East Kent
Hospitals University
NHS Foundation Trust

Annual Report and Accounts

2023/2024

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PERFORMANCE REPORT

CHAIR AND CHIEF EXECUTIVE'S STATEMENT

Welcome to the 2023/24 Annual Report and Accounts for East Kent Hospitals University NHS Foundation Trust.

The Trust continued to see a significant increase in both emergency and elective demand in 2023-24. Our thanks go to our staff, who have worked under extreme pressure, in busy and stretched services, to take steps to tackle the backlog of planned procedures, increase the sustainability of our services and support our patients throughout the year.

We recognise there are times when we have not been able to consistently provide the level of care we want for all our patients, across the Trust, and that many of our waiting times are unacceptable. We are sorry that this has been the experience for our patients. Everyone at the Trust is very focussed on improving both the standard of care and speed with which people are seen.

There is and will continue to be, a strong focus on the work required to put the Trust on a more sustainable footing. This has required significant changes, which are starting to become embedded. As we move forward we have many new substantive Executive Team members and a new organisational structure designed to ensure staff and services have the right level of support and focus to meet the needs of our local population.

We have an improved grip on our financial plans and traction starting to be seen on reducing waiting lists and improving operational performance and we will also be working hard to listen to and respond to what our staff are telling us about how it feels to work at the Trust, which we need to substantially improve.

Our focus in 2023/24

Our objectives for the year were driven by our response to Dr Kirkup's *Reading the Signals* report into maternity and neonatal services at our Trust, national standards for planned, cancer and emergency care and the need to be financially sustainable by providing better care and reducing waste.
Our priorities for 2023-24 were:

- Reducing harm and delivering safe services
- Patients, family and community voices
- Timely access for patients
- Care and compassion
- Engagement, listening and leadership
- Organisational development.

Access
The last quarter of 2023/24 saw the length of time patients are waiting to be seen at the Trust starting to reduce. We still have a long way to go but there has been significant progress. We ended the year with 187 patients waiting for cancer treatment for over 62 days and 43 patients waiting over 104 days.

The number of patients waiting more than 78 weeks for planned treatment was 495 at the end of the year. We missed the national faster diagnosis standard of 75% of patients receiving confirmation of whether or not they have a cancer diagnosis within 28 days, but we are making progress and March 2024 was the best performance we have achieved in 18 months, at 69.6%.

There is a lot of focus on improving the ‘flow’ of patients through our emergency departments. We ended the year with 71.3% of patients being seen, treated and discharged or admitted within 4 hours.

The winter brought a significant increase in attendances to the emergency departments which required working with all partners across the East Kent Health and Care Partnership (HCP) including Community Health, Community Mental Health, Ambulance Services, Primary Care, Acute Care and Social Care, to address the winter increase in demand. Additional capacity was put in place, including admission avoidance schemes, with the aim of providing care for patients across our communities in the right place for their needs.

Finance

The Trust’s financial deficit grew throughout the first three quarters of 2023-24. In January, a stretching revised forecast year end deficit of £117.4m was agreed by the Board of Directors and was met, due to cost savings and a number of measures being brought in to control spending, for example on agency staff.

We are tackling our underlying deficit alongside working to provide higher quality care for patients. We have a challenging cost savings improvement programme target of £49m to deliver in 2024-25, as part of a longer-term plan to return to financial balance.

Quality inspections

The latest CQC inspections of our Trust took place in May and July 2023. During the year, the CQC inspected our urgent and emergency care, medical care (including older people’s services) and children and young people services at William Harvey Hospital (WHH) and the Queen Elizabeth The Queen Mother Hospital (QEQM). Inspectors also looked at the management and leadership of the Trust overall.

Following the CQC’s inspections, the overall ratings for WHH and QEQM remained the same, however, there were some changes to specific services. This included a positive increase in rating for our Children and Young People services at QEQM, and a decrease for medical services at the same site. WHH remains unchanged. The well led inspection in July rated the Trust as ‘Requires Improvement’ which is consistent with the Trust’s previous rating.

The CQC’s report highlighted a number of issues that we have been working hard to address. Since these inspections, we have been improving work across the hospitals to support our emergency departments and focussing on the safety and experience of our patients. The building programmes at our emergency departments, which have extended and reconfigured both departments to provide better facilities, have been completed.

While improvements have been made, there is much more for us to do and we must ensure that positive changes are sustained. At the same time, it is important that we recognise the examples of excellent care in our Trust, some of which were described as outstanding practice by the CQC. These include outstanding practices in the paediatric resuscitation room and Cambridge K Ward at WHH, and the Specialist Palliative Care Team and End of Life Pilot beds at the QEQM.

We are fully committed to delivering the necessary improvements for patients and demonstrating further progress to the CQC next time they visit.

Maternity

Responding to Dr Kirkup's *Reading the signals* report into maternity and neonatal care in our Trust between 2009 and 2020, remained a key focus throughout the year. We remain determined to use the lessons in *Reading the signals* to put things right, to make improvements and make sure that we always listen to patients, their families and staff when they raise concerns.

Our Maternity and Neonatal Improvement Programme (MNIP) was developed throughout Spring and Summer 2023 and involved bringing together people who use the service, the maternity leadership team, all grades of midwifery, obstetric and neonatal staff, Kent & Medway Local Maternity and Neonatal System (LMNS), Maternity and Neonatal Voices Partnership (MNVP) and members of NHS England's regional maternity team to ensure it was truly co-produced.

In January 2023, the CQC undertook a focused inspection of maternity services and we received their report in May 2023. We are sorry that despite the commitment and hard work of our staff, the CQC found that the Trust was not consistently providing the standards of maternity care women and families should expect.

We acted at once to respond to the CQC's concerns and continued to implement positive changes across our maternity service throughout the year which are translating into better outcomes for women, babies and families. For example, to improve the safety of our triage service, we have implemented the Birmingham Symptom Specific Obstetric Triage System. The system is designed to ensure women and birthing people are assessed promptly on arrival at either of our maternity units and triaged appropriately according to their clinical need.

We also re-opened the Singleton midwife-led birthing unit at William Harvey Hospital, Ashford, to improve choice for families preparing to give birth. During the year we carried out more than 4,000 follow-up calls to discuss people's experiences six weeks after giving birth under a scheme launched in 2022 called Your Voice is Heard, so that we can act on feedback and make changes.

As we ended the year in March 2024, the extended perinatal mortality rate (the 12-month rolling rate of MBRRACE reportable stillbirths and neonatal deaths per 1,000 births in East Kent) was 2.61 compared with the average of the Trust's comparator group from the latest MBRRACE report (2021) OF 5.87.

We continue to benefit from the Reading the Signals Oversight Group established to oversee our response to Dr Kirkup's report *Reading the Signals* and thank the

families involved for their time and powerful insight. The group aims to ensure appropriate engagement with patients, families and the wider community, and the restorative process, to address the report's recommendations and influence, challenge and advise on how this is taken forward. Meetings are public.

Organisational development

We are continuing to address the long-standing issues within the Trust identified in *Reading the signals*. This has included a diagnostic phase using the NHS England culture and leadership programme and implementing the findings of a comprehensive governance review. Both of these areas of work continue to be high priorities for the Trust.

Our 2023 NHS Staff Survey results are in no way what we want them to be. This is particularly the case for the low number of staff who would recommend our organisation as a place to work, and the low number who think the care of patients or service users is our organisation's top priority.

While we see the enormous amount of hard work that is going into improving the safety for our patients and the experience they have of our care, purposeful action is also needed to change the way we listen to, and involve our colleagues, in shaping and changing our Trust. To do this we are using different ways to hear and understand more from colleagues across the Trust, and our partners, about what we can do, together, to improve how it feels to work here and make it the great place we all want it to be.

There have been a number of changes to the Board of Directors and our Council of Governors over the last year. We would particularly like to thank Niall Dickson for his time as Chairman of the Trust and for his commitment, leadership and experience. We also thank our governors for their support and constructive challenge.

