East Kent Hospitals University NHS Foundation Trust

Annual Report and Accounts

2024/2025

We care

East Kent Hospitals University NHS Foundation Trust

Annual Report and Accounts 2024/25

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

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Performance report

Chair and Chief Executive's statement

Welcome to the 2024-25 Annual Report and Accounts for East Kent Hospitals University NHS Foundation Trust.

Over the last 12 months we have made significant progress in enhancing clinical performance, improving quality and patient outcomes and strengthening operational efficiency. These accomplishments are a testament to the commitment of our staff in the face of ongoing challenges and we want to thank them for their dedication and support.

Throughout the year we have focused on reducing waiting times for patients and have made significant and sustained progress.

The national standard for providing planned care asked that no patient waited more than 65 weeks for their care and that this was delivered by the end of March 2025. While we recognise any wait for treatment has an impact on the patient and their family, at the end of March, there were 33 patients who had waited longer than this timeframe, which marks a significant reduction from a peak of 2,698 in January 2024.

It remains a key priority that we continue our drive to reduce the waiting times for planned care and the Trust's goal for the next year will be to treat 60% of patients within 18 weeks and reduce the number of people waiting more than a year to no more than 1% by the end of March 2026.

We have also made significant progress this year in achieving national standards for diagnostic tests and cancer diagnosis and treatment times.

Our emergency and urgent care services and 'flow' of patients through our hospitals remained an area of significant pressure throughout the year. We achieved improvements in the number of people being seen, discharged or admitted to hospital within the four-hour standard, but with hospitals full to capacity, high numbers of patients waited more than 12 hours for a bed.

This is not what we want for our patients, and we are working hard this year, with our partners in health and social care, to address the many issues that contribute to these long waits.

Our finances

The Trust remained on track to reduce its deficit throughout the year. We had a significant cost savings improvement programme target of £49m to deliver as part of a longer-term plan to return to financial balance. This was achieved and the Trust ended the year meeting its agreed financial deficit of £85.8m.

Meeting our financial target for 2025/26 represents a challenge for the Trust to deliver as it works to improve patient care and meet NHS national standards. It is,

however of critical importance that we continue to take action and make strides forward in 2025/26 to return to financial balance in the coming years.

Quality and safety

The Care Quality Commission (CQC) inspected maternity services at William Harvey Hospital and the Queen Elizabeth The Queen Mother Hospital in December 2024 and rated both hospitals 'good' for being caring, effective, responsive and well-led and ‘good’ overall. They had previously been rated as inadequate, the lowest possible rating.

The CQC found that the service had made ‘significant improvements’ to safety, leadership, culture, the environment and staffing levels since its last inspection in 2023. The inspection team also found that the women and babies were protected and kept safe; that the units were clean and well-maintained; that there were enough staff who were well-trained; and that the units had a good learning culture, where people could raise concerns.

This is an important milestone in our continuing work to improve services and embed the lessons outlined in the ‘Reading the Signals’ report into the Trust, published by Dr Kirkup in 2022, and ensure we always listen to patients, their families and staff when they raise concerns. We thank the families that have played such an important part in helping us to do this and the maternity teams and many supporting teams who have worked extremely hard to achieve these improvements.

Recently we transferred the Freedom to Speak Up service to an external, independent 24/7 provider, The Guardian Service, in March 2025. The service supports staff to speak up about issues affecting patient care and safety and poor practice, or where they have experienced bullying and harassment or not being treated fairly.

During the year, we re-launched our ward and clinical accreditation scheme, which assesses wards on 13 patient care standards. These include patient experience, recognition and escalation of deteriorating patients, medication safety and the culture and progressiveness of the wards. The scheme increases staff engagement, pride in their wards and a culture of patient safety as they work through the levels of accreditation to reach bronze, silver and finally gold accreditation.

Our people

This year’s staff survey saw higher levels of engagement, with 63% of staff taking part in the survey. The survey provides valuable feedback to leaders and managers across the Trust, enabling them to improve the experience of staff and consequently, enhance the quality of patient care. Crucially, by using the feedback and working with staff we can identify key areas for improvement and make positive changes in response.

However, our survey results varied a great deal between wards and departments. In some areas we had results that reflect national best practice, whereas others had real challenges. Importantly, understanding the variation in responses from different teams and departments will enable us to tailor and direct support to those areas.

Across the Trust, the results told us staff want us to do more to ensure they are actively listened to, involved and can be confident that their concerns are acted on. They also showed a need to feel proud of working in our Trust. We are focusing on these two things this year, alongside improving the consistency of leadership that staff experience across the Trust. For example, we are reviewing leadership training, to make sure compassionate leadership is at the front and centre of all our leadership training programmes, ensuring staff have a greater voice through the introduction of a new Staff Congress and launched a Trust-wide awards scheme.

Developing our ten-year strategy

During the year, we asked staff, patient representatives and partner organisations to help us begin the development of our Trust strategy. People shared their thoughts with us at dedicated events, through a survey, and in individual conversations.

This feedback was analysed and used to shape a new high-level draft strategy for the Trust, outlining our shared vision to be a place that patients trust, our staff choose as a place to work and be treated and our partners value. We are now working on the clinical, estates, digital and people strategies which will provide a detailed plan aligned with the NHS 10-year strategic plan.

Finally, we would like to thank all our staff, governors, partners and the many volunteers who continue to support the Trust in so many ways. We have once again benefitted from the East Kent Hospitals Charity, Leagues of Friends and a wide range of community, voluntary and charitable organisations. Their contributions have made a meaningful difference to both patients and staff. Thank you for all that you do in support of our patients and the communities we serve.

Dr Annette Doherty OBE FRSC
Chair

Tracey Fletcher
Chief Executive

Our year in numbers 2024-2025

NHS
East Kent Hospitals University NHS Foundation Trust

If you would like this information in another language or in a different format, please email ekh-tr.communications@nhs.net

We care

Key moments in our year

Spring 2024

Work got underway on a stroke thrombectomy suite at Kent and Canterbury Hospital, which will enable specialists to treat some of the most severe types of stroke by surgically removing blood clots from inside the brain.

The building of this unit will conclude the final phase of a three-year £4.5million project to develop the Kent Interventional Radiology Centre which allows specialists to treat a range of conditions including blood clots, severe internal bleeding, ruptured aneurysms, fibroids and cancer.

We were proud to be recognised in the Healthwatch Kent Awards for three major projects: the 'Caring with Compassion' end of life care training and awareness raising film, the work to implement the Accessible Information Standard, and the role of staff from Queen Elizabeth The Queen Mother Hospital in the East Kent Health Care Partnership 'Pathway Project' to support homeless people.

Summer 2024

Our research team hit the headlines when they recruited the first patient to an international treatment trial. Jiangwei Liao, studying at the University of Kent, was the first patient to take part in the clinical trial of a new treatment that could slow the progress of multiple sclerosis (MS) at the Kent and Canterbury Hospital.

The respiratory assessment day unit (RADU) opened at WHH and Kent's first specialist allergy clinic for adults opened at Kent and Canterbury Hospital.

Six palliative care beds opened on Kennington Ward at WHH, following a successful pilot at QEQM. These beds mean we can offer dedicated, personalised care to people who are at the end of their life.

Autumn 2024

2024 saw the return of the East Kent Hospitals Celebration Awards, a staff event that celebrates colleagues across the Trust who are fantastic examples of great care, compassion and innovation.

The ED nursing team at WHH was named 'Team of the Year' in the Nursing Times Awards.

A 'silver trauma' ward opened at WHH, a dedicated ward for older people with medically managed trauma.

Enhanced maternity care (EMC) rooms were opened at QEQM and WHH - a dedicated space for maternity patients who need an enhanced level of care but do not require critical care. Whereas such patients previously had to leave the labour ward for care elsewhere in the hospitals, they can now remain with their babies on the ward.

Winter 2024/25

Buckland Hospital in Dover opened a state-of-the art MRI unit, in the final phase of its Community Diagnostic Centre development.

The “We care” Coach House, a room dedicated to problem-solving and quality improvement training, was launched at Kent and Canterbury Hospital (K&C) in November.

The theatre team at the Kent and Canterbury Hospital became the first NHS site in Kent to receive accreditation by the Association for Perioperative Practice (AFPP), after visiting inspectors praised the safety culture and teamwork. The determines the standards and promotes best practice for operating theatre safety and to be accredited means that organisations have to achieve and evidence that they meet very exacting standards.

East Kent Hospital’s Small Steps Team were awarded the Bereavement Team of the Year Special Recognition at the Mariposa Awards 2025.

The team, who provide support both at the point of baby loss and in subsequent pregnancies, were nominated for the prestigious award by several families they had supported, making the national recognition even more impactful for the midwives involved.

Staff showing great compassion and commitment to their patients were recognised with a national award. Health care support worker Helen Garlinge, ophthalmic technicians Sunitha Freddy and Kevin Taylor,and Laxmi Sherpa, an ophthalmology sister, received an NHS England Chief Nursing Officer award in March.

Purpose and activities of the Foundation Trust

We are a very large hospitals Trust, with five hospitals and a number of community clinics serving around 720,000 people in east Kent. We also provide specialist services for a wider population of over a million, including renal services in Medway and Maidstone, the county's specialist vascular surgery service and a cardiac service for all of Kent based at William Harvey Hospital, Ashford. We employ 10,230 staff.

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

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

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

Our hospitals

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

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

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

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

mental health services provided by the Kent and Medway NHS & Social Care Partnership Trust.

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

Our vision and values

In 2024, we worked with patients, our staff and partners to develop our organisational strategy. We developed our purpose, mission and vision:

- Our **purpose**: to provide excellent healthcare for all our communities
- Our **mission**: having well-supported, dedicated people working together and with our partners, to deliver healthcare where and when it is needed.
- Over the next 10 years, we want to get to our **vision**: to be a place that patients trust, staff choose and partners value.

Our values are:

- 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**.

History of the Foundation Trust and statutory background

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

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

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

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

During 2024/25 the Trust was being supported under NHS England's recovery support programme (RSP).

The latest CQC inspection of our Trust took place in December 2024 when the Care Quality Commission (CQC) inspected our maternity services at William Harvey Hospital and the Queen Elizabeth The Queen Mother Hospital. They rated both hospitals 'good' for maternity overall.

The CQC found that the service had made ‘significant improvements’ since its last inspection in 2023. It rated both units as ‘good’ for being caring, effective, responsive and well-led and requires improvement for safety. They had previously been rated as inadequate, the lowest possible rating.

The Trust’s overall rating remains at ‘requires improvement’.

Key issues and risks

Excluding Deficit Support Funding the Group total income from patient care activities was £1037.8m. The Foundation Trust has two main commissioners of clinical income. For acute services our local commissioners are the Kent and Medway Integrated Care Board, who commission 80.0% (£725.5m) of the Foundation Trust clinical income. NHS England Specialised Services commission the Trust’s more specialised acute services, and combined with NHSE’s other commissioners such as the Cancer Drugs Fund and Public Health, commissions 17.3% of the remainder of total Foundation Trust clinical income.

Two tranches of NHS staff pay awards have affected clinical income during the year and are embedded into all commissioner contracts going forwards via a 4.0% uplift (1.7% initial uplift and an additional 3.3% due to the subsequent pay award).

In 2024/25 the Foundation Trust was funded via a combination of a block payments based on commissioned services costs and variable income source of Elective Services Recovery Fund (ESRF) which was designed to fund NHS Trusts to deliver a Nationally mandated target of 107% of the value of activity delivered in 19/20.

Of the £1,104m Group income, the post consolidated income generated by the subsidiaries was £23.6m (2gether Support Solutions Limited £5.4m, Spencer Private Hospitals Limited £18.2m).

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

As the Group has submitted a deficit plan for 2025/26 in line with the national requirement, the cash position will continue to be actively managed and will require working capital support from the DHSC in the form of PDC during the year.

The Group ended the year with a consolidated group (Trust and all subsidiaries) deficit of £16.3m (2023/24: £153m). The adjusted financial performance (after removing the impacts of impairments and donated income was a deficit of £7.4m (2023/24: £117.4m deficit).

Going concern

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

This is based on financial projections in respect of the 2025/26 contractual income and expenditure and working capital plans both within the Trust and its Subsidiaries.

The Group submitted a financial plan in line with NHS planning guidelines which has been approved by the Foundation Trust and the individual Subsidiary Boards. This included the Trust's cash flow forecast requirements that had been factored within the Trust's 2025/26 Annual Planning, noting the ongoing support centrally from the Secretary of State against cash flow requirements for NHS organisations.

How we measure performance

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

How many people we treated

Point of Delivery	2023/24	2024/25	Variance	Variance %
Referral Primary Care	189,697	194,618	4,921	2.59%
Referral Non-Primary Care	250,560	260,403	9,843	3.93%
OP New	456,021	438,344	-17,677	-3.88%
OP Follow Up	570,972	605,937	34,965	6.12%
Elective Day case	90,174	102,286	12,112	13.43%
Elective Inpatient	9,894	10,957	1,063	10.74%
A&E	303,584	355,267	51,683	17.02%
Non-Elective Inpatient	79,548	61,470	-18,078	-22.73%
Chemotherapy	20,340	25,676	5,336	26.23%
Critical Care	19,080	3,039	-16,041	-84.07%
Diagnostic	6,117,209	6,348,300	231,091	3.78%
Dialysis	99,729	86,243	-13,486	-13.52%
Maternity Pathway	11,971	5,187	-6,784	-56.67%
Other	109,150	51,176	-57,974	-53.11%
Pre-Op	35,045	43,021	7,976	22.76%

Financial Performance

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

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

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

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

The Group achieved an adjusted deficit, on an NHS breakeven duty basis, for the year of £7.4m (2023/24: £117.4m deficit).

The East Kent Hospitals Charity financial results are not included in the consolidated accounts for 2024/25. As a corporate trustee of the charity the relationship has been assessed and it has been determined that the charity is a subsidiary, however the charity assets and results are not material to the Group results and on this basis, they continue not to be consolidated.

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

Financial Analysis

Financial Outturn

The overall financial performance of the Group was as follows:

Table 1: Consolidated Statement of Comprehensive Income

		Group				Trust		
		2024/25		2023/24		2024/25		2023/24
	Note	£000		£000		£000		£000
Operating income from patient care activities	3	1,037,787		875,708		1,019,600		857,625
Other operating income	4	66,516		63,912		67,329		65,890
Operating expenses	7,9	(1,114,652)		(1,084,728)		(1,101,355)		(1,071,232)
Operating deficit from continuing operations		(10,349)		(145,108)		(14,426)		(147,717)
Finance income	11	3,231		2,345		3,947		3,562
Finance expenses	12	(121)		(133)		(2,343)		(2,422)
PDC dividends payable		(7,704)		(9,373)		(7,704)		(9,373)
Net finance costs		(4,594)		(7,161)		(6,100)		(8,233)
Other losses	13	1		(26)		0		(26)
Corporation tax expense		(1,373)		(716)		-		-
Deficit for the year	2	(16,315)		(153,011)		(20,526)		(155,976)
Technical Adjustment in accordance with DHSC Group Accounting Manual		8,964		35,575				
Adjusted Financial Performance		(7,351)		(117,436)				

Income

Total Group income £1,104.3m (2023/24: £939.6m) was 14.91% (£164.7m) higher than the previous year.

The NHS Act 2006 requires that income for providing patient care services must be greater than income for providing any other goods/services. The Group can confirm that 94% of total income comes from providing patient care services. Any surplus made on the remaining 6% of income is used to support the provision of patient care.

The majority of income for patient care came from NHS commissioners, mainly the Kent & Medway Integrated Care Board (ICB) and NHSE specialist services, secondary dental and Public Health screening programmes, which together accounted for £996m (2023/24: £849m) of the Group's income in year.

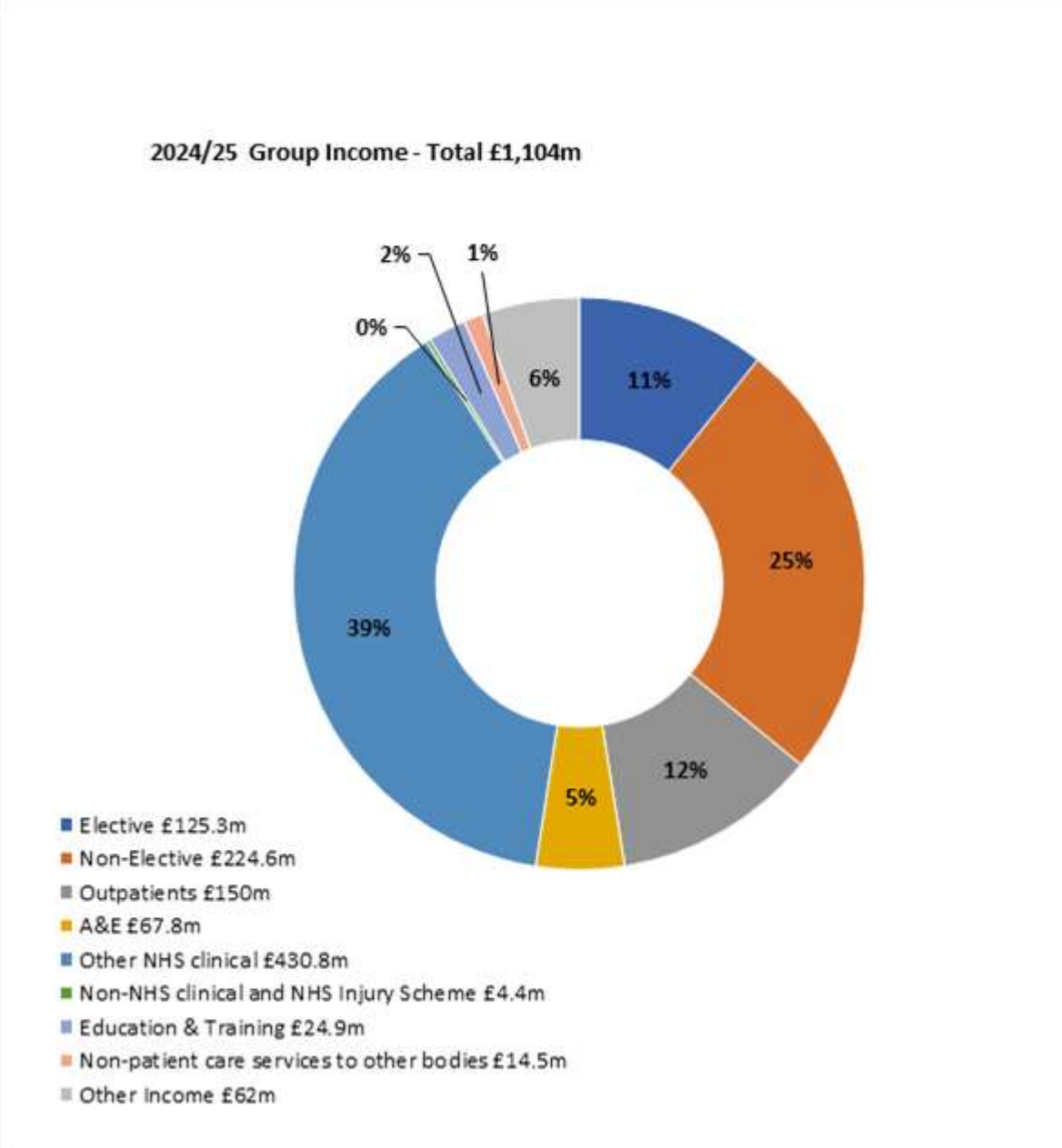
Other income includes:

£3.6m from catering
£4.1m from car parking
£1.4m from staff accommodation

Of the £1,104m Group income, the post consolidation income generated by 2gether Support Solutions was £5.4m and generated income by Spencer Hospitals was £18.2m.

The Group can confirm that it has complied with the cost allocation and charging guidance issued by HM Treasury.

Table 2: Group income analysis



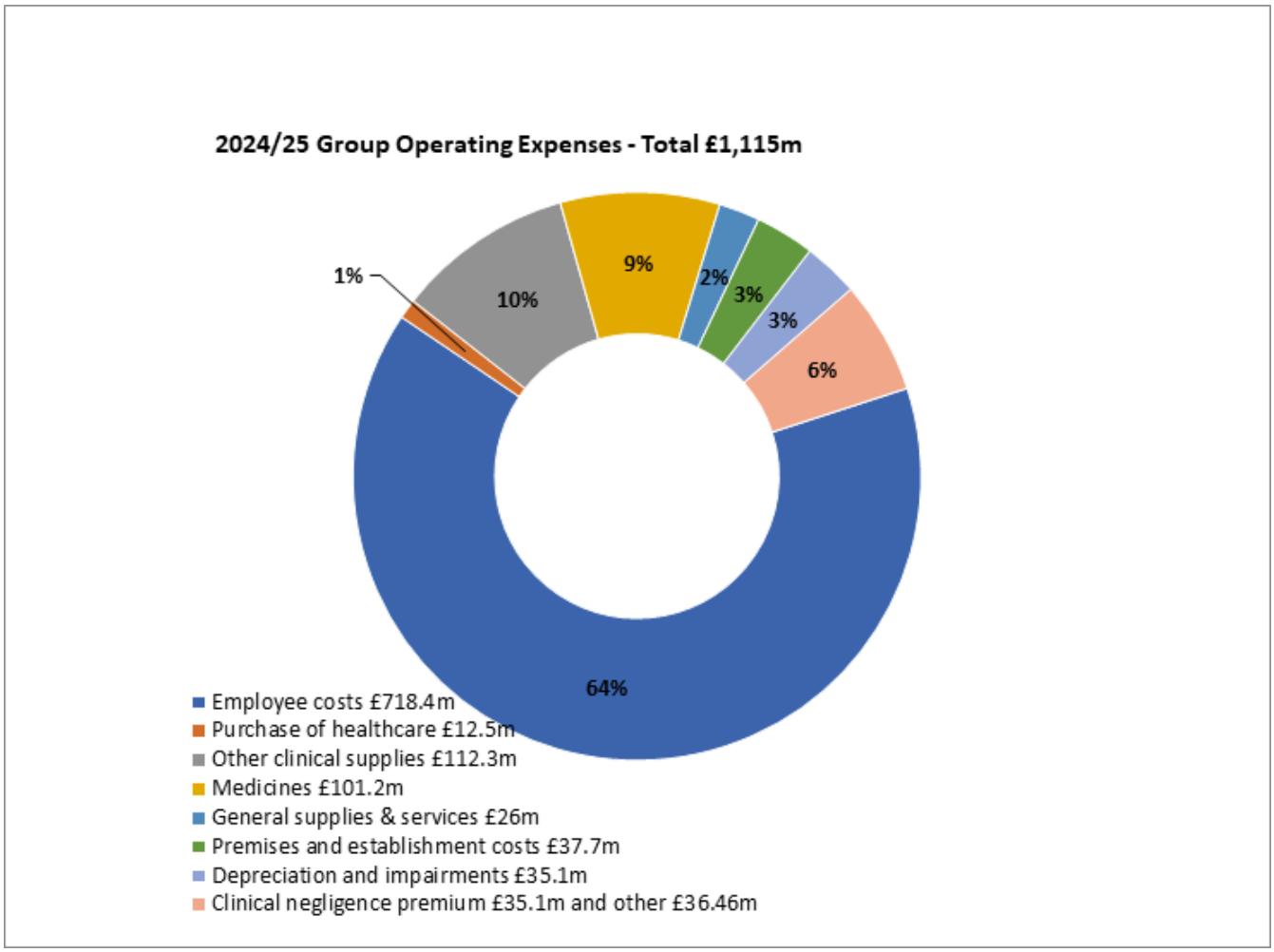
Operating expenses

Total Group costs £1,114.7m (2023/24: £1,084.7m) was 2.7% (£30m) higher compared to the previous year.

A total of 64.5% (2023/24: 63.6%) of the Group's expenditure is for employees' salaries (including directors' costs) and payment of temporary staff. Details of directors' salaries and pensions can be found on page 62 of this report. Total pay costs increased by 3.9% (£28.3m) from 2023/24.

Of non-pay costs, clinical supplies and medicines together account for 53.8% (2023/24: 18.7%).

Table 3: Group Operating Expenses Analysis



IR35 Reporting

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

Table A: Highly-paid off-payroll worker engagements as at 31 March 2025 earning £245 per day or greater.

