully apportioned basis, and internal trading income is reflected in the above segment results. General and corporate overhead costs are managed centrally.

Amounts included for Corporate functions and overheads do not meet the definition of an operating segment under IFRS and are presented as reconciling items. Financing costs includes interest receivable, dividend payable and unwinding of discounts. Overheads comprises depreciation, impairments, and loss on disposal of assets.

Year ended 31 March 2016

Division:	Urgent Care & Long-term conditions £000	Surgical Services £000	Specialist Services £000	Clinical Support £000	Corporate functions/ Overheads £000	Total Trust £000
East Kent Managed Contract	126,353	127,929	73,054	29,918		357,254
High Cost Drugs	5,762	6,339	19,691	130		31,922
Other Income - divisional budgets	21,538	20,522	43,987	17,946	25,007	129,000
Other income - apportioned from SLR report	5,560	6,666	4,556	792	-4,260	13,314
Total Trust income	159,213	161,456	141,288	48,786	20,747	531,490
Income from internal trading - CSS				51,344		51,344
Income from internal trading - surgical (anae)	0	8,791	0			8,791
Total segment income	159,213	170,247	141,288	100,130	20,747	591,625
Pay costs	88,236	90,251	61,307	56,427	32,816	329,037
Non-pay expenditure	25,323	45,883	38,477	34,911	63,361	207,955
Total direct costs	113,559	136,134	99,784	91,338	96,177	536,992
Indirect costs (internal trading) - CSS	23,602	17,079	10,662	0		51,343
Indirect costs (internal trading) - surgical (an)	608		7,969	213		8,790
Expenditure by segment	137,769	153,213	118,415	91,551	96,177	597,125
Contribution	21,444	17,034	22,873	8,579	-75,430	-5,500
Overheads					20,303	20,303
Financing costs					9,354	9,354
					-105,087	
Surplus/(deficit)						-35,157

Year ended 31 March 2015

Division:	Urgent Care & Long-term conditions £000	Surgical Services £000	Specialist Services £000	Clinical Support £000	Corporate functions/ Overheads £000	Total Trust £000
East Kent Managed Contract	130,727	133,963	72,217	28,217	0	365,124
High Cost Drugs	5,841	5,800	19,821	124	0	31,586
Other Income - divisional budgets	22,116	19,821	46,587	16,021	24,005	128,550
Other income - apportioned from SLR	5,726	6,815	4,686	837	-14,842	3,222
Total Trust income	164,410	166,399	143,311	45,199	9,163	528,482
Income from internal trading - CSS				51,344		51,344
Income from internal trading - surgical	0	8,577	0			8,577
Total segment income	164,410	174,976	143,311	96,543	9,163	588,403
Pay costs	82,184	86,592	60,057	54,293	29,707	312,833
Non-pay expenditure	24,594	44,493	38,441	33,168	57,151	197,847
Total direct costs	106,778	131,085	98,498	87,461	86,858	510,680
Indirect costs (internal trading) - CSS	23,602	17,079	10,663			51,344
Indirect costs (internal trading) - surgical	608		7,969			8,577
Expenditure by segment	130,988	148,164	117,130	87,461	86,858	570,601
Contribution	33,422	26,812	26,181	9,082	-77,695	17,802
Overheads					16,315	16,315
Financing costs					9,494	9,494
					-103,504	
Surplus/(deficit)						-8,007

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)

The 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 (CCGs) and NHS England pay for inpatient, outpatient and community based care for their resident population. This forms the majority of the Trusts clinical income. As a university Trust, income is also earned for the training of junior doctors and other staff. The Trust also receives income for services to other organisations, to private patients, visitors and staff, and from charitable donations.

The Group figures include income from a private hospital operated by East Kent Medical Services

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Acute services				
Elective income	94,270	99,788	91,565	97,440
Non elective income	135,615	132,912	135,615	132,912
Outpatient income	73,840	73,488	71,874	71,957
A & E income	22,079	20,180	22,079	20,180
Other NHS clinical income	160,549	160,107	160,549	160,107
Additional income for delivery of healthcare services - DH Capital to Revenue transfer	700	-	700	-
Private patient income	3,341	3,071	568	601
Other clinical income	1,044	2,456	1,044	2,376
Total income from activities	491,438	492,002	483,994	485,573

Note 3.2 Income from patient care activities (by source)

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Income from patient care activities received from:				
CCGs and NHS England	482,493	483,634	477,822	479,675
Department of Health	28	-	28	-
Other NHS foundation trusts	1,516	776	1,516	646
NHS trusts	743	1,677	743	1,807
NHS other	477	477	477	477
Non-NHS: private patients	3,341	3,070	567	600
Non-NHS: overseas patients (chargeable to patient)	330	205	330	205
NHS injury scheme (was RTA)	1,621	1,693	1,621	1,693
Non NHS: other	190	470	190	470
Additional income for delivery of healthcare services - DH Capital to Revenue transfer	700	-	700	-
Total income from activities	491,438	492,002	483,994	485,573

Note: Injury scheme income is subject to a 21.99% provision for impairment of receivables to reflect expected rates of collection. (2014/15 18.9%)

Note 3.3 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	Trust only	
	2015/16	2014/15
	£000	£000
Income recognised this year	330	205
Cash payments received in-year (relating to current and prior years)	126	73
Amounts added to provision for impairment of receivables (relating to current and prior years)	61	53
Amounts written off in-year	29	4

Note 4 Other operating income

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Research and development	2,789	2,460	2,789	2,460
Education and training	13,845	14,198	13,845	14,198
Receipt of capital grants and donations	46	467	295	780
Charitable and other contributions to expenditure	164	316	658	643
Non-patient care services to other bodies	9,296	9,990	10,834	11,422
Profit on disposal of non-current assets	192	-	192	-
Reversal of impairments	-	546	-	546
Rental revenue from operating leases	304	195	304	195
Income in respect of staff costs where accounted on gross basis	5,651	6,457	5,651	6,457
Incoming resources received by NHS charitable funds	458	770	-	-
Other income	12,878	6,754	12,928	6,754
Total other operating income	45,623	42,153	47,495	43,455

Analysis of Other Operating Income: Other

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Car parking	3,721	3,294	3,721	3,294
Estates recharges	217	220	217	220
Staff accommodation rentals	2,340	2,159	2,340	2,159
Other *	6,600	1,081	6,650	1,081
	12,878	6,754	12,928	6,754

* 2015/16 Trust and Group figures include a compensation payment £3.6m received in respect of a major project from a previous year

Note 4.1 Income from activities arising from commissioner requested services

Under the terms of its provider license, 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 license 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:

The Trust is working with its commissioners to determine the level of Commissioner requested Services currently provided. Within the 2015-16 financial statements management has taken the view to define any service that is identified in a signed contract with any NHS commissioner as commissioner requested.