Let us end by thanking all the many volunteers who continue to support the Trust in so many ways. We have again benefitted from our East Kent Hospitals Charity, our Leagues of Friends and a range of other community, voluntary and charitable organisations who have supported our patients and staff this year. Thank you for all your work on behalf of our patients and the local communities we serve

Stewart Baird
Acting Chairman

Tracey Fletcher
Chief Executive

Our year in numbers 2023-2024

NHS East Kent Hospitals University NHS Foundation Trust

303,584
Emergency Departments and Urgent Treatment Centre attendances

1,026,993
Outpatient appointments

13,348,903
Pathology samples processed e.g. blood test, skin sample

179,616
Patients admitted to one of our hospitals

79,548
Emergency operations

100,068
Planned operations and elective treatments

6,117,209
Diagnostic tests and scans

5,762
Babies born

1,535
New staff joined

99,729
Kidney dialysis treatments

KEY MOMENTS IN OUR YEAR

SPRING 2023

The start of the year saw the opening of our second interventional radiology (IR) suite at Kent and Canterbury Hospital following a major renovation of the hospital's endovascular theatre. With new, advanced imaging equipment and improved anaesthetic, recovery and reception areas, the renovation doubled the Interventional Radiology Centre's capacity to treat patients.

SUMMER 2023

The Lord Mayor of Canterbury officially opened the new surgical admissions lounge at the Kent and Canterbury Hospital in July 2023, funded by the hospital's League of Friends to celebrate their 70th anniversary.

The area was created in the old Acute Medical Unit thanks to £160,000 funding from the League, including a £90,000 legacy from the charity's Sturry group member Margery Rowe and £50,000 from hospital shops' profits.

East Kent Hospitals' work to welcome and care for internationally educated nurses and midwives was recognised with the NHS Pastoral Care Quality Award.

The national award scheme aims to ensure international nurses and midwives receive high-quality pastoral support during the recruitment process and their employment, and allows Trusts to showcase their commitment to staff wellbeing.

It is awarded to Trusts who demonstrate they meet a set of high standards for best practice pastoral care, and are committed to supporting the international workforce at every stage of their recruitment and beyond.

On the day the NHS turned 75, emergency nurses and doctors welcomed their first patients in to a fantastic new children's emergency department at the William Harvey Hospital in Ashford.

The jungle-themed department has six large new treatment rooms, isolation and triage rooms, dedicated facilities for patients with mental health needs and an infant feeding room.

With walls painted by local graffiti artists, and more than 300 interactive games that can be projected onto the waiting room floor and walls, the department has been completely redesigned with children in mind.

The children's emergency department was completed in December 2023, with the addition of a new children's assessment unit treating young patients who need urgent care, but who are unlikely to be admitted as inpatients.

AUTUMN 2023

Our orthopaedic surgical centre at Kent and Canterbury Hospital, dedicated to planned operations, was successfully accredited by NHS England's *Getting it right first time* (GIRFT) programme for delivering high standards in clinical and operational practice.

Teams visited the centre and assessed it against a framework of standards around patient experience, training and surgical outcomes, making the centre one of 24 surgical hubs to be accredited nationwide.

The centre was opened in 2021 and has four state-of-the-art operating theatres dedicated to patients needing planned inpatient orthopaedic surgery, such as hip and knee replacements. It allows theatres and beds at the QEQM and WHH to be freed up for emergencies and cancer surgery.

WINTER 2023/24

We re-opened the midwife-led birthing unit at William Harvey Hospital after a full refurbishment to provide a better environment for families that come into our care.

The full upgrade has included individual lighting in its birthing rooms, new sleeper couches, flooring, artwork and LED candles to create a more 'home-from-home' setting for birth; and improved facilities for partners.

In February 2024, work began on building 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. Patients currently need to travel to London for this procedure.

More than 1200 people a year in east Kent suffer from a stroke. More than 100 of these patients are likely to benefit from a thrombectomy.

The three-year, multi-million-pound expansion of our two emergency departments was finished in March. The work increased our capacity by 21 care spaces, including additional resuscitation bays, and the improved facilities support infection prevention and better patient privacy. It has also improved the environment and facilities for children's emergency services.

Purpose and activities of the Foundation Trust

We are a large hospitals Trust, with five hospitals and a number of community clinics serving around 700,000 people in east Kent. We also provide specialist services for a wider population of over a million, including renal services in Medway and Maidstone, the county's specialist vascular surgery service and a cardiac service for all of Kent based at William Harvey Hospital, Ashford. We have 10,169 staff members.

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

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

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

Our hospitals

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

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

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

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

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

Our vision and values

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

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

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

- patients
- people
- partnerships
- sustainability
- quality and safety.

History of the Foundation Trust and statutory background

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

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

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

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

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

The latest CQC inspections of our Trust took place in May and July 2023. The CQC inspected our urgent and emergency care, medical care (including older people's services) and children and young people services at William Harvey Hospital and the Queen Elizabeth The Queen Mother Hospital. Inspectors also looked at the management and leadership of the trust overall. The Trust's rating remained at 'requires improvement'.

We are fully committed to delivering improvements for patients and demonstrating further progress to the CQC next time they visit.

Key issues and risks

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

The Foundation Trust has two main commissioners of clinical income. For acute services our local Commissioners are the Kent and Medway Integrated Care Board, who commission around 80% of the Foundation Trust clinical income. NHS England Specialised Services commission the Trust's more specialised acute services, and combined with NHSE's other commissioners such as the Cancer Drugs Fund and Public Health, commission the majority of the remaining 20% of total Foundation Trust clinical income.

Three tranches of NHS staff pay awards have affected clinical income during the year and are embedded into all commissioner contracts going forwards via a 4.1% (1.8% initial pay award, 1.6% additional pay award, medical pay award 0.7%) uplift. In Month 12 all NHS Trusts were requested to transact a central accrual increasing income and Pay costs for the expected consultant pay award for the month of March 2024 only. This will not have been paid by the year end. The Trust's value is £0.4m.

In 2023/24 the Foundation Trust was funded via a combination of a block payments based on commissioned services costs and a reduced estimate for Covid-19 expenditure, as well as a variable income source of Elective Services Recovery Fund (ESRF) which was designed to fund NHS Trusts to deliver a Nationally mandated target of 104% of the value of activity delivered in 19/20.

Of the £940m Group income, the post consolidated income generated by the subsidiaries was £22.1m (2gether Support Solutions Limited £3.9m, 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 2024/25 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 £153m (2022/23: £39.2m). The adjusted financial performance (after removing the impacts of impairments and donated income was a deficit of £117.4m (2022/23: £19.3m 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 2024/25 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 2024/25 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	2022/23	2023/24	Variance	Variance %
Referral Primary Care	172,773	189,697	16,924	9.80%
Referral Non-Primary Care	226,054	250,560	24,506	10.84%
OP New	363,320	456,021	92,701	25.51%
OP Follow Up	533,232	570,972	37,740	7.08%
Elective Day case	94,943	90,174	-4,769	-5.02%
Elective Inpatient	10,555	9,894	-661	-6.26%
A&E	281,520	303,584	22,064	7.84%
Non-Elective Inpatient	77,499	79,548	2,049	2.64%
Chemotherapy	18,906	20,340	1,434	7.58%
Critical Care	21,889	19,080	-2,809	-12.83%
Diagnostic	5,775,727	6,117,209	341,482	5.91%
Dialysis	105,027	99,729	-5,298	-5.04%
Maternity Pathway	12,888	11,971	-917	-7.12%
Other	111,613	109,150	-2,463	-2.21%
Pre-Op	31,784	35,045	3,261	10.26%

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 £117.4m (2022/23: £19.3m deficit).

The East Kent Hospitals Charity financial results are not included in the consolidated accounts for 2023/24. 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	
		2023/24	**2022/23**	**2023/24**	**2022/23**
	Note	**£000**	**£000**	**£000**	**£000**
Operating income from patient care activities	3	875,708	874,499	857,625	859,549
Other operating income	4	63,912	56,192	65,890	58,892
Operating expenses	7,9	(1,084,728)	(960,980)	(1,071,232)	(957,042)
Operating deficit from continuing operations		**(145,108)**	**(30,289)**	**(147,717)**	**(38,601)**
Finance income	11	2,345	1,011	3,562	2,777
Finance expenses	12	(133)	(42)	(2,422)	(2,563)
PDC dividends payable		(9,373)	(8,588)	(9,373)	(8,588)
Net finance costs		**(7,161)**	**(7,619)**	**(8,233)**	**(8,374)**
Other losses	13	(26)	(117)	(26)	(117)
Corporation tax expense		(716)	(1,129)	-	-
Deficit for the year	2	**(153,011)**	**(39,154)**	**(155,976)**	**(47,092)**
Technical Adjustment in accordance with DHSC Group Accounting Manual		35,575	19,862		
Adjusted Financial Performance		**(117,436)**	**(19,292)**		

Income

Total Group income £939.6m (2022/23: £930.7m) was 1% 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 91% of total income comes from providing patient care services. Any surplus made on the remaining 9% of income is used to support the provision of patient care.