Number of existing engagements as of 31 March 2025	
Of which...	
Number that have existed for less than one year at time of reporting.	13
Number that have existed for between one and two years at time of reporting.	6
Number that have existed for between two and three years at time of reporting.	8
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time of reporting.	1

Table B: All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2025 earning £245 per day or greater

Number of existing engagements as of 31 March 2025	
Of which...	
Not subject to off-payroll legislation *	1
Subject to off-payroll legislation and determined as in-scope of IR35 *	28
Subject to off-payroll legislation and determined as out-of-scope of IR35	16
Number of engagements reassessed for compliance or assurance purposes during the year	3
Of which: number of engagements that saw a change to IR35 status following review	0

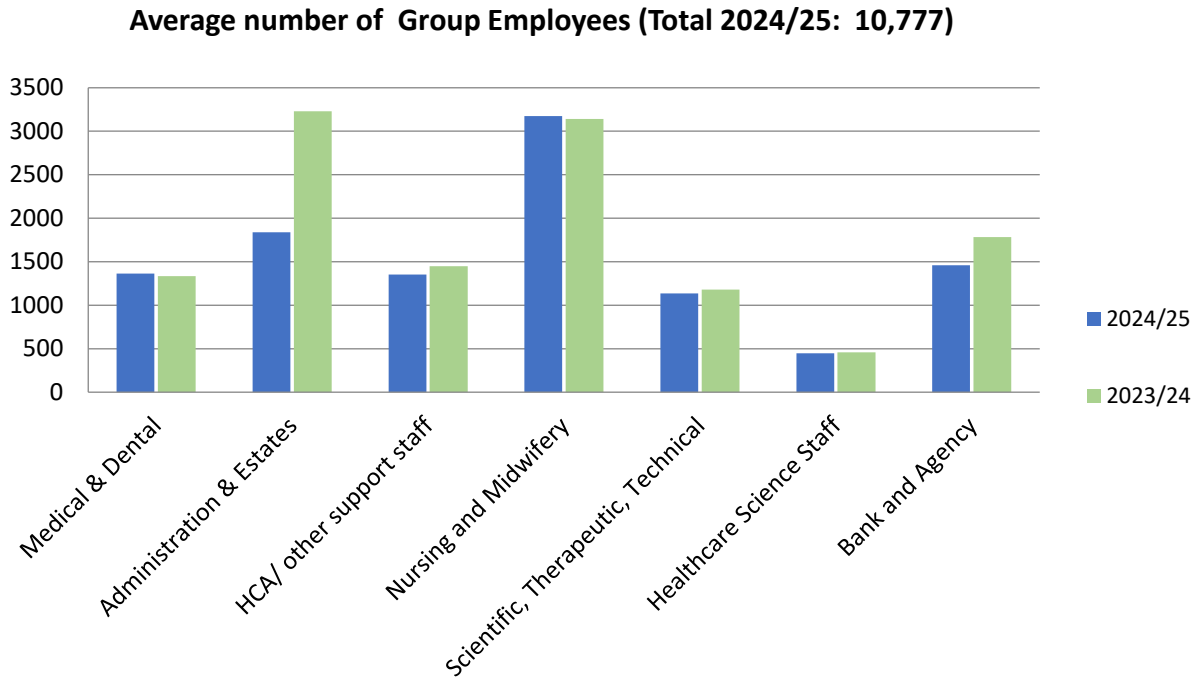
* A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope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

Table C: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements	None

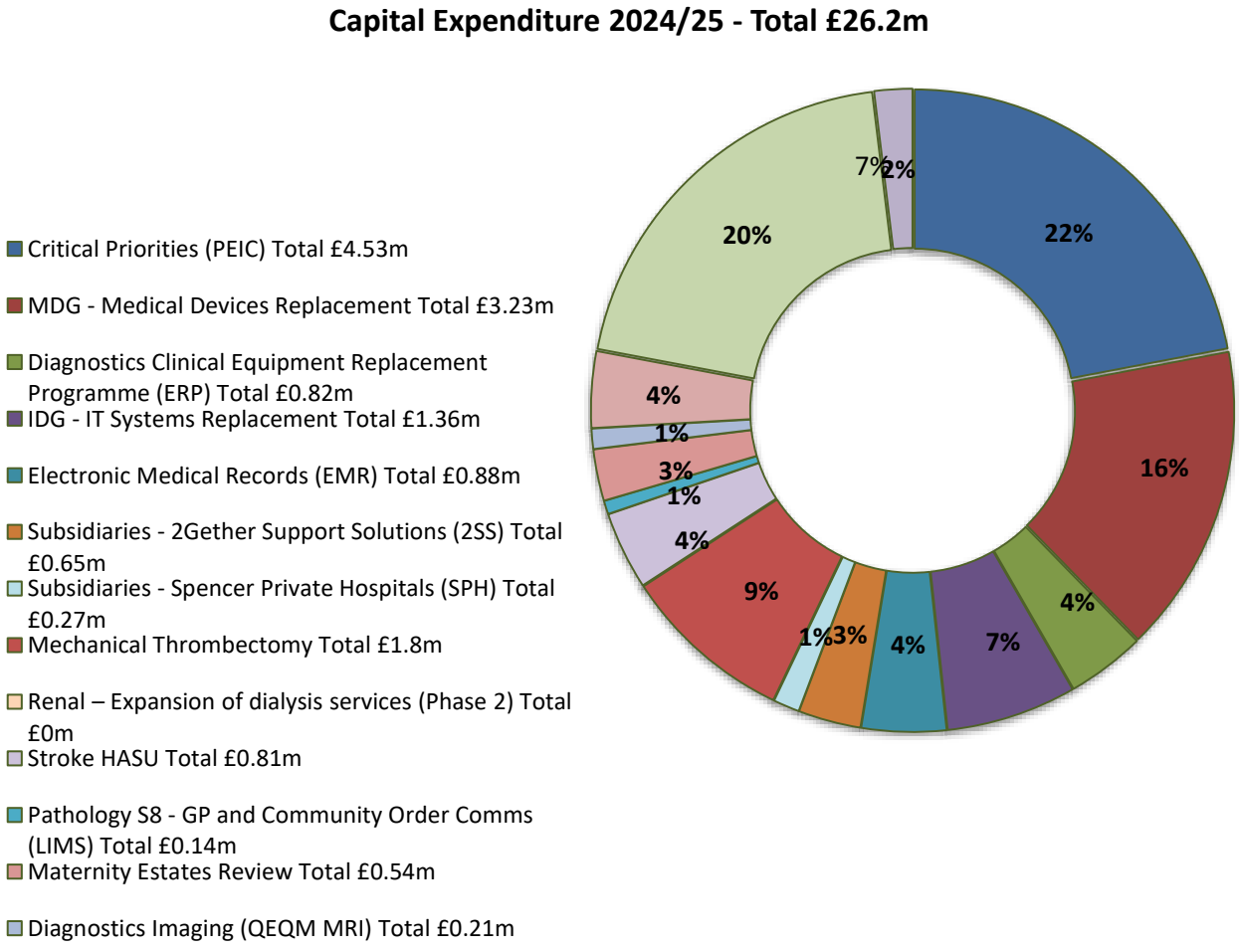
In any cases where individuals are included within the first row of this table the trust should set out:

• Details of the exceptional circumstances that led to each of these engagements.
• Details of the length of time each of these exceptional engagements lasted.



Capital expenditure

Table 4: Group Capital Expenditure Analysis



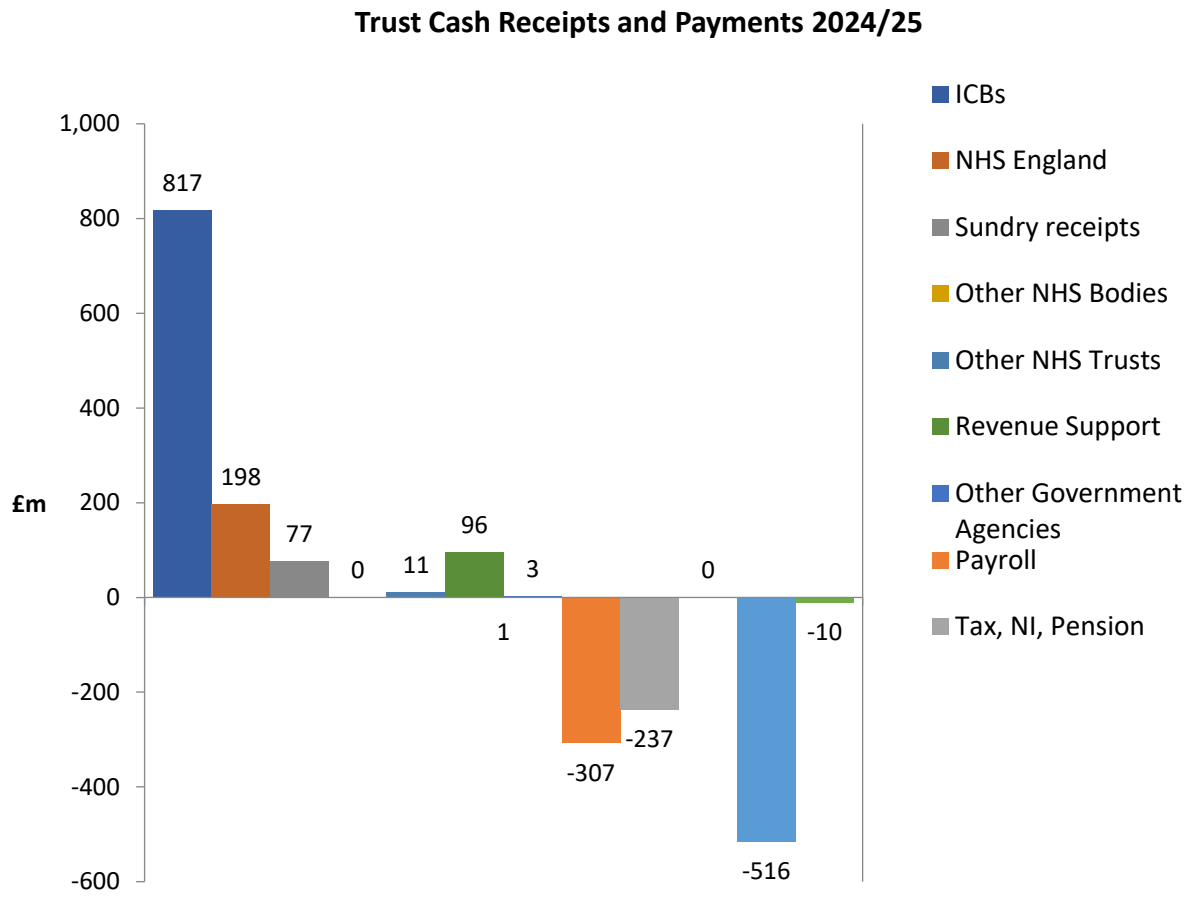
Cash

The Group retained £74.9m as at 31 March 2025, the Foundation Trust cash balances increased by £29.7m in the year to £47.6m (2023/24 £17.9m). The other significant cash holding was with 2gether Support Solutions Limited.

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

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

Table 5: Foundation Trust Cash Receipts and Payments analysis



Paying Suppliers

In accordance with the Better Payment Practice Code (BPPC), the Foundation Trust aims to pay undisputed trade invoices within 30 days of receipt of goods or a valid invoice; unless other agreed payment terms are in force. In 2024/25, interest charges totalling £9,000 (2023/24 £6,000) were levied by suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

Table 6: BPPC Analysis

	2024/25		2024/25		2023/24		2023/24
	Number		£000		Number		£000
Non-NHS							
Total bills paid in the year	83,202		659,760		76,669		559,569
Total bills paid within target	67,707		591,415		38,448		421,423
Percentage of bills paid within target	81.4%		89.6%		50.1%		75.3%
NHS							
Total bills paid in the year	2,483		14,983		2,491		20,619
Total bills paid within target	1,479		8,983		764		7,807
Percentage of bills paid within target	59.6%		60.0%		30.7%		37.9%

Statement on health inequalities

Health inequalities are systematic, unfair, and avoidable differences in health across the population, and between different groups within society. They arise because of differences in the conditions in which we are born, grow, live, work and age. These conditions influence how we think, feel and act and can affect both our physical and mental health and wellbeing.

Healthcare inequalities are part of wider inequalities and relate to inequalities in the access people have to health services and in their experiences of and outcomes from healthcare.

Understanding healthcare needs

East Kent Hospitals University NHS Foundation Trust (EKHUFT) uses available data on the healthcare needs of the local population, particularly people living in more deprived places or who are from more disadvantaged social groups. This includes age, disability, ethnicity, and sex. We look at wider social, environmental, and economic factors that affect health and wellbeing and underpin health inequalities, including for people living in coastal communities, rural areas and in the most deprived areas of East Kent.

Understanding health access, experience, and outcomes

Data shows that social and economic deprivation impacts people's ability to access timely healthcare, and if they do access it, their age, ethnicity, and sex will affect their experience and outcomes.

During the Covid-19 pandemic the importance of analysing data around inequalities was heightened because of the risk to certain ethnic groups, this drive to reduce inequalities has meant that it is now central to national and local ICB strategies. The Trust's Inequalities and Unwarranted Variation Committee is continuing to develop new analysis techniques to understand our patients in terms of their ethnicity, levels of deprivation and other protected characteristics, by deep-diving into Maternity and Outpatient DNA data.

In Maternity we have developed a series of reports around caesarean, induction and tear rates and have demonstrated that these vary significantly by ethnicity particularly when you drill down by region and country ie Eastern European/Albanian. In Outpatients we have demonstrated that those in the poorest 10% of neighbourhoods are most likely to not attend and to cancel and we now make phone calls to patients based on their postcode, we will be monitoring results through the next three months.

Publishing information on health inequalities

The Trust's Equality Delivery System (EDS) Report for 2024 outlines our findings in relation to patients using Cancer, Maternity and Renal services. This looks at four outcomes:

- Patients have required levels of access to the service.

- Individual patient's health needs are met.
- When patients use the service, they are free from harm.
- Patients report positive experiences of the service.

Our report shows that whilst we have some data on access, experience, and outcomes for people based on their age, ethnicity, and sex, we do not routinely collect data on access, experience and outcomes for other protected characteristics including disability, gender reassignment, religion and belief or sexual orientation. We also do not have this data for health inclusion groups, for example homeless people and carers.

The data from the national Cancer Patient Experience Survey (CPES) shows that there is some inequity of experience for people using Cancer services by age and sex. Women tend to have a poorer experience than men, and certain age groups have a poorer experience. There is also a difference of experience based on the tumour site.

We are now able to look at Friends and Family Test (FFT) survey responses by age, ethnicity, sex and deprivation for all our services that have FFT responses. This shows some disparity in experiences by age, ethnicity, sex and deprivation.

For women's health services there is some inequity of experience based on age, ethnicity and deprivation. Younger women aged 15 to 19 rate their overall satisfaction much lower (86%), women aged 30 to 49 rate their satisfaction at an average of 91% and women aged 50+ report much higher satisfaction levels, averaging 96%, apart from women aged 80-84 who score their satisfaction level at just of 95%. For ethnicity it's a mixed picture with satisfaction levels ranging from 87% (Black Caribbean women) to 100% (for Bangladeshi and Pakistani women). For deprivation there is very little disparity of satisfaction levels.

For all services Trust-wide, people aged 20 to 24 and 25 to 29 rate their experience as much poorer than those in older age groups, with satisfaction levels rising with age, then reducing for those aged 90+.

When looking at ethnicity / race, gypsy and traveller people and those of 'unknown' ethnicity, people of Arab ethnicity and black Caribbean people all rate their experience poorer compared to other ethnic groups. Gypsy and traveller people's satisfaction score is 91% overall, compared to all other ethnic groups that range between 94% and 97% satisfaction.

When looking at sex, men rate their satisfaction level higher (93.2%) than women (92%), and people who describe their sex as 'other' rate their satisfaction the lowest at 88.4%.

For levels of deprivation, satisfaction levels are very similar across all indices from 1 to 10, with only those listed as 'unknown' scoring much lower at 84% compared to an average of 95% for all others.

For all the protected characteristic groups described above plus the data satisfaction for people at all levels of deprivation, this is based on over 905,000 responses since October 2020.

The full Equality Delivery System (EDS) 2024 report and action plan is on the Trust's public website:
https://www.ekhuft.nhs.uk/information-for-patients/quality-care-for-all/edi/#documents-and-publications

Environment and Sustainability

The Trust remains committed to the Greener NHS targets of achieving net-zero emissions for controlled aspects by 2040 (with an 80% reduction by 2032) and for influenced aspects by 2045 (with an 80% reduction by 2039).

The Trust's new Green Plan builds upon work undertaken by the Trust with partners including energy efficiency initiatives which avoided 800 tonnes of carbon dioxide equivalent (tCO_2e) emissions from electricity and gas use while reducing the Trust's energy bill by over £600,000 in 2024/25.

Following NHS England's Green Plan guidance, our strategy will prioritise financial efficiency, environmental responsibility, and the health and wellbeing of patients and staff. It includes the following areas:

- Workforce and Leadership: Embedding sustainability into decision-making and staff development to drive meaningful change. By transforming how we deliver care, we ensure it remains both effective and conscientious. We will be making sustainability training modules available to both new and existing staff and forming a new sustainability staff network.
- Net Zero Clinical Transformation: Redesigning care pathways allows us to increase the capacity of our services and reduce the impact on the environment, for example by tackling unnecessary interventions, exploring alternatives such as remote consultations and reducing patients' need to travel, and using resources more efficiently by reducing our reliance on single-use devices.
- Digital Transformation: We will use digital tools to optimise how we work and communicate to reduce paper, this includes taking a "digital first" approach to staff and patient communications, and working collaboratively across clinical and non-clinical teams.
- Medicines: Understanding the carbon footprint of pharmaceuticals to enable us to take targeted action to reduce waste, tackle overprescribing, switch to lower-carbon inhalers, reduce medicine waste and move to portable nitrous oxide supplies where appropriate.
- Estates and Facilities: The spaces we occupy shape our health and wellbeing. Decarbonising heating, improving energy efficiency, and investing in renewable energy to make our estate more cost-effective, while making indoor spaces healthier for patients and colleagues.
- Travel and Transport: By moving to more electric vehicles, reducing single-occupancy car travel, and prioritising sustainable transport options, we can ease parking pressures and improve air quality, benefitting both the environment and public health.
- Supply Chain and Procurement: Partnering with suppliers who share our sustainability goals allows us to drive innovation and influence market change.

This includes reducing packaging waste, prioritising low-carbon procurement, and sourcing ethical, locally produced goods that support the communities we serve.
- Food and Nutrition: Offering healthier, sustainable, and locally sourced food choices to reduce waste and promote environmental and personal wellbeing.
- Adaptation: Preparing for climate risks (such as extreme weather, heatwaves, and supply chain disruptions) to ensure our services remain resilient and responsive to future challenges.

Teams are actively working on embedding sustainability as part of their day-to-day roles, with projects ranging from recycling mobility aids to reducing the amount of plastic we use, as well as installing new electricity submetering at WHH to help us identify opportunities to reduce energy use and carbon emissions, and make smarter energy decisions.

Our Green Plan is due to be published in summer 2025 alongside the national strategy refresh initiative and will take a consistent and structured approach to reducing emissions, saving money and improving healthcare outcomes.

Task force on climate-related disclosures

NHS England guidance encourages a phased approach to meeting the Financial Stability Board's Task Force on Climate-related Financial Disclosures. In our 2024/25 annual report the Trust is required to make additional disclosures around the governance, risk and metrics associated with the Trust's sustainability work and responses to climate change.

Governance around sustainability and climate change

- The frequency and format of board-level oversight around emissions reductions and climate change risk mitigation is to be developed as part of work arising from the incoming Green Plan to be published in Summer 2025.
- The Trust's Chief Strategy and Partnership Officer has been assigned as the Senior Responsible Officer for sustainability and the management and reporting structures for sustainability and climate change-aligned themes which are being developed.

Identification and assessment of climate risk

- Climate change risk is to be formally articulated and integrated in the Trust's risks register as part of works coordinated through the incoming Green Plan.
- The Trust's approach to organisational risk management around climate change is to be evaluated and enhanced in 2025/26.

Metrics and targets

- The Trust is continuing to collaborate with key delivery partners to estimate carbon emission footprints from the baseline year (2019/20) to the present in alignment with NHS requirements.

- Emissions estimates are calculated using the NHS Emissions Quantification Recipe Book with additional information from NHS methodological publications as appropriate.
- The Trust does not currently use an internal carbon pricing method but will explore the potential carbon pricing as a supporting metric for business case and capital planning decisions.
- Organisational targets align with NHSE targets to reduce emissions from the NHS Carbon Footprint categories by 100% by 2040 (and 80% by 2028-2032) and reduce emissions from NHS Carbon Footprint Plus categories by 100% by 2045 (and 80% by 2036-2039).

Tracey Fletcher
Chief Executive
26/06/2025

Accountability report

Directors' report

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

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

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

- As far as they are aware there is no relevant audit information of which Grant Thornton is unaware.
- They have taken all steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that Grant Thornton are aware of this information.

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

Key responsibilities include:

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

During the financial year the Board meets monthly, alternating open and closed meetings with development strategy sessions, with the ability to hold a private (closed) meeting alongside. During 2024/25, the Board met formally a total of 12 times.

The composition of the Board of Directors as at 31 March 2025 is below:

Non-Executive Directors as at 31 March 2025

Voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Stewart Baird	Non-Executive Director Acting Chair	01/06/21 First Term 01/01/24	12/12
Dr Andrew Catto	Non-Executive Director	01/11/22 First Term	12/12
Richard Oirschot	Non-Executive Director	01/03/23 First Term	11/12
Dr Olu Olasode	Senior Independent Director/Non-Executive Director	01/04/21 Second Term	8/12
Claudia Sykes	Non-Executive Director	01/03/23 First Term	11/12
Catherine Walker	Non-Executive Director	25/10/24 First Term	4/6

Non-voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Professor Chris Holland	Associate Non-Executive Director	13/12/19 Second Term	8/12

Other Non-Executive Directors who were members during 2024/25

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Raymond Anakwe	Non-Executive Director	01/06/21 First Term	1/1
Simon Corben	Non-Executive Director	01/10/22 First Term	6/8

* Possible and actual shown

Executive Directors as at 31 March 2025

Voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Norman Blissett	Chief People Officer	20/01/25	3/3
Tracey Fletcher	Chief Executive	04/04/22	11/12
Dan Gibbs	Chief Operating Officer	07/02/25	2/2
Sarah Hayes	Chief Nursing and Midwifery Officer	18/09/23	9/12
Des Holden	Chief Medical Officer	02/01/24	9/12
Ben Stevens	Chief Strategy and Partnerships Officer	20/03/23	11/12
Angela van der Lem	Chief Finance Officer	06/11/24	6/6

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

Non-voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Khaleel Desai	Director of Corporate Governance	29/04/24	11/11
Natalie Yost	Executive Director of Communications and Engagement	31/05/16	10/12

Other Executive Directors who were members during 2024/25

Voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Andrea Ashman	Chief People Officer	01/09/19	4/5
Tim Glenn	Interim Chief Finance Officer	06/11/23	5/6
Rob Hodgkiss	Chief Operating Officer	02/01/24	8/9
Deborah Viner	Interim Chief People Officer	02/09/24	3/4

Board biographies

Stewart Baird, Acting Chair

Stewart joined the Trust on 1 June 2021 as a Non-Executive Director and was also appointed as Vice-Chair. Stewart was appointed as Acting Chair on 1 January 2024 and left the Trust at the end of April 2025. He has over 30 years commercial experience working in the private sector, holding senior roles in a variety of high-profile organisations, including Eurostar and Virgin. He is currently the Chief Executive of a private equity investment business and sits as a Non-Executive Director on a number of Boards.

Dr Olu Olasode PhD DBE APSA FCCA, Senior Independent Director (SID) and Non-Executive Director

Olu joined the Trust in April 2021. He is a chartered accountant, turnaround economist, governance adviser, and leadership consultant. Olu has over 32 years of executive leadership experience alongside 27 years as Non-Executive Director and Chair of boards and board committees across public and private sector organisations.
Previous relevant organisations include:

- The Care Quality Commission.
- The Audit Commission.
- Local and Central Government departments and agencies

Olu has experience in implementing effective governance, leadership, corporate strategy and financial resilience. He has substantial experience in culture transformation, corporate turnaround and change management, and delivery of major projects across the private sector, the public sector and in Government. In addition to his role with East Kent Hospitals and as Chairman of TL First Consulting Group, Olu is the Independent Chair of Audit and Governance with the London Borough of Croydon Council and an Independent Non-Executive Director (Adult Care) with Priory Group.

Raymond Anakwe, Non-Executive Director (until 31 May 2024)

Raymond joined the Trust in June 2021 and his term came to an end in May 2024. He is a Consultant Trauma and Orthopaedic Surgeon.

Dr Andrew Catto, Non-Executive Director

Andrew joined the Trust in November 2022. Andrew's medical background is as a Geriatrician and General Physician. He is highly experienced in senior medical leadership roles. These have been in both primary and secondary care. Andrew's leadership style is 'leading from the front'. He strongly believes in empowering others and is extremely supportive of employee development.

After an academic career with the Medical Research Council, Andrew resumed clinical practice. He joined Airedale Hospital as a Consultant in Stroke and Elderly Care. In this role he delivered care in a community setting. After this he became the Trust's Medical Director.

In 2009, Andrew became Medical Director at Heart of England NHS Foundation Trust (HEFT). He then became Interim Chief Executive, and later Deputy Chief Executive Officer (CEO).

In March 2015, Andrew became an Associate Director at NHS England. In this role he experienced developing new models of care and system transformation. This includes the four West Midlands Service Transformation Plans.

Andrew joined Integrated Care 24 (IC24) as Chief Medical Officer in 2017. He became Chief Executive in 2020.

Simon Corben, Non-Executive Director (until 31 December 2024)

Simon joined the Trust in October 2022. He spent 16 years in the private sector, advising the NHS and leading a team of property, clinical planning consultants and analysts, before joining the public sector in May 2017 to lead the estates and facilities function across the NHS. Simon is currently the Head of Profession and Director of NHS Estates and Facilities, NHS England.

Richard Oirschot, Non-Executive Director

Richard joined the Trust in March 2023. He is a Fellow of the Institute of Chartered Accountants in England and Wales. He is a former licenced insolvency practitioner and a former member of the Institute for Turnaround. He holds a BSc in Economics with Accountancy from Loughborough University.

Richard previously established and managed the Barclays Ventures Turnaround Investment Fund. For this he led over 25 investments, was the fund's representative on 15 SME boards (mostly in the UK). Since leaving Barclays he has undertaken various management and advisory roles. These include serving as a non-executive member on the board of The Insolvency Service and Croydon Health Services NHS Trust. He currently holds a Non-Executive Director role on the board of Puma Alpha VCT plc. He has over 20 years of experience in corporate recovery. He has worked for UK accountancy firms focused on the UK SME sector, including seven years as a director for PKF.

Claudia Sykes OBE, Non-Executive Director

Claudia joined the Trust in March 2023. She spent ten years as the chief executive of a Kent social enterprise. In this role Claudia led many programmes helping vulnerable people in the community. Claudia was awarded an OBE in 2021 for her services to social enterprise and social care. As a qualified accountant; Claudia has held senior management roles in the private sector, including Shell and BT.

Catherine Walker, Non-Executive Director

Catherine joined the Board in October 2024. Catherine qualified as a barrister and most of her early career was spent as an investment banker. She is the former Practice Director of a firm of employment and pensions solicitors. She holds a specialist First Tier Tribunal judicial appointment, hearing social security appeals on health and disability cases. She has held a number of roles in the health sector. Catherine chairs the Appointments committee of a large London acute NHS Foundation Trust.

Professor Chris Holland, Associate Non-Executive Director

Chris joined the Trust in December 2019. Chris has had an extensive career in medicine and medical education. He has worked with:

- The national education bodies
- The General Medical Council (GMC)
- Local Enterprise Partnerships

He gained his Bachelor of Medicine, Bachelor of Surgery from Queen's University Belfast in 1997. He then went on to gain a Master's Degree in Medical Education from the University of Warwick. He is currently completing a Doctorate in Education at King's College London. His thesis is on Leadership in Education.

He has previously researched many topics, including:

- Student motivation after failure
- Simulation training
- Inter-professional education
- The experiences of medical students from under-represented backgrounds during their time at university.

He is a Fellow of the Royal College of Anaesthetists, the Faculty of Intensive Care, and the Academy of Medical Educators. Professor Holland is the Founding Dean of Kent and Medway Medical School (KMMS). Professor Holland is a Consultant in Critical Care at Maidstone and Tunbridge Wells NHS Trust. He is an Associate with the GMC and a GMC Performance Assessor.

Tracey Fletcher, Chief Executive

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

Andrea Ashman, Chief People Officer (until 1 September 2024)

Andrea joined the Trust on 10 July 2017 as the Deputy Director of Human Resources and appointed as the Trust's Chief People Officer 1 September 2019. Andrea's background includes 30 years professional experience within the public sector working across Police, Education and the NHS.

Norman Blissett, Chief People Officer

Norman joined in January 2025. Norman was Deputy Chief People Officer at King's College Hospital NHS Foundation Trust since November 2023. He previously worked for East Kent Hospitals as Deputy Chief People Officer.

Dan Gibbs, Chief Operating Officer

Dan joined the Trust on 7 February 2025. He was formerly Chief Delivery Officer at the Hampshire and Isle of Wight Integrated Care Board. Dan is an experienced Board director and operational leader. He has been a Chief Operating Officer and an Operations Director in Acute and Community Trusts. Dan has also worked as a Strategy Director as part of NHS England's South East regional team.