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Income from commissioner requested services	478,179	483,634	478,179	479,675
Income from services not designated as commissioner requested services	58,882	50,521	53,310	49,353
Total	537,061	534,155	531,489	529,028

Note 4.2 Profits and losses on disposal of property, plant and equipment

No land or buildings used in the provision of Commissioner Requested Services were disposed of in 2015/16

Note 5 Operating expenses

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Services from NHS foundation trusts	932	799	876	799
Services from NHS trusts	296	455	279	455
Services from CCGs and NHS England	168	49	168	49
Services from other NHS bodies	21	30	21	-
Purchase of healthcare from non NHS bodies	6,407	4,953	9,169	8,683
Employee expenses - executive directors	1,460	1,168	1,460	1,168
Remuneration of non-executive directors	144	131	144	131
Employee expenses - staff	331,678	315,060	327,771	311,534
Supplies and services - clinical	72,428	72,261	69,284	68,746
Supplies and services - general	18,634	18,151	18,364	17,735
Establishment	3,213	3,604	3,183	3,577
Research and development	-	-	-	-
Transport	3,167	2,764	3,104	2,725
Premises	19,212	17,212	19,047	17,124
Increase/(decrease) in provision for impairment of receivables	2,076	861	2,109	1,025
Increase/(decrease) in other provisions	73	(153)	73	(153)
Change in provisions discount rate(s)	(24)	-	(24)	-
Inventories written down	683	1,670	683	1,670
Drug costs	10,464	9,606	10,450	9,606
Inventories consumed	44,749	43,438	44,749	43,428
Rentals under operating leases	971	1,357	966	1,352
Depreciation on property, plant and equipment	16,290	16,187	16,137	16,031
Amortisation on intangible assets	734	536	734	536
Impairments	3,314	262	3,314	262
Audit fees payable to the external auditor *				
audit services- statutory audit **	68	83	68	69 **
other auditor remuneration (external auditor only)	91	140	77	137 *
Clinical negligence	16,206	10,455	16,206	10,455
Loss on disposal of non-current assets	118	31	118	31
Legal fees	424	613	417	456
Consultancy costs	2,536	1,367	2,298	1,201
Internal audit costs	204	244	204	244 *
Training, courses and conferences	1,963	1,750	1,946	1,732
Patient travel	455	481	448	473
Car parking & security	237	318	237	305
Redundancy	53	89	53	89
Early retirements	-	-	-	-
Hospitality	171	131	149	108
Publishing	39	59	-	-
Insurance	557	531	480	449
Other services, eg external payroll	762	3,530	758	3,530
Losses, ex gratia & special payments	31	32	31	32
Other resources expended by NHS charitable funds	62	60	-	-
Other	1,953	1,933	1,726	1,748
Total	563,020	532,248	557,277	527,541

* Internal Audit fees are shown separately for 2015/16; 2014/15 comparatives have been restated

** The statutory audit fee included in this line includes irrecoverable VAT consistent with all other disclosures in this table. The actual fee received by the external auditors for the Trust statutory audit is £56,800. Fees for Subsidiary and Charity audits are disclosed in note 5.1

Note 5.1 Other auditor remuneration

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
Audit of accounts of Subsidiary of the Trust (Healthex)	11	14	-	-
Audit of accounts of Charity	3	3	-	-
Audit-related assurance services (Quality Accounts)	15	15	15	15
Taxation compliance services	-	-	-	-
All taxation advisory services not falling above	-	13	-	13
Other non-audit services not falling within items above *	62	95	62	109
Total	91	140	77	137

*2014/15 Other audit remuneration restated for comparatives and to remove £244k Internal auditor fees now disclosed separately in note 5.1.

Note 5.2 Limitation on auditor's liability

The limitation on auditors' liability for external audit work is £1m (2014/15: £1m).

Note 6 Impairment of assets

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Net impairments charged to operating surplus / deficit resulting from:				
Loss or damage from normal operations	-	-	-	-
Over specification of assets	-	-	-	-
Abandonment of assets in course of construction	-	-	-	-
Unforeseen obsolescence	-	-	-	-
Loss as a result of catastrophe	-	-	-	-
Changes in market price	3,314	(284)	3,314	(284)
Other	-	-	-	-
Total net impairments charged to operating surplus / deficit	3,314	(284)	3,314	(284)
Impairments charged to the revaluation reserve	1,221	(5,555)	1,221	(5,555)
Total net impairments	4,535	(5,839)	4,535	(5,839)

Impairments 2015/16

1. The completion and subsequent take on of the new Dover Hospital incurred an impairment of £2.1m - representing the difference between the final value in use and the costs of construction.

2. The balance of the impairments relates to the sale of surplus properties to realise cash benefits. The assets were revalued to their market price (where lower than their carrying value) in accordance with IAS 16. In some cases this led to an impairment being charged to operating surplus as no balance existed in the revaluation reserve for that asset.