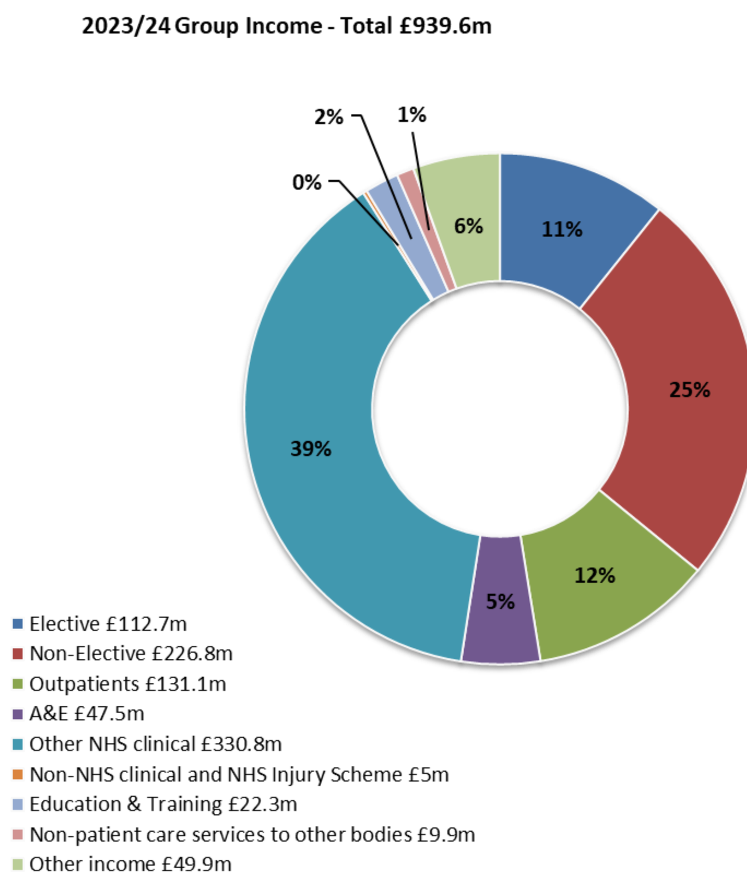
The majority of income for patient care came from NHS commissioners, mainly the Kent & Medway Integrated Care Board (ICB) and NHSE specialist services,

secondary dental and Public Health screening programmes, which together accounted for £849m (2022/23: £851m) of the Group's income in year.

Other income includes:
£3.2m from catering
£3.9m from car parking
£1.8m from staff accommodation

Of the £939.6m Group income, the post consolidation income generated by 2gether Support Solutions was £3.9m 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



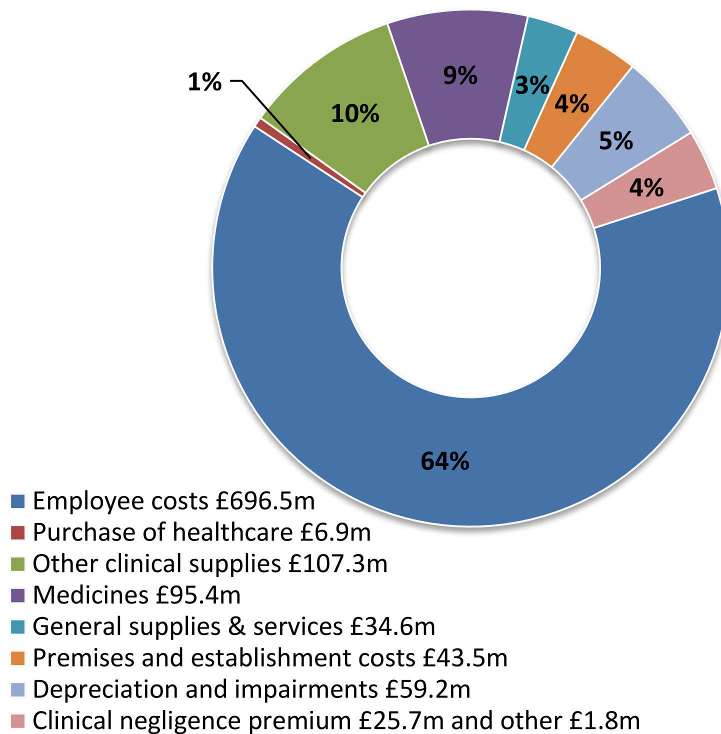
Operating expenses

Total Group costs increased by 12.8% (£123.3m) compared to the previous year (2022/23: 11.9% (£102.4m). The chart shows what the money has been spent on. A total of 64.2% (2022/23: 66.0%) 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 61 of this report. Total pay costs increased by 9.8% (£61.9m) (2022/23: 13.6% (£76.1m) with a greater number of permanent and temporary staff than last year.

Clinical supplies and medicines together account for 52.3% (2022/23: 53.2%) of non-pay costs.

Table 3: Group Operating Expenses Analysis



IR35 Reporting

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

Table A: Highly-paid off-payroll worker engagements as at 31 March 2024 earning £245 per day or greater

Number of existing engagements as of 31 March 2024	**109**
Of which...	
Number that have existed for less than one year at time of reporting.	22
Number that have existed for between one and two years at time of reporting.	20
Number that have existed for between two and three years at time of reporting.	10
Number that have existed for between three and four years at time of reporting.	5
Number that have existed for four or more years at time of reporting.	50

Table B: All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2024 earning £245 per day or greater

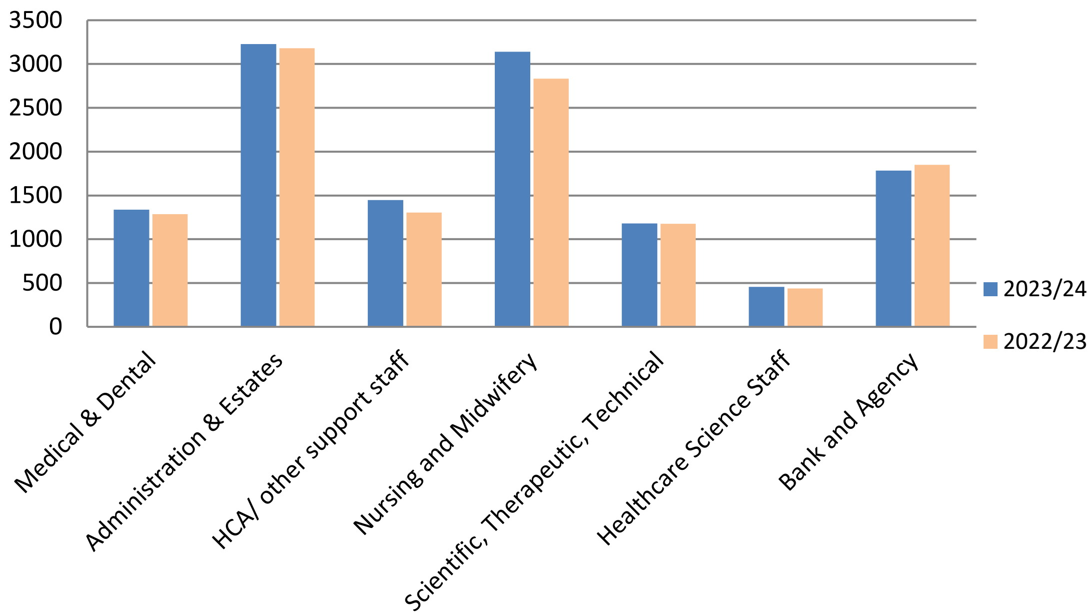
Number of existing engagements as of 31 March 2024	**131**
Of which...	
Not subject to off-payroll legislation *	0
Subject to off-payroll legislation and determined as in-scope of IR35 *	31
Subject to off-payroll legislation and determined as out-of-scope of IR35	100
Number of engagements reassessed for compliance or assurance purposes during the year	8
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 2023 and 31 March 2024