Tim Glenn, Interim Chief Finance Officer (until 22 November 2024)

Tim joined the Trust on 6 November 2023 on a one-year secondment from Royal Papworth Hospital NHS Foundation Trust where he was Chief Finance Officer and Deputy Chief Executive.

Sarah Hayes, Chief Nursing and Midwifery Officer (CNMO)

Sarah joined the Trust in September 2023. She has more than 18 years' senior management and leadership experience in the NHS. She is experienced in both hospital and community settings.

Sarah was Chief Nurse at North Middlesex University Hospital NHS Trust. She had held this post since December 2019. In that time, she worked on initiatives to improve patient care and experience. Sarah also championed and strengthened nursing, midwifery, allied health professionals and leadership.

In 2109, Sarah was awarded the title of Queen's Nurse. This was in recognition of her commitment to patient care and nursing practice. Previously, Sarah was deputy chief nurse at Epsom and St Helier University Hospitals NHS Trust.

Rob Hodgkiss, Chief Operating Officer (until 31 January 2025)

Rob joined the Trust on 2 January 2024 as Interim Chief Operating Officer, and was appointed to this role substantively on 12 March 2024. Since 2016 Rob had been Chief Operating Officer at Chelsea and Westminster Hospital.

Dr Des Holden, Chief Medical Officer

Des joined the Trust on 2 January 2024. He was Chief Executive Officer at Health Innovation Kent, Surrey and Sussex. Des was the Medical Director on the Board at Surrey and Sussex Healthcare NHS Trust from 2011 until 2019. During this time a CQC inspection awarded the trust an 'outstanding' rating. Consultant in Obstetrics, and Medical Director at Brighton and Sussex University Hospitals.

Des is a Non-Executive Director of the Southeast Health Technology Alliance (SEHTA). International advisor to Public Intelligence. This Danish organisation facilitates citizen engagement and living lab co-design for new technologies. He is a visiting professor at the University of Surrey, in the Faculty of Health and Medical Sciences.

Ben Stevens, Chief Strategy and Partnerships Officer

Ben has a long history in the NHS. He started his career as a Paediatric Nurse at Great Ormond Street Children's Hospital in 1996. He has since worked as a senior clinical and operational leader in NHS organisations across London and the south east. During this time he carried out the role of chief operating officer. His most recent role was as managing director of planned care and cancer at University Hospitals Sussex.

Angela van der Lem, Chief Finance Officer

Angela van der Lem took up the post of Chief Finance Officer on 6 November 2024. Angela has 24 years' experience spanning Government departments and agencies, including:

- HM Treasury
- The Ministry of Justice and Her Majesty's Court and Tribunals Service
- The Cabinet Office
- The Ministry of Defence

Angela has led a range of strategy, policy, finance and delivery teams, including:

- NHS Spending while part of the HM Treasury
- Property Transformation as part of reforming HM Courts and Tribunal Service
- Access to Justice and Finance Business Partnering in the Ministry of Justice
- In the Ministry of Defence as the Delivery Agency Defence Digital's Director of Finance

Angela also has Non-Executive experience. She was a Non-Executive Member of the Government Internal Audit and Assurance's (GIAA) Audit and Risk Committee from January 2022 until November 2024.

Deborah Viner, Interim Chief People Officer (until 31 January 2025)

Deborah was the Trust's Interim Chief People Officer since September 2024. She joined the Trust in December 2023 as Interim Deputy Chief People Officer, with more than 20 years' experience in senior human resources roles.

Natalie Yost, Executive Director of Communications and Engagement

Natalie joined the Trust on 31 May 2016 and is a non-voting member of the Board. Natalie spent 10 years in local and regional newspaper journalism and a further 10 years in local government communications and public affairs.

Prior to joining the Trust she spent 6 years as an assistant director of communications and engagement in roles in Kent and Medway, including NHS commissioning and Community Health. Natalie is qualified with the National Council for the Training of Journalists and Chartered Management Institute.

Khaleel Desai, Director of Corporate Governance

Khaleel joined the Trust on 19 April 20204 from learning disability charity Mencap, where he was on the Executive Team as the Director of Governance and Company

Secretary. Prior to that, Khaleel held a similar role in the global humanitarian and development charity, Islamic Relief Worldwide (IRW).

Khaleel is also a non-executive director of Mines Advisory Group (MAG) International, a global, de-mining charity.

Khaleel is a qualified lawyer and previously provided legal advice to the following government bodies over 11 years:

- Treasury Solicitor's Department
- Home Office
- Department of Education
- Department of Health

He was also Assistant Solicitor to the Leveson Inquiry into the culture, practices and ethics of the press.

Chair and Non-Executive Director terms of office

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

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

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

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

Arrangements are in place to annually review the Board's balance, completeness and appropriateness to the key priorities and requirements of the NHS Foundation Trust. Both Executive Directors and Non-Executive Directors are subject to annual performance reviews. The Board remains committed to ensuring its balance, completeness and appropriateness relevant to the Trust, including in its diversity and representation.

Evaluation of performance

Annual performance evaluations and appraisals are conducted for all of our Executive and Non-Executive Directors. The Chair is responsible for leading the evaluation of Non-Executive Directors. The Senior Independent Director leads the annual evaluation of our Chair. Outcomes are shared with the Council of Governors.

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

The Board is required to undertake an annual review of the structure, size, skills, experience and composition of the Board of Directors and make changes where appropriate. The Board experienced a high degree of change during 2024/25. The outputs were reported to the Nominations and Remuneration Committee, with recommendations from this review of any relevant gaps in skills, knowledge and experience identified that will be considered in 2025/26.

An external facilitated Board development programme was carried out during 2024/25, and a review of the benefits and feedback of the programme was reported to the Nominations and Remuneration Committee for consideration for further development programmes.

Director interests

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

Ethics, fraud, bribery and corruption

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

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

Board Committees

The Board has established a number of sub-committees which meet regularly throughout the year to undertake work delegated from the Board, as well as a Reading the Signals Oversight Group. Committees in place as at 31 March 2025 are:

Statutory:

- Integrated Audit and Governance Committee
- Nominations and Remuneration Committee

Non-Statutory:

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

A copy of the Board Committee's Terms of Reference can be accessed via the Trust website.

A Governor representative is an observer on each of our Board Committees (with the exception of the Nominations and Remuneration Committee) and are invited to attend and observe each Committee meeting.

Tracey Fletcher
Chief Executive
26/06/2025

Nomination and Remuneration Committee (NRC) report

The Board of Directors Nominations and Remuneration Committee membership consists of the Trust's Chair and all Non-Executive Directors of the Trust. Attendance during 2024/25 was as follows:

Nominations and Remuneration Committee Membership as at 31 March 2025

Name	Actual / Possible
Stewart Baird (Acting Chair)	6/6
Dr Andrew Catto (Non-Executive Director) Committee Chair	6/6
Richard Oirschot (Non-Executive Director)	4/6
Dr Olu Olasode (Non-Executive Director)	2/6
Claudia Sykes (Non-Executive Director)	6/6
Catherine Walker (Non-Executive Director)	2/4

Other non-executives who were members during 2024/25

Name	Actual / Possible
Raymond Anakwe (Non-Executive Director)	0/1
Simon Corben (Non-Executive Director)	3/3

* Possible and actual shown

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

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

During 2024/25 the Committee was involved with the recruitment to the following roles within the Trust:

- Interim Chief People Officer (CPO), the Committee approved the appointment of Deborah Viner;
- The Committee approved the appointment of Norman Blissett as CPO;
- The Committee approved the appointment of Angela van der Lem as Chief Finance Officer (CFO).

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

- Chief Executive 2023/24 annual appraisal, and 2024/25 objectives and mid-year review;
- Executive Directors' 2023/24 end of year appraisal reviews, and 2024/25 objective setting and mid-year reviews;
- Review of the 2024/25 objectives and appraisal process for Non-Executive Directors (NEDs);
- Review and approval of the 2024/25 national pay award (cost of living pay uplift) of 5% in line with the recommendations of the Senior Salary Review Body (SSPRB) for Very Senior Managers (VSMs);
- Report update of the Trust Chair and NEDs recruitment;
- Review of the annual NHS Fit and Proper Person Test (FPPT) submission;
- Review and approval of the Pay Policy for VSMs;
- Review and approval of the Fit and Proper Person Requirement Policy;
- Report on remuneration and bonus arrangements for Executive and Senior Team members of the Group subsidiaries 2gether Support Solutions (2gether) and Spencer Private Hospitals (SPH);
- Review of the 2024/25 NED commitments, responsibilities, Board skills, experience and competencies;
- Review of the NHS Providers Board Development Programme undertaken in 2024/25;
- Review of 2024/25 Board register of interests;
- Report on the Committee survey review outcome and feedback, and review of the Committee terms of reference;
- Review of the Committee annual work programme.

The Remuneration Report can be found on page 55.

Integrated audit and governance committee (IAGC)

All NHS Foundation Trust Boards of Directors are required to establish an Audit Committee. It is the responsibility of our Board to have in place sufficient internal control and governance structures and processes to ensure that the Trust operates effectively and meets its objectives.

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

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

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

The IAGC continues to scrutinise our governance and 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 risk registers enables the Committee to conduct a thorough review of our Annual Governance Statement see page 97. The Board Assurance Framework (BAF) risks enables the Committee to monitor controls in place to manage risks and performance against the Trust's strategic objectives and risk appetite, and what risks will compromise our strategic objectives.

Relationships between the IAGC and our internal auditors, external auditors and local counter fraud specialist 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 Chair and other Non-Executive Director members prior to each IAGC meeting to cover potentially sensitive issues and to ensure that their independence is maintained.

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

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

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

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

- Review of the Board Assurance Framework (BAF) and significant risk report;
- Review of annual risk maturity self-assessment;
- Review of Risk Review Group Chair report;
- Reports on the Governance Improvement Framework and Programme, and the proposal and timeline for the Board Committee reviews;
- Report on the Good Governance Institute (GGI) External Governance Review, and GGI refresh report;
- Report on Data Security and Protection Toolkit (DSPT) 2024/25 submission progress, and training needs analysis (TNA) for 2024/25 DSPT submission;
- Review of losses and special payments reports;
- Review of single tender waivers (STWs) reports;
- Review of report on the Freedom to Speak Up (FTSU) service, and an update on the outsourced FTSU service;
- Review of the Freedom of Information (FoI) Annual Report 2023/24;
- Internal Audit 2024/25 plan, progress reports, and Head of Internal Audit opinion 2023/24;
- Local Counter Fraud Specialist work plan 2024/25 and Strategy, progress reports, and 2023/24 annual report;
- External Audit 2023/24 audit plan, progress reports and sector updates;
- Review of 2022/23 accounts process lessons learned report and associated actions;
- Approval of the revised Standing Financial Instructions (SFIs) and Scheme of Delegation (SoD);
- Approval of the 2023/24 Annual Statutory Compliance Self-Declaration with Provider Licence;
- Review of the Annual Accounts process and timetable for 2023/24;
- Review of Accounting Policies 2023/24;
- Approval of the 2023/24 Annual Report, Compliance against Foundation Trust Code of Governance, Annual Governance Statement (AGS), and Audited Group Accounts 2023/24, Management Representation Letter, and Trust a Going Concern. Review of the Informing the audit risk assessment and the External Audit Findings Report;
- Approval of the Quality Accounts for 2023/24, and review of the 2024/25 Quality Accounts production process;
- Review and approval of the East Kent Hospitals Charity (EKHC) Annual Report and Accounts for 2023/24;
- Review and approval of 2gether Support Solutions Annual Report and Financial Statements for the year ending 31 March 2024;
- Review and approval of Spencer Private Hospitals (SPH) Audited Financial Statements for 2023/24;
- Approval of the 2024/25 Annual Programme for Clinical Audit;
- Review of the Financial Sustainability Plan (FSP);
- Review of update report on the Cost Improvement Programme (CIP);
- Review of PricewaterhouseCoopers Financial Grip and Control financial improvement review and this being sustained within the Trust's resources;
- Review of Quality and Clinical Governance update reports
- Review of Annual Report on accessed study leave for 2023/24;
- Review of NHS England Annual Undergraduate (UG) financial accountability report;

- Report on review of the Trust's Legal services;
- Reports on policy compliance;
- Report on Going Concern review 2023/24;
- Review of Technical Accounting Items 2023/24 report;
- Report on valuation of the Trust estate for accounting purposes for 2024/25;
- Review of Committee annual work programme.

The following policies were approved by the IAGC during 2024/25:

- Anti-Fraud, Bribery and Corruption Policy;
- Business Case Investment Policy;
- Gifts, Hospitality and Conflicts of Interests Policy;
- Procuring Non-Core Services (Additional Services) from External Auditors Policy;
- Patients Travelling Expenses Policy.

Membership of the Integrated Audit and Governance Committee (IAGC)

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

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

The Chief Executive is in attendance when the Annual Report, Annual Accounts, Quality Account, including the Annual Governance Statement, review of compliance against Foundation Trust (FT) Code of Governance, and compliance with Provider Licence is discussed by the Committee.

During 2024/25, the Committee met a total of five times.

Non-Executive members as at 31 March 2025

Name	Attendance actual/possible
Dr Olu Olasode (Non-Executive Director)	5/5
Dr Andrew Catto (Non-Executive Director)	3/5
Richard Oirschot (Non-Executive Director)	3/5
Claudia Sykes (Non-Executive Director)	5/5

* Possible and actual shown

Finance and performance committee (FPC)

The Finance and Performance Committee provides assurance to the Trust Board of Directors in regard to the Trust's financial strategy, financial policies, and financial and budgetary planning. In addition, FPC monitors financial and activity performance

and approves major investments on behalf of the Trust Board under the Trust's scheme of delegation.

During 2024/25 the Committee generally met monthly and met a total of 12 times, the current membership consists of:

- Richard Oirschot, Chair (Non-Executive Director)
- Claudia Sykes (Non-Executive Director)
- Chief Finance Officer
- Chief Operating Officer
- Chief Strategy and Partnerships Officer

During 2024/25 the Committee membership also included Simon Corben, Non-Executive Director, until the end of December 2024.

The areas of key focus for the Committee meetings in 2024/25 were:

- Review and discussion at each meeting the monthly finance reports, including the cash position, cash report, and efficiencies;
- Review and discussion at each meeting of the Integrated Performance Report (IPR) focussing on improving access to the Trust's services. This included focus on performance against the National Constitutional Standards for emergency access, referral to treatment (RTT), cancer and diagnostics. Review of the collaborative work with partners on emergency patient pathways to reduce front door patient demand;
- Reviewed and monitored at each meeting the Board Assurance Framework (BAF), principal mitigated financial and performance risks, and significant risk register. Discussions focussed on meeting the Trust's financial and operational performance risks, discussing the mitigating actions in place, progress and impact to reduce the level of these risks and the risk score. Review of update report of cyber and digital risks;
- Review and discussion of update reports on patients no longer fitting the criteria to reside, length of stay (LoS), and bed plan;
- Review updates and monitoring progress of the 2024/25 savings and efficiencies and Cost Improvement Programme (CIP);
- Review and progress updates on the 3 Year Financial Sustainability Plan (FSP);
- Review of the business planning principles;
- Review and approval of the 2024/25 annual business planning, and review of the 2025/26 business planning;
- Review of progress implementing the PricewaterhouseCoopers (PwC) financial grip and controls review, management response, and actions to improve financial controls and environment. Review of updates on the transition of the financial recovery support provided by PwC to the Trust's substantive resources (finance and Programme Management Office (PMO));
- Report on the Finance team structure review and proposed new structure, ensuring provision of adequate resources to support to improve the Trust's financial plan;
- Review of 2023/24 Annual Accounts, and review of the 2024/25 Annual Accounts timetable and Going Concern Review;
- Review of the Accounting Policies 2024/25;
- Review and approval of the Trust Tax Strategy and Transfer Pricing Strategy;

- Reviewed updates on the 5-year capital plan and external engagement regarding potential availability for additional capital funding support, updates on the 2024/25 capital programme (including fire strategy), and review and approval of the 2025/26 capital plan;
- Review of workforce reports, including substantive, bank and agency usage, spend, recruitment challenges and action plan;
- Review of business case, benefits and performance of the appointed managed service provider for agency provision;
- Review and approval of the Nurse Staffing Establishment Review for Inpatient Wards, Acute Medical Units (AMUs) and Emergency Departments (EDs);
- Review update on the development of the Trust's organisational strategy, and partnership working with the Health and Care Partnership (HCP) and Integrated Care Board (ICB);
- Review of the internal review of Spencer Private Hospitals (SPH), and the review of 2gether Support Solutions (2gether);
- Approval of the following Policies:
- Business Case Investment Policy;
- Patients Travelling Expenses Policy.
- Review of the Winter Plan 2023/24 progress against system schemes and lessons learnt, and review of the 2024/25 Winter Plan;
- Review of theatre utilisation and transformation plan;
- Regular assurance reports noted: Financial Improvement Programme Board (FIPB) (previously called Financial Improvement Oversight Group (FIOG)), Capital Investment Group (CIG), and Business Case Scrutiny Group (BCSG).

The Trust is currently in the NHS England Recovery Support Programme (RSP) segment 4 of the NHS National Oversight Framework (NOF 4), with Finance as one of the strands, along with Leadership, Governance and Culture, Urgent and Emergency Care (UEC) and Planned Care. Regular progress reports are presented to the Board of Directors updating it on delivery progress of the Trust's Integrated Improvement Plan (IIP) and journey to exit NOF4.

An overview of the operational performance starts on page 5 and financial performance on page 18.

Quality and Safety Committee (Q&SC)

The Quality and Safety Committee is responsible for providing the oversight on all aspects of quality and safety, including quality strategy and performance, delivery, clinical effectiveness, outcomes and improvement, governance, clinical risk management, clinical audit, and the regulatory standards relevant to quality and safety. The Committee promotes an open and transparent reporting and learning culture. The Committee provides assurance to the Board of Directors.

During 2024/25 the Committee generally met monthly (with alternating bi-monthly assurance and improvement meetings), the Committee met a total of 8 times during 2024/25, the current membership consists of:

- Dr Andrew Catto, Chair (Non-Executive Director)
- Catherine Walker (Non-Executive Director)
- Chief Medical Officer

- Chief Nursing & Midwifery Officer
- Chief Operating Officer

The following required attendee at each meeting:

- Director of Quality Governance

The following are attendees at each meeting:

- Patient Participation Partner
- Professor Chris Holland (Associate Non-Executive Director)
- Representative from Healthwatch Kent
- Representative from Kent and Medway Integrated Care Board (ICB)

The areas of key focus for the Committee in 2024/25 were:

- Review at each meeting of the Patients, Quality and Safety, and Maternity strategic theme performance metrics from the Integrated Performance Report (IPR). Including focus on performance around patient harm (falls with harm), hospital associated pressure ulcers, overdue incidents, patient safety incident investigations, never events, Duty of Candour, infection prevention and control, safeguarding, complaint response, Venous thromboembolism (VTE), and mixed sex breaches;
- Reports on the corporate principal mitigated quality risks (Significant Risk Register) and Board Assurance Framework (BAF) in relation to Quality and Safety, and Patients;
- Review update on improving experience of patients staying in the Emergency Department (ED) for over 24 hours (William Harvey Hospital (WHH) and Queen Elizabeth the Queen Mother Hospital (QEQM);
- Reports on Care Quality Commission (CQC) updates and progress on Care Group self-assessment process and actions;
- Review of progress on the implementation of the Dementia Strategy 2024-29, and establishment of a Dementia Strategy and Oversight Group;
- Review update report on the implementation of the 'Right Care, Right Person (RCRP)' initiative;
- Reports on demonstrating improvement from learning from deaths process including the Lead Medical Examiner reports, along with learning and improving patients' outcomes from clinical audits;
- Review of neonatal deaths report;
- Report on review of never events reported 1 October 2022 to 3 October 2024;
- Review of progress reports on the 2024/25 Clinical Audit Programme;
- Review of progress against Trust-wide falls improvement plan and deep dive;
- Review of progress against Trust-wide tissue viability improvement plan;
- Review of update on Trust-wide documentation audits 2024;
- Review of Infection, Prevention and Control Annual Report and regular performance reports;
- Review of Organ Donation Annual Report;
- Review of the Annual Emergency Preparedness, Resilience and Response (EPRR) Report and National Assurance Outcome report;
- Review of update on harm review process;

- Reports on progress against recommendations from the Association for Perioperative Practice (AFPP) for Critical Care, Anaesthetics and Speciality Surgery Care Group;
- Report on progress against paediatric audiology improvement plan for Women, Children and Young People Care Group;
- Review of updates on Safe Staffing against the nursing establishment, and deep dives;
- Review of midwifery workforce report;
- Review of Safe Systems for Controlled Drugs update report and deep dive;
- Reports on Quality Governance (patient experience, inquests, claims, incidents, Central Alerting System (CAS) and Patient Safety Incident Response Framework (PSIRF));
- Review of Cost Improvement Scheme Quality Impact Assessments (QIAs), around assurance of appropriate scrutiny;
- Review of Commissioning for Quality and Innovation Programme (CQUIN) report, including end of year position 2023/24 and plan for 2024/25;
- Review of the 2023/24 Quality Account, and the plan for completion and sign off of the 2024/25 Quality Account;
- Review of progress update report of the workstreams relating to the deteriorating patient, work on management of patients, actions and compliance;
- Review of Patient Experience Committee (PEC) annual report;
- Review of Patient Voice and Involvement annual report;
- Review of Complaints annual report;
- Reports on Human Tissue Authority (HTA) inspection;
- Review of effectiveness of cervical screening programme annual report;
- Review of update report on the work of the Mental Health Steering Group, including the Mental Health Strategy and Mental Health Policy;
- Review of report on progress against the internal audit of Antimicrobial Stewardship (AMS) arrangements and delivering the AMS Strategy;
- Review of endoscopy update reports on progress of the Endoscopy Task and Finish Group to address the Endoscopy backlog and associated clinical risk;
- Review of progress on the improvement of renal services (Kent and Canterbury and Royal Victoria Care Group);
- Review of professional standards compliance;
- Review of epilepsy 12 national audit request for derogation;
- Report on the Committee survey review outcome and feedback, and review of the Committee terms of reference.

The Committee received areas of escalation/assurance from:

- Clinical Audit and Effectiveness Committee (CAEC) Chair's reports;
- Patient Safety Committee Chair's reports;
- Patient Experience Committee Assurance reports;
- Maternity and Neonatal Assurance Group (MNAG) reports;
- Safeguarding Committee Assurance reports and annual report;
- Regulatory Oversight Group (ROG) Chair's reports;
- Fundamentals of Care Committee Chair's reports;
- Mortality Steering and Surveillance Group (MSSG) Chair's reports;
- Clinical Ethics Committee (CEC) report.

People and culture committee (P&CC)

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

During 2024/25, the Committee generally met monthly (with alternating bi-monthly full and mini meetings), the Committee met a total of 8 times during 2024/25, the current membership consists of:

- Claudia Sykes, Chair (Non-Executive Director)
- Dr Andrew Catto (Non-Executive Director)
- Catherine Walker (Non-Executive Director)
- Chief Medical Officer
- Chief Nursing & Midwifery Officer
- Chief People Officer

The Associate Director of Medical Education, Director of Corporate Governance, Chief Executive, and Professor Chris Holland (Associate Non-Executive Director), are invited to attend each meeting.

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

- Regular review of the People strategic theme performance metrics from the Integrated Performance Report (IPR);
- Review of the People and Culture risks from the Trust's Significant Risk Register Report and Board Assurance Framework;
- Regular review of Chief People Officer's Reports;
- Review of regular Staff Engagement Reports;
- Review the establishment of the Staff Congress;
- Review and update on the Culture and Leadership Programme (CLP);
- Review of progress against the Equality, Diversity and Inclusion (EDI) Strategy, and development of People Strategy;
- Review of the Staff Network Policy;
- Review and update on EDI actions, the Workforce Race Equality Standard (WRES), and the Workforce Disability Equality Standard (WDES) data submissions;
- Review of Equality Delivery System (EDS) 2024 report;
- Recruitment and vacancy update - review of pipeline against establishment, including Medical, Nursing, Health Care Support Workers, and Allied Health Professionals (AHPs);
- Review and approval of the Nurse Staffing Establishment Review for Inpatient Wards, Acute Medical Units (AMUs) and Emergency Departments (EDs);

- Regular reports on Tribunal Activity, Employee Relations, and Occupational Health Surveillance;
- Review of Care Groups People Plans;
- Review of the Freedom to Speak Up Guardians report and performance against National standards. Concern raised gap in assurance due to continued absence within the FTSU team, not assured over the effectiveness of the service, with emergency measures put in place to monitor and respond to FTSU e-mails. Review of business case to outsource the service ensuring continuous and effective support to staff;
- Review of key operational escalation issues, including administrative and clerical review, People and Culture actions from the Care Quality Commission Well-Led Domain Inspection;
- Review of the 2023 and 2024 NHS Staff Survey results and proposed actions;
- Review of staff statutory and mandatory training compliance, and appraisal compliance trajectory;
- Review of medical staff appraisals;
- Review of the Accommodation Strategy, and accommodation impact on workforce (mitigation of risks to ensure sustained workforce recruitment and retention);
- Reports from Guardian of Safe Working;
- Regular reports from: Integrated Education, Training and Leadership Development Group (IETLDG); Local Negotiating Committee (LNC) of the British Medical Association (BMA); EDI Steering Group, and the Doctors' Voices Group;
- Review of the Committee, proposed changes and approach to hold bi-monthly meetings (each meeting to be a full meeting), following the Good Governance Institute (GGI) governance review;
- Report on the Committee survey review outcome and feedback, and review of the Committee terms of reference.
- Review of the Committee annual work programme.

The Staff Report can be found from page 77.

Charitable funds committee (CFC)

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

The Committee met a total of 4 times during 2024/25, the current membership is:

- Claudia Sykes, Chair (Non-Executive Director)
- Richard Oirschot (Non-Executive Director)
- Chief Finance Officer
- Chief Strategy and Partnerships Officer

The Charitable Funds Committee oversees the affairs of the Charity under delegated powers set out in its terms of reference. The Committee promotes, monitors and sets the strategic direction for the Charity ensuring its objectives are met. The

Committee advises the Board of Directors who retain overall responsibility for all aspects of the Charity.

Key areas of focus for the Committee have been:

- Approval of applications for grants for Charity funding;
- Review of finance reports, update reports on fundraising activities, NHS Charities Together briefings, and update on Devereux Trust;
- Approval of the 2023/24 East Kent Hospitals Charity Annual Accounts and Report, Audit Representation Letter, and review of Audit Findings;
- Updates and discussion of the Charity Strategy 2024 to 2026 and Plan;
- Annual review of the Charitable Funds from Cazenove Capital (investment);
- Review of the Charity (fundraising, governance and support) costs.