Note 7 Employee benefits

	Group				Trust			
	Permanent	Other	2015/16 Total	2014/15 Total	Permanent	Other	2015/16 Total	2014/15 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	248,205	534	248,739	239,583	245,684	534	246,218	237,302
Social security costs	19,327	-	19,327	18,822	19,104	-	19,104	18,616
Employer's contributions to NHS pensions	29,501	-	29,501	28,055	29,501	-	29,501	28,023
Pension cost - other	51	-	51	12	17	-	17	12
Other post employment benefits	-	-	-	-	-	-	-	-
Other employment benefits	28	-	28	26	-	-	-	-
Termination benefits	-	-	-	-	-	-	-	-
Agency/contract staff	-	35,783	35,783	30,056	-	34,682	34,682	29,074
NHS charitable funds staff	-	-	-	-	-	-	-	-
Total gross staff costs	297,112	36,317	333,429	316,554	294,306	35,216	329,522	313,027
Recoveries in respect of seconded staff	-	-	-	-	-	-	-	-
Total staff costs	297,112	36,317	333,429	316,554	294,306	35,216	329,522	313,027
Of which								
Costs capitalised as part of assets	291	-	291	326	291	-	291	325

Note 7.1 Retirements due to ill-health

During 2015/16 there were 4 early retirements from the trust agreed on the grounds of ill-health (14 in the year ended 31 March 2015). The estimated additional pension liabilities of these ill-health retirements is £146k (£860k in 2014/15).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 7.2 Directors' remuneration

The aggregate amounts payable to directors were:

	Group		Trust	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Salary	1365	1076	1365	1076
Taxable benefits	0	0		0
Performance related bonuses	0	0		0
Employer's pension contributions	120	106	120	106
Total	1,485	1,182	1,485	1,182

Further details of directors' remuneration can be found in the remuneration report.

Note 8 Pension costs

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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension 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 their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

National Employees Savings Trust (NEST)

The Trust participates in the National Employees Savings Trust (NEST) scheme as an alternative to those employees who are not eligible to join the NHS Pension Scheme. NEST is a defined contribution scheme with a phased employer contribution rate, currently 1%. Trust contributions under the NEST scheme for the 2015/16 financial year totalled £17k (£12k 2014/15).

Note 9 Operating leases

Note 9.1 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	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Operating lease revenue				
Minimum lease receipts	304	195	304	195
Contingent rent	-	-	-	-
Other	-	-	-	-
Total	304	195	304	195
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
Future minimum lease receipts due:				
- not later than one year;	304	195	304	195
- later than one year and not later than five years;	-	-	-	-
- later than five years.	-	-	-	-
Total	304	195	304	195

Note 9.2 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 FT is the lessee.

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Operating lease expense				
Minimum lease payments	971	1,357	966	1,352
Contingent rents	-	-	-	-
Less sublease payments received	-	-	-	-
Total	971	1,357	966	1,352
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
Future minimum lease payments due:				
- not later than one year;	966	694	966	694
- later than one year and not later than five years;	531	492	531	492
- later than five years.	554	-	554	-
Total	2,051	1,186	2,051	1,186
Future minimum sublease payments to be received	-	-	-	-

Note 10 Finance income

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

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Interest on bank accounts	75	127	74	127
Interest on loans and receivables	-	-	68	73
Investment income on NHS charitable funds financial assets	111	119	-	-
Other	-	-	-	-
Total	186	246	142	200

Note 11 Finance expenditure

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

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Interest expense:				
Loans from the Department of Health	-	-	-	-
Commercial loans	-	-	-	-
Overdrafts	-	-	-	-
Finance leases	4	4	-	-
Interest on late payment of commercial debt	18	-	18	-
Total interest expense	22	4	18	-
Other finance costs - Unwinding of Discount	36	303	36	303
Total	58	307	54	303

Note 11.1 The late payment of commercial debts (interest) Act 1998

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Amounts included within interest payable arising from claims made under this legislation	18	14	18	14
Compensation paid to cover debt recovery costs under this legislation	-	-	-	-

Note 12 Corporation tax

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
UK corporation tax expense	41	98	-	-
Adjustments in respect of prior years	-	-	-	-
Current tax expense	41	98	-	-
Origination and reversal of temporary differences	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
Change in tax rate	-	-	-	-
Deferred tax expense	-	-	-	-
Total income tax expense in Statement of Comprehensive Income	41	98	-	-

Note 13 Intangible assets - 2015/16

Group (Note all Intangible assets are Trust assets)	Intangible assets under		Total
	Software licences	construction	
	£000	£000	£000
Valuation/gross cost at 1 April 2015 - brought forward	3,158	1,148	4,306
Valuation/gross cost at start of period for new FTs	-	-	-
Transfers by absorption	-	-	-
Additions	227	(38)	189
Impairments	-	-	-
Reversals of impairments	-	-	-
Reclassifications	927	(927)	-
Revaluations	-	-	-
Transfers to/ from assets held for sale	-	-	-
Disposals / derecognition	-	-	-
Gross cost at 31 March 2016	4,312	183	4,495
Amortisation at 1 April 2015 - brought forward	1,546	-	1,546
Amortisation at start of period for new FTs	-	-	-
Transfers by absorption	-	-	-
Provided during the year	734	-	734
Impairments	-	-	-
Reversals of impairments	-	-	-
Reclassifications	-	-	-
Revaluations	-	-	-
Transfers to/ from assets held for sale	-	-	-
Disposals / derecognition	-	-	-
Amortisation at 31 March 2016	2,280	-	2,280
Net book value at 31 March 2016	2,032	183	2,215
Net book value at 1 April 2015	1,612	1,148	2,760

Note 13.1 Intangible assets - 2014/15

Group (Note all Intangible assets are Trust assets)	Intangible assets under		Total
	Software licences	construction	
	£000	£000	£000
Valuation/gross cost at 1 April 2014 - as previously stated	2,637	513	3,150
Prior period adjustments	-	-	-
Gross cost at 1 April 2014 - restated	2,637	513	3,150
Gross cost at start of period for new FTs	-	-	-
Transfers by absorption	-	-	-
Additions	457	811	1,268
Impairments	-	-	-
Reversals of impairments	-	-	-
Reclassifications	176	(176)	-
Revaluations	-	-	-
Transfers to/ from assets held for sale	-	-	-
Disposals / derecognition	(112)	-	(112)
Valuation/gross cost at 31 March 2015	3,158	1,148	4,306
Amortisation at 1 April 2014 - as previously stated	1,119	-	1,119
Prior period adjustments	-	-	-
Amortisation at 1 April 2014 - restated	1,119	-	1,119
Amortisation at start of period for new FTs	-	-	-
Transfers by absorption	-	-	-
Provided during the year	536	-	536
Impairments	-	-	-
Reversals of impairments	-	-	-
Reclassifications	-	-	-
Revaluations	-	-	-
Transfers to/ from assets held for sale	-	-	-
Disposals / derecognition	(109)	-	(109)
Amortisation at 31 March 2015	1,546	-	1,546
Net book value at 31 March 2015	1,612	1,148	2,760
Net book value at 1 April 2014	1,518	513	2,031