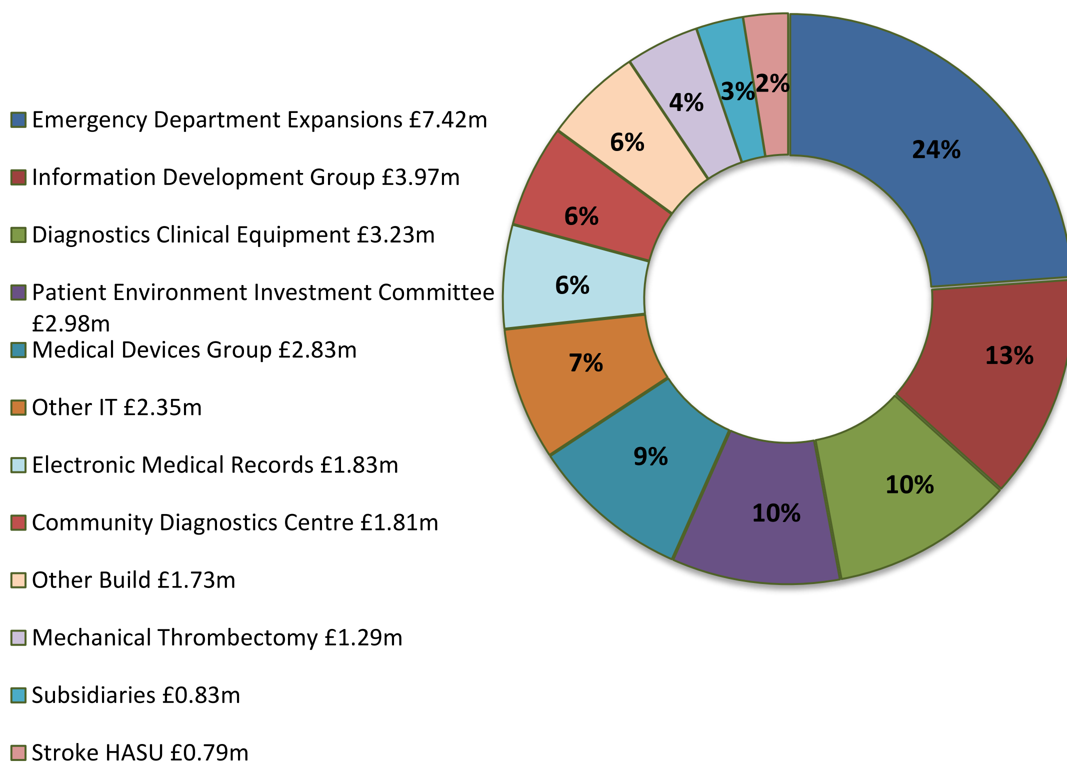
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	**1**
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year.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

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



Capital expenditure

Table 4: Group Capital Expenditure Analysis



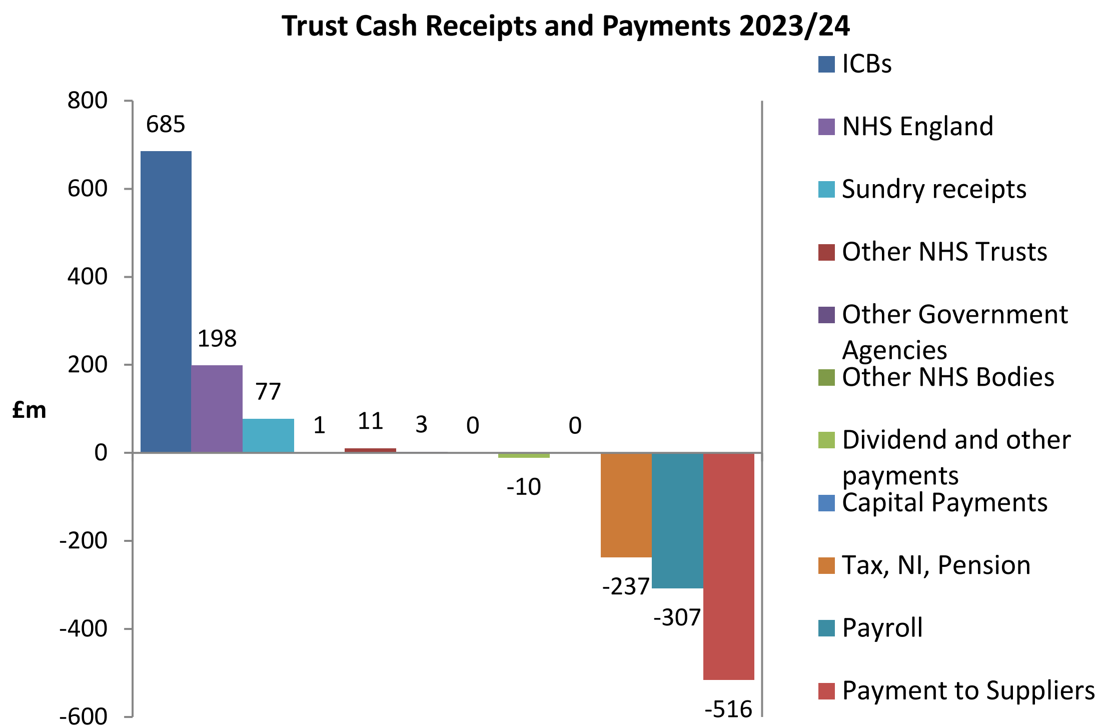
Cash

The Group retained £32.4m as at 31 March 2024, the Foundation Trust cash balances decreased by £0.7m in the year to £18.0m (2022/23 £18.6m). 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 2023/24, interest charges totalling £6,000 (2022/23 £2,000) were levied by suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

Table 6: BPPC Analysis

	2023/24		2023/24		2022/23		2022/23
	Number		**£000**		**Number**		**£000**
Non-NHS							
Total bills paid in the year	76,669		559,569		71,370		605,779
Total bills paid within target	38,448		421,423		51,570		476,354
Percentage of bills paid within target	**50.1%**		**75.3%**		**72.3%**		**78.6%**
NHS							
Total bills paid in the year	2,491		20,619		2,504		14,067
Total bills paid within target	764		7,807		1,278		6,507
Percentage of bills paid within target	**30.7%**		**37.9%**		**51.0%**		**46.3%**

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 Covid 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 new Inequalities and Unwarranted Variation Committee has been developing 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 2023 outlines our findings in relation to patients using Cancer, Maternity and Maxillo-facial 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 we have 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 a difference of experience based on the tumour site. We have limited data on the experience of people based on ethnicity and deprivation, but we are working on this, and it will include waiting times for diagnosis and treatment by ethnicity and deprivation.

The Maternity Service patient experience data we have is available by age and ethnicity and shows no significant poorer experience for certain groups. The outcomes data we have for Maternity shows that people from some ethnic backgrounds are more likely to have an emergency caesarean or a late induced labour.

The full Equality Delivery System (EDS) 2023 report and action plan is on the Trust's public website, in the documents and annual reports section.

Environment and Sustainability

The Trust recognises the risk that climate change poses to its ability to continue to provide care to the communities that we care for. We are dedicated to delivering high quality health care for future generations and taking a responsible approach to becoming a sustainable provider.

The Trust is committed to the Greener NHS targets for reaching 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 standardised NHS Emissions Quantification Recipe Book (NHS-EQRB) approach is being used to estimate emission footprints from 2019/20 to 2023/24 towards the development of an evidence-based Green Plan to be published in 2024/25. The Trust's estate is recognised to be the greatest contributor to controlled emissions, and has therefore been the focus of work to date.

Historical energy efficiency works undertaken by 2gether Support Solutions, are projected to have reduced spend on energy by more than £500,000 in 2023/24. The Trust was awarded £842,598 in late 2023 by the UK Department for Energy Security & Net Zero through the Low Carbon Skills Fund to develop designs for decarbonising heat at Kent and Canterbury Hospital, William Harvey Hospital and Queen Elizabeth, the Queen Mother Hospital. The design phase was completed

at the end of March 2024 and work is underway to identify funding opportunities to continue the critical work across the Trust's estate.