The Charity's full annual report 2023/24 is available on the Charity's website. The report details how it has used the funds its supporters raised and donated, making a real difference to the hospital services.

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

Remuneration report

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

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

As Chair of the Nominations and Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year 2024/25.

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

The committee accepted and applied the recommendations of the Review Body on Senior Salaries for 2024/25 to executive directors and very senior managers. The recommendation was for a 5% pay uplift with effect from 1 April 2024.

The Committee reviewed the Executives/Very Senior Managers pay policy in March 2025 with no significant changes applied. 2025/26.

Details of all director and executive director salaries can be found on page 62 of the report.

Dr Andrew Catto
Nominations and Remuneration Committee Chair
26/06/2025

Application of the Pay Policy for Executive Directors and Very Senior Managers

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

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

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

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

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

The remuneration committee has considered previous advice received from Korn Ferry Associates, the findings of the Senior Salaries Pay Review Body and taken account of the national framework for very senior manager salaries. The advice took account of the following:

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

Current Policy Table – Executive Directors

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

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

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

Current Policy Table – Very Senior Managers

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

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

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

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

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

Non-Executive Directors

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

Service contracts obligations

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

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

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

Policy on payment for loss of office

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

Statement of consideration of employment conditions elsewhere in the Foundation Trust

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

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

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

Senior Managers' Salaries, Expenses and Pension For the year ended 31st March 2025
(Comparatives for the year ending 31st March 2024 are shown in brackets below) (Subject to Audit)

Senior Managers' Salaries, Expenses and Pension For the year ended 31st March 2025 (Comparatives for the year ending 31st March 2024 are shown in brackets below) (Subject to Audit)							
Name	Position	Salary and fees (in bands of £5,000)	Taxable expenses and other benefits (total to the nearest £100)	Annual performance related bonuses (in bands of £5,000)	Long term performance related bonuses (in bands of £5,000)	Pension related benefits (in bands of £2,500) Note 2	TOTAL (bands of £5,000)
		£'000	£	£'000	£'000	£'000	£'000
Raymond Anakwe (Finished 31/05/2024)	**Non-Executive Director**	0-5 (10-15)	0 (0)	0 (0)	0 (0)	(N/A) (N/A)	0-5 (10-15)
Andrea Ashman (Finished 01/09/2024)	**Chief People Officer**	60-65 (140-145)	0 (0)	0 (0)	0 (0)	15-17.5 (35-37.5)	75-80 (175-180)
Stewart Baird (Acting Chair from 01/01/2024)	**Non-Executive Director**	55-60 (45-50)	0 (0)	0 (0)	0 (0)	0 (N/A)	55-60 (45-50)
Norman Blissett (Appointed 20/01/2025)	**Chief People Officer**	20-25 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	35-37.5 (N/A)	55-60 (N/A)
Andrew Catto	**Non-Executive Director**	10-15 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (10-15)
Simon Corben (Finished 31/12/2024)	**Non-Executive Director**	5-10 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	5-10 (10-15)
Tracy Fletcher	**Chief Executive**	245-250 (235-240)	0 (0)	0 (0)	0 (0)	80-82.5 (0)	330-335 (235-240)
Dan Gibbs (Appointed 07/02/2025)	**Chief Operating Officer**	25-30 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	25-30 (N/A)
Tim Glenn (Appointed 06/11/2023) (Finished 05/11/2024)	**Interim Chief Finance Officer**	100-105 (55-60)	0 (0)	0 (0)	0 (0)	37.5-40 (37.5-40)	135-140 (95-100)
Sarah Hayes	**Chief Nursing & Midwifery Officer**	170-175 (85-90)	0 (0)	0 (0)	0 (0)	147.5-150 (0)	320-325 (85-90)
Rob Hodgkiss (Appointed 02/01/2024) (Finished 31/1/2025)	**Chief Operating Officer**	180-185 (40-50)	0 (0)	0 (0)	0 (0)	37.5-40 (0-2.5)	220-225 (40-50)
Des Holden (Appointed 02/01/2024)	**Chief Medical Officer**	225-230 (50-55)	0 (0)	0 (0)	0 (0)	0 (0)	225-230 (50-55)
Olu Olasode	**Non-Executive Director**	15-20 (15-20)	0 (0)	0 (0)	0 (0)	N/A (N/A)	15-20 (15-20)
Richard Oirschot	**Non-Executive Director**	15-20 (15-20)	0 (0)	0 (0)	0 (0)	(N/A) (N/A)	15-20 (15-20)
Ben Stevens	**Chief Strategy & Partnerships Officer**	165-170 (160-165)	0 (0)	0 (0)	0 (0)	90-92.5 (0)	255-260 (160-165)
Claudia Sykes	**Non-Executive Director**	15-20 (15-20)	0 (0)	0 (0)	0 (0)	N/A (N/A)	15-20 (15-20)

Angela van der Lem (Appointed 06/11/2024)	**Chief Finance Officer**	80-85 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0-2.5 (N/A)	80-85 (N/A)
Deborah Viner (Appointed 02/09/2024 Finished 31/01/2025)	**Interim Chief People Officer**	55-60 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0-2.5 (N/A)	55-60 (N/A)
Catherine Walker (Appointed 25/10/2024)	**Non-Executive Director**	5-10 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	5-10 (N/A)

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

2. Pension related benefits is calculated as (20 x annual pension at 31st March 2025 + lump sum at 31st March 2025) - (20 x annual pension at 31st March 2024 + lump sum at 31st March 2024 adjusted for inflation at 6.7%) less employee pension contributions. Where applicable this value is apportioned for time in service and if no benefit recognised in year this is disclosed as zero. Please see also the Pension Tables for further information including.

3. Tim Glenn was on secondment to the Trust. He is employed by Royal Papworth Hospital NHS Foundation Trust who charge East Kent for his services. The disclosure includes an apportionment of his benefits from 1st April 2024 to 5th November 2024.

Percentage Change in Remuneration (subject to audit)
Highest Paid Director (Chief Executive)

- **percentage change in salary and allowances – 5% [2023/24 – 5.9%]**
- **percentage change in performance pay and bonuses – 0% [2023/24 – 0%]**

All employees

- **percentage change in salary and allowances – (13.54%) [2023/24 – 1.83%]**
- **percentage change in performance pay and bonuses – 0% [2023/24 – 0%]**

The percentage change in highest paid director is attributable to the Chief Executive. The percentage change in all other staff is due to an increase in average WTE salary cost compare to prior year.

Senior Managers Expenses						
	2024/25			**2023/24**		
Directors' mileage claims and other expenses are reported quarterly on the Trust website www.ekhuft.nhs.uk.	**Total directors serving in year**	**Number claiming expenses**	**Total expenses £00**	**Total directors serving in year**	**Number claiming expenses**	**Total expenses £00**
Total number and value	19	13	176	24	12	141
Governors' expenses	**2024/25**			**2023/24**		
Total number and value	16	1	2	24	4	5

Hutton Fair Pay Review (Subject to Audit)

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

The banded remuneration of the highest paid director in the organisation in the financial year 2024/25 was £245-250k (2023/24: £235-240k) This is a change between years 5%.

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

For employees of the Trust as a whole, the range of remuneration in 2024/25 was from £14,763 to £461,404 (2023/24: £10,324 to £479,056). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 13.54%. 17 employees received remuneration in excess of the highest paid director in 2024/25 (2023/24:14 employees). The values included in the Hutton Fair Pay Review include Agency & Bank staff.

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

	2024/25	**2023/24**
Remuneration of highest-paid director (Chief Executive Officer) (bands of £5k)	245-250	235-240
25th percentile of all other staff £	25,674	24,336
Ratio of highest paid director to 25th percentile	9.7	9.8
Median salary of all other staff £	36,483	34,581
Ratio of highest paid director to median value	6.8	6.9
75th percentile of all other staff £	48,526	45,996
Ratio of highest paid director to 75th percentile	5.1	5.2
Number of employees receiving remuneration in excess of the highest paid director	17	14
Range of remuneration paid in the financial year £	£14,763 (apprentice) to £461,404	£10,324 (apprentice) to £479,056

2024/2025	25th percentile	median	75th percentile
Salary Component of Pay	25,674	36,483	48,526
Total pay and benefits excluding pension benefits	25,674	36,483	48,526
Pay and benefits excluding pension: pay ratio for highest paid director	9.7:1	6.8:1	5.1:1

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

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

Pension benefits of senior managers	**Real increase in pension at pension age (bands of £2,500)**	**Real increase in pension lump sum at pension age (bands of £2,500)**	**Total accrued pension at pension age (bands of £5,000**	**Lump sum at pension age related to accrued pension (bands of £5,000)**	**Cash equivalent transfer value (CETV)**	**Opening CETV**	**Real increase in CETV**
			at 31 March 2025	**at 31 March 2025**	**at 31 March 2025**	**at 1 April 2024**	

Name	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tracy Fletcher	2.5-5	5-7.5	75-80	210-215	1,836	1,610	102
Andrea Ashman	0.-2.5	0	20-25	0	347	280	13
Tim Glenn	2.5-5	0	40-45	0	608	502	31
Sarah Hayes	7.5-10	12.5-15	60-65	155 -160	1,322	1,081	146
Ben Stevens	5-7.5	5-7.5	55-60	145-150	1,273	1,088	93
Robert Hodgkiss	2.5-5	0	45-50	105-110	947	827	32
Norman Blissett	2.5-5	2.5-5	5-10	10-15	196	0	34
Dan Gibbs	0-2.5	0	0-5	0	7	0	0
Deborah Viner	0-2.5	0-2.5	0-5	0	34	0	4
Angela van der Lem	0-2.5	0	0-5	0	20	0	0

Notes:	All the above are executive directors; non-executive directors do not receive pensionable remuneration
	No contribution was made by the Trust to a stakeholder pension
	Executive Directors not recorded above were not part of the pension scheme

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

The 'real' increase in CETV takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Signed: 	Date: 26/06/2025
Tracy Fletcher, Chief Executive	

Council of Governors

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

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

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

Composition of the Council of Governors

The Council of Governors consists of:

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

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

- Three elected staff Governors
- Three appointed Governors, representing the:
    - two Kent Universities

- six local authorities in East Kent
- volunteers working in the Trust, including the five League of Friends

During 2024/25, Christopher D'arcy, Public Governor for Dover left the Council.

Laurence Arterton, Public Governor for Thanet and Paul Verrill, Public Governor for Dover joined the Council.

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

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

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

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

The Council now conducts all Open and Closed meetings on a hybrid basis, with Committee meetings still being conducted virtually. The Trust Chair continues to hold regular virtual briefing meetings for governors to keep them updated on the Trust's response to the key risks and issues affecting the Trust.

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

- Governors were able to attend the open section of Board meetings; the agenda was shared with the Council prior to the meetings and the agenda and papers were published on our website.
- The chief executive was invited to attend each Council meeting to provide an update on latest performance and to keep Governors informed about strategic developments.
- At all times, Governors were able to direct any concerns or questions to the Chair through the Lead Governor.
- The Council met in formal session four times in the period. Topics covered included:
    - 2024/25 year-end financial performance
    - Reports from Chairs of Council Committees
    - Reports from the Board Committee Chairs
    - Updates on Operational, Financial and Estates
    - Commenting on the Trust Strategy Document
    - Reviewing the Constitution
    - Planning for governor elections
    - Re-organisation of the Sub Committees

    - Chair and NED recruitment

- In closed session the Council were updated on issues regarding the Acting Chair's and Non-Executive Directors appraisals.

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

There are 5 voting governor members on each committee; the membership has been regularly updated during 2024/25. Committees are open to all Governors to attend and participate in any committee meeting they wish. The meetings are supported by relevant members of Trust staff to provide any professional expertise required by the Governors.

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

Dealing with disputes

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

The dispute resolution policy does not undermine the power the Governors have under the Health and Social Care Act 2012, to require one or more of the directors to attend a Governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the directors' performance of their duties. This power was not used during 2024/25.

Governor training

During 2024/25, no training sessions were undertaken by the Council of Governors. More structured training sessions are being planned for 2025/26

Lead and Deputy Lead Governor

The 2024 election for Lead Governor and Deputy Lead Governor saw the positions taken up by Bernie Mayall and Carl Shorter for a third term respectively**.**

Governor changes 2024/25

A list of all Governors who served during 2024/25 is detailed in this section.

Council of Governor (CoG) public meetings

Our Council of Governors met in formal session four times during 2024/25. The Annual Members meeting took place on 5 September 2024. Details of public meetings, agendas, minutes and papers are published on the Trust website.

Council of Governors who served during 2024/25

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

Ashford Borough Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Sarah Barton	28/02/2026		0/4
Bernard Groen	28/02/2027		3/4

Canterbury City Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Alex Ricketts	28/02/2027		2/4
Russell Wyles	28/02/2027		3/4

Dover District Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Bernie Mayall	28/02/2027		3/4
Paul Verrill	28/02/2027	Appointed February 2025	0/0
Christopher D'arcy	28/02/2027	Resigned February 2025	2/4

Folkestone & Hythe District Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Carl Shorter	28/02/2027		3/4
Kieran Leigh	28/02/2027		3/4

Swale Borough Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Monique Bonney	28/02/2028	Re-elected 2nd Term 2025	4/4

Thanet District Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Paul Schofield	28/02/2027		3/4
Laurence Arterton	28/02/2028	Elected February 2025	0/4

Staff

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Olubunmi Akinnawonu	28/02/2027		4/4
Saba Mahmood	28/02/2026		3/4
Janine Thomas	28/02/2027		2/4

Rest of England and Wales

Seat currently vacant.

Representing University Rep (Joint Canterbury Christ Church University and University of Kent)

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Professor Shane Weller	29/02/2027		2/4

Representing Local Authorities

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
David Wimble	29/02/2027		2/4

Representing Volunteers working with the Trust

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Linda Judd	08/02/2027		4/4

Board of Directors attendance at Council of Governors meetings

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

During 2024/25, it was the practice for all the Non-executives to be invited to Council meetings with the Non-Executive Chairs of the Board Committees presenting an update to Council on their respective committees.

Executive Directors attend Council meetings at the invitation of the Chair, on behalf of the Council; on occasion the attendance is at a meeting closed to the public due to the confidential nature of the item under discussion.

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

NAME	DESIGNATION	COUNCIL OF GOVERNORS ATTENDANCE
Stewart Baird	Acting Chair	3/4
Simon Corben	Non-Executive Director	3/4
Dr Olu Olasode	Non-Executive Director	3/4
Tracey Fletcher	Chief Executive	4/4
Catherine Walker	Non-Executive Director	2/4
Claudia Sykes	Non-Executive Director	3/4
Chris Holland	Non-Executive Director	1/4
Richard Oirschot	Non-Executive Director	3/4
Andrew Catto	Non-Executive Director	4/4

Annual Members' Meeting

The Annual Members' Meeting was held on 5 September 2024. It was run as a hybrid meeting with members of the public and staff were invited to attend in person or online.

The Chief Executive gave a presentation on, 'What we did in 2023/24 and our aims for the future' and the Director of Finance presented the Annual Report and Accounts. There was a report from the Lead Governor. The meeting ended with an opportunity for the public to ask questions.

Details of public meetings are published on the Trust website.

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.

Contacting members of the Council of Governors

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

Work of the Council of Governors

Council of Governors' committees and working groups

Our Council of Governors has established a number of committees. The Council of Governors cannot delegate authority to committees, so all recommendations made by these committees must be endorsed at a full meeting. The membership of the Committees is refreshed annually at the Council meeting following the Governor elections.

The focus for Governors this year has been the recruitment of the new Chair and two non-executive directors. Council has been involved in reviewing and drafting amendments to the Trust Constitution and the development of the Trust's Strategy.

Th Council also wants the continued good relationships between the Council and the Board to be noted.

This year has seen the sub-committees restructured to make them more relevant and efficient, reducing the committees to three, each with five members.

Nominations and Remuneration Committee

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

- Considering and making recommendations to the Council of Governors on the appointment of the Chair and Non-executive directors
- Agreeing the process for recruitment of the Chair and Non-executive directors
- Making recommendations to the Council of Governors on the re-appointment of the Chair and/or Non-executive directors where it is sought and is

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

The committee follows the 'Guide to the Appointment of Non-Executive Directors' which was reviewed and endorsed by our Council of Governors in April 2021. The aim of this document is to help our Council of Governors, Chair and People and Culture team 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 consider the views of the Board and its nominations committee on the qualifications, skills and experience required for each position.

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

Membership Engagement and Communications Committee

The Committee would normally meet on a quarterly basis and is responsible for developing, overseeing implementation and monitoring the Council of Governors' Membership Communication and Engagement Strategy. During 2024/25 the Committee met three times.

The committee has been active this year at engaging with the membership via Governor newsletters and engagement events at the Trust's sites, messages in staff communications, a page in Your Hospitals magazine and some social media posts. Governor communications also promote the benefits of becoming a member and governor. Public attendance at the Annual Members meeting did not fall this year.

There was also a similar level of contact from Trust members as previous years. The Committee has been discussing ways of improving communication with members, including through social media.

People and Governance Engagement Committee

The Committee is responsible to the Council of Governors for the following:

- 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, including the method

for monitoring the quality of the external audit as set out in HEFMA NHS Audit Committee Handbook.
- Presenting to the Council of Governors the procurement process that it has followed for the appointment of the external auditors, the results of the procurement processes and recommendations.
- 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.
- Working with the Trust Secretary to ensure the Trust's Constitution complies with latest legislation and NHS guidance.
- Considering any locally proposed amendments to the Trust's Constitution.
- Reviewing the effectiveness of NED engagement with Council Committees and Working Groups and report conclusions to the Council.
- Consider proposals for changes to policies relating to the Council of Governors and make recommendations to Council.
- Issues of Quality raised by Governors or their constituents to identify trends and themes.
- Looking at the Board assurance framework; and quarterly performance against the annual quality objectives and identified risk. Using this information to inform the development of a draft of the Council commentary on the Trust's Quality report to take to Council for agreement.
- Proposing to Council a topic for the Governor indicator for audit by external auditors

During 2023/24 the Committee also agreed the schedule and plan for the Joint Non-Executive and Governor site visits. The committee wrote the Governors section of the Quality Accounts which was then fully ratified by the main Council.

Membership

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

Public constituencies

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

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

Staff constituency

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

Engaging and recruiting our members

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

Membership Report for East Kent Hospitals University from 01/04/2024 to 31/03/25

Public constituency	2024/25
At year start (April 1)	10,363
New members	132
Members leaving	179
At year end (March 31)	10,316

Staff constituency	2024/25
At year start (April 1)	6,638
New members	0
Members leaving	0
At year end (March 31)	6,638

Public constituency	Number of members	Eligible membership
Age (years):		
0-16	5	154,645
17-21	25	47,717
22+	8,095	634,117
Ethnicity:		
White	8,325	742,479
Mixed	128	17,269
Asian or Asian British	510	26,289
Black or Black British	266	13,845
Other	70	0

Socio-economic groupings	Number of members	Eligible membership
AB	2,830	70,474
C1	3,063	112,474
C2	2,173	82,290
DE	2,191	92,549

Gender Analysis	Number of members	Eligible membership
Male	2,886	407,700
Female	7,180	428,778

Staff report

The Trust (minus its subsidiaries) has 10,230 employees. Due to flexible working practices encouraged by the Trust this amounts to 9,338 whole time equivalent posts. The majority of staff are female (77%), which is consistent with the pattern of employment across the NHS.

The Trust has greater diversity than its local community with 59% of employees having a white British ethnic origin and 30% of employees having a minority ethnic origin. 11% are recorded as ethnic origin not stated.

Staff engagement continues to be an important aspect of our communication with all of our staff, to share information and strengthen links between the Board and front-line colleagues. We have monthly team brief sessions, a monthly all staff forum and other drop in sessions for staff to meet with Executive colleagues, for example Tea and Talk with the Chief Nurse and a Doctors Voice group.

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

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

During 2024/2025 more than 900 pieces of feedback from staff, patients and partners of East Kent Hospitals who took part in workshops, forums and surveys, were used to develop our Trust strategy, vision and priorities, due to be published later in 2025. This is in addition to more than 50 meetings with clinical specialty teams to begin work on our clinical strategy, one of a series of chapters which will support our overall strategy.

The Trust has been using the national Culture and Leadership Programme, developed by the Kings Fund and NHS England. Following a diagnostic phase there was a dedicated focus on increasing staff voice across 2024/25.

This resulted in:

A group of around 150 Change Ambassadors recruited from diverse bands, professions, hospital sites and backgrounds and protected groups, to support change within their teams/departments and connect with the Trust’s leaders.

A new staff voice forum, the Staff Congress, to represent the staff voice in the Trust, listen to staff across the Trust, agree priorities, and work in partnership with the executive team to positively shape the future of the Trust’s culture.

Development of a new behavioural model using feedback from 600 colleagues across the Trust to support clear expectations of colleagues at all levels.

Quality improvement programmes “KENT” and “Medilead” have been running for 7 years, and approximately 400 staff have attended with multiple projects delivered and assessments completed. Our quality improvement approach “We Care” and “A3 Thinking” have been running for 4 years, with 1200 staff trained.

Examples of improvements include:

- Increasing the number of GPs using QFIT (point of care diagnostic test) to assess likelihood of colorectal cancer meaning less patients on waiting list to speeding up diagnosis of cancer
- Converting from disposable theatre gowns to washable meaning a reduction in waste and also saving to the Trust
- Use of a technology to identify patients more likely to not need a pre-assessment for surgery meaning more patients available to be booked leading to improved theatre utilisation

The Chief Nurse Fellowship is a development programme funded by East Kent Hospitals Charity and sponsored by our Chief Nurse and Midwifery Officer. The 14 Band 6 nurses, midwives and AHPs were chosen for the fellowship after a formal application process including an interview, and had to demonstrate a commitment to clinical excellence, innovation and quality improvement.

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

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

This year we have launched a Resolution Framework which clearly outlines the steps to manage behaviours at work using a restorative and just and learning approach. This will strengthen and support the work already underway around developing a just and learning culture. We are also developing an EDI toolkit with our EDI team to support the embedding of this framework.

Head count

Ethnic Origin	Executive Director	Non Exec Director & Chair	Non Board Members	Grand Total
A White – British	4	4	5,356	5,364
B White – Irish			83	83
C White - Any other White background	1		543	544

D Mixed - White & Black Caribbean			36	36
E Mixed - White & Black African			44	44
F Mixed - White & Asian			50	50
G Mixed - Any other mixed background			77	77
H Asian or Asian British – Indian	1		833	834
J Asian or Asian British – Pakistani			89	89
K Asian or Asian British – Bangladeshi			46	46
L Asian or Asian British - Any other Asian background			505	505
M Black or Black British – Caribbean			104	104
N Black or Black British – African		1	840	841
P Black or Black British - Any other Black background			106	106
R Chinese			46	46
S Any Other Ethnic Group			338	338
Z Not Stated	3	2	1,118	1,123
Grand Total	9	7	10,214	10,230

Gender	Executive Director	Non Exec Director & Chair	Non Board Members	Grand Total
Female	4	2	7,913	7,919
Male	5	5	2,301	2,311
Grand Total	9	7	10,214	10,230

Full-time	Part-time	Grand total
7,427	2,803	10,230

Fixed term contracts	Internal secondment	Out on external secondment – paid
794	56	2

Trade Union Facility

Number of employees who were local union officials during the relevant period	Head count employee number
66	10,230

Staff Costs (subject to Audit)

	Group						
					2024/25		2023/24
	Permanent		Other		Total		Total
	£000		£000		£000		£000
Salaries and wages	499,383		-		**499,383**		**478,344**
Social security costs	53,926		-		**53,926**		**53,056**
Apprenticeship levy	2,493		-		**2,493**		**2,433**
Employer's contributions to NHS pension scheme	52,154		-		**52,154**		**72,461**
Employer contributions paid by NHSE on provider's behalf	34,591		-		**34,591**		**-**
Pension cost – other	133		-		**133**		**105**
Temporary staff			82,693		**82,693**		**89,881**
Total staff costs	**642,680**		**82,693**		**725,818**		**696,280**
Of which							
Costs capitalised as part of assets	416		-				**232**
Average number of employees (WTE basis)							

(Subject to Audit)	Group						
					2024/25		2023/24
	Permanent		Other		Total		Total
	Number		Number		Number		Number
Medical and dental	1,365		140		**1,505**		1,484
Administration and estates	3,155		217		**3,372**		3,546
Healthcare assistants and other support staff	1,401		453		**1,854**		2,006
Nursing, midwifery and health visiting staff	3,234		698		**3,932**		3,879
Scientific, therapeutic and technical staff	1,137		14		**1,151**		1,204
Healthcare science staff	447		-		**447**		457
Total average numbers	**10,739**		**1,522**		**12,261**		**12,576**
Of which:							
Number of employees (WTE) engaged on capital projects	3		-		**3**		8

Reporting of compensation schemes - exit packages 2024/25 (Subject to Audit)							
			Number of compulsory redundancies		**Number of other departures agreed**		**Total number of exit packages**
			Number		**Number**		**Number**
Exit package cost band (including any special payment element)							
<£10,000			1		1		**2**
£10,000 - £25,000			2		-		**2**
£25,001 - 50,000			2		-		**2**
£50,001 - £100,000			2		-		**2**
£100,001 - £150,000			**1**		**-**		**1**

Total number of exit packages by type			**8**		**1**		**9**
Total cost (£)			£330,778		£1,811-		**£332,590**
Reporting of compensation schemes - exit packages 2023/24							
			Number of compulsory redundancies		**Number of other departure s agreed**		**Total number of exit package s**
			Number		**Number**		**Number**
Exit package cost band (including any special payment element)							
<£10,000			-		33		**33**
£10,000 - £25,000			-		6		**6**
£25,001 - 50,000			-		2		**2**
£50,001 - £100,000			-		2		**2**
Total number of exit packages by type			**-**		**43**		**43**
Total resource cost (£)			£0		£377,000		**£377,000**
Exit packages: other (non-compulsory) departure payments							
	2024/25				**2023/24**		
	Payments agreed		**Total value of agreement s**		**Payments agreed**		**Total value of agreements**
	Number		**£000**		**Number**		**£000**
Voluntary redundancies including early retirement contractual costs	-		-		4		47
Contractual payments in lieu of notice	1		2		39		330
Total	**1**		**2**		**43**		**377**

Footnote: Four staff received payments in Lieu of notice following resignation, the value of these payments was £104,847 with additional Annual Leave payment of £9,555

Expenditure on Consultancies (subject to Audit)

During 2024/25 the Group's total spending on consultancies was £6,078,000 (2023/24: £4,006,000). See Accounts note 7

Staff Survey

The NHS Staff Survey is one of the largest workforce surveys in the world and is carried out every year to understand and improve staff experiences across the NHS. The survey is aligned to the NHS People Promise and owned by NHS England.

Nationally, the 2024 results have shown no change in the nine themes scores, with all of the People Promise scores remaining broadly similar in 2024 as compared to 2023. This is the main national headline from this year's results.