Note 14 Property, plant and equipment - 2015/16

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2015 - brought forward	37,865	207,032	17,464	29,927	71,470	19	11,957	690	376,424
Additions	-	3,622	-	3,679	3,575	6	1,505	199	12,586
Impairments	(395)	(826)	-	-	-	-	-	-	(1,221)
Reversals of impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	24,577	52	(27,334)	914	-	1,791	-	-
Revaluations	-	(4,569)	-	-	-	-	-	-	(4,569)
Transfers to/ from assets held for sale	(150)	(400)	-	-	-	-	-	-	(550)
Disposals / derecognition	(1,276)	(2,090)	-	-	(1,123)	-	-	(24)	(4,513)
Valuation/gross cost at 31 March 2016	36,044	227,346	17,516	6,272	74,836	25	15,253	865	378,157
Accumulated depreciation at 1 April 2015 - brought forward	-	96	-	-	50,360	19	5,938	591	57,004
Provided during the year	-	9,107	512	-	4,310	-	2,306	55	16,290
Impairments	-	3,314	-	-	-	-	-	-	3,314
Reversals of impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(4,569)	-	-	-	-	-	-	(4,569)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	(5)	-	-	(1,100)	-	-	(24)	(1,129)
Accumulated depreciation at 31 March 2016	-	7,943	512	-	53,570	19	8,244	622	70,910
Net book value at 31 March 2016	36,044	219,403	17,004	6,272	21,266	6	7,009	243	307,247
Net book value at 1 April 2015	37,865	206,936	17,464	29,927	21,110	-	6,019	99	319,420

Note 14.1 Property, plant and equipment - 2014/15

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2014	33,551	192,089	16,582	24,280	68,728	19	13,774	745	349,768
Additions - purchased/ leased/ grants/ donations	-	4,196	-	19,496	3,678	-	2,142	-	29,512
Impairments	(6)	(1,771)	-	-	-	-	-	-	(1,777)
Reversals of impairments	3,938	3,130	264	-	-	-	-	-	7,332
Reclassifications	-	12,312	-	(13,849)	409	-	1,128	-	-
Revaluations	382	(2,924)	618	-	-	-	-	-	(1,924)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,345)	-	(5,087)	(55)	(6,487)
Valuation/gross cost at 31 March 2015	37,865	207,032	17,464	29,927	71,470	19	11,957	690	376,424
Accumulated depreciation at 1 April 2014	-	-	-	-	45,903	19	9,155	576	55,653
Provided during the year	-	8,002	471	-	5,776	-	1,870	68	16,187
Impairments	161	101	-	-	-	-	-	-	262
Reversals of impairments	(35)	(510)	(1)	-	-	-	-	-	(546)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	(126)	(7,497)	(470)	-	-	-	-	-	(8,093)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,319)	-	(5,087)	(53)	(6,459)
Accumulated depreciation at 31 March 2015	-	96	-	-	50,360	19	5,938	591	57,004
Net book value at 31 March 2015	37,865	206,936	17,464	29,927	21,110	-	6,019	99	319,420
Net book value at 1 April 2014	33,551	192,089	16,582	24,280	22,825	-	4,619	169	294,115

Note 14.2 Property, plant and equipment financing - 2015/16

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	NHS charitable fund assets £000	Total £000
Net book value at 31 March 2016										
Owned	36,044	211,916	17,004	6,272	19,863	6	6,898	243	-	298,246
Finance leased	-	-	-	-	24	-	-	-	-	24
Government granted	-	-	-	-	-	-	-	-	-	-
Donated	-	7,487	-	-	1,379	-	111	-	-	8,977
NBV total at 31 March 2016	36,044	219,403	17,004	6,272	21,266	6	7,009	243	-	307,247

Note 14.3 Property, plant and equipment financing - 2014/15

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	NHS charitable fund assets £000	Total £000
Net book value at 31 March 2015										
Owned	37,865	199,114	17,464	29,927	19,576	-	5,868	99	-	309,913
Finance leased	-	-	-	-	-	-	-	-	-	-
Government granted	-	-	-	-	-	-	-	-	-	-
Donated	-	7,822	-	-	1,534	-	151	-	-	9,507
NBV total at 31 March 2015	37,865	206,936	17,464	29,927	21,110	-	6,019	99	-	319,420

Note 15 Property, plant and equipment - 2015/16

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2015 - brought forward	37,865	204,194	17,464	29,927	71,159	19	11,957	690	373,275
Additions	-	3,622	-	3,679	3,505	6	1,505	199	12,516
Impairments	(395)	(826)	-	-	-	-	-	-	(1,221)
Reversals of impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	24,577	52	(27,334)	914	-	1,791	-	-
Revaluations	-	(4,569)	-	-	-	-	-	-	(4,569)
Transfers to/ from assets held for sale	(150)	(400)	-	-	-	-	-	-	(550)
Disposals / derecognition	(1,276)	(2,090)	-	-	(1,123)	-	-	(24)	(4,513)
Valuation/gross cost at 31 March 2016	36,044	224,508	17,516	6,272	74,455	25	15,253	865	374,938
Accumulated depreciation at 1 April 2015 - brought forward	-	-	-	-	50,205	19	5,939	589	56,752
Provided during the year	-	9,012	512	-	4,252	-	2,306	55	16,137
Impairments	-	3,314	-	-	-	-	-	-	3,314
Reversals of impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(4,569)	-	-	-	-	-	-	(4,569)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	(5)	-	-	(1,100)	-	-	(24)	(1,129)
Accumulated depreciation at 31 March 2016	-	7,752	512	-	53,357	19	8,245	620	70,505
Net book value at 31 March 2016	36,044	216,756	17,004	6,272	21,098	6	7,008	245	304,433
Net book value at 1 April 2015	37,865	204,194	17,464	29,927	20,954	-	6,018	101	316,523