Following stakeholder engagement and development of a draft Green Plan, a new Sustainability and Energy Engineering Lead was appointed in early 2024 to support the finalising and publication of a strategy to coordinate efforts towards the NHS England mandated emission reduction targets. The Green Plan aims to prioritise:

- Continuing the decarbonisation of the Trust's estate with a focus on opportunities that maximise health co-benefits;
- Incorporating of a standardised approach to measuring and monitoring the impact of Trust activity to support regional collaboration;
- Establishing a supported colleague network to support change needed for sustainable service delivery;
- Communications with stakeholders on progress and opportunities for involvement.

Task force on climate-related disclosures

In keeping with NHS England guidance regarding a phased approach to meeting the Financial Stability Board's Task Force on Climate-related Financial Disclosures, overviews of the Trust's board level oversight around climate-related issues and management's role in assessing and managing climate related issues are as follows:

- 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, such as overheating. The Trust's Chief Strategy and Partnership Officer is the Senior Responsible Officer for sustainability.

- The Trust's management takes an active role in understanding the risks to patient care from climate change, including increased frequency and severity of hot and wet weather events. The Trust works with regional colleagues through the Kent Resilience Forum to coordinate preparedness and progress best practice with the Local Health Resilience Partnership's Emergency Preparedness, Resilience and Response network.

Tracey Fletcher
Chief Executive
27/6/2024

● ACCOUNTABILITY REPORT

Directors' report

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

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

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 risks;
- Continually monitoring the Trust's effectiveness by ensuring a board assurance framework 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 meeting alongside. During 2023/24, the Board met formally a total of 17 times.

The composition of the Board of Directors as at 31 March 2024 is below:

Non-Executive Directors as at 31 March 2024

Voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Raymond Anakwe	Non-Executive Director	01/06/21 First Term	13/17
Stewart Baird	Non-Executive Director Acting Chairman	01/06/21 First Term 01/01/24	15/17
Andrew Catto	Non-Executive Director	01/11/22 First Term	15/17
Simon Corben	Non-Executive Director	01/10/22 First Term	15/17
Richard Oirschot	Non-Executive Director	01/03/23 First Term	15/17
Olu Olasode	Senior Independent Director/Non-Executive Director	01/04/21 First Term	14/17
Claudia Sykes	Non-Executive Director	01/03/23 First Term	16/17

Non-voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Chris Holland	Associate Non-Executive Director	13/12/19 Second Term	14/17

Other Non-Executive Directors who were members during 2023/24

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Niall Dickson	Chairman	05/04/21 First Term (resigned 31/12/23)	
Luisa Fulci	Non-Executive Director	01/04/21 First Term (ended 31/03/24)	

* Possible and actual shown

Executive Directors as at 31 March 2024

Voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Andrea Ashman	Chief People Officer	01/09/19	16/17
Tracey Fletcher	Chief Executive	04/04/22	16/17
Tim Glenn	Interim Chief Finance Officer	06/11/23	4/4
Sarah Hayes	Chief Nursing and Midwifery Officer	18/09/23	9/9
Rob Hodgkiss	Chief Operating Officer	02/01/24	3/3
Des Holden	Chief Medical Officer	02/01/24	3/3
Ben Stevens	Chief Strategy and Partnerships Officer	20/03/23	15/17

* 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*
Natalie Yost	Executive Director of Communications and Engagement	31/05/16	17/17

Other Executive Directors who were members during 2023/24

Voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Jane Dickson	Interim Chief Nursing & Midwifery Officer Acting Chief Operating Officer Interim Chief Operating Officer – Unplanned Care	15/05/23 to 15/09/23 18/09/23 to 01/10/23 02/10/23 to 29/12/23	
Nic Goodger	Interim Chief Medical Officer	07/08/23 to 01/01/24	
Dylan Jones	Chief Operating Officer	12/04/23 to 29/09/23	
Rebecca Martin	Chief Medical Officer	18/02/20 to 31/08/23	

Catherine Pelley	Interim Chief Nursing & Midwifery Officer	17/04/23 to 15/05/23	
Matt Powls	Interim Chief Operating Officer	21/11/22 to 14/04/23	
Sarah Shingler	Chief Nursing & Midwifery Officer	07/06/21 to 13/04/23	
Michelle Stevens	Interim Chief Finance Officer	01/04/23 to 05/11/23	

Non-voting

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Neil Wigglesworth	Executive Director of Infection Prevention & Control (DIPC)	15/03/21 (retired 05/07/23)	

Board biographies

Stewart Baird, Non-Executive Director and Acting Chairman

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 Chairman on 1 January 2024. 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.

Niall Dickson CBE, Chairman (until December 2023)

Niall joined the Trust in April 2021 and resigned as Chairman at the end of December 2023. Niall was the Chief Executive of the NHS Confederation until October 2020, and was previously Chief Executive and Registrar of the General Medical Council and Chief Executive of the health think tank, The King's Fund.

Luisa Fulci, Non-Executive Director (until March 2023)

Luisa joined the Trust in April 2021 and her term came to an end in March 2024. She has 20 years' corporate commercial experience with significant revenue targets and budget responsibilities. Prior to joining East Kent Hospitals, Luisa was a Non-Executive Director at Camden and Islington NHS Trust, where she focused on digital transformation, and a Non-Executive Director at CILEx Regulation, the independent regulator of CILEx lawyers.

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

Olu joined the Trust in April 2021. He is a chartered accountant, economist, and leadership consultant, and has acted as a catalyst for effective governance, leadership, corporate strategy, and financial resilience for over three decades. With substantive experience in culture transformation, corporate turnaround and change management. Dr Olasode had delivered on major projects and programmes across the private sector, public sector and in Government.

In addition to his role as Chief Executive Officer of TL First Consulting Group, Dr Olasode is a Non-Executive Director and Chair of the Integrated Audit and Governance Committee with East Kent Hospitals University NHS Foundation Trust, and Independent Chair of Audit and Governance with the London Borough of Croydon Council.

Raymond Anakwe, Non-Executive Director

Raymond joined the Trust in June 2021. He is a Consultant Trauma and Orthopaedic Surgeon and the Medical Director at Imperial College Healthcare NHS Trust. He was a British Army medical officer in the Royal Army Medical Corps and served at home and on operations as the Regimental Medical Officer to 1st Battalion The Black Watch and as a surgeon in a deployed field hospital in Europe, North America, the Balkans, Iraq and Afghanistan. He undertook basic and higher surgical training in South East Scotland based around Edinburgh, Fife and the Borders. Raymond's higher surgical training has been in Trauma and Orthopaedic Surgery.

Raymond has a strong professional interest in education and training, patient safety as well as quality and governance.

Professor Chris Holland, Associate Non-Executive Director

Chris joined the Trust in December 2019. Chris has had an extensive career in medicine and medical education, working with the national education bodies, the General Medical Council (GMC) and Local Enterprise Partnerships. He was awarded his Bachelor of Medicine, Bachelor of Surgery from Queen's University Belfast in 1997 and went on to gain a Master's Degree in Medical Education from the University of Warwick.

He is currently completing a Doctorate in Education at King's College London, his thesis is on Leadership in Education. He has previously researched student motivation after failure, simulation training, inter-professional education and the experiences of medical students from backgrounds less well represented in medicine during their time at university. He is a Fellow of the Royal College of

Anaesthetists, the Faculty of Intensive Care, and the Academy of Medical Educators.

Chris is the Founding Dean of Kent and Medway Medical School (KMMS) and 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.

Simon Corben, Non-Executive Director

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. His work at NHS England included the Model Hospital System, a data-driven tool to improve patient outcomes which benchmarks quality of care, productivity and organisational culture to identity opportunities for improvement; the Health Infrastructure Programmes announced by the Prime Minister in 2019 and the NHS Estates response to the Covid-19 pandemic including the delivery of seven Nightingale hospitals and more than 3,500 critical care beds.

Simon is the Trust's Non-Executive Director in Common between the Trust Board and the Board of the Trust's wholly-owned subsidiary 2gether Support Solutions and is the Head of Profession and Director of NHS Estates and Facilities, NHS England. Simon is an accredited Gateway Reviewer and Project Director.

Dr Andrew Catto, Non-Executive Director

Andrew joined the Trust in November 2022. He joined Integrated Care 24 (IC24) in 2017 as Chief Medical Officer, and was promoted to Chief Executive in 2020. Andrew's background is a Geriatrician and General Physician and he has a wealth of experience in multiple, senior medical leadership roles across primary and secondary care. Following his academic career with the Medical Research Council, Andrew moved back into clinical practice joining Airedale Hospital as a Consultant in Stroke and Elderly Care, delivering care in a community setting before progressing to Medical Director at the Trust.