A new approach in 2024 enabled a critical mass of staff to respond locally (*n* = 6,224). This is the highest response rate (63%) in the Trust's history, ahead of the national average (48%) and 22% higher than in 2023 (41%). It is one of the most improved response rates in the country and means that East Kent benchmarks in the top 10% of 122 Acute Trusts nationwide. The high response rate significantly enhances the credibility of the results, and is complemented by a majority (50%+) across every Care Group and Staff Group.

Trust results align with national findings, showing that sentiments remain consistent with last year across 87% of questions. Results indicate staff remain less likely to choose East Kent as a place to work or be treated and they feel other priorities compete with care. An overview of performance against the nine indicators are provided below:

People Promise Theme	2023	2024	Change
We are compassionate and inclusive	6.85	6.86	↑ 1 point
We are recognised and rewarded	5.62	5.59	↓ 3 points
We each have a voice that counts	6.21	6.22	↑ 1 point
We are safe and healthy	5.86	5.87	↑ 1 point
We are always learning	5.36	5.43	↑ 7 points
We work flexibly	5.88	5.96	↑ 8 points
We are a team	6.51	6.50	↓ 1 point
Theme			
Staff Engagement	6.34	6.35	↑ 1 point
Morale	5.58	5.58	No change

Organisational-level headlines from the 2024 NHS Staff Survey are as follows:

- East Kent benchmarks better against its Acute and Acute & Community counterparts, with a clearer separation from the worst results nationally
- Staff engagement levels are equivalent to 2023, but there is significant variation in the experience of colleagues working within the Trust
- There were no statistically significant changes in any of the nine People Promises/ Themes, with responses reflecting a position that has not changed.

Full results of the NHS Staff Survey are available here.

Following extensive review of the staff survey feedback, three key focus areas have been identified:

- Making East Kent a place staff choose

A minority of staff would recommend the organisation as a place to work (44%) or be treated (46%) – and less than two-thirds (62%) feel that care is the organisations top priority.

- Raising and resolving concerns

A minority of staff feel able to make improvements happen in their area of work (48%). A smaller number feel we would act on any concerns they raise (37%).

- Compassionate leadership

Leadership is fundamental to culture and responsible for approximately 70% of the variance in team engagement (Gallup 2024). Results indicate that not all staff experience kind, compassionate leaders who trust and inspire.

A quality improvement (QI) methodology has been adopted to drive continuous improvement against each of these themes. This approach is taking place at three levels: Trust, Care Group and Corporate and across parallel staggered workflows.

Health and Wellbeing

The Trust is committed to creating a culture of wellbeing and has developed a wellbeing framework to attend to this in a proactive and preventative manner. Across the last year this has been embedded, with clear and focussed ambitions at three levels; individual, team and leader.

The importance of this cannot be understated. The wellbeing of our people is critical to our mission of improving the health and wellbeing of the communities we serve. Against the backdrop of increasing levels of stress and burnout, it is promising to see progress continues to be made in this area.

Over the course of the last year there has been a dedicated focus on; providing a comprehensive wellbeing support package, growing our pool of exceptional wellbeing advocates and developing our leaders – who play a pivotal role in shaping the culture of wellbeing.

Central to the wellbeing support package is the VIVUP benefits and wellbeing platform. The Trust now boasts a quite remarkable 5,705 registered users (58% of the workforce), helping the team to identify the top areas of interest and support needed. A key component of this package is the face-to-face counselling service which supports colleagues with their mental health and wellbeing and reduces both the likelihood and duration of sickness absence. The service is accessed by a wide range of staff and delivers clinically reliable change in levels of psychological global distress (as measured through the CORE-10 instrument).

The second focus has been on building a critical mass of wellbeing advocates and achieving the cultural tipping point (10%) required in organisations to reduce the stigma around mental health. This was surpassed in September 2024 and continues

to grow, with colleagues trained as wellbeing champions, mental health first aiders or Trauma Risk Management (TRiM) practitioners.

The third focus was around developing our leaders – those responsible for setting the climate locally around wellbeing. 386 leaders have been trained in wellbeing conversations – and this has been bolstered by the introduction of the more complex 'leading for wellbeing' programme, introduced in December. Thirty-six line managers have been trained as part of the pilot. Since the introduction of the wellbeing team, 5% more staff feel their immediate manager takes a positive interest in their health and wellbeing, up from 62% in 2021 to 67% in 2024.

The team have been recognised nationally as an 'exemplar' for their programme of work. They have been invited to and presented at national events and authored case studies on their work.

Whilst progress has been made, the health and wellbeing of our people remains a complex challenge and one which requires innovative solutions given the impact this can have on patient care. Levels of stress and burnout remain high, and a minority of people feel the Trust is taking positive action on health and wellbeing (46.84%). Creating and sustaining a culture of wellbeing remains a priority, and will serve as the foundation for a compassionate and resilient workforce.

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	2024/25 number	2023/24 number	2022/23 number	2021/22 number	2020/21 number	2019/20 number
Total days lost	101,018.2	103,450.60	108,309.50	87,125.8	96,033.4	73,278.64
Total staff years	9157.57	9224.11	8662.47	8215.23	7954.92	7476.8
Average working days lost (per WTE)	11.03	11.22	12.50	10.61	12.07	9.8

The Trust has calculated the employee sickness absence level for 2024/25 is 4.72%, 2.17% relating to short-term absence and 2.55% relating to long-term absence.

Occupational Health

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

Our services include work-related health checks with pre-employment health assessments including vaccination and immunisation programmes and advice and guidance for staff with health problems that could affect their health at work. We advise on reducing risks in the workplace and promoting best practice in relation to good systems of work.

We offer guidance to staff and managers on maintaining wellness in the workplace and preventing ill health. We also provide advice and information to managers on managing sickness absence and how to support staff to remain in or return to work including with adjustments.

Fast track access to one-off psychiatric assessment and a staff menopause clinic is coordinated through the department and specialist referrals for psychological therapy for mental wellbeing, and advice, information and counselling are available through our Employee Assistance Programme.

The Trust offers an annual flu and COVID-19 vaccination programme to all staff. The team provide both the influenza and Covid-19 vaccine to inpatients providing protection to those at increased risk.

Recruitment and retention

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

We have continued to attract health care assistants and run regular well-attended assessment centres for local candidates.

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

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

Equality, Diversity and Inclusion (EDI)

The NHS must welcome all, with a culture of belonging and trust. We must understand, encourage and celebrate diversity in all its forms (NHS People Plan 2020).

Our aim is to become a truly inclusive organisation that eliminates the conditions where discrimination occurs. To achieve this, we must commit ourselves to better

understand and address all forms of discrimination and inequality. We know this will be a challenging task given the current inequalities faced by our workforce.

The Equality Act 2010 requires that we undertake outcome focused activity in addressing equality and diversity issues as a service provider and employer, across the nine protected characteristics; age, gender reassignment, marriage/civil partnership, pregnancy, disability, race, religion/belief, sex and sexual orientation.

This means having EDI as a 'golden thread' in developing a compassionate and inclusive culture;

- **Equality** in the workplace means making sure that everyone has access to the same opportunities. This is not to say that you treat everyone in the exact same manner. Some groups or individuals may need support in different ways in which to access opportunities.
- **Diversity** at work means considering the differences between people and placing value on those differences. When considering diversity, we're thinking about representation from people of different backgrounds, identities and abilities. This includes visible and non-visible characteristics.
- **Inclusion** is defined as an environment where everyone feels a sense of belonging, valued, accepted and respected. This concept puts emphasis on the way people feel.

In June 2023, NHS England published the EDI improvement plan which sets out six targeted actions to address direct and indirect prejudice and discrimination that exists through behaviour, policies, practices and cultures against certain groups and individuals across the NHS workforce. The Trust's EDI strategy uses the EDI improvement plan as a framework as it is well-researched, collaboratively produced, recognises the complex issue of inequality and how to address this to facilitate meaningful organisational change. The six high impact actions are;

1. Chief executives, chairs and board members must have specific and measurable EDI objectives to which they will be individually and collectively accountable.
2. Embed fair and inclusive recruitment processes and talent management strategies that target under-representation and lack of diversity.
3. Develop and implement an improvement plan to eliminate pay gaps.
4. Develop and implement an improvement plan to address health inequalities within the workforce.
5. Implement a comprehensive induction, onboarding and development programme for internationally-recruited staff.
6. Create an environment that eliminates the conditions in which bullying, discrimination, harassment and physical violence at work occur.

EDI Monitoring and Reporting

There are a number of EDI reports that need to be produced annually to evaluate the experiences of our valuable staff, identify inequalities and actions to address these, which are outlined below. Please see the Trust's public website for the EDI Strategy and EDI reports and action plans.

Workforce Race Equality Standard (WRES)

The Workforce Race Equality Standard (WRES) requires NHS organisations to demonstrate progress against nine indicators of workforce race equality and seeks to better understand why staff from ethnic backgrounds report a poorer work experience than white staff.

Four of the indicators focus on workforce data, four are based on data from the national NHS Staff Survey questions, and one indicator focuses on Black, Asian, minority ethnic (BME) representation on boards. The WRES highlights any differences between the experience and treatment of white staff and BME staff in the NHS with a view to organisations closing those gaps through action plans focused on continuous improvement over time.

WRES Summary (from latest WDES data 2024)

Data shows that 28.91% of Trust staff are from a BME background, this is a 4% increase from 2023 and is predominately made up of our valuable internationally recruited staff and medical workforce. This representation is higher than the 2023 NHS national average of 26.4%.

The Trust's WRES three Priorities which are in the bottom 10% of Trust's nationally are:

1. Indicator 2: likelihood of appointment from shortlisting

At March 2024 the likelihood ratio was 3.57; higher than "1.0" or equity to a large degree. Specifically, 1194 out of 4152 white candidates were appointed from shortlisting (28.8% of white candidates) compared to 787 out of 9766 BME candidates (8.1% of BME candidates).

2. Indicator 3: likelihood of entering formal disciplinary proceedings

At March 2024 the likelihood ratio was 3.42; higher than "1.0" or equity to a medium degree. Specifically, 29 out of 2928 BME staff entered formal disciplinary proceedings (0.99% of the BME workforce) compared to 17 out of 5871 white staff (0.29% of the white workforce).

3. Indicator 6: harassment, bullying or abuse from staff in last 12 months against BME staff

The percentage of staff who experienced harassment, bullying or abuse from other staff in the last 12 months was similar for BME staff, 30.7%, and for White staff, 29.5%.

Workforce Disability Equality Standard (WDES)

The Workforce Disability Equality Standard (WDES) is a requirement for all NHS organisations to publish data and action plans against ten indicators of workforce disability equality with the aim of improving the work experience of disabled staff.

Each year comparisons are made to enable us to demonstrate progress against the indicators of disability equality. It also allows us to better understand the experiences

of our disabled employees and supports positive change for all by creating a more inclusive environment.

WDES Summary (from latest WDES data 2024)

Overall 5.4% of staff declared that they had a disability. Meanwhile 72% of staff declared that they did not have a disability, and 22.6% of staff did not declare whether they had a disability or not. When rates of non-declaration are higher than or similar to the declaration rate, this adds significant uncertainty to the estimate of Disability representation in the workforce. The actual level of Disability represented in this organisation's workforce could be anywhere between 5.4% and 28.0%.

The Trust's WDES three Priorities which are in the bottom 10% of Trust's nationally are:

1. Indicator 2: likelihood of appointment from shortlisting

At March 2024 the likelihood ratio was 0.59; lower than "1.0" or equity to a small degree. Specifically, 1849 out of 13429 non-disabled candidates were appointed from shortlisting (13.8% of non-disabled candidates) compared to 127 out of 547 Disabled candidates (23.2% of Disabled candidates).

2. Indicator 4b: harassment, bullying or abuse from managers in last 12 months

The percentage of staff who experienced harassment, bullying or abuse from managers in the last 12 months was significantly higher for Disabled staff, 20.4%, than for non-disabled staff,15.1%.

3. Indicator 9a: the staff engagement score

The staff engagement score for Disabled staff, 6.0, was significantly lower than for nondisabled staff, 6.5.

Gender Pay Gap

The gender pay gap is the difference between the average (mean or median) earnings of men and women across a workforce. Gender pay gap calculations are based on employer payroll data drawn from a specific date each year.
EKHUFT findings 2024/2025;

- women earned 83p for every £1 that men earned (comparing median hourly pay)
- women made up 60% of employees in the highest paid quarter, and 81.4% of employees in the lowest paid quarter
- 0.4% of women received bonus pay, compared with 3.8% of men
- women's bonus pay was 42.4% lower than men's (comparing median bonus pay)

Equality Delivery System (EDS)

NHS commissioners and providers are required to implement the EDS which is an annual improvement tool for our patients, staff and leaders of the NHS. It supports us to have active conversations with patients, public, staff, staff networks, community

groups and trade unions to review and develop our approach in addressing health inequalities.

The EDS comprises of eleven outcomes spread across three domains:

- Commissioned provided services, the identified services for 2024 were Cancer, Maternity and Renal.
- Workforce health and wellbeing
- Inclusive leadership.

Each domain has a number of outcomes that stakeholders evaluate, score, and rate using available data, evidence and insight. It is these ratings that provide assurance or point to the need for improvement and required actions;

- total score under 8 = Undeveloped
- total score between 8 and 21 = Developed
- total score between 22 and 32 = Achieving
- total score 33 = Excelling

The Trust's overall score for the EDS 2024 is 11, an improvement of 3 points compared to 2023. This score means the Trust has an EDS rating of 'developed'.

An EDS Action Plan has been created to address the identified issues and a stakeholder group has been formed to implement and review this.

Staff Networks

Staff networks provide a forum for individuals to come together, share ideas, raise awareness of challenges and provide support, as well as a sounding board for ideas. Staff networks welcome all staff (and allies) as members and have, or will have, an Executive sponsor.

The EDI Team support and work closely with the Trust's five staff networks:

LGBTQIA+ (lesbian, gay, bisexual, transgender, queer, intersex, asexual); Disability Staff Network, Neurodiversity Staff Network; Women's Network and Ethnic Diversity Engagement Network (EDEN).

The Case for Change

Where diversity, across the whole workforce, is underpinned by inclusion, staff engagement, retention, innovation and productivity improve. Inclusive environments create psychological safety and release the benefits of diversity, for individuals and teams, and in turn efficient, productive and safe patient care.

Health and Safety

The Trust has a well-established Health and Safety Toolkit Audit process, every department is audited for key safety areas every year. The results are monitored through the safety governance structure, with the Strategic Health and Safety Committee overseeing non-clinical safety performance. There are three sub groups to the Strategic Health and Safety Committee that cover Fire Safety, Security Management and Health and Safety.

Improvements to the quality of the audit process continues. There have been improvements in the reporting culture which encourages staff openness and working with the Care Groups to make continual year on year improvements.

The Strategic Health and Safety Committee continues to monitor and oversee safety performance. The 4Risk risk management software is used to ensure significant health, safety and fire risks are escalated and managed. Health and Safety and Fire training completion for staff continues to be strong and specialised safety training for Safety Link Workers continues to be delivered. Additional specialist courses including controlling hazardous substance and Health and Safety training for managers are in place.

Non-clinical incident reporting governance and scrutiny continues to mature with auditing of the incident system and improved reporting quality.

The table below shows incidents summary

Non-clinical incidents (like for like yearly comparison) by reported date	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
2gether Support Solutions: Facilities / Estates issues	276	239	291	354	358
Accident / Fall (staff or visitors only)	2243	1819	1021	646	583
Confidentiality / data protection / information security / cyber attack	403	338	274	308	719
Fire including false alarm	159	173	289	275	289
Fraud	18	9	15	24	14
Manual handling	87	131	109	82	121
Radiation (Other - MRI, Optical, Ultrasound)	8	35	7	22	6
Radiation (X-ray) affecting staff or visitors	9	4	9	13	12
Radiation (Radionuclide) affecting staff or visitors	4	4	14	19	15
Security	1533	1966	2113	2137	1549
Smoking on site	17	26	14	12	30

Disclosures set out in the NHS Foundation Trust Code of Governance

East Kent Hospitals University NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in April 2023 sets out a common overarching framework for the corporate governance of trusts, reflecting developments in UK corporate governance and the development of integrated care systems.

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

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

	PROVISION	ANNUAL REPORT AND ACCOUNTS SECTION
A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	Accountability Report: Director's Report Council of Governors' Report
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Accountability Report: Director's Report Nominations and Remuneration Committee Integrated Audit and Governance Committee Remuneration Report
A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the	Accountability Report:

	duration of their appointments. The annual report should also identify the nominated lead governor.	Council of Governors' Report
B.1.1	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Accountability Report: Director's Report
B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	Accountability Report: Director's Report
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Accountability Report: Nominations and Remuneration Committee
B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	Accountability Report: Director's Report
B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Accountability Report: Council of Governors' Report
B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Accountability Report: Director's Report
B.6.2	Where there has been external evaluation of the board ***and/or governance of the trust***, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	Accountability Report: Director's Report
C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are 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.	Performance report: Summarised annual accounts

	Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Annual Governance Statement
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	Council of Governors Report
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Accountability Report: Integrated Audit and Governance Committee Report Annual Governance Statement Council of Governors Report
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable for 2023/24
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should	Accountability Report:

	be made clearly available to members on the NHS foundation trust's website and in the annual report.	Membership Report
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report: Council of Governors' Report
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Accountability Report: Membership Report

Regulatory ratings

NHS System Oversight Framework

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

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

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

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

This segmentation information is the trust's position as at 31 March 2024. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website.

Tracey Fletcher
Chief Executive
26/06/2025

Statement of accounting officer's responsibilities

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

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

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

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

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

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

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

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

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

Tracey Fletcher
Chief Executive
26/06/2025

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 East Kent Hospitals NHS Foundation Trust's (EKHUFT) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

The Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of EKHUFT, 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 EKHUFT for the year ended 31 March 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As designated Accounting Officer, I have overall accountability for risk management in the Trust. I am supported by the Chief Medical Officer and Chief Nursing & Midwifery Officer, who is also responsible for infection control risks and implementing

the processes and systems of risk management across the Trust; the Chief Finance Officer who is responsible for financial risk management and the Senior Information Risk Officer (SIRO); the Chief Operating Officer who is responsible at Trust Board level for risks to achieving operational performance; the Chief People Officer who is responsible for staffing and workforce risks and the Chief Strategy and Partnerships Officer who is responsible for health and safety. The Director of Corporate Governance (previously Group Company Secretary until January 2024) also has responsibility for establishing and the promotion of good corporate governance, including supporting the Board with its overarching responsibility of risk management through the Board assurance Framework. Further information on the governance framework of the organisation can be found on page 42 of the Annual report.

Risk Management

The leadership framework for risk management is as described above. The Chief Executive and Executive Directors are responsible for managing risks within their scope of management responsibility, which is clearly defined. Assurance is provided through reports and dashboards to working groups and committees to the Board.

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

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

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

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

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

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

The risk and control framework

The Trust has in place a Risk Management Policy, last reviewed and approved by the Board in December 2023, which applies to all staff and sets out the Trust's approach to managing clinical and non-clinical risks. The Trust has developed a Risk Management Handbook which provides a detailed guidance in relation to understanding the Risk Management process. The Trust Management Committee (TMC) (formerly the Clinical Executive Management Group (CEMG)) has overall responsibility for risk management and is supported by the Risk Review Group for the operational management and escalation of risk from the Care Groups; these Groups meet monthly.

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

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

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

The Datix risk management system will be transitioned to InPhase to record incidents, complaints, Patient Advice and Liaison Service (PALS) enquiries and legal claims, including Coroner Inquests.

Risks at all levels are recorded on 4Risk – also to be transitioned to InPhase - the Trust's risk management system and these are linked to the relevant strategic priority and the appropriate risk appetite heading. The risk appetite for the Trust was last reviewed by the Board in April 2024.

The BAF assesses and evaluates the principal risks to the achievement of the strategic priorities and there is an alignment between the BAF and the risks currently outlined on the BAF risk register. BAF risks are linked to the Significant Risk Register and considered at each Board sub-Committee as a way of focusing agendas and discussions of Committee and Board members demonstrating clear links between assurance and risk management and allows for good discussion in meetings. The BAF is reported at each Committee meeting and on a quarterly basis through the assurance committee structure to the Board. The end of year BAF was considered by both the IAGC and the Board. The BAF also provides assurance that effective controls and monitoring arrangements are in place. It is also the key document that underpins this Annual Governance Statement (AGS).

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

April 2024 – March 2025

- **Quality and Safety** – Improve quality of care, learning from incidents and rebuilding confidence in maternity services
- **Patients** – statutory and regulatory requirements, improving communication, constitutional standards, capacity constraints and patient flow and infrastructure.
- **People** – Recruitment and retention, culture, organisational development and wellbeing.
- **Partnerships** – Sustainable service and collaborative relationships.
- **Our sustainability** – Financial improvements and cost reduction

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

The well led inspection by the CQC in July 2023 rated the Trust as 'Requires Improvement', therefore unchanged from the Trust's previous rating.
The CQC's report highlighted a number of issues that the Trust has been working hard to address against the well led framework. Since this well led inspection, the Trust has been undertaking improvement work across the hospitals to support our emergency departments and focussing on the safety and experience of our patients. The Trust is fully committed to delivering the necessary improvements for patients and demonstrating further progress to the CQC next time they visit. In order to do so, the Trust is assessing its services against the NHS England's well-led framework.

Information governance and data security risks are managed and overseen by the Senior Information Risk Officer. The Trust has a Digital, Data and Technology Steering Group which receives reports on information governance incidents, compliance with training requirements, data quality and compliance with the Information Governance Toolkit.

Data quality and governance

Within the Business Intelligence Team (BIT) we have a specific validation function that works solely on assuring the quality and accuracy of elective waiting time data. The BIT works closely with the clinical and administrative teams to deliver 'on the ground' training and support onsite. There are also a range of tools that exist to

support the monitoring and improvement of data quality – 'patient tracking lists' with issues highlighted, updated in real-time.

Each month a series of data quality reports are created and shared as part of the monthly executive level Information Assurance Committee, which has been in place since 2013. The reporting operates on three levels. The first is the national SUS DQ reporting, the second is known as 'data completeness' (this means checking that we have the right volumes of data and that there is data integrity within each column of data), the third is local data quality logic (assessing impossible entries). This Committee provides a monthly report to the Clinical Design Authority and creates an annual report for the Clinical Executive Management Group (now the Trust Management Committee).

Regulation

NHS Foundation Trust Governance: Licence Provisions

NHS England Undertakings

On the 13 December 2018 NHS Improvement (subsequently subsumed into NHS England (NHSE)) issued compliance certificates in relation to the undertakings accepted by them previously in September 2014, August 2015, June 2017, and February 2019 – as amended July 2021 and September 2024. However, the Trust remains in segment 4 of the NHS Oversight Framework. As a result, the Trust accepted a new set of undertakings. The full text of these can be found on the NHSI website but in short the Trust is in breach of the following elements of its Provider Licence:

- NHS2(2): The Board shall apply those principles, systems and standards of good corporate governance which reasonably would be regarded as appropriate for a provider of health care services to the NHS.;
- NHS2(4): The Licensee shall establish and implement:
    a) effective board and committee structures;
    b) clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees; and
    c) clear reporting lines and accountabilities throughout its organisation.
- NHS2(5): The Licensee shall establish and effectively implement systems and/or processes:
    a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;
    b) for timely and effective scrutiny and oversight by the Board of the Licensee's operations;
    c) to ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the Secretary of State, the Care Quality Commission, NHS England and statutory regulators of health care professions;
    d) for effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern); (a)(b)(c)(d);

- NHS2(7): The Licensee shall ensure the existence and effective operation of systems to ensure that it has in place personnel on 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.

The Trust entered NHSE's Recovery Support Programme (RSP) and an action plan was agreed in December 2021, requiring a number of actions to be completed before the Trust can exit NHS oversight framework four (NOF4). The Trust has delivered and met many o these actions and is actively working with NHS England in securing a renewed assessment of where the Trust is on the oversight framework.

During 2024/25, the Trust's Chief Strategy and Partnerships Officer was acting as the Senior Responsible Officer (SRO) for the oversight of both the governance improvement actions and the RSP actions, alongside an appointed improvement director by NHSE. The responsibility for this programme ultimately lies with the Chief Executive Officer. Dedicated Project Management support has been allocated. Delivery of the recommendations is driven by the Chief Executive Officer at the Strategic Improvement Committee which meets fortnightly to monitor progress against the improvement plan.

Risks to NHSI Provider Licence

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

- BAFQSC001 - Failure to (i) meet quality standards for clinical care; (ii) continuously improve care quality and safety; and/or (iii) engage patients and carers in that care, could result in patient harm, impaired outcomes, and poor experience for both patients and staff.
- BAFQSC002 - Failure to identify harm and involve patients and their families in investigations and use opportunities to embed a culture of safety and learn from when things don't go well and share best practice across the organisation.
- BAFQSC003 - There is a risk that the trust won't improve the experience of women and their families following the Independent Investigation into East Kent Maternity Services.
- BAFQSC004 - There is a risk we fail to meet our statutory and regulatory requirements resulting in regulatory action, harm to patients and staff and damage to our reputation.
- BAFFPC001 - Due to significant waiting lists, in part, as a legacy of the Covid-19 pandemic, and misalignment between demand and capacity in certain specialties, there is a risk that the Trust is not able to deliver the constitutional standards within National timeframes which could result in harm, poorer outcomes and experience for our patients.
- BAFFPC002 - Due to constraints and sub-optimal patient pathways, the Trust is not able to deliver timely and responsive services, both elective and non-elective, sustainably increase activity levels to reduce waiting lists, while at the same time managing future surges in seasonal viruses.
- BAFFPC003 - We are unable to address or mitigate effectively infrastructure and safety system risks due to insufficient capital funding impacting on patient

and staff safety, continuity of clinical service delivery, regulatory compliance and reputation.