Note 15.1 Property, plant and equipment - 2014/15

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2014	33,551	189,250	16,582	24,280	68,503	19	13,774	745	346,704
Additions - purchased/ leased/ grants/ donations	-	4,196	-	19,496	3,592	-	2,142	-	29,426
Impairments	(6)	(1,771)	-	-	-	-	-	-	(1,777)
Reversals of impairments	3,938	3,130	264	-	-	-	-	-	7,332
Reclassifications	-	12,312	-	(13,849)	409	-	1,128	-	-
Revaluations	382	(2,924)	618	-	-	-	-	-	(1,924)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,345)	-	(5,087)	(55)	(6,487)
Valuation/gross cost at 31 March 2015	37,865	204,194	17,464	29,927	71,159	19	11,957	690	373,275
Accumulated depreciation at 1 April 2014	-	-	-	-	45,807	19	9,155	576	55,557
Provided during the year	-	7,906	470	-	5,717	-	1,871	67	16,031
Impairments	161	101	-	-	-	-	-	-	262
Reversals of impairments	(35)	(510)	(1)	-	-	-	-	-	(546)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	(126)	(7,497)	(469)	-	-	-	-	-	(8,092)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(1,319)	-	(5,087)	(53)	(6,459)
Accumulated depreciation at 31 March 2015	-	-	-	-	50,205	19	5,939	589	56,752
Net book value at 31 March 2015	37,865	204,194	17,464	29,927	20,954	-	6,018	101	316,523
Net book value at 1 April 2014	33,551	189,250	16,582	24,280	22,696	-	4,619	170	291,148

Note 15.2 Property, plant and equipment financing - 2015/16

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2016									
Owned	36,044	209,269	17,004	6,272	19,719	6	6,897	245	295,456
Finance leased	-	-	-	-	-	-	-	-	-
Government granted	-	-	-	-	-	-	-	-	-
Donated	-	7,487	-	-	1,379	-	111	-	8,977
NBV total at 31 March 2016	36,044	216,756	17,004	6,272	21,098	6	7,008	245	304,433

Note 15.3 Property, plant and equipment financing - 2014/15

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2015									
Owned	37,865	196,372	17,464	29,927	19,421	-	5,866	101	307,016
Finance leased	-	-	-	-	-	-	-	-	-
Government granted	-	-	-	-	-	-	-	-	-
Donated	-	7,822	-	-	1,533	-	152	-	9,507
NBV total at 31 March 2015	37,865	204,194	17,464	29,927	20,954	-	6,018	101	316,523

Note 16 Investments - 2015/16

Group	NHS Charitable Funds Investment property £000	NHS Charitable Funds Other Investments £000	Total £000
Carrying value at 1 April 2015	800	3,074	3,874
Acquisitions in year	-	432	432
Movement in fair value	(45)	(81)	(126)
Disposals	(707)	(564)	(1,271)
Carrying value at 31 March 2016	48	2,861	2,909

Note 16.1 Investments - 2014/15

Group	NHS Charitable Funds Investment property £000	NHS Charitable Funds Other Investments £000	Total £000
Carrying value at 1 April 2014	787	2,923	3,710
Acquisitions in year	-	-	-
Movement in fair value	13	207	220
Disposals	-	(56)	(56)
Carrying value at 31 March 2015	800	3,074	3,874

Note 16.2 Investments - 2015/16

Trust	Investments in Subsidiary £000
Carrying value at 1 April 2015	48
Acquisitions in year	-
Movement in fair value	-
Disposals	-
Carrying value at 31 March 2016	48

Note 16.3 Investments - 2014/15

Trust	Investments in Subsidiary £000
Carrying value at 1 April 2014	48
Acquisitions in year	-
Movement in fair value	-
Disposals	-
Carrying value at 31 March 2015	48

Note 16.4 Investment property income and expenses

	Group 2015/16 £000	2014/15 £000
Investment property income	8	25
Direct operating expense arising from investment property which generated rental income in the period	(9)	(13)
Direct operating expense arising from investment property which did not generate rental income in the period	-	-
Total	(1)	12

Note 17 Analysis of charitable fund reserves

The East Kent Hospital Charity results have been consolidated within these accounts

	31 March 2016 £000	31 March 2015 £000
Unrestricted funds:		
Unrestricted income funds	1,636	1,702
Revaluation reserve	-	-
Other reserves	-	-
Restricted funds:		
Restricted income funds	2,688	2,986
Permanent endowment funds	25	26
	<u>4,349</u>	<u>4,714</u>

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 18 Inventories

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Drugs	3,277	4,744	3,277	4,744
Work In progress	-	-	-	-
Consumables	-	-	-	-
Energy	444	478	444	478
Inventories carried at fair value less costs to sell	-	-	-	-
Other	5,974	3,811	5,974	3,811
Inventories held by NHS charitable funds	-	-	-	-
Total inventories	9,695	9,033	9,695	9,033

Inventories recognised in expenses for the year were -£66,711k (2014/15: -£53,173k). Write-down of inventories recognised as expenses for the year were -£683k (2014/15: -£1,670k).