In 2009, Andrew was appointed as Medical Director at Heart of England NHS Foundation Trust (HEFT), moving into an Interim Chief Executive role before

being appointed as Deputy Chief Executive Officer (CEO). In March 2015, Andrew became an Associate Director at NHS England, gaining experience of developing new models of care and system transformation, such as the four West Midlands Service Transformation Plans.

Claudia Sykes OBE, Non Executive Director

Claudia joined the Trust in March 2023. She spent ten years as chief executive of a Kent social enterprise, where she led many programmes helping vulnerable people in the community. Claudia was awarded an OBE in 2021 for her services to social enterprise and social care. Prior to this, Claudia, a qualified accountant, worked in senior management roles in the private sector, including Shell and BT. Claudia chairs the People and Culture Committee and Charitable Funds Committee.

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, a former licenced insolvency practitioner and a former member of the Institute for Turnaround. He holds a BSc in Economics with Accountancy from Loughborough University.

Richard previously established and managed the Barclays Ventures Turnaround Investment Fund, leading over 25 investments and being the fund's representative on 15 SME boards (predominantly in the UK). Since leaving Barclays he has undertaken various management and advisory roles, including serving as a non-executive member on the board of The Insolvency Service and Croydon Health Services NHS Trust.

He currently holds a non-executive director role on the board of Puma Alpha VCT plc.

Tracey Fletcher, Chief Executive

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

Andrea Ashman, Chief People Officer

Andrea joined the Trust on 10 July 2017 as the Deputy Director of Human Resources and has been the Trust's Chief People Officer since 1 September 2019.

Andrea's professional background includes; BA(Hons) - Roehampton University, MSC - Canterbury Christchurch University, Fellow of the Chartered Institute of Personnel and Development, and 30 years professional experience within the public sector working across Police, Education and the NHS, the last 10 at board level.

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

Dr Des Holden, Chief Medical Officer

Des joined the Trust as Chief Medical Officer on 2 January 2024, from Health Innovation Kent, Surrey and Sussex where he was Chief Executive Officer. Des was the Medical Director on the Board at Surrey and Sussex Healthcare NHS Trust from 2011 until 2019. Prior to that he was a consultant in Obstetrics, and the Medical Director, at Brighton and Sussex University Hospitals NHS Trust.

Des is a Non-Executive Director of the Southeast Health Technology Alliance (SEHTA) and an international advisor to Public Intelligence, the Danish organisation running 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. He remains a strong supporter of the NIHR Applied Research Collaboration Kent, Surrey and Sussex where for the last four years he has held the role of implementation lead.

Mr Nic Goodger, Interim Chief Medical Officer (September - December 2023)

Nic joined East Kent Hospitals as a registrar on 1 June 2003, progressing to Consultant Oral and Maxillofacial Surgeon in June 2004. Nic has been a Clinical Director since 2006, was Deputy Medical Director at East Kent Hospitals from 2018 to 2019.

Dr Rebecca Martin, Chief Medical Officer (until August 2023)

Rebecca was appointed Chief Medical Officer in February 2020 until the end of August 2023. She joined the Trust from Mid Essex Hospitals where she was the Deputy Medical Director and Responsible Officer.

Sarah Hayes, Chief Nursing and Midwifery Officer (CNMO)

Sarah joined the Trust in September 2023. Prior to joining the Trust, Sarah had been Chief Nurse at North Middlesex University Hospital NHS Trust since December 2019. Sarah was awarded the title of Queen's Nurse in 2019 for her commitment to patient care and nursing practice. Previously Sarah was Deputy Chief Nurse at Epsom and St Helier University Hospitals NHS Trust. She has more than 18 years' senior management and leadership experience in the NHS and has worked across both hospital and community settings.

Jane Dickson, Interim Chief Nursing and Midwifery Officer/Acting Chief Operating Officer (May – December 2023)

Jane joined on 15 May 2023 as Interim Chief Nursing and Midwifery Officer. Jane took on the role of Acting Chief Operating Officer on 18 September 2023, then Interim Chief Operating Officer – Unplanned Care on 29 September 2023 and was previously Chief Nurse at Surrey and Sussex Healthcare NHS Trust.

Catherine Pelley, Interim Chief Nursing and Midwifery Officer (CNMO) (April-May 2023)

Catherine joined the Trust in April 2023, has over 34 years NHS experience and was the Chief Nurse/Director of Governance at Homerton since June 2018.

Sarah Shingler, Chief Nursing and Midwifery Officer (CNMO) (until April 2023)

Sarah joined the Trust in June 2021 as Chief Nursing and Midwifery Officer and left in April 2023 and has had variety of director level leadership roles in the NHS.

Rob Hodgkiss, Chief Operating Officer

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 has been Chief Operating Officer at Chelsea and Westminster Hospital, where he was also deputy CEO, having joined as divisional director of operations for women, neonatal, children and young people, HIV/GUM and dermatology services in 2012. Rob joined the NHS in 1992. Prior to joining east Kent he was also the interim Chief Operating Officer lead for the North West London Integrated Care System.

Dylan Jones, Chief Operating Officer (until August 2023)

Dylan joined the Trust in April 2023, from Homerton Healthcare NHS Foundation Trust where he was Acting Chief Executive from April to October 2022, he had been its Chief Operating Officer since 2013 and prior to that had been a divisional director and general manager.

Matt Powls, Interim Chief Operating Officer (until April 2023)

Matt joined the Trust in November 2022 until April 2023 and has held a range of Chief Operating Officer and Commissioning Director roles.

Ben Stevens, Chief Strategy and Partnerships Officer

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

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

Tim Glenn, Interim Chief Finance Officer

Tim Glenn 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. Tim joined Royal Papworth Hospital in April 2020. He was previously with Cambridge University Hospitals NHS Foundation Trust where he was Director of Finance.

Tim is a chartered accountant with 15 years of senior financial leadership experience working across community, acute and specialist NHS organisations as well as in the private sector.

Michelle Stevens, Interim Chief Finance Officer (April – November 2023)

Michelle took on the role of Interim Chief Finance Officer on 1 April 2023 to 5 November 2023.

Natalie Yost, Executive Director of Communications and Engagement

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

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

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

The Board is required to undertake an annual review of the structure, size, skills and composition of the Board of Directors and make changes where appropriate. The Board experienced a high degree of change during 2023/24. 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 2024/25. A formal Board development programme has been produced.

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

Director interests

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

Ethics, fraud, bribery and corruption

The Board of Directors maintains and promotes ethical business conduct, as described in the 'Nolan' principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and set out in the NHS Codes of Conduct for board members, managers and staff, the documented governance arrangements and the Staff 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 2024 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 Committee's Terms of Reference can be accessed via the Trust website.

Tracey Fletcher
Chief Executive
27/6/2024

NOMINATIONS AND REMUNERATION COMMITTEE REPORT

The Board of Directors Nominations and Remuneration Committee membership consists of the Trust's Chairman and all Non-Executive Directors of the Trust. Attendance during 2023/24 was as follows:

Nominations and Remuneration Committee Membership as at 31 March 2024

Name	Actual / Possible
Stewart Baird (Non-Executive Director) Committee Chair up to 31 December 2023	5/5
Raymond Anakwe (Non-Executive Director)	0/5
Andrew Catto (Non-Executive Director) Committee Chair from 2 January 2024	3/5
Simon Corben (Non-Executive Director)	2/5
Luisa Fulci (Non-Executive Director)	4/5
Olu Olasode (Non-Executive Director)	4/5
Richard Oirschot (Non-Executive Director)	5/5
Claudia Sykes (Non-Executive Director)	4/5

Other non-executives who were members during 2023/24

Name	Actual / Possible
Niall Dickson (Chairman)	3/4

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

During 2023/24 the Committee was involved with the recruitment to the following roles within the Trust:

- Interim Chief Finance Officer (CFO), the Committee approved the appointment of Michelle Stevens for an interim period of twelve months;
- The Committee approved the appointment of Ben Stevens as Chief Strategy and Partnerships Officer;
- The Committee approved the appointment of Sarah Hayes as Chief Nursing and Midwifery Officer (CNMO);
- The Committee approved the appointment of Dr Des Holden as Chief Medical Officer (CMO);

- The Committee approved the appointment of Rob Hodgkiss as Chief Operating Officer (COO);
- The Committee approved the appointment of Khaleel Desai as Director of Corporate Governance (DCG).