- BAFFPC004 - We are unable to deliver the strategic intentions of the trust due to the lack of a trust strategy that would support and enable the delivery of sustainable services and the future viability of the organisation.
- Ref: BAFFPC005 - We are unable to foster and maintain effective collaborative working relationships with Health and Care Partnership, System and regional partner organisations and regulatory bodies to deliver on common aims and objectives.
- BAFFPC006 - There is a risk that the Trust, as part of the Kent and Medway ICS, is unable to deliver the scale of financial improvement required to achieve breakeven or better within the funding allocation that has been set over a 3 year period. This would lead to regulatory action and/or limits on our ability to invest in strategic priorities/provide high quality services for patients.
- Ref: BAFPCC001 - A failure to recruit and retain staff could lead to: the quality and quantity of healthcare being impaired; pressure on existing staff and decreased resilience, health & wellbeing and staff morale; over-reliance on agency staffing at high cost/premiums and potential impairment in service quality; and loss of the Trust's reputation as an employer of choice.
- Ref: BAFPCC002 - A failure to develop and maintain our culture in line with the Trust values and the NHS people promise which includes: being compassionate and inclusive, recognition and reward, having a voice that counts, health, safety & wellbeing of staff, working flexibly, supporting learning & development, promoting equality, diversity & inclusivity and fostering a team culture. The absence of which could result in; harm to staff; an inability to recruit and retain staff; a workforce which does not reflect Trust and NHS values; and poorer service delivery.
- Ref: BAFPCC003 - Failure to maintain a coherent and co-ordinated structure and approach to succession planning, organisational development and leadership development may jeopardise: the development of robust clinical and non-clinical leadership to support service delivery and change; the Trust becoming a clinically-led organisation; staff being supported in their career development and to maintain competencies and training attendance; staff retention; and the Trust being a "well-led" organisation under the CQC domain

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

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

NHS England Conflicts of Interest Guidance

The Trust has published on its website a register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance). The Trust has an electronic system for recording interests. During 2024/25, the Trust will continue to issue communications to staff to ensure interests are recorded as required by Managing Conflicts of Interest in the NHS guidance.

Developing Workforce Standards

The Trust has been developing a workforce, people and culture strategy and will present this to the Trust People and Culture Committee. A workforce stream forms part of the arrangements in place to guide the Trust in its action plan for each care group covering workforce redesign, agency reduction, recruitment & retention and staff survey improvements. Our workforce plans and remodelling proposals are all quality impact assessed.

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

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

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

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

The Board and People and Culture Committee receive reports on the annual staff survey findings and are informed of progress with the actions identified to resolve issues reported. With support from the Information team, we have developed a

nationally recognised staff survey dashboard that allows easier and more detailed analysis of the results so we can better target supportive interventions.

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

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

Pension

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

Equality and Diversity

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

Slavery and human trafficking statement

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

Carbon reduction

The national requirement, as set out in the 'Delivering a Net Zero NHS' report (NHSE/I, 2020), is for the Trust to reach net zero emissions for the aspects controlled by 2040 (with an 80% reduction by 2032) and the elements influenced by 2045 (with an 80% reduction by 2039). The Trust is committed to achieving these

targets and is developing a new evidence-based Green Plan to be published in 2024/25 to coordinate actions and ensure ongoing compliance.

The Trust's management works with regional colleagues to understand the risks to patient care from climate change, including increased frequency and severity of hot and wet weather events. Work is underway to develop board oversight around the trust's progress on meeting emissions-reduction objectives and mitigating potential risk associated with climate change. The Trust's Chief Strategy and Partnership Officer is the Senior Responsible Officer for sustainability.

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

The objectives of maximising efficiency, effectiveness and economy within the Trust are achieved by internally employing a range of accountability and control mechanisms whilst also obtaining independent external assurances. One of the principal aims of the whole system of internal control and governance is to ensure that the Trust optimises the use of all resources. In this respect the main operational elements of the system are Management Reporting, the BAF and assurance committee of the Board, including the IAG and the Finance and Performance Committees. The priority for 2023/24 was to continue the implementation of financial controls. These included the use of monthly executive performance reviews which provided the main forum for performance management of the Care Groups, along with the appointment of a senior manager leading the Group response to its deteriorating financial position. Underlying this structure, a comprehensive system of budgetary control and reporting was in place, in addition to the assurance work performed by both internal and external audit functions.

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

- Annual Report and statutory declarations
- Risk Management Policy
- Board Assurance Framework and Significant risk register
- Single Tender Waivers
- Data security and protection toolkit
- Annual reports on
    - Gifts, Hospitality and Sponsorship
    - Freedom of Information
    - Emergency Preparedness, Resilience and Response (EPRR)
- Freedom to Speak up reports from the Guardians

A Non-Executive Director chairs the Finance and Performance Committee (FPC) which reports to the Board upon resource utilisation, service development initiatives as well as financial and operational performance. As part of this assurance process the Trust business planning documents for 2025/26 and regular updates on financial efficiency saving plans were scrutinised by FPC. In addition, the Committee received

regular cash management updates. The Board also receives performance and financial reports at each of its meeting, together with reports from other assurance committees to which it has delegated powers and responsibilities.

Information governance

Throughout the 2024/25 period, the Trust maintained its commitment to information governance, ensuring that patient and staff data remained secure and compliant with national standards.

The Trust's submission to the NHS Digital Data Security and Protection Toolkit (DSPT) for 2023/24 achieved 'Standards Met' status. For the 2024/25 period, the Trust is finalising its submission, aligning with the updated Cyber Assurance Framework (CAF) to enhance technical resilience and cyber security practices.
In the 2024/25 period, the Trust reported five incidents to the Information Commissioners Office (ICO) via the NHS Digital Data Security and Protection Reporting Tool, due to the potential level of distress and/or harm they posed to the affected data subjects.

These incidents included causes related to Clinical Information System technical faults, inappropriate accesses made to patients' records for reasons other than direct care, and a historic patient identification error causing incorrect information relating to another patient to be recorded within a patient's health record. Each incident was thoroughly investigated, with appropriate actions taken to mitigate any potential harm to patients and to prevent future occurrences. No enforcement action was taken by the ICO in reference to these reported incidents.

The Trust continues to work closely with the ICO, and other relevant bodies to ensure compliance with data protection regulations and to maintain public trust in the handling of patient information actively participating in a consensual audit conducted by the ICO in October 2024. This audit focused on assessing the Trust's governance, accountability, and records management practices. The ICO rated these two areas as with ‘Reasonable Assurance ‘.

While the audit identified certain areas of non-compliance, the Trust has been proactive in addressing their recommendations. As at May 2025 26/30 recommendations are either complete or on track for completion in the timeframes agreed with the ICO. The remaining actions are focused on embedding long-term policy and practice changes, with the ICO expressing understanding regarding the realistic time required to fully implement these measures.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other

reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Internal Audit and Governance Committee and the Quality and Safety Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control within their functional areas provide me with assurance. The Trust Management Committee (formerly the Clinical Executive Management Group) is the principal executive Committee for reviewing risk in the Trust and received recommendations from the Executive Risk Review Group (RRG), chaired by the Chief Nurse and Midwifery officer. Details of the work of RRG are provided in the risk sections of this Annual Governance Statement.

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

The Significant Risk Register provides me with evidence that the effectiveness of controls, which manage the risks to the Trust in achieving its annual priorities, have been reviewed and addressed. The Trust received reasonable assurance on its risk management arrangements (this includes the processes around the Significant Risk Register and BAF). The Trust has reviewed its strategic priorities and objectives have been agreed for 2025/26.

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

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

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

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

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

The Board held development sessions during 2024/25. A Board Development Programme was undertaken and completed with NHS providers in 2024/25 with the aim of improving the Board's effectiveness.

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

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

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

The Trust's definition of significant control issue is:

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

For 2025/26, the Trust is highlighting the following significant control issues:

Delivery of the constitutional standards

The Trust has made progress but has not achieved the constitutional standards, performance has been adversely affected by the number of escalation areas that remain open, very high numbers of patients not fit to reside remaining under the care of the Trust and the high number of emergency patients.

The Trust ended the year with 167 patients waiting for cancer treatment for over 62 days and 43 patients waiting over 104 days.

87% of patients received their diagnostic tests within 6 weeks.

The number of patients waiting more than 65 weeks for planned treatment was 33; 6 of which are over 78 weeks and 1 over 104 weeks. We achieved the national faster

diagnosis standard of 75% of patients receiving confirmation of whether or not they have a cancer diagnosis within 28 days.

We ended the year with 74.5% of patients being seen, treated and discharged or admitted within 4 hours.

Conclusion

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

Tracey Fletcher
Chief Executive
26/06/2025

East Kent Hospitals University NHS Foundation Trust

Annual accounts for the year ended 31 March 2025

Foreword to the accounts

East Kent Hospitals University NHS Foundation Trust

These accounts, for the year ended 31 March 2025, have been prepared by East Kent Hospitals University NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed ……

Name **Tracey Fletcher**
Job title **Chief Executive**
Date **26 June 2025**

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of East Kent Hospitals University NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'group') for the year ended 31 March 2025, which comprise the Consolidated Statement of Comprehensive Income, the statements of financial position, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the statement of cash flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2025 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2024-25 that the group's and the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and the Trust and the group's and the Trust's disclosures over the going concern period.

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2024/25 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2024/25; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

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

Responsibilities of the Accounting Officer

As explained more fully in the Statement of accounting officer's responsibilities, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS Foundation Trust Annual Reporting Manual 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance**,** but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25).
- We enquired of management and the Integrated Audit and Governance Committee, concerning the group's and the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the integrated audit and governance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group's and the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and the risk in fraud in revenue recognition. We determined that the principal risks were in relation to journal entries that altered the financial performance for the year and potential management bias in determining accounting estimates for revenue accruals:
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material journals posted close to the year end and manual accruals;
  - sample testing of patient care and other income not principally derived from contracts that are at a fixed price;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of revenue accruals; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including potential for fraud in revenue recognition and significant accounting estimates relating to property, plant and equipment. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the group and Trust audit team members included consideration of their:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and the Trust operates
  - understanding of the legal and regulatory requirements specific to the group and the Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance

- the applicable statutory provisions.

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

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

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

- On 23 June 2023, we identified significant weaknesses in the Trust's arrangements for securing financial sustainability in relation to deterioration of that year's financial performance and the lack of a medium-term financial plan. In our 2024/25 assessment we reported that the Trust achieved its agreed 2024/25 deficit of £7.4m, supported by £78.5m in deficit funding. However, the Trust's Cost Improvement Plan (CIP) for 2025/26 still has a large volume of unidentified schemes, and the medium-term financial plan requires finalising. As such, we recommended the Trust:
  - Continue to develop and agree with system partners its three-year financial sustainability plan with a breakeven position being achieved by the end of 2027/28, supported by a credible multiyear pipeline of efficiency programmes.
  - Develop the CIP plan for 2025/26, converting the high-level plan into tangible savings schemes. This should be completed by the end of quarter one of 2025/26.
- On 23 June 2023, we identified a significant weakness in how the Trust makes informed decisions and properly manages its risks in relation to the Trust's significant cultural and leadership challenges. We recommended that the Trust ensure that culture development programmes are continued to be a high priority, that they are embedded, and their impact measured to demonstrate progress is being made. In our 2024/25 assessment, we identified that the Trust has received its highest ever response to the staff survey, but scores have not significantly improved. The Culture and Leadership Plan and has been strengthened, but the programme needs close monitoring to ensure that it is delivering to plan and is delivering the required benefits. As such, we recommended the Trust should continue to progress work on culture, including:
  - Delivery of measurable actions to address low NHS Staff Survey scores
  - Delivery of the Culture and Leadership Programme, with regular evaluations to ensure the programme is delivering results as expected and address issues if not.

Responsibilities of the Accounting Officer

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

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

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

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

We cannot formally conclude the audit and issue an audit certificate for East Kent Hospitals University NHS Foundation Trust for the year ended 31 March 2025 in accordance with the requirements of Chapter 10 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed the work necessary in relation to the Trust's consolidation schedules, and we have received confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

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

London
26 June 2025

Consolidated Statement of Comprehensive Income

		Group		Trust	
		2024/25	2023/24	2024/25	2023/24
	Note	£000	£000	£000	£000
Operating income from patient care activities	3	1,037,787	875,708	1,019,600	857,625
Other operating income	4	66,516	63,912	67,329	65,890
Operating expenses	7, 9	(1,114,652)	(1,084,728)	(1,101,355)	(1,071,232)
Operating deficit from continuing operations		**(10,349)**	**(145,108)**	**(14,426)**	**(147,717)**
Finance income	11	3,231	2,345	3,947	3,562
Finance expenses	12	(121)	(133)	(2,343)	(2,422)
PDC dividends payable		(7,704)	(9,373)	(7,704)	(9,373)
Net finance costs		**(4,594)**	**(7,161)**	**(6,100)**	**(8,233)**
Other gains/(losses)	13	1	(26)	-	(26)
Corporation tax expense		(1,373)	(716)	-	-
Deficit for the year	2	**(16,315)**	**(153,011)**	**(20,526)**	**(155,976)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	8	(19,831)	(6,089)	(19,831)	(6,087)
Revaluations	18	11,203	14,257	11,203	13,033
Other reserve movements		338	-	-	-
Total comprehensive expense for the period		**(24,605)**	**(144,843)**	**(29,154)**	**(149,030)**
Deficit for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(16,315)	(153,011)	(20,526)	(155,976)
TOTAL		**(16,315)**	**(153,011)**	**(20,526)**	**(155,976)**
Total comprehensive expense for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(24,605)	(144,843)	(29,154)	(149,030)
TOTAL		**(24,605)**	**(144,843)**	**(29,154)**	**(149,030)**

Statements of Financial Position

		Group		Trust	
		31 March 2025	31 March 2024	31 March 2025	31 March 2024
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	14	7,701	7,494	7,588	7,479
Property, plant and equipment	16	276,198	293,174	216,325	226,848
Right of use assets	19	2,424	3,208	56,034	62,991
Other investments / financial assets	20	-	-	30,314	30,314
Receivables	22	2,413	2,070	50,510	52,137
Total non-current assets		**288,736**	**305,946**	**360,771**	**379,769**
Current assets					
Inventories	21	13,628	13,170	7,546	7,878
Receivables	22	30,475	33,328	30,857	34,376
Cash and cash equivalents	23	74,932	32,417	47,695	17,955
Total current assets		**119,035**	**78,915**	**86,098**	**60,209**
Current liabilities					
Trade and other payables	24	(95,484)	(95,079)	(85,542)	(94,584)
Borrowings	26	(2,306)	(2,565)	(4,244)	(4,270)
Provisions	27	(10,424)	(10,035)	(10,424)	(10,035)
Other liabilities	25	(6,262)	(8,095)	(6,262)	(8,101)
Total current liabilities		**(114,476)**	**(115,774)**	**(106,472)**	**(116,990)**
Total assets less current liabilities		**293,295**	**269,087**	**340,397**	**322,988**
Non-current liabilities					
Trade and other payables	24	(172)	(82)	-	-
Borrowings	26	(6,250)	(8,162)	(67,533)	(71,605)
Provisions	27	(3,725)	(3,423)	(3,725)	(3,423)
Total non-current liabilities		**(10,147)**	**(11,667)**	**(71,258)**	**(75,028)**
Total assets employed		**283,148**	**257,420**	**269,139**	**247,960**
Financed by					
Public dividend capital		609,877	559,544	609,877	559,544
Revaluation reserve		56,167	64,260	53,355	61,983
Income and expenditure reserve		(382,896)	(366,384)	(394,093)	(373,567)
Total taxpayers' equity		**283,148**	**257,420**	**269,139**	**247,960**

The notes on pages 120 to 184 form part of these accounts.

Tracey Fletcher

Chief Executive

Date 26 June 2025

Consolidated Statement of Changes in Equity for the year ended 31 March 2025

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2024 - brought forward	**559,544**	**64,260**	**(366,384)**	**257,420**
Deficit for the year	-	-	(16,315)	**(16,315)**
Other transfers between reserves	-	535	(535)	**-**
Impairments	-	(19,831)	-	**(19,831)**
Revaluations	-	11,203	-	**11,203**
Public dividend capital received	50,333	-	-	**50,333**
Other reserve movements	-	-	338	**338**
Taxpayers' and others' equity at 31 March 2025	**609,877**	**56,167**	**(382,896)**	**283,148**

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**454,994**	**56,141**	**(213,421)**	**297,714**
Deficit for the year	-	-	(153,011)	**(153,011)**
Other transfers between reserves	-	(49)	49	**-**
Impairments	-	(6,089)	-	**(6,089)**
Revaluations	-	14,257	-	**14,257**
Public dividend capital received	104,550	-	-	**104,550**
Taxpayers' and others' equity at 31 March 2024	**559,544**	**64,260**	**(366,384)**	**257,420**

Statement of Changes in Equity for the year ended 31 March 2025

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2024 - brought forward	**559,544**	**61,983**	**(373,567)**	**247,960**
Deficit for the year	-	-	(20,526)	**(20,526)**
Impairments	-	(19,831)	-	**(19,831)**
Revaluations	-	11,203	-	**11,203**
Public dividend capital received	50,333	-	-	**50,333**
Taxpayers' and others' equity at 31 March 2025	**609,877**	**53,355**	**(394,093)**	**269,139**

Statement of Changes in Equity for the year ended 31 March 2024

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**454,994**	**61,898**	**(224,452)**	**292,440**
Deficit for the year	-	-	(155,976)	**(155,976)**
Other transfers between reserves	-	(6,861)	6,861	**-**
Impairments	-	(6,087)	-	**(6,087)**
Revaluations	-	13,033	-	**13,033**
Public dividend capital received	104,550	-	-	**104,550**
Taxpayers' and others' equity at 31 March 2024	**559,544**	**61,983**	**(373,567)**	**247,960**

Information on reserves

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

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

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

Statements of Cash Flows

	Note	Group 2024/25 £000	Group 2023/24 £000	Trust 2024/25 £000	Trust 2023/24 £000
Cash flows from operating activities					
Operating deficit		(10,349)	(145,108)	(14,426)	(147,717)
Non-cash income and expense:					
Depreciation and amortisation	7	26,809	24,754	25,437	23,549
Net impairments	8	8,281	34,449	8,281	34,449
Income recognised in respect of capital donations	4	(771)	(411)	(771)	(411)
(Increase) / decrease in receivables and other assets		3,895	12,419	6,531	10,159
(Increase) / decrease in inventories		(458)	(699)	332	(1,129)
Increase / (decrease) in payables and other liabilities		(1,544)	4,798	(11,393)	14,593
Increase / (decrease) in provisions		631	7,123	631	7,123
Tax (paid) / received		(1,174)	(1,052)	-	-
Other movements in operating cash flows		39	11	5	2
Net cash flows from / (used in) operating activities		**25,359**	**(63,716)**	**14,627**	**(59,382)**
Cash flows from investing activities					
Interest received		3,231	2,345	3,947	3,562
Purchase of intangible assets		(470)	(2,827)	(382)	(2,811)
Purchase of PPE		(24,994)	(25,628)	(23,857)	(28,457)
Receipt of cash donations to purchase assets		651	411	651	411
Net cash flows from used in investing activities		**(21,582)**	**(25,699)**	**(19,641)**	**(27,295)**
Cash flows from financing activities					
Public dividend capital received		50,333	104,550	50,333	104,550
Movement on other loans		(1,225)	(1,225)	(1,225)	(1,225)
Capital element of lease liability repayments		(1,249)	(1,374)	(2,962)	(5,350)
Other interest		(9)	(6)	(3)	(6)
Interest paid on lease liability repayments		(23)	(74)	(2,300)	(2,386)
PDC dividend (paid) / refunded		(9,089)	(9,569)	(9,089)	(9,569)
Net cash flows from / (used in) financing activities		**38,738**	**92,302**	**34,754**	**86,014**
Increase / (decrease) in cash and cash equivalents		**42,515**	**2,887**	**29,740**	**(663)**
Cash and cash equivalents at 1 April - brought forward		**32,417**	**29,531**	**17,955**	**18,618**
Cash and cash equivalents at 31 March	23	**74,932**	**32,417**	**47,695**	**17,955**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England has directed that the financial statements of the Foundation Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2024/25 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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

Note 1.2 Going concern

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

This is based on financial projections in respect of the 2025/26 contractual income and expenditure and working capital plans both within the Trust and its Subsidiaries. The Group submitted a financial plan in line with NHS planning guidelines which has been approved by the Foundation Trust and the individual Subsidiary Boards. This included the Trust's cash flow forecast requirements that had been factored within the Trust's 2025/26 Annual Planning, noting the ongoing support centrally from the Secretary of State against cash flow requirements for NHS organisations.

Note 1.3 Consolidation

The Foundation Trust has considered the following entities for the 2024/25 financial year in respect of consolidation as subsidiaries:
- East Kent Hospitals Charity
- Healthex Limited
- 2gether Support Solutions Limited

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

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

East Kent Hospital Charity
The NHS Foundation Trust is the corporate trustee to the East Kent Hospital Charity. The Foundation Trust has assessed the relationship to the charitable fund and determined that the charity will not be consolidated for 2024/25 on the grounds of materiality.

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

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

The results of the subsidiary have been consolidated in full for 2024/25 consistent with the previous year. The assets of the subsidiary have been included in the consolidated (Group) Statement of Financial Position.

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

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

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

The results of the subsidiary have been consolidated in full for 2024/25 consistent with the previous year. The assets of the subsidiary have been included in the consolidated (Group) Statement of Financial Position.

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

Note 1.4 Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Foundation Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Foundation Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) . The NHSPS sets out rules to establish the amount payable to Foundation Trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

The Foundation Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and are accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the Foundation Trust contributes to system performance and therefore the availability of funding to the Foundation Trust's commissioners.

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Revenue from education and training contracts

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

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

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

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

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

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

Employers' pension cost contributions are charged to operating expenses.

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

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of the Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of the Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations. The group has no discontinued operations to report for 2024/25.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Measurement

Valuation

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

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

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

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

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

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust’s valuation as any new building works would be conducted by its subsidiary 2gether Support Solutions Limited. Construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust. Should the Foundation Trust require a new hospital, 2gether Support Solutions Limited would be responsible for the entire capital project along with the associated hard/soft FM services, as 2gether Support Solutions Limited would be providing a fully operational healthcare facility.

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

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

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

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

Other impairments are treated as revaluation losses. Reversals of ‘other impairments’ are treated as revaluation gains.

De-recognition

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

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

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

Donated and grant funded assets

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

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

Note 1.9 Property, plant and equipment (cont)

Useful lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	10	60
Dwellings	10	60
Plant & machinery	2	30
Transport equipment	2	10
Information technology	3	10
Furniture & fittings	2	10

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

Software

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

Measurement

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

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

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	**Max life Years**
Software licences	1	10

Note 1.11 Inventories

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

Between 2020/21 and 2023/24 the Foundation Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department. Distribution of inventories by the Department ceased in March 2024.

Note 1.12 Cash and cash equivalents

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

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

Note 1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

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

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

Investments in all subsidiaries is at cost.

Impairment of financial assets

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

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

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

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

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

Derecognition

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

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

Note 1.14 Leases

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

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

The Foundation Trust as a lessee

Recognition and initial measurement

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

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

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

Where an implicit rate cannot be readily determined, the Foundation Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 4.72% applied to new leases commencing in 2024 and 4.81% to new leases commencing in 2025.

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

Subsequent measurement

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

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

The Foundation Trust as a lessor

The Foundation Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Foundation Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases

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

Operating leases

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

Note 1.15 Provisions

The Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2025:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.03%	4.26%
Medium-term	After 5 years up to 10 years	4.07%	4.03%
Long-term	After 10 years up to 40 years	4.81%	4.72%
	Exceeding 40 years	4.55%	4.40%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2025:

	Inflation rate	Prior year rate
Year 1	2.60%	3.60%
Year 2	2.30%	1.80%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.40% in real terms (prior year: 2.45%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Foundation Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Foundation Trust is disclosed at Note 27.2 but is not recognised in the Foundation Trust’s accounts.

Non-clinical risk pooling

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

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity’s control) are not recognised as assets, but are disclosed in Note 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 1.17 Public dividend capital

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

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

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

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

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

Note 1.18 Value added tax

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

Note 1.19 Corporation tax

The Foundation Trust does not have a corporation tax liability for the year 2024/25. Tax may be payable on activities as described below:
- the activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private healthcare falls under this legislation and is not therefore taxable;
- the activity is commercial in nature and competes with the private sector. In-house trading activities are normally ancillary to the core healthcare objectives and are not therefore subject to tax;
- the activity must have annual profits over £50,000. Such activities are normally ancillary to the core healthcare objectives and are not therefore subject to tax.

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

Note 1.20 Climate change levy

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

Note 1.21 Third party assets

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

Note 1.22 Losses and special payments

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

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

Note 1.23 Gifts

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

Note 1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2024/25.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

The DHSC GAM does not require the following IFRS Standards to be applied in 2024/25:

IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 has been adopted by the FReM from 1 April 2025. Adoption of the Standard for NHS bodies will therefore be in 2025/26. The Standard revises the accounting for insurance contracts for the issuers of insurance. Application of this standard from 2025/26 is not expected to have a material impact on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

Changes to non-investment asset valuation – Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to valuation frequency, valuation methodology and classification which are effective in the public sector from 1 April 2025 with a 5 year transition period. NHS bodies are adopting these changes to an alternative timeline.

Changes to subsequent measurement of intangible assets and PPE classification / terminology to be implemented for NHS bodies from 1 April 2025:

· Withdrawal of the revaluation model for intangible assets. Carrying values of existing intangible assets measured under a previous revaluation will be taken forward as deemed historic cost.

· Removal of the distinction between specialised and non-specialised assets held for their service potential. Assets will be classified according to whether they are held for their operational capacity.

These changes are not expected to have a material impact on these financial statements

Changes to valuation cycles and methodology to be implemented for NHS bodies in later periods *:*

· A mandated quinquennial revaluation frequency (or rolling programme) supplemented by annual indexation in the intervening years.

· Removal of the alternative site assumption for buildings valued at depreciated replacement cost on a modern equivalent asset basis. The approach for land has not yet been finalised by HM Treasury.

The impact of applying these changes in future periods has not yet been assessed. PPE and right of use assets currently subject to revaluation have a total book value of £214m as at 31 March 2025. Assets valued on an alternative site basis have a total book value of £172m at 31 March 2025.

Although the guidance has not yet been issued so the impact cannot be quantified, as the Foundation Trust values on an alternate single site for the three main hospitals, the impact of valuing on three sites in the future may be material

Note 1.26 Critical judgements in applying accounting policies

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

Alternative Site Valuation

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

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

As 2gether Support Solutions Limited would be providing a fully operational healthcare facility, the contract would allow VAT costs to be eligible for recovery under the Contracted Out Service rules.

The value of VAT based on the value of its estate as at 31 March 2025 of £214m would be £42.8m at the current rate of 20%.

Charitable Funds

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

Sale and leaseback transactions

The Foundation Trust entered into a sale and leaseback arrangement with its subsidiary 2gether Support Solutions Limited in October 2018. The Foundation Trust has considered the accounting treatment of the sale and leaseback arrangement in respect of relevant standards including IAS17 - Leases and SIC 27 - Evaluating the substance of transactions in the legal form of the lease and have undertaken an assessment of the arrangement against the requirements of the relevant standards. Management considers the relevant transactions to constitute a separate leasehold sale and lease-back and therefore all accounting entries associate with the transaction should be individually reported in the Foundation Trust and 2gether Support Solutions Limited accounts including relevant receivables, payables, loans and equity. These transactions are eliminated upon consolidation where appropriate. The application of IFRS16 has not significantly impacted the accounting treatment as the lease held by the Foundation Trust was already disclosed on the Foundation Trust balance sheet within non-current assets

Note 1.27 Sources of estimation uncertainty

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

Valuation of land, buildings and dwellings

This is the most significant estimate in the accounts. The NBV at 31st March 2025 for those land, buildings and dwellings assets subject to revaluation, and to which the estimation uncertainty relates, is £214m (2023/24: £232m). This valuation is based on the professional judgment of the Foundation Trust's independent valuer with extensive knowledge of the physical estate and market factors.