Note 19 Trade receivables and other receivables

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current				
Trade receivables due from NHS bodies	11,691	17,933	11,320	17,794
Receivables due from NHS charities	23	-	133	51
Other receivables due from related parties	-	-	-	-
Capital receivables	-	-	-	-
Provision for impaired receivables	(3,612)	(2,872)	(3,504)	(2,717)
Deposits and advances	-	-	-	-
Prepayments (non-PFI)	3,235	2,636	3,141	2,542
Accrued income	1,609	2,801	1,594	2,544
Interest receivable	-	-	-	-
PDC dividend receivable	270	154	270	154
VAT receivable	1,820	1,373	1,820	1,373
Other receivables	5,409	5,595	5,744	5,478
Trade and other receivables held by NHS charitable funds	85	262	-	-
Total current trade and other receivables	20,530	27,882	20,518	27,219
Non-current				
Trade receivables due from NHS bodies	-	-	-	-
Receivables due from NHS charities	-	-	-	-
Other receivables due from related parties	-	-	-	1,456
Capital receivables	-	-	-	-
Provision for impaired receivables	(592)	(433)	(592)	(433)
Deposits and advances	-	-	-	-
Prepayments (non-PFI)	382	243	382	243
Accrued income	-	-	-	-
Interest receivable	-	-	-	-
VAT receivable	-	-	-	-
Other receivables	2,799	2,794	4,163	2,795
Trade and other receivables held by NHS charitable funds	13	13	-	-
Total non-current trade and other receivables	2,602	2,617	3,953	4,061

Note 19.1 Provision for impairment of receivables

The Trust employs external debt collection services and formal court procedures if required to trace debtors and seek to recover overdue debt. Irrecoverable debts are written off on a quarterly basis. Debts outstanding at 31st March are reviewed, by debt category, to determine the appropriate provision to be included within the accounts.

	Group		Trust	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
At 1 April	3,305	2,472	3,150	2,153
Increase in provision	2,426	1,105	2,389	1,269
Amounts utilised	(1,177)	(28)	(1,163)	(28)
Unused amounts reversed	(350)	(244)	(280)	(244)
At 31 March	4,204	3,305	4,096	3,150

Note 19.2 Analysis of impaired receivables

Group	31 March 2016		31 March 2015	
	Trade receivables	Other receivables	Trade receivables	Other receivables
	£000	£000	£000	£000
Ageing of impaired receivables				
0 - 30 days	1,550	14	547	14
30-60 Days	65	7	21	-
60-90 days	-	29	15	6
90- 180 days	153	133	245	67
Over 180 days	767	1,486	1,570	820
Total	2,535	1,669	2,398	907

Ageing of non-impaired receivables past their due date

0 - 30 days	3,461	540	(1,217)	349
30-60 Days	900	227	1,250	121
60-90 days	576	42	389	46
90- 180 days	995	157	304	168
Over 180 days	1,500	121	1,736	243
Total	7,432	1,087	2,462	927

Trust	31 March 2016		31 March 2015	
	Trade receivables	Other receivables	Trade receivables	Other receivables
	£000	£000	£000	£000
Ageing of impaired receivables				
0 - 30 days	1,550	14	547	14
30-60 Days	65	7	21	-
60-90 days	-	29	15	6
90- 180 days	153	133	245	67
Over 180 days	659	1,486	1,415	820
Total	2,427	1,669	2,243	907

Ageing of non-impaired receivables past their due date

0 - 30 days	2,726	199	(2,240)	349
30-60 Days	544	199	1,118	121
60-90 days	434	42	320	46
90- 180 days	935	157	365	168
Over 180 days	1,036	97	1,328	243
Total	5,675	694	891	927

Note 20 Non-current assets for sale and assets in disposal groups

Group	2015/16		
	Most recently held as:		
	Intangible assets £000	Property, plant & equipment £000	Total £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	-	-	-
Plus assets classified as available for sale in the year	-	550	550
Less assets sold in year	-	-	-
Less impairment of assets held for sale	-	-	-
Plus reversal of impairment of assets held for sale	-	-	-
Less assets no longer classified as held for sale, for reasons other than disposal by sale	-	-	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	-	550	550

Trust	2015/16		
	Most recently held as:		
	Intangible assets £000	Property, plant & equipment £000	Total £000
NBV of non-current assets for sale and assets in disposal groups at 1 April	-	-	-
Plus assets classified as available for sale in the year	-	550	550
Less assets sold in year	-	-	-
Less impairment of assets held for sale	-	-	-
Plus reversal of impairment of assets held for sale	-	-	-
Less assets no longer classified as held for sale, for reasons other than disposal by sale	-	-	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	-	550	550

Assets held for sale are Royal Victoria Hospital building and a small parcel of land at the William Harvey Hospital. Neither of these are used for operational activities and sale is anticipated to complete within 2016/17

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	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
At 1 April	32,134	44,704	31,295	43,980
Net change in year	(26,773)	(12,570)	(27,439)	(12,685)
At 31 March	5,361	32,134	3,856	31,295
Broken down into:				
Cash at commercial banks and in hand	2,475	1,036	970	197
Cash with the Government Banking Service	2,886	31,098	2,886	31,098
Deposits with the National Loan Fund	-	-	-	-
Other current investments	-	-	-	-
Total cash and cash equivalents as in SoFP	5,361	32,134	3,856	31,295
Bank overdrafts (GBS and commercial banks)	-	-	-	-
Drawdown in committed facility	-	-	-	-
Total cash and cash equivalents as in SoCF	5,361	32,134	3,856	31,295

Note 21.1 Third party assets held by the NHS foundation trust

East Kent Hospitals University NHS Foundation Trust held cash and cash equivalents which relate to monies held by the the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March	31 March
	2016	2015
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	-	-

Note 22 Trade and other payables

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current				
Receipts in advance	-	-	-	-
NHS trade payables	5,092	7,841	5,092	7,841
Amounts due to other related parties	-	-	-	-
Other trade payables	15,525	15,951	15,804	15,687
Capital payables	1,678	1,861	1,678	1,861
Social security costs	3,083	2,996	3,019	2,939
VAT payable	-	-	-	-
Other taxes payable	3,067	3,087	3,032	3,087
Other payables	5,151	4,522	4,326	4,099
Accruals	17,657	18,941	17,854	18,985
PDC dividend payable	-	-	-	-
Trade and other payables held by NHS charitable funds	26	54	-	-
Total current trade and other payables	51,279	55,253	50,805	54,499
Non-current				
Other taxes payable	-	88	-	-
Other payables	-	-	-	-
Accruals	-	-	-	-
Total non-current trade and other payables	-	88	-	-