During 2023/24, the Committee was involved with the appointment/nomination to the following role within its subsidiaries:

Spencer Private Hospitals (SPH)

- The Committee agreed a one-year extension to the SPH Non-Executive Director (NED)/Senior Independent Director and Chair of the SPH Audit Committee, Andrew Andreou.

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

- Chief Executive Objectives (including year-end appraisal review);
- Executive Directors' Objectives (including year-end appraisal reviews);
- Review and approval of 2023/24 national pay award of 5% for eligible Executive Directors and Very Senior Managers (VSMs);
- Agreed the Trust's Board Development Programme for 2023 – 2025;
- Succession Planning update reports;
- Review of the revised Relocation and Associated Expenses Policy;
- Review and approval of Board self-assessment questionnaire, and following completion by Board members review of survey results on Board skills and effectiveness self-assessment;
- Review of NEDs term of office for 2023/24;
- Report on the pay arrangements for each subsidiary company for Executive and Senior Team members, and approval of bonus pay recommendations for 2gether Support Solutions (2gether), and bonus arrangements for SPH;
- Review of the 2023/24 NED Commitments and Responsibilities;
- Review of 2023/24 Board Register of Interests;
- Review of Committee annual work programme.

The Remuneration Report can be found on page 54.

INTEGRATED AUDIT AND GOVERNANCE COMMITTEE (IAGC)

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

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

for money. Quality and patient safety is an integral part of the work of the IAGC and all of our Board Committees.

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

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

The IAGC continues to scrutinise our risk management systems and improve the format of reports to our Board. In taking this forward, the Committee will consider recommendations from the Trust's internal and external auditors. The continual scrutiny of our risk registers enables the Committee to conduct a thorough review of our Annual Governance Statement see page 102. 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 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 Chairman and other Non-Executive Director members prior to each IAGC meeting to cover potentially sensitive issues and to ensure that their independence is maintained.

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

The IAGC approves the 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, corporate risk registers, risk escalation process, mitigating actions, and outcome and impact on reducing risk residual scores;
- Review of Risk Register and Risk Review Group Chair report;

- Reports on the review of Risk Management and Governance, and new Governance Framework;
- Report on the Good Governance Institute External Governance Review programme;
- Review of the Risk Management work plan;
- Data security and protection toolkit 2022/23 submission progress report;
- Review of losses and special payments;
- Review of single tender waivers;
- Review of Freedom to Speak Up/Raising Concerns Activity report;
- Review of Freedom of Information Act Annual Report 2022/23;
- External audit 2022/23 plan and Auditor annual report, progress reports and sector updates;
- Internal audit 2023/24 plan, strategy 2023 - 2026, progress reports, and internal audit opinion;
- Local Counter Fraud Specialist work plan, progress reports, annual report, and reactive benchmarking report;
- Review of Informing the audit risk assessment 2022/23 report;
- Review of 2022/23 annual audit review and lessons learnt report;
- Approval of the revised Standing Financial Instructions;
- Approval of the 2022/23 Annual Statutory Compliance Declaration with Provider Licence;
- Approval of the 2022/23 Annual Report, Compliance against Foundation Trust Code of Governance, Annual Governance Statement, and Group Annual Accounts 2022/23 and Letter of Representation. Review of the External Audit Findings Report;
- Approval of the 2022/23 Annual Quality Report;
- Review and approval of the East Kent Hospitals Charity Annual Report and Accounts for 2022/23;
- Review of the 2gether Support Solutions Annual Report and Financial Statements for the year ending 31 March 2023;
- Review of Spencer Private Hospitals (SPH) Audited Annual Accounts and Report for 2022/23;
- Review and approval of amendment to the current SPH reserved matters regarding approval of new posts;
- Review of assurance report and recommendations of the review of contracts of SPH off payroll workers;
- Approval of the 2023/24 Annual Programme for Clinical Audit;
- Review and approval of Better Payment Practice Code Improvement Plan 2023/24;
- Review of Senior Managers' risk management training compliance annual report;
- Approval of the Gifts, Hospitality, and Conflicts of Interest Annual Report 2022/23;
- Review and approval of the Emergency Preparedness, Resilience and Response (EPRR) Assurance Outcome and EPRR Report;
- Review of Annual Report on accessed study leave for 2022/23;
- Review of Executive Team changes;
- Review of Executive Risk Assurance Group Chair reports;
- Review of Clinical Executive Management Group Chair reports;
- Review of Efficiencies Governance, 2023/24 Cost Improvement Programme (CIP) and Efficiencies reports;
- Review of PricewaterhouseCoopers Financial Controls report, recommendations and management responses;

- Review of appraisal compliance report;
- Review of Committee annual work programme.

The following policies were approved by the IAGC during 2023/24:
- Anti-Fraud Bribery and Corruption Policy;
- Risk Management Policy and Risk Management Strategy.

The Director of Corporate Governance conducted an annual review of compliance against NHS England's Code of Governance.

Membership of the Integrated Audit and Governance Committee

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

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

The Chief Executive is invited to attend meetings, and is in attendance when the Annual Report, Annual Accounts, including the Annual Governance Statement, and the Quality Report is discussed by the Committee.

During 2023/24, the Committee met a total of eight times.

Non-Executive members as at 31 March 2024

Name	Attendance actual/possible
Olu Olasode (Non-Executive Director)	8/8
Andrew Catto (Non-Executive Director)	7/8
Richard Oirschot (Non-Executive Director) (from 1 July 2023)	4/6
Claudia Sykes (Non-Executive Director)	7/8

* Possible and actual shown

Other non-executives who were members during 2021/22

Name	Attendance actual/possible
Stewart Baird (Non-Executive Director) (up to 31 December 2023)	2/7

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.

The current membership consists of:

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

The areas of key focus for the monthly Committee meetings in 2023/24 were:

- Review and discussion at each meeting of the monthly finance reports;
- Review and discussion at each meeting of the monthly We Care Integrated Performance Report (IPR) focussing on improving access to the Trust's services. This included focus on assessing compliance against achieving the national constitutional standards during 2023/24. Performance against the following standards: emergency access, referral to treatment (RTT), cancer, and diagnostics. Review and discussion of the cancer and diagnostic waiting times;
- Review and discussion of patients no longer fitting the criteria to reside;
- Reviewed and monitored at each meeting the Board Assurance Framework (BAF) and risk registers, focussing 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;
- Review and update on cash management, cash position, and forecast;
- Review and updates on 2023/24 savings, efficiencies, progress of the 2023/24 and 2024/25 Cost Improvement Programme (CIP), and the Programme Management Office (PMO) savings programme;
- Review of 2022/23 lessons learnt efficiency delivery report;
- Review and approval of the 2023/24 business planning, and review of the 2024/25 forecast and the 2024-26 business planning process;
- Review and approval of the 2024/25 annual plan;
- Review and approval of the 2023/24 deficit funding;
- Review and approval of interim governance process;
- Review of PricewaterhouseCoopers Financial Grip and Controls, management response, and independent forecast and drivers of the deficit update reports;
- Review and approval of contract awards, and capital bids;
- Review of the Pathology Collaboration Agreement – Memorandum of Understanding;
- Review and approval of compliance against the provider licence;
- Reviewed updates on the 2022/23, 2023/24 capital plan and capital risks, programme of projects, five-year capital programme, and capital infrastructure investment requirements over the next five years;
- Review of workforce reports and workforce growth review report;
- Review of Internationally Educated Nurse (IEN) recruitment report, and approval of the 2023/24 IEN recruitment business case;

- Review of deep dive reports, including BAF and risks, activity, workforce, and income and expenditure;
- Review of Commissioning for Quality and Innovation Programme (CQUIN) report;
- Review of business cases for approval;
- Approval of additional working capital borrowing request;
- Review and approval of the National Costs Collection (NCC) submission;
- Approval of the following Policies: Overseas Patients Policy, Cash Collection Policy, Cash Receipting Policy, Financial Management of Fixed Assets, and Stock Taking Policy;
- Review of premium pay;
- Review of Winter Plan update reports;
- Review of theatre utilisation, length of stay, and flow PRISM/KPMG programme update reports;
- Review of enhanced care update report;
- Review of Green Plan/Carbon Footprint report;
- Regular reports noted: horizon scanning; Strategic Investment Group (SIG); Financial Improvement Oversight Group (FIOG); Strategic Capital Planning and Performance Committee, Capital Investment Group (CIG), and Business Case Scrutiny Group (BCSG);
- Review and approval of the CIG, and BCSG terms of reference;
- Reviewed update on HEC Harmonia Village;
- Reviewed update on Healthex;
- Review and approval of Committee Terms of Reference;
- Review of Committee annual work programme.