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The valuation exercise, which was a desktop exercise for the main hospital assets, was carried out in March 2025, with a valuation date of 31 March 2025. The valuation exercise applied the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'). The values in the valuer's report have been used to inform the measurement of property assets at valuation in these financial statements.

The valuation does not provide a potential scale of estimation uncertainty and includes factors which might lead to a higher as well as a lower valuation. As per accounting policy Note 1.9, land and non-specialised assets are valued at market value for existing use; valuations are therefore subject to market uncertainty. Specialised buildings are valued at depreciated replacement cost on a modern equivalent asset basis, and the valuations are therefore subject to changes in the assumptions relating to replacement costs and the size of the equivalent asset. The assessed value of land, buildings and dwelling assets is £214m. The impact of a 5% change in valuations as a result of changes to the underlying valuation assumptions would be to increase the value of these assets by £10.7m. A 10% change in valuations would lead to an increase of £21.4m.

The impact of a 5% change in 2024/25 would also be to change the PDC dividend in year by £187k based on the opening value of assets with no other adjustments or estimates.

Note 2 Operating Segments

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

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

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

The Foundation Trust reports against the technically adjusted performance line - the results for the Group for 2024/25 were:

	Group	
	2024/25	**2023/24**
Deficit for the year	(16,315)	(153,011)
Add back all I&E Impairments	8,281	34,449
Retain impact of DEL I&E Impairments	-	-
Remove capital donations/grants I&E Impact	683	1,126
Prior period adjustments	-	-
Adjusted Financial performance	**(7,351)**	**(117,436)**

Note 3 Operating income from patient care activities (Group)

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

Note 3.1 Income from patient care activities (by nature)

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

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

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Income from commissioners under API contracts - variable element* (comparatives restated)	221,456	203,170	206,326	188,262
Income from commissioners under API contracts - fixed element* (comparatives restated)	685,579	568,537	685,579	568,537
High cost drugs income from commissioners	75,684	68,322	75,684	68,322
Other NHS clinical income	13,852	8,210	13,852	8,210
All services				
Private patient income	2,878	3,390	187	312
National pay award central funding***	1,957	434	1,957	434
Additional pension contribution central funding**	34,591	21,919	34,591	21,919
Other clinical income	1,790	1,726	1,424	1,629
Total income from activities	**1,037,787**	**875,708**	**1,019,600**	**857,625**

* Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/25 NHS Payment Scheme documentation.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

Classification of Income from Aligned Payment and Incentive (API) Contracts

Following a review of guidance on the treatment of variable and fixed income within API contracts, the Trust has revised its income classification methodology.

For 2024/25, all activity funded through the Elective Recovery Fund (ERF) is now reported under API Variable Income.

In addition, two further funding streams have been reclassified as variable income within API contracts:

- NHSE Wider Variable Income, specifically relating to Chemotherapy and Unbundled Cardiac MRI, is now included at full value.
- The variable element of Bowel Screening has also been included in this category.

All other income received under API contracts continues to be reported as Fixed Income, as it is not directly linked to activity levels. The prior year figures have also been adjusted accordingly to ensure consistent reporting.

**Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.3% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions (23.7%, 2023/24: 20.6%) and related NHS England funding (9.4%, 2023/24: 6.3%) have been recognised in these accounts.

***Additional funding was made available directly to providers by NHS England in 2024/25 and 2023/24 for implementing the backdated element of pay awards where government offers were finalised after the end of the financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised.

Note 3.2 Income from patient care activities (by source)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
Income from patient care activities received from:	**£000**	**£000**	**£000**	**£000**
NHS England	208,050	170,138	208,050	170,138
Integrated care boards	822,311	698,234	806,813	683,229
Other NHS providers	3,049	2,218	3,049	2,217
NHS other	63	100	63	100
Non-NHS: private patients	2,878	3,389	187	312
Non-NHS: overseas patients (chargeable to patient)	446	614	446	614
Injury cost recovery scheme	928	1,015	928	1,015
Non NHS: other	62		64	
Total income from activities	**1,037,787**	**875,708**	**1,019,600**	**857,625**
Of which:				
Related to continuing operations	1,037,787	875,708	1,019,600	857,625

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

All overseas visitor income relates to 'Trust'	Trust	
	2024/25	2023/24
	£000	£000
Income recognised this year	446	614
Cash payments received in-year	302	250
Amounts added to provision for impairment of receivables	132	509
Amounts written off in-year	279	196

Note 4 Other operating income (Group)

	2024/25			2023/24		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,963	-	**2,963**	2,300	-	**2,300**
Education and training	23,733	1,184	**24,917**	21,817	464	**22,281**
Non-patient care services to other bodies (comparative restated) *	14,847		**14,847**	13,929		**13,929**
Income in respect of employee benefits accounted on a gross basis	10,093		**10,093**	8,991		**8,991**
Receipt of capital grants and donations and peppercorn leases		771	**771**		411	**411**
Charitable and other contributions to expenditure		887	**887**		718	**718**
Revenue from operating leases (comparative restated) *		505	**505**		463	**463**
Car Parking income	4,087	-	**4,087**	3,910	-	**3,910**
Catering	3,607	-	**3,607**	3,232	-	**3,232**
Staff accommodation rental	1,401	-	**1,401**	1,825	-	**1,825**
Other income	2,438	-	**2,438**	5,852	-	**5,852**
Total other operating income related to continuing operations	**63,169**	**3,347**	**66,516**	**61,856**	**2,056**	**63,912**

Note 4.1 Other operating income (Trust)

	2024/25			2023/24		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,963	-	**2,963**	2,300	-	**2,300**
Education and training	23,736	1,184	**24,920**	21,818	464	**22,282**
Non-patient care services to other bodies (comparative restated) *	20,475		**20,475**	20,709		**20,709**
Income in respect of employee benefits accounted on a gross basis	10,061		**10,061**	8,969		**8,969**
Receipt of capital grants and donations and peppercorn leases		771	**771**		411	**411**
Charitable and other contributions to expenditure		887	**887**		718	**718**
Revenue from operating leases (comparative restated) *		82	**82**		89	**89**
Car Parking income	4,094	-	**4,094**	3,933	-	**3,933**
Staff accommodation rental	1,407	-	**1,407**	1,831	-	**1,831**
Other income	1,669	-	**1,669**	4,648	-	**4,648**
Total other operating income related to continuing operations	**64,405**	**2,924**	**67,329**	**64,208**	**1,682**	**65,890**

* 2023/24 operating lease income restated as it included SLA income that should have been included in 'Non patient care services to other bodies'

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

	2024/25	2023/24
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,875	1,554

Note 5.1 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2025	31 March 2024
	£000	£000
within one year	2,465	5,802
Total revenue allocated to remaining performance obligations	**2,465**	**5,802**

The Foundation Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5.2 Income from activities arising from commissioner requested services

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

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Income from services designated as commissioner requested services	988,318	841,157	974,405	827,244
Income from services not designated as commissioner requested services	49,469	34,551	45,195	30,381
Total	**1,037,787**	**875,708**	**1,019,600**	**857,625**

Note 5.3 Fees and charges (Group)

The following disclosure is of income from charges to service users where the full cost of providing that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2024/25	2023/24
Accommodation	£000	£000
Income	1,395	1,836
Full cost	(967)	(1,265)
Surplus / (deficit)	**428**	**571**

	2024/25	2023/24
Catering	£000	£000
Income	3,607	3,232
Full cost	(3,118)	(2,435)
Surplus / (deficit)	**489**	**797**

Note 6 Operating leases - East Kent Hospitals University NHS Foundation Trust as lessor

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

The Foundation Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022.

Note 6.1 Operating leases income (Group)

	2024/25	Restated 2023/24
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	505	463
Total in-year operating lease income	**505**	**463**

Note 6.2 Future lease receipts (Group)

	31 March 2025	Restated 31 March 2024
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	471	505
- later than one year and not later than two years	245	471
- later than two years and not later than three years	146	245
- later than three years and not later than four years	109	146
- later than four years and not later than five years	109	109
- later than five years	335	444
Total	**1,415**	**1,920**

Note 6.3 Operating leases income (Trust)

	2024/25	Restated 2023/24
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	82	89
Variable lease receipts / contingent rents	-	-
Total in-year operating lease income	**82**	**89**

Note 6.4 Future lease receipts (Trust)

	31 March 2025	Restated 31 March 2024
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	82	82
- later than one year and not later than two years	48	82
- later than two years and not later than three years	18	47
- later than three years and not later than four years	18	18
- later than four years and not later than five years	18	18
- later than five years	8	26
Total	**192**	**273**

* 2023/24 operating lease income restated as it included SLA income that should have been included in 'Non patient care services to other bodies'

Note 7 Operating expenses (Group)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	75	-	75	-
Purchase of healthcare from non-NHS and non-DHSC bodies	12,387	6,866	10,553	5,223
Staff and executive directors costs	718,113	689,628	667,030	637,984
Remuneration of non-executive directors	289	429	165	297
Supplies and services - clinical (excluding drugs costs)	112,282	107,296	54,745	52,561
Supplies and services - general	25,998	23,938	151,400	145,908
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	101,184	95,371	100,831	94,665
Consultancy costs	6,078	4,006	6,442	3,153
Establishment	5,183	5,243	4,799	4,811
Premises	32,489	32,097	11,765	13,189
Transport (including patient travel)	5,545	5,446	4,000	4,130
Depreciation on property, plant and equipment *	24,980	23,081	23,618	21,879
Amortisation on intangible assets	1,829	1,673	1,819	1,670
Net impairments *	8,281	34,449	8,281	34,449
Movement in credit loss allowance: contract receivables / contract assets	233	2,421	270	2,184
Increase/(decrease) in other provisions	643	1,374	643	1,374
Change in provisions discount rate(s)	295	(57)	295	(57)
Fees payable to the external auditor **				
audit services- statutory audit	238	216	238	216
other auditor remuneration (external auditor only)	171	168	-	30
Internal audit costs	234	233	217	230
Clinical negligence	35,067	30,597	35,067	30,597
Legal fees	398	1,863	382	1,782
Insurance	1,335	1,147	521	537
Research and development	2,243	2,109	2,243	2,109
Education and training	8,796	8,059	8,343	7,964
Expenditure on short term leases	153	588	154	588
Expenditure on low value leases	326	120	324	120
Car parking & security	1,734	1,491	6	-
Hospitality	101	140	78	90
Other services, eg external payroll	1,064	1,236	1,064	1,236
Other	6,908	3,500	5,988	2,313
Total relating to continuing operations	**1,114,652**	**1,084,728**	**1,101,355**	**1,071,232**

* Depreciation and Impairment expenses are disclosed in the Property, Plant & Equipment and Right of use asset notes 16,17 and 19.

**In line with all other disclosures in the table. Audit fees are disclosed including recoverable VAT. The total of "audit services-statutory audit" £238k disclosed above for 2024/25 relates to the Statutory Audit for the Foundation Trust; the total received by Auditors was £198k. Other Auditor remuneration relates to the audit of subsidiaries

Note 7.1 Other auditor remuneration (Group)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
1. Audit of accounts of any associate of the trust	171	138	-	-
2. Audit-related assurance services	-	30	-	30
Total	**171**	**168**	**-**	**30**

Note 7.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2 million (2023/24: £2 million).

Note 8 Impairment of assets (Group)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Changes in market price	8,281	34,449	8,281	34,449
Total net impairments charged to operating deficit	**8,281**	**34,449**	**8,281**	**34,449**
Impairments charged to the revaluation reserve	19,831	6,089	19,831	6,087
Total net impairments	**28,112**	**40,538**	**28,112**	**40,536**

For 2024/25 the Foundation Trust commissioned a full valuation on change of valuer, of all its land, buildings and dwellings (excluding right of use assets). The valuation was carried out by an external, independent valuer, in accordance with RICS guidance to determine the values reported in these accounts. This resulted in net reductions (including upward revaluations) reported to the Foundation Trust's Land, Buildings and Dwellings of £16.9m with £8.6m net decrease in the revaluation reserve and £8.3m recognised in operating expenses. The detail by asset class is shown in the Property Plant and Equipment disclosure (notes 16 and 17) and Right of Use asset disclosure (note 19)

Note 9 Employee benefits (Group)

	Group		Trust	
	2024/25 Total £000	2023/24 Total £000	2024/25 Total £000	2023/24 Total £000
Salaries and wages	499,828	478,344	455,582	435,207
Social security costs	53,926	53,056	50,827	49,542
Apprenticeship levy	2,493	2,433	2,285	2,192
Employer's contributions to NHS pensions	86,745	72,461	86,090	71,785
Pension cost - other	133	105	-	-
Temporary staff (including agency)	82,693	89,881	79,951	85,910
Total staff costs	**725,818**	**696,280**	**674,735**	**644,636**
Of which				
Costs capitalised as part of assets	416	232	416	232

Note 9.1 Retirements due to ill-health (Group)

During 2024/25 there were 19 early retirements from the trust agreed on the grounds of ill-health (10 in the year ended 31 March 2024). The estimated additional pension liabilities of these ill-health retirements is £1,188k (£669k in 2023/24).

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

Note 10 Pension costs

Past and present employees are covered by the provisions of the 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as 31 March 2023, updated to 31 March 2025 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 Statement by Actuary, which forms part of the annual NHS Pension Scheme Annual Report and 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 (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

c) Other schemes

The Foundation Trust also offers an additional defined contribution workplace scheme (National Employment Saving Scheme (NEST), where individuals are not eligible to join the NHS Scheme. Further details are included in Policy Note 1.6

The subsidiary Spencer Private Hospitals Limited also operates a defined contribution pension scheme. The amounts charged to the Statement of Comprehensive Income represent the contributions payable by the company during the year.

The subsidiary 2gether Support Solutions Limited also operates a defined contribution pension scheme. The amounts charged to the Statement of Comprehensive Income represent the contributions payable by the company during the year.

Note 11 Finance income (Group)

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

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Interest on bank accounts	3,231	2,345	2,176	1,737
Interest on other investments / financial assets	-	-	1,771	1,825
Total finance income	**3,231**	**2,345**	**3,947**	**3,562**

Note 12 Finance expenditure (Group)

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

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Interest expense:				
Interest on lease obligations	48	71	2,280	2,373
Interest on late payment of commercial debt	9	6	3	6
Total interest expense	**57**	**77**	**2,283**	**2,379**
Unwinding of discount on provisions	60	43	60	43
Other finance costs	4	13	-	-
Total finance costs	**121**	**133**	**2,343**	**2,422**

Note 12.1 The late payment of commercial debts (interest) Act 1998 - GROUP

	2024/25	2023/24
	£000	£000
Amounts included within interest payable arising from claims made under this legislation	9	6

Note 13 Other gains/(losses)

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Gains on disposal of assets	1	-	-	-
Losses on disposal of assets	-	(26)	-	(26)
Total losses on disposal of assets	**1**	**(26)**	**-**	**(26)**
Total other gains / (losses)	**1**	**(26)**	**-**	**(26)**

Note 14 Intangible assets - 2024/25

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Gross cost at 1 April 2024 - brought forward	**12,212**	**1,097**	**13,309**
Additions	307	163	**470**
Reclassifications	958	609	**1,567**
Disposals / derecognition	(2,979)	-	**(2,979)**
Gross cost at 31 March 2025	**10,498**	**1,869**	**12,367**
Amortisation at 1 April 2024 - brought forward	**5,815**	**-**	**5,815**
Provided during the year	1,829	-	**1,829**
Reclassifications	1	-	**1**
Disposals / derecognition	(2,979)	-	**(2,979)**
Amortisation at 31 March 2025	**4,666**	**-**	**4,666**
Net book value at 31 March 2025	**5,832**	**1,869**	**7,701**
Net book value at 1 April 2024	**6,397**	**1,097**	**7,494**

Note 14.1 Intangible assets - 2023/24

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Gross cost at 1 April 2023 - as previously stated	**9,354**	**988**	**10,342**
Additions	741	2,086	**2,827**
Reclassifications	2,117	(1,977)	**140**
Gross cost at 31 March 2024	**12,212**	**1,097**	**13,309**
Amortisation at 1 April 2023 - as previously stated	**4,142**	**-**	**4,142**
Provided during the year	1,673	-	**1,673**
Amortisation at 31 March 2024	**5,815**	**-**	**5,815**
Net book value at 31 March 2024	**6,397**	**1,097**	**7,494**
Net book value at 1 April 2023	**5,212**	**988**	**6,200**

Note 15 Intangible assets - 2024/25

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Gross cost at 1 April 2024 - brought forward	**12,151**	**1,097**	**13,248**
Additions	219	163	**382**
Reclassifications	937	609	**1,546**
Disposals / derecognition	(2,979)	-	**(2,979)**
Gross cost at 31 March 2025	**10,328**	**1,869**	**12,197**
Amortisation at 1 April 2024 - brought forward	**5,769**	**-**	**5,769**
Provided during the year	1,819	-	**1,819**
Disposals / derecognition	(2,979)	-	**(2,979)**
Amortisation at 31 March 2025	**4,609**	**-**	**4,609**
Net book value at 31 March 2025	**5,719**	**1,869**	**7,588**
Net book value at 1 April 2024	**6,382**	**1,097**	**7,479**

Note 15.1 Intangible assets - 2023/24

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Gross cost at 1 April 2023 - as previously stated	**9,309**	**988**	**10,297**
Additions	725	2,086	**2,811**
Reclassifications	2,117	(1,977)	**140**
Gross cost at 31 March 2024	**12,151**	**1,097**	**13,248**
Amortisation at 1 April 2023 - as previously stated	**4,099**	**-**	**4,099**
Provided during the year	1,670	-	**1,670**
Amortisation at 31 March 2024	**5,769**	**-**	**5,769**
Net book value at 31 March 2024	**6,382**	**1,097**	**7,479**
Net book value at 1 April 2023	**5,210**	**988**	**6,198**

Note 16 Property, plant and equipment - 2024/25

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2024 - brought forward	**15,643**	**199,747**	**15,854**	**12,819**	**60,689**	**29**	**31,566**	**2,591**	**338,937**
Additions	-	9,782	-	11,785	2,439	-	1,136	58	**25,200**
Impairments	(2,634)	(37,697)	(4,650)	-	-	-	-	-	**(44,981)**
Reversals of impairments	2,350	14,508	13	-	-	-	-	-	**16,871**
Revaluations	1,781	2,085	(626)	-	-	-	-	-	**3,240**
Reclassifications	1	2,194	-	(10,330)	5,916	18	297	372	**(1,532)**
Disposals / derecognition	-	-	-	-	(4,704)	-	(11,752)	(395)	**(16,851)**
Valuation/gross cost at 31 March 2025	**17,141**	**190,619**	**10,591**	**14,274**	**64,340**	**47**	**21,247**	**2,626**	**320,884**
Accumulated depreciation at 1 April 2024 - brought forward	**-**	**501**	**-**	**-**	**28,291**	**19**	**15,425**	**1,527**	**45,763**
Provided during the year	-	7,103	626	-	8,351	8	7,131	484	**23,703**
Revaluations	-	(7,337)	(626)	-	-	-	-	-	**(7,963)**
Reclassifications	-	-	-	-	20	15	(2)	1	**34**
Disposals / derecognition	-	-	-	-	(4,704)	-	(11,752)	(395)	**(16,851)**
Accumulated depreciation at 31 March 2025	**-**	**267**	**-**	**-**	**31,958**	**42**	**10,802**	**1,617**	**44,686**
Net book value at 31 March 2025	**17,141**	**190,351**	**10,591**	**14,274**	**32,381**	**5**	**10,445**	**1,009**	**276,198**
Net book value at 1 April 2024	**15,643**	**199,245**	**15,854**	**12,819**	**32,397**	**-**	**16,141**	**1,064**	**293,164**

Note 16.1 Property, plant and equipment - 2023/24

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - as previously stated	**15,893**	**188,735**	**16,261**	**41,757**	**65,911**	**3**	**26,397**	**2,526**	**357,482**
Additions	-	11,660	-	8,859	3,381	-	5,022	-	**28,922**
Impairments	(332)	(45,127)	(165)	-	-	-	-	-	**(45,624)**
Reversals of impairments	-	6,071	117	-	-	-	-	-	**6,188**
Revaluations	82	4,944	(359)	-	-	-	-	-	**4,667**
Reclassifications	-	33,464	-	(37,797)	3,165	26	924	78	**(140)**
Disposals / derecognition	-	-	-	-	(11,768)	-	(777)	(13)	**(12,558)**
Valuation/gross cost at 31 March 2024	**15,643**	**199,747**	**15,854**	**12,819**	**60,689**	**29**	**31,566**	**2,591**	**338,937**
Accumulated depreciation at 1 April 2023 - as previously stated	**-**	**2,297**	**-**	**-**	**31,293**	**3**	**11,595**	**939**	**46,127**
Provided during the year	-	7,164	621	-	8,750	6	4,607	601	**21,749**
Revaluations	-	(8,960)	(621)	-	-	-	-	-	**(9,581)**
Reclassifications	-	-	-	-	(10)	10	-	-	**-**
Disposals / derecognition	-	-	-	-	(11,742)	-	(777)	(13)	**(12,532)**
Accumulated depreciation at 31 March 2024	**-**	**501**	**-**	**-**	**28,291**	**19**	**15,425**	**1,527**	**45,763**
Net book value at 31 March 2024	**15,643**	**199,245**	**15,854**	**12,819**	**32,397**	**10**	**16,141**	**1,064**	**293,174**
Net book value at 1 April 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**0**	**14,802**	**1,587**	**311,355**

Note 16.2 Property, plant and equipment financing - 31 March 2025

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	17,141	187,426	10,591	14,274	29,960	5	10,445	1,009	**270,852**
Owned - donated/granted	-	2,925	-	-	2,421	-	-	-	**5,346**
NBV total at 31 March 2025	**17,141**	**190,351**	**10,591**	**14,274**	**32,381**	**5**	**10,445**	**1,009**	**276,198**

Note 16.3 Property, plant and equipment financing - 31 March 2024

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	15,643	195,257	15,854	12,819	29,384	10	16,141	1,064	**286,173**
Owned - donated/granted	-	3,988	-	-	3,013	-	-	-	**7,001**
NBV total at 31 March 2024	**15,643**	**199,245**	**15,854**	**12,819**	**32,397**	**10**	**16,141**	**1,064**	**293,174**

Note 16.4 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2025

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease									**-**
Not subject to an operating lease	17,141	190,351	10,591	14,274	32,381	5	10,445	1,009	**276,198**
NBV total at 31 March 2025	**17,141**	**190,351**	**10,591**	**14,274**	**32,381**	**5**	**10,445**	**1,009**	**276,198**

Note 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease									**-**
Not subject to an operating lease	15,643	199,245	15,854	12,819	32,397	10	16,141	1,064	**293,174**
NBV total at 31 March 2024	**15,643**	**199,245**	**15,854**	**12,819**	**32,397**	**10**	**16,141**	**1,064**	**293,174**

Note 17 Property, plant and equipment - 2024/25

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2024 - brought forward	**10,320**	**143,290**	**15,854**	**12,303**	**50,610**	**31,274**	**1,068**	**264,718**
Additions	-	9,775	-	11,314	2,144	1,136	-	**24,369**
Impairments	(2,478)	(26,962)	(4,650)	-	-	-	-	**(34,090)**
Reversals of impairments	2,291	11,709	13	-	-	-	-	**14,013**
Revaluations	-	(154)	(626)	-	-	-	-	**(780)**
Reclassifications	1,914	2,226	-	(9,817)	5,750	295	-	**368**
Disposals / derecognition	-	-	-	-	(3,626)	(11,752)	(395)	**(15,773)**
Valuation/gross cost at 31 March 2025	**12,047**	**139,884**	**10,591**	**13,800**	**54,878**	**20,953**	**673**	**252,825**
Accumulated depreciation at 1 April 2024 - brought forward	**-**	**82**	**-**	**-**	**21,889**	**15,278**	**621**	**37,870**
Provided during the year	-	5,055	626	-	7,286	7,085	114	**20,166**
Revaluations	-	(5,137)	(626)	-	-	-	-	**(5,763)**
Disposals / derecognition	-	-	-	-	(3,626)	(11,752)	(395)	**(15,773)**
Accumulated depreciation at 31 March 2025	**-**	**-**	**-**	**-**	**25,549**	**10,611**	**340**	**36,500**
Net book value at 31 March 2025	**12,047**	**139,884**	**10,591**	**13,800**	**29,328**	**10,342**	**333**	**216,325**
Net book value at 1 April 2024	**10,320**	**143,208**	**15,854**	**12,303**	**28,720**	**15,996**	**447**	**226,848**

Note 17.1 Property, plant and equipment - 2023/24

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - as previously stated	**10,575**	**132,969**	**16,261**	**41,681**	**44,167**	**26,124**	**999**	**272,776**
Additions	-	11,682	-	8,419	3,363	5,003	-	**28,467**
Impairments	(255)	(31,339)	(165)	-	-	-	-	**(31,759)**
Reversals of impairments	-	5,200	117	-	-	-	-	**5,317**
Revaluations	-	(8,686)	(359)	-	-	-	-	**(9,045)**
Reclassifications	-	33,464	-	(37,797)	3,191	924	78	**(140)**
Disposals / derecognition	-	-	-	-	(111)	(777)	(9)	**(897)**
Valuation/gross cost at 31 March 2024	**10,320**	**143,290**	**15,854**	**12,303**	**50,610**	**31,274**	**1,068**	**264,719**
Accumulated depreciation at 1 April 2023 - as previously stated	**-**	**4,021**	**-**	**-**	**14,392**	**11,493**	**323**	**30,229**
Provided during the year	-	5,093	621	-	7,582	4,562	307	**18,165**
Impairments	-	2	-	-	-	-	-	**2**
Revaluations	-	(9,034)	(621)	-	-	-	-	**(9,655)**
Disposals / derecognition	-	-	-	-	(85)	(777)	(9)	**(871)**
Accumulated depreciation at 31 March 2024	**-**	**82**	**-**	**-**	**21,889**	**15,278**	**621**	**37,870**
Net book value at 31 March 2024	**10,320**	**143,208**	**15,854**	**12,303**	**28,721**	**15,996**	**447**	**226,848**
Net book value at 1 April 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,775**	**14,631**	**676**	**242,546**

Note 17.2 Property, plant and equipment financing - 31 March 2025

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	12,047	138,507	10,591	13,800	26,911	10,342	333	**212,531**
Owned - donated / granted	-	1,377	-	-	2,417	-	-	**3,794**
Total net book value at 31 March 2025	**12,047**	**139,884**	**10,591**	**13,800**	**29,328**	**10,342**	**333**	**216,325**

Note 17.3 Property, plant and equipment financing - 31 March 2024

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	10,320	141,647	15,854	12,303	25,715	15,996	447	**222,282**
Owned - donated / granted	-	1,561	-	-	3,005	-	-	**4,566**
Total net book value at 31 March 2024	**10,320**	**143,208**	**15,854**	**12,303**	**28,720**	**15,996**	**447**	**226,848**

Note 17.4 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2025

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease								**-**
Not subject to an operating lease	12,047	139,884	10,591	13,800	29,328	10,342	333	**216,325**
Total net book value at 31 March 2025	**12,047**	**139,884**	**10,591**	**13,800**	**29,328**	**10,342**	**333**	**216,325**

Note 17.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2024

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	-	-	-	-	-	-	**-**
Not subject to an operating lease	10,320	143,208	15,854	12,303	28,720	15,996	447	226,848
Total net book value at 31 March 2024	**10,320**	**143,208**	**15,854**	**12,303**	**28,720**	**15,996**	**447**	**226,848**

Note 18 Revaluations of property, plant and equipment

The date of the latest valuation of Land, Buildings and Dwellings (including right of use assets) was 31 March 2025. The valuation was carried out by an externally appointed independent RICS qualified valuer using Modern Equivalent Asset - an alternative site basis (The Foundation Trust has adopted the Alternative Site valuation for its site. The modern equivalent replacement of Kent and Canterbury, Queen Elizabeth The Queen Mother and William Harvey hospitals would be a single combined hospital attributed to the buildings and size of the "alternative" site required for the modern equivalent asset). The overall impact of the valuation was to reduce the value of the Group land, buildings and dwellings by £16.9m. This was represented by a downward valuation charged to operating expenses of a net £8.3m and downward movement to the revaluation reserve of a net £8.6m. See Policy Note 1.9 and Impairment Note 8 for further information. Right of Use assets and assets under construction were not included in the revaluation.