Note 23 Other liabilities

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current				
Deferred grants income	-	-	-	-
Deferred goods and services income	5,075	8,803	5,067	8,536
Deferred rent of land income	-	-	-	-
Other deferred income	-	-	-	-
Deferred PFI credits	-	-	-	-
Lease incentives	-	-	-	-
Other liabilities within NHS charitable funds	-	-	-	-
Total other current liabilities	5,075	8,803	5,067	8,536

Note 24 Borrowings

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current				
Bank overdrafts	-	-	-	-
Drawdown in committed facility	-	-	-	-
Loans from the Department of Health	-	-	-	-
Other loans	-	-	-	-
Obligations under finance leases	14	29	-	-
Total current borrowings	14	29	-	-
Non-current				
Loans from the Department of Health	-	-	-	-
Other loans	-	-	-	-
Obligations under finance leases	35	39	-	-
Total non-current borrowings	35	39	-	-

Note 25 Other financial liabilities

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current				
Derivatives and embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial liabilities	-	-	-	-
Total	-	-	-	-
Non-current				
Derivatives and embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial liabilities	107	102	-	-
Total	107	102	-	-

Note 26 Finance leases

Trust as a lessor

Future lease receipts due under finance lease agreements where East Kent Hospitals University NHS Foundation Trust is the lessor:
The Trust has no arrangements

Trust as a lessee

Obligations under finance leases where East Kent Hospitals University NHS Foundation Trust is the lessee.

	Group		Trust	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000	£000	£000	£000
Gross lease liabilities	49	68	-	-
of which liabilities are due:				
- not later than one year;	14	29	-	-
- later than one year and not later than five years;	35	39	-	-
- later than five years.	-	-	-	-
Finance charges allocated to future periods	-	-	-	-
Net lease liabilities	49	68	-	-
of which payable:				
- not later than one year;	14	29	-	-
- later than one year and not later than five years;	35	39	-	-
- later than five years.	-	-	-	-
Total of future minimum sublease payments to be received at the SoFP date	-	-	-	-
Contingent rent recognised as an expense in the period	-	-	-	-

Note 27 Provisions for liabilities and charges analysis

Group (All provisions relate to Trust only)	Pensions -		Other legal claims	Redundancy	Other	Total
	former directors	Pensions - other staff				
	£000	£000	£000	£000	£000	£000
At 1 April 2015	-	-	1,286	-	3,468	4,754
At start of period for new FTs	-	-	-	-	-	-
Transfers by absorption	-	-	-	-	-	-
Change in the discount rate	-	-	-	-	(24)	(24)
Arising during the year	-	-	125	68	235	428
Utilised during the year	-	-	(142)	-	(140)	(282)
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-
Reversed unused	-	-	(1,070)	-	(768)	(1,838)
Unwinding of discount	-	-	-	-	36	36
Movement in NHS charitable funds provisions	-	-	-	-	-	-
At 31 March 2016	-	-	199	68	2,807	3,074
Expected timing of cash flows:						
- not later than one year;	-	-	199	68	203	470
- later than one year and not later than five years;	-	-	-	-	550	550
- later than five years.	-	-	-	-	2,054	2,054
Total	-	-	199	68	2,807	3,074

Other Provisions relate to Injury Benefits £2,742k and VAT Risks £65k

In 2015/16 the Trust has reversed legal provisions totalling £1m from the Accounts as the high level of uncertainty in respect of timing and volume of potential claims does not meet the criteria for making a provision. For 2015/16 a contingent liability for legal cases has been disclosed.

Note 27.1 Clinical negligence liabilities

At 31 March 2016, £224,133k was included in provisions of the NHSLA in respect of clinical negligence liabilities and existing liabilities scheme of East Kent Hospitals University NHS Foundation Trust (31 March 2015: £99,965k).

Note 28 Contingent assets and liabilities

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Value of contingent liabilities				
NHS Litigation Authority legal claims	(57)	-	(57)	-
Employment tribunal and other employee related litigation	-	-	-	-
Redundancy	-	-	-	-
Other	(1,000)	-	(1,000)	-
Gross value of contingent liabilities	(1,057)	-	(1,057)	-
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	(1,057)	-	(1,057)	-
Net value of contingent assets	-	-	-	-

For 2015/16 a contingent liability for legal cases has been disclosed in other contingent liabilities. In 2014/15 the Trust recognised a provision for this value and following review in 2015/16 determined that the high level of uncertainty in respect of timing and volume of potential claims does not meet the criteria for making a provision.

Note 29 Contractual capital commitments

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Property, plant and equipment	3,937	5,215	3,937	5,215
Intangible assets	10	187	10	187
Total	3,947	5,402	3,947	5,402

Note 30 Financial instruments

Note 30.1 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 Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Currency risk

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

Interest rate risk

Most of the Trust's financial assets and liabilities carry nil or fixed rates of interest. Cash deposits at 31st March 2015 were mainly held in Government Banking Service accounts with a floating interest rate. The Trust did not take out any loans during the period. Trade and other receivables for the 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 Trust is not exposed to significant interest rate risk.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has relatively low exposure to credit risk. The maximum exposure as at 31 March 2016 is in receivables from customers. However, the Trust utilises external tracing and debt collection agencies, and court procedures, to pursue overdue debt.

Liquidity risk

The majority of the Trust's operating costs are incurred under contract with commissioners, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally-generated resources. The Trust is not, therefore, exposed to significant liquidity risks.