Note 19 Leases - East Kent Hospitals University NHS Foundation Trust as a lessee (Group)

This note details information about leases for which the Group is a lessee.

The Group has commitments of £3.3m in relation to its leasing activities outside of the Group. Commitments greater than £0.5m have been identified below:

Inca House Medical Records

Estuary View Medical Practice

The Foundation Trust has commitments of £64.0m in relation to its lease with 2gether Support Solutions Ltd for the Operated Healthcare Facility. The lease relates to Land and Building.

The Foundation Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022.

Note 19.1 Right of use assets - 2024/25

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2024 - brought forward	**1,862**	**2,505**	**529**	**4,896**	**306**
Additions	115	10	438	**563**	18
Remeasurements of the lease liability	-	-	(68)	**(68)**	-
Impairments	(2)	-	-	**(2)**	-
Reclassifications	(135)	9	(12)	**(138)**	-
Disposals / derecognition	-	-	(40)	**(40)**	-
Valuation/gross cost at 31 March 2025	**1,840**	**2,524**	**847**	**5,211**	**324**
Accumulated depreciation at 1 April 2024 - brought forward	**162**	**1,308**	**218**	**1,688**	**(0)**
Provided during the year	398	693	186	**1,277**	93
Reclassifications	(135)	9	(12)	**(138)**	-
Disposals / derecognition	-	-	(40)	**(40)**	-
Accumulated depreciation at 31 March 2025	**425**	**2,010**	**352**	**2,787**	**93**
Net book value at 31 March 2025	**1,415**	**514**	**494**	**2,424**	**231**
Net book value at 1 April 2024	**1,700**	**1,197**	**310**	**3,208**	**306**
Net book value of right of use assets leased from other NHS providers					227
Net book value of right of use assets leased from other DHSC group bodies					4

Note 19.2 Right of use assets - 2023/24

Group	Property (land and buildings)	Plant & machinery	Transport equipment	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**3,756**	**2,396**	**287**	**6,439**	**898**
Additions	128	153	262	**543**	28
Remeasurements of the lease liability	-	2	1	**3**	-
Impairments	(1,103)	-	-	**(1,103)**	(314)
Reversal of impairments	1	-	-	**1**	1
Revaluations	(920)	-	-	**(920)**	(307)
Disposals / derecognition	-	(46)	(21)	**(67)**	-
Valuation/gross cost at 31 March 2024	**1,862**	**2,505**	**529**	**4,896**	**306**
Accumulated depreciation at 1 April 2023 - brought forward	**551**	**668**	**97**	**1,316**	**157**
Provided during the year	540	650	142	**1,332**	158
Revaluations	(929)	-	-	**(929)**	(315)
Disposals / derecognition	-	(10)	(21)	**(31)**	-
Accumulated depreciation at 31 March 2024	**162**	**1,308**	**218**	**1,688**	**(0)**
Net book value at 31 March 2024	**1,700**	**1,197**	**310**	**3,208**	**306**
Net book value at 1 April 2023	**3,205**	**1,728**	**189**	**5,123**	**741**
Net book value of right of use assets leased from other NHS providers					300
Net book value of right of use assets leased from other DHSC group bodies					6

Note 19.3 Right of use assets - 2024/25

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2024 - brought forward	**59,076**	**10,045**	**103**	**184**	**69,408**	**309**
Additions	115	-	109	-	**224**	18
Impairments	(10,893)	-	-	-	**(10,893)**	-
Reversal of impairments	2,858	-	-	-	**2,858**	-
Revaluations	4,306	-	-	-	**4,306**	-
Reclassifications	(1,914)	-	-	-	**(1,914)**	-
Disposals / derecognition	-	(1,078)	(40)	-	**(1,118)**	-
Valuation/gross cost at 31 March 2025	**53,548**	**8,967**	**172**	**184**	**62,871**	**327**
Accumulated depreciation at 1 April 2024 - brought forward	(1)	6,256	57	105	**6,417**	-
Provided during the year	2,300	1,083	50	19	**3,452**	93
Revaluations	(1,914)	-	-	-	**(1,914)**	-
Disposals / derecognition	-	(1,078)	(40)	-	**(1,118)**	-
Accumulated depreciation at 31 March 2025	**385**	**6,261**	**67**	**124**	**6,837**	**93**
Net book value at 31 March 2025	**53,163**	**2,706**	**105**	**60**	**56,034**	**234**
Net book value at 1 April 2024	**59,077**	**3,789**	**46**	**79**	**62,991**	**309**
Net book value of right of use assets leased from other NHS providers						227
Net book value of right of use assets leased from other DHSC group bodies						7

Note 19.4 Right of use assets - 2023/24

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**63,628**	**21,592**	**67**	**188**	**85,475**	**898**
Additions	119	82	36	-	**237**	28
Remeasurements of the lease liability	5	-	-	-	**5**	-
Impairments	(14,963)	-	-	-	**(14,963)**	(314)
Reversal of impairments	871	-	-	-	**871**	-
Revaluations	9,558	-	-	-	**9,558**	(303)
Disposals / derecognition	(142)	(11,629)	-	(4)	**(11,775)**	-
Valuation/gross cost at 31 March 2024	**59,076**	**10,045**	**103**	**184**	**69,408**	**309**
Accumulated depreciation at 1 April 2023 - brought forward	**538**	**16,692**	**25**	**88**	**17,343**	**157**
Provided during the year	2,468	1,193	32	21	**3,714**	-
Revaluations	(2,865)	-	-	-	**(2,865)**	-
Disposals / derecognition	(142)	(11,629)	-	(4)	**(11,775)**	-
Accumulated depreciation at 31 March 2024	**(1)**	**6,256**	**57**	**105**	**6,417**	**157**
Net book value at 31 March 2024	**59,077**	**3,789**	**46**	**79**	**62,991**	**152**
Net book value at 1 April 2023	**63,090**	**4,900**	**42**	**100**	**68,132**	**741**
Net book value of right of use assets leased from other NHS providers						300
Net book value of right of use assets leased from other DHSC group bodies						9

Note 19.5 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 26.

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Carrying value at 1 April	**3,990**	**4,858**	**69,138**	**74,259**
Lease additions	563	543	224	237
Lease liability remeasurements	(68)	3	-	5
Interest charge arising in year	48	71	2,280	2,373
Early terminations	(217)	(37)	(115)	-
Lease payments (cash outflows)	(1,272)	(1,448)	(5,262)	(7,736)
Carrying value at 31 March	**3,044**	**3,990**	**66,265**	**69,138**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure. See note 7.

Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.
Income generated from subleasing right of use assets is £0k and is included within revenue from operating leases in note 4.

Note 19.6 Maturity analysis of future lease payments at 31 March 2025

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2025	31 March 2025	31 March 2025	31 March 2025
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	1,128	127	5,312	127
- later than one year and not later than five years;	1,777	383	20,263	383
- later than five years.	207	-	63,409	-
Total gross future lease payments	**3,112**	**510**	**88,984**	**510**
Finance charges allocated to future periods	(68)	(13)	(22,719)	(13)
Net lease liabilities at 31 March 2025	**3,044**	**497**	**66,265**	**497**
Of which:				
Leased from other NHS providers		489		489
Leased from other DHSC group bodies		8		8

Note 19.7 Maturity analysis of future lease payments at 31 March 2024

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	Total	Of which leased from DHSC group bodies:
	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year;	1,340	171	5,328	171
- later than one year and not later than five years;	2,261	396	20,418	396
- later than five years.	499	79	68,382	79
Total gross future lease payments	**4,100**	**646**	**94,128**	**646**
Finance charges allocated to future periods	(110)	(16)	(24,990)	(16)
Net finance lease liabilities at 31 March 2024	**3,990**	**630**	**69,138**	**630**
Of which:				
Leased from other NHS providers		618		618
Leased from other DHSC group bodies		12		12

Note 20 Investments in associates and joint ventures

	Group		Trust	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Carrying value at 1 April - brought forward	-	-	30,314	30,314
Carrying value at 31 March	-	-	30,314	30,314

Investments are in the following Subsidiaries:

Healthex £48k, 100% owned (Disclosed in Spencer Private Hospital Ltd Accounts)

2gether Support Solutions Ltd £30.3m, 100% owned

Note 21 Inventories

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Drugs	10,011	5,134	5,506	5,087
Energy	492	508	-	-
Other	3,125	7,528	2,040	2,791
Total inventories	**13,628**	**13,170**	**7,546**	**7,878**

Inventories recognised in expenses for the year were £213,482k (2023/24: £202,667k). Write-down of inventories recognised as expenses for the year were £0k (2023/24: £0k).

Note 22 Receivables

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Current				
Contract receivables	19,818	20,447	19,189	20,484
Allowance for impaired contract receivables / assets	(4,068)	(3,764)	(3,870)	(3,504)
Prepayments (non-PFI)	6,535	5,283	3,110	2,705
PDC dividend receivable	2,377	992	2,377	992
VAT receivable	5,705	10,344	6,301	10,096
Clinician pension tax provision reimbursement	39	26	39	26
Other receivables	69	-	3,711	3,577
Total current receivables	**30,475**	**33,328**	**30,857**	**34,376**
Non-current				
Contract receivables	1,180	1,275	1,180	1,275
Allowance for impaired contract receivables / assets	(301)	(705)	(301)	(705)
Prepayments (non-PFI)	366	372	366	372
Clinician pension tax provision reimbursement	1,158	1,128	1,158	1,128
Other receivables	10	-	48,107	50,067
Total non-current receivables	**2,413**	**2,070**	**50,510**	**52,137**
Of which receivable from NHS and DHSC group bodies:				
Current	9,945	9,361	8,783	9,360
Non-current	1,158	1,128	1,158	1,128

Trust - Other receivables contains current receivables of £3.6m (2023/24 £3.6m) and non-current receivables of £48.1m (2023/24 £50.1m) in respect of intercompany loans made to the Foundation Trust's subsidiaries 2gether Support Solutions Limited and Healthex Limited.

Note 22.1 Allowances for credit losses - 2024/25

	Group	Trust
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 Apr 2024 - brought forward	**4,469**	**4,209**
New allowances arising	262	298
Changes in existing allowances	(29)	(28)
Utilisation of allowances (write offs)	(333)	(308)
Allowances as at 31 Mar 2025	**4,369**	**4,171**

Note 22.2 Allowances for credit losses - 2023/24

	Group	Trust
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 Apr 2023 - as previously stated	**2,475**	**2,385**
New allowances arising	1,016	828
Changes in existing allowances	1,405	1,356
Utilisation of allowances (write offs)	(427)	(360)
Allowances as at 31 Mar 2024	**4,469**	**4,209**

Note 22.3 Exposure to credit risk

In accordance with IFRS 9, the foundation trust is required to measure the loss allowance of lifetime expected credit losses at initial recognition of the debt being raised.

The expected credit loss is only applied to Non NHS debt. NHS organisations are excluded from the calculation as NHS transactions are considered to be part of DHSC group accounts eliminated on consolidation.

The foundation trust has used the ageing profile to assess the level of risk. The percentages applied to each class derives from both historic data accumulated as well as current and future projections.

Note 23 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	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
At 1 April	**32,417**	**29,531**	**17,955**	**18,618**
Net change in year	42,515	2,886	29,740	(663)
At 31 March	**74,932**	**32,417**	**47,695**	**17,955**
Broken down into:				
Cash at commercial banks and in hand	80	97	44	71
Cash with the Government Banking Service	74,852	32,320	47,651	17,884
Total cash and cash equivalents as in SoFP	**74,932**	**32,417**	**47,695**	**17,955**
Total cash and cash equivalents as in SoCF	**74,932**	**32,417**	**47,695**	**17,955**

Note 24 Trade and other payables

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Current				
Trade payables	22,324	27,844	13,687	20,221
Capital payables	9,164	8,958	2,663	2,151
Accruals	33,088	30,294	38,802	44,411
Social security costs	6,653	6,451	6,250	6,064
Other taxes payable	7,657	6,647	7,202	6,244
Pension contributions payable	7,569	7,163	7,485	7,076
Other payables	9,029	7,722	9,453	8,417
Total current trade and other payables	**95,484**	**95,079**	**85,542**	**94,584**
Non-current				
Trade payables	172	82	-	-
Total non-current trade and other payables	**172**	**82**	**-**	**-**
Of which payables from NHS and DHSC group bodies:				
Current	4,110	3,460	4,110	3,331

Note 25 Other liabilities

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	6,262	8,095	6,262	8,101
Total other current liabilities	**6,262**	**8,095**	**6,262**	**8,101**

Note 26 Borrowings

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Current				
Other loans	1,225	1,225	1,225	1,225
Lease liabilities	1,081	1,340	3,019	3,045
Total current borrowings	**2,306**	**2,565**	**4,244**	**4,270**
Non-current				
Other loans	4,287	5,512	4,287	5,512
Lease liabilities	1,963	2,650	63,246	66,093
Total non-current borrowings	**6,250**	**8,162**	**67,533**	**71,605**

* The Foundation Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022. More information about leases and the impact of this change in accounting policy can be found in note 19.

Lease liabilities contains a £64m obligation (£61.5m non-current and £2.5m current) in the Foundation Trust which arises from arrangements between the Foundation Trust and its subsidiary undertaking 2gether Support Solutions Limited for the supply of Operational Healthcare Facilities. This liability and the associated property have both been recognised in the balance sheet of the Foundation Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement. The assets associated with the lease were originally owned by the Foundation Trust and were sold to 2gether Support Solutions in October 2018.

Note 26.1 Reconciliation of liabilities arising from financing activities (Group)

Group - 2024/25	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2024	**6,737**	**3,990**	**10,727**
Financing cash flows - payments and receipts of principal	(1,225)	(1,249)	**(2,474)**
Financing cash flows - payments of interest	-	(23)	**(23)**
Non-cash movements:			
Additions	-	563	**563**
Lease liability remeasurements	-	(68)	**(68)**
Application of effective interest rate	-	48	**48**
Early terminations	-	(217)	**(217)**
Carrying value at 31 March 2025	**5,512**	**3,044**	**8,556**

Group - 2023/24	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2023	**7,962**	**4,858**	**12,820**
Cash movements:			
Financing cash flows - payments and receipts of principal	(1,225)	(1,374)	**(2,599)**
Financing cash flows - payments of interest	-	(74)	**(74)**
Non-cash movements:			
Additions	-	543	**543**
Lease liability remeasurements	-	3	**3**
Application of effective interest rate	-	71	**71**
Early terminations	-	(37)	**(37)**
Carrying value at 31 March 2024	**6,737**	**3,990**	**10,727**

Note 26.2 Reconciliation of liabilities arising from financing activities

Trust - 2024/25	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2024	**6,737**	**69,138**	**75,875**
Financing cash flows - payments and receipts of principal	(1,225)	(2,962)	**(4,187)**
Financing cash flows - payments of interest	-	(2,300)	**(2,300)**
Non-cash movements:			
Additions	-	224	**224**
Application of effective interest rate	-	2,280	**2,280**
Early terminations	-	(115)	**(115)**
Carrying value at 31 March 2025	**5,512**	**66,265**	**71,777**

Trust - 2023/24	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2023	**7,961**	**74,259**	**82,220**
Cash movements:			
Financing cash flows - payments and receipts of principal	(1,225)	(5,350)	**(6,575)**
Financing cash flows - payments of interest	-	(2,386)	**(2,386)**
Non-cash movements:			
Additions	-	237	**237**
Lease liability remeasurements	-	5	**5**
Application of effective interest rate	-	2,373	**2,373**
Other changes	1	-	**1**
Carrying value at 31 March 2024	**6,737**	**69,138**	**75,875**

Note 27 Provisions for liabilities and charges analysis (Group)

Group	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2024	**2,462**	**3,343**	**7,653**	**13,458**
Change in the discount rate	295	-	(11)	**284**
Arising during the year	117	133	847	**1,097**
Utilised during the year	(177)	(173)	(32)	**(382)**
Reversed unused	-	(40)	(386)	**(426)**
Unwinding of discount	60	-	58	**118**
At 31 March 2025	**2,757**	**3,263**	**8,129**	**14,149**
Expected timing of cash flows:				
- not later than one year;	190	3,263	6,971	**10,424**
- later than one year and not later than five years;	760	-	167	**927**
- later than five years.	1,807	-	991	**2,798**
Total	**2,757**	**3,263**	**8,129**	**14,149**

"Pensions" relate to Injury Benefits for former employees, assessed and paid by NHS Pensions Agency and recharged to the Foundation Trust. The "Legal Claims" provision is based on an assessment of current claims provided by the NHS Litigation Authority in respect of Public Liability and Employers Liability. "Other" includes clinicians pension provision £1.2m

Note 27.1 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2024	**2,462**	**3,343**	**7,653**	**13,458**
Change in the discount rate	295	-	(11)	**284**
Arising during the year	117	133	847	**1,097**
Utilised during the year	(177)	(173)	(32)	**(382)**
Reclassified to liabilities held in disposal groups	-	-	-	**-**
Reversed unused	-	(40)	(386)	**(426)**
Unwinding of discount	60	-	58	**118**
At 31 March 2025	**2,757**	**3,263**	**8,129**	**14,149**
Expected timing of cash flows:				
- not later than one year;	190	3,263	6,971	**10,424**
- later than one year and not later than five years;	760	-	167	**927**
- later than five years.	1,807	-	991	**2,798**
Total	**2,757**	**3,263**	**8,129**	**14,149**

Note 27.2 Clinical negligence liabilities

At 31 March 2025, £318,300k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Kent Hospitals University NHS Foundation Trust (31 March 2024: £307,798k).

Note 28 Contingent assets and liabilities

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Value of contingent liabilities				
NHS Resolution legal claims	(38)	(48)	(38)	(48)
Employment tribunal and other employee related litigation	-	-	-	-
Redundancy	-	-	-	-
Property Expense Scheme	(9)	-	(9)	-
Gross value of contingent liabilities	**(47)**	**(48)**	**(47)**	**(48)**
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	**(47)**	**(48)**	**(47)**	**(48)**
Net value of contingent assets	**-**	**-**		

Note 29 Contractual capital commitments

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Property, plant and equipment	6,524	8,623	6,524	8,623
Intangible assets	-	6	-	6
Total	**6,524**	**8,629**	**6,524**	**8,629**

Note 30 Financial instruments

Note 30.1 Financial risk management

The Financial reporting Standards IFRS7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Foundation Trust has with commissioners and the way those commissioners are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities, to which the financial reporting standards mainly apply. The Foundation Trust has limited powers to borrow or invest surplus funds and the financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities.

The Foundation Trusts treasury management operations are carried out by the Finance Department, within the parameters defined formally within the Foundation Trust's Standing Financial Instructions and policies agreed by the Board of Directors. The Foundation Trust treasury activity is subject to review by the Foundation Trust's Internal Auditors.

Currency Risk

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

Interest Rate Risk

Most of the Groups financial assets and liabilities carry nil or fixed rates of interest. Cash deposits as at 31 March 2025 were mainly in Government Banking Service accounts with floating interest rates. Trade and other receivables for the Foundation Trust include loans to the subsidiaries Healthex Limited and 2gether Support Solutions Limited. These carry market rates of interest and are eliminated on consolidation.

During the year limited amounts of cash were held within commercial bank accounts (at fixed rates or linked to the bank base rate). Therefore the Group is not exposed to significant interest rate risk.

Credit Risk

Because the majority of the Group's income comes from contracts with other public bodies, the Group has relatively low exposure to credit risk. The maximum exposure as at 31 March 2025 is in receivables from customers. However, the Group utilises external tracing and debt collection agencies as well as court procedures to pursue overdue debt.

Liquidity Risk

The majority of the Group's operating costs are incurred under the contract with commissioners which are financed from resources voted for annually by Parliament. The Group funds its capital expenditure from internally generated resources. The Group is not therefore exposed to significant liquidity risks.

Note 30.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	17,905	**17,905**
Cash and cash equivalents	74,932	**74,932**
Total at 31 March 2025	**92,837**	**92,837**

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	18,407	**18,407**
Cash and cash equivalents	32,417	**32,417**
Total at 31 March 2024	**50,824**	**50,824**

Note 30.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	69,213	**69,213**
Other investments / financial assets	30,314	**30,314**
Cash and cash equivalents	47,695	**47,695**
Total at 31 March 2025	**147,222**	**147,222**

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	72,348	**72,348**
Other investments / financial assets	30,314	**30,314**
Cash and cash equivalents	17,955	**17,955**
Total at 31 March 2024	**120,617**	**120,617**

Note 30.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	3,044	**3,044**
Other borrowings	5,512	**5,512**
Trade and other payables excluding non financial liabilities	71,420	**71,420**
Total at 31 March 2025	**79,976**	**79,976**

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	3,990	**3,990**
Other borrowings	6,737	**6,737**
Trade and other payables excluding non financial liabilities	73,194	**73,194**
Total at 31 March 2024	**83,921**	**83,921**

Note 30.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	66,265	**66,265**
Other borrowings	5,512	**5,512**
Trade and other payables excluding non financial liabilities	62,248	**62,248**
Total at 31 March 2025	**134,025**	**134,025**

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	69,138	**69,138**
Other borrowings	6,737	**6,737**
Trade and other payables excluding non financial liabilities	73,731	**73,731**
Total at 31 March 2024	**149,606**	**149,606**

Note 30.6 Fair values of financial assets and liabilities

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

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

Note 30.7 Maturity of financial liabilities

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

	Group		Trust	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
In one year or less	73,773	75,759	68,785	80,284
In more than one year but not more than five years	6,064	7,773	24,550	25,930
In more than five years	207	499	63,409	68,382
Total	**80,044**	**84,031**	**156,744**	**174,596**

Note 31 Losses and special payments

	2024/25		2023/24	
Group and trust	**Total number of cases**	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Losses				
Cash losses	65	52	75	43
Bad debts and claims abandoned	99	293	138	354
Stores losses and damage to property	290	211	22	7
Total losses	**454**	**556**	**235**	**404**
Special payments				
Ex-gratia payments	46	61	98	51
Total special payments	**46**	**61**	**98**	**51**
Total losses and special payments	**500**	**617**	**333**	**455**

Note 32 Related parties

All bodies within the scope of the Whole Government Accounts (WGA) are treated as related parties of the Foundation Trust. The Department of Health and Social Care is the parent department. Organisations with income or expenditure with the Foundation Trust for the year in excess of £1m have been separately identified below:

Related Party	31 March 2025 £000 Income	31 March 2025 £000 Expenditure	31 March 2025 £000 Debtors	31 March 2025 £000 Creditors
Dartford and Gravesham NHS Trust	1,051	18	169	53
Kent Community Health NHS Foundation Trust	3,648	1,421	441	268
Maidstone And Tunbridge Wells NHS Trust	3,535	6,575	753	1,445
Medway Foundation Trust	653	2,949	974	970
NHS Blood and Transplant	-	3,598	-	64
NHS England	198,280	8	305	52
NHS Kent and Medway ICB	819,878	225	4,373	-
NHS Resolution	-	35,459	-	-
NHS South East London ICB	1,423	-	1	-
NHS Sussex ICB	1,136	-	2	-
Royal Surrey NHS Foundation Trust	1,048	-	-	-

For 2024/25 the East Kent Hospitals Charity, whose Corporate Trustee is the Foundation Trust Board, has not been consolidated and is therefore disclosed as a related party. For the current financial year the material transactions for the charity when trading with the Foundation Trust were: expenditure £937k, and creditors £194k.

A number of Directors of the Foundation Trust are also Directors of Healthex Limited or their subsidiary Spencer Private Hospitals Limited. The Foundation Trust received £4.8m (2023/24 £5.0m) revenue and incurred £2.8m (2023/24 £2.5m) expenditure with the subsidiary during the year. As at 31 March 2025 the Foundation Trust was owed £4.0m (2023/24 £4.7m) by the subsidiary and owed £1.8m (2023/24 £1.3m). These transactions and balances have been removed on consolidation.

A number of Directors of the Foundation Trust are also Directors of 2gether Support Solutions Limited, a subsidiary created in 2018. The Foundation Trust received £3.2m (2023/24 £2.8m) revenue and incurred £160.8m (2023/24 £158.4m) expenditure with the subsidiary during the year. As at 31 March 2025 the Foundation Trust was owed £2.4m (2023/24 £2.9m) by the subsidiary and owed £15.2m (2023/24 £25.1m). The non-current debt owed to the Foundation Trust amounted to £48.1m (2023/24 £50.1m) and owed £61.5m (2023/24 £64.0m). These transactions and balances have been removed on consolidation.

Note 33 Better Payment Practice code

Non-NHS Payables	2024/25 Number	2024/25 £000	2023/24 Number	2023/24 £000
Total non-NHS trade invoices paid in the year	83,202	659,760	76,669	559,569
Total non-NHS trade invoices paid within target	67,707	591,415	38,448	421,423
Percentage of non-NHS trade invoices paid within target	81.4%	89.6%	50.1%	75.3%
NHS Payables				
Total NHS trade invoices paid in the year	2,483	14,983	2,491	20,619
Total NHS trade invoices paid within target	1,479	8,983	764	7,807
Percentage of NHS trade invoices paid within target	59.6%	60.0%	30.7%	37.9%

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