Note 30.2 Financial assets

Group	Assets at fair value				Total £000
	Loans and receivables	through the I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	
Assets as per SoFP as at 31 March 2016					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	13,701	-	-	-	13,701
Other investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	3,883	-	-	-	3,883
Financial assets held in NHS charitable funds	1,576	-	-	-	1,576
Total at 31 March 2016	19,160	-	-	-	19,160

Group	Assets at fair value				Total £000
	Loans and receivables	through the I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	
Assets as per SoFP as at 31 March 2015					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	21,548	-	-	-	21,548
Other investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	31,515	-	-	-	31,515
Financial assets held in NHS charitable funds	881	-	-	-	881
Total at 31 March 2015	53,944	-	-	-	53,944

Trust	Assets at fair value				Total £000
	Loans and receivables	through the I&E	Held to maturity	Available-for-sale	
	£000	£000	£000	£000	
Assets as per SoFP as at 31 March 2016					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	15,108	-	-	-	15,108
Other investments	48	-	-	-	48
Other financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	3,856	-	-	-	3,856
Total at 31 March 2016	19,012	-	-	-	19,012

Trust	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available- for-sale £000	Total £000
Assets as per SoFP as at 31 March 2015					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	19,826	-	-	-	19,826
Other investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	31,296	-	-	-	31,296
Total at 31 March 2015	51,122	-	-	-	51,122

Note 30.3 Financial liabilities

Group	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total £000
Liabilities as per SoFP as at 31 March 2016			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	49	-	49
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Trade and other payables excluding non financial liabilities	45,103	-	45,103
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Financial liabilities held in NHS charitable funds	26	-	26
Total at 31 March 2016	45,178	-	45,178

Group	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total £000
Liabilities as per SoFP as at 31 March 2015			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	68	-	68
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Trade and other payables excluding non financial liabilities	49,023	-	49,023
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Financial liabilities held in NHS charitable funds	54	-	54
Total at 31 March 2015	49,145	-	49,145

Trust	Other	Liabilities at	
	financial	fair value	
	liabilities	through the	
	£000	I&E	Total
		£000	£000
Liabilities as per SoFP as at 31 March 2016			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Trade and other payables excluding non financial liabilities	44,754	-	44,754
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Total at 31 March 2016	44,754	-	44,754

Trust	Other	Liabilities at	
	financial	fair value	
	liabilities	through the	
	£000	I&E	Total
		£000	£000
Liabilities as per SoFP as at 31 March 2015			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	-	-	-
Trade and other payables excluding non financial liabilities	44,139	-	44,139
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
Total at 31 March 2015	44,139	-	44,139

Note 30.4 Maturity of financial liabilities

	Group		Trust	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
In one year or less	45,143	49,106	44,754	44,139
In more than one year but not more than two years	35	39	-	-
In more than two years but not more than five years	-	-	-	-
In more than five years	-	-	-	-
Total	45,178	49,145	44,754	44,139

Note 31 Losses and special payments

Group and Trust	2015/16		2014/15	
	Total	Total value	Total	Total value
	number of	of cases	number of	of cases
	Number	£000	Number	£000
Losses				
Cash losses	61	180	40	22
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	236	67	106	20
Stores losses and damage to property	48	442	42	1,488
Total losses	345	689	188	1,530
Special payments				
Extra-contractual payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Compensation payments	-	-	-	-
Special severance payments	-	-	-	-
Ex-gratia payments	132	420	128	51
Total special payments	132	420	128	51
Total losses and special payments	477	1,109	316	1,581
Compensation payments received		66		2

Ex-gratia payments include a payment of £344k made to a former employee of the Trust diagnosed with mesothelioma.

Note 32 Related parties

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

	Receivables		Payables	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Health Education England	465	145	754	4,335
NHS England - South East Local Office	183	498	0	25
Kent & Medway NHS and Social Care Partnership Trust	612	684	13	4
Kent Community Health NHS Trust	751	649	382	355
Maidstone and Tunbridge Wells NHS Trust	1,545	1,251	2,520	2,235
Medway NHS Foundation Trust	346	153	970	254
NHS Ashford CCG	748	512	469	2,398
NHS Canterbury & Coastal CCG	1,151	1,846	598	495
NHS Litigation Authority	0	0	3	0
NHS Medway CCG	17	15	1	1
NHS South Kent Coast CCG	1,037	858	627	2,592
NHS Swale CCG	52	23	10	4
NHS Thanet CCG	1,214	985	483	456
NHS West Kent CCG	44	(112)	17	10
Royal Surrey County Hospital NHS Foundation Trust	111	0	0	0
NHS England - South East Commissioning Hub	1	7,874	124	6
NHS England - Wessex Commissioning Hub	1,798	1,319	0	0
Local Government bodies	0	154	27	1,571
Other government departments	1,836	1,382	6,073	10,134
Other NHS Bodies	2,644	2,368	914	755
Total	14,555	20,604	13,985	25,630

	Income		Expenditure	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Health Education England	13,847	17,515	4	3
NHS England - South East Local Office	12,400	12,712	0	0
Kent & Medway NHS and Social Care Partnership Trust	1,181	1,251	39	361
Kent Community Health NHS Trust	2,986	3,275	2,132	2,886
Maidstone and Tunbridge Wells NHS Trust	1,351	2,632	3,594	5,932
Medway NHS Foundation Trust	635	305	2,103	2,058
NHS Ashford CCG	60,541	58,839	57	0
NHS Canterbury & Coastal CCG	103,813	109,951	84	34
NHS Litigation Authority	0	96	16,666	10,890
NHS Medway CCG	1,763	1,707	0	(12)
NHS South Kent Coast CCG	116,190	115,326	54	0
NHS Swale CCG	3,683	3,762	0	0
NHS Thanet CCG	88,406	89,286	4	63
NHS West Kent CCG	4,708	4,465	0	0
Royal Surrey County Hospital NHS Foundation Trust	1,327	1,244	0	0
NHS England - South East Commissioning Hub	76,161	77,903	0	0
NHS England - Wessex Commissioning Hub	6,602	5,538	0	0
Local Government bodies	1,138	974	613	2,868
Other government departments	248	225	51,016	49,410
Other NHS Bodies	9,558	3,253	2,536	2,690
Total	506,538	510,259	78,902	77,183

The Trust has also received £598k from East Kent Hospitals Charity, whose Corporate Trustee is the Trust's Board of Directors. The Charity has been treated as a subsidiary in the Group position.

A number of the Directors of the Trust are also directors of Healthex Limited or their subsidiary East Kent Medical Services Limited. The Trust received £1,537k revenue and incurred £2,916k expenditure with the subsidiary during the year, as at the 31 March 2016 the Trust was owed £2,389k by the subsidiary and owed £915k. These transactions and balances have been removed on consolidation.