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 operational performance, leadership and governance, maternity, and people and culture. Regular reports presented to the Board of Directors updating it on delivery progress on the Trust’s journey to exit NOF4 and the Integrated Improvement Plan (IIP).

An overview of the operational performance starts on page 4 and financial performance on page 17.

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 provides assurance to the Board of Directors.

During 2023/24 the Committee met monthly, the current membership consists of:

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

- Chief Nursing & Midwifery Officer
- Chief Operating Officer

The following required attendee at each meeting:
- Director of Quality Governance

The following are required attendees at each meeting:
- Representative from Kent and Medway Integrated Care Board (ICB)
- Patient Partner
- Governor

The areas of key focus for the Committee in 2023/24 were:
- Reviewed at each meeting the We Care Integrated Performance Report (IPR) – breakthrough objectives, watch metrics and infection prevention and control reports;
- Reviewed at each meeting principal mitigated quality risks (Board Assurance Framework (BAF) and Corporate Risk Register (CRR)) in relation to Our Quality and Safety;
- Reviewed update assurance reports on the implementation of the Care Quality Commission (CQC) improvement plans, maternity must-do and should-do actions, mock CQC inspection report, progress and delivery updates from the Journey to Outstanding Care Programme Steering Group (JTOCPSG);
- Review of update on the implementation and progress of the Dementia Strategy 2023-26;
- Reviewed and discussed reports regarding mortality and learning from deaths;
- Report regarding delivery of the all age safeguarding sustainability plan updates;
- Report on the Maternity Clinical Negligence Scheme for Trusts (CNST) Safety Actions;
- Review of updates on Safe Staffing;
- Review of midwifery workforce report;
- Review of Safe Systems for Controlled Drugs update reports;
- Review of Integrated Incidents, Patient Experience and Learning from Serious Incidents (SIs) report, SI reports, SI reporting process, SI review, ophthalmology SIs update report, and total parenteral nutrition SI update report;
- Review of Cost Improvement Scheme Quality Impact Assessments (QIAs);
- Review of Central Alerting System (CAS) report;
- Review of Commissioning for Quality and Innovation Programme (CQUIN) report;
- Review of the Quality Account;
- Review of Shift Authorisation Standard Operating Procedure (SOP);
- Review of Lead Medical Examiner reports;
- Review of assurance report regarding ward quality concerns and oversight arrangements;

- Review of progress update reports regarding the management of the deteriorating patient pathway, improvement plan and actions;
- Review of the management of patients with mental health issues in the Emergency Department (ED), risks escalations and improvement actions;
- Review of improving the experience of patients staying in the ED for over 24 hours – jointly at William Harvey and Queen Elizabeth the Queen Mother Hospitals;
- Review of assurance report regarding the ICB thematic reviews into never events and thromboprophylaxis SIs action plan across trusts in Kent and Medway;
- Review of the Human Tissue Authority annual report;
- Reviewed CQC Urgent and Emergency Care patient survey results for 2022;
- Review of theatre utilisation improvement update reports;
- Review and discussion on frequent ED re-attenders, reasons and progress update report;
- Review and discussion of evaluation report of clinical effectiveness and patient experience in Same Day Emergency Care (SDEC);
- Review of progress reports against Internal Audit of antimicrobial stewardship arrangements;
- Review of endoscopy update reports on mitigating actions to address the backlog and capacity, and results of deep dive into harm and risks;
- Review of deep dive into the risks around renal dialysis provision;
- Review of assurance of data quality and accountability arrangements;
- Review of Equality Delivery System (EDS) assessment report (domain 1 – patients);
- Review of safety of medical devices;
- Review of Patient Safety Incidents Response Framework (PSIRF) plan, and the Patient Safety Incident Response Policy and Plan for 2024/25;
- Review of bi-annual Patient Voice and Involvement report;
- Review of Clinical Ethics Committee reports;
- Review of Fuller progress update reports;
- Reviewed and approved the Committee terms of reference, with alternating improvement and assurance meetings.

The Committee received areas of escalation/assurance from:

- Clinical Audit and Effectiveness Committee (CAEC) Chair's reports;
- Patient Safety Committee Chair's reports;
- Maternity and Neonatal Assurance Group (MNAG) Chair's reports;
- Safeguarding Committee Assurance reports;
- Fundamentals of Care Committee Chair's reports;
- Mortality Steering and Surveillance Group (MSSG) Chair's reports.

PEOPLE AND CULTURE COMMITTEE (P&CC)

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

development and raising concern on any related risks that are significant for escalating.

During 2023/24, the Committee generally met monthly (with alternating bi-monthly full and mini meetings), the current membership consists of:

- Claudia Sykes, Chair (Non-Executive Director)
- Raymond Anakwe, (Non-Executive Director)
- Andrew Catto, (Non-Executive Director)
- Chief People Officer
- Deputy Chief People Officer
- Chief Nursing & Midwifery Officer
- Chief Medical Officer

Chris Holland (Associate Non-Executive Director) is invited to attend each meeting.

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

- Regular review of Our People performance metrics from the We Care True North Objectives in the Integrated Performance Report (IPR) and the Our People dashboard;
- Review of Our People risks from the Trust's Corporate Risk Register and Board Assurance Framework;
- Review of Equality, Diversity and Inclusion (EDI) activity and delivery;
- Approval of the Equality, Diversity and Inclusion (EDI) Strategy, EDI Workforce Policy, and EDI Policy for Patient, Carers and Relatives;
- Review and approval of the Workforce Race Equality Standard (WRES), and the Workforce Disability Equality Standard (WDES) data submission 2023;
- Review of Equality Delivery System (EDS) report 2023;
- Review of the Bank and Medical Workforce Equality Standards Data Submission (BWRES) (MWRES);
- Approval of the Recruitment Strategy;
- Review of Safer Nursing Staffing report;
- Recruitment and vacancy update - review of pipeline against establishment, including Medical, Nursing, and Allied Health Professionals (AHPs);
- Review of Chief Nursing and Midwifery Officer nursing and AHP workforce update;
- Review of Strategic Workforce Plan;
- Review of vacancy review panel update report;
- Review of agency and temporary staffing usage;
- Overview report of the Apprenticeship Service;
- Regular reports on Tribunal Activity, Settlement Agreements and Redundancy; and Occupational Health Activity;
- Review of Cultural Leadership Programme development update reports;

- Review of the Freedom to Speak Up Guardians report, and performance against new National standards;
- Report on Clinical Negligence Scheme for Trusts (CNST) – Maternity Incentive Scheme (Midwifery Services Workforce Planning and Decision Making – Birthrate Plus);
- Review of key operational escalation issues, including industrial action, organisational restructure and administrative and clerical consultations, National Workforce Plan, Care Quality Commission Well-Led Inspection, Staff Survey and response rate, and EDI objectives;
- Review of the 2023 NHS Staff Survey results;
- Review of staff statutory and mandatory training compliance report;
- Review of staff appraisal compliance report;
- Review of the Accommodation Strategy;
- Review of General Medical Council (GMC) report;
- Report of the experiences of Black, Asian and Minority Ethnic (BAME) doctors;
- Reports from Medical Education and 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); Staff Committee; EDI Steering Group, and the Doctors' Voices Group;
- Review of Committee annual work programme.

The Staff Report can be found from page 79.

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 5 times during 2023/24, the current membership is:

- Claudia Sykes, Chair (Non-Executive Director)
- Luisa Fulci, (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 at each meeting, of finance reports (including NHS Charities Together update), update reports on appeal and fundraising activities;

- Approval of the 2022/23 East Kent Hospitals Charity Annual Report and Accounts, and Audit Representation Letter, and review of the Audit Findings Report;
- Approval of the Charity Expenditure Plan for 2023/24;
- Approval of the Charity Strategy for 2023;
- Annual review of the Charitable Funds from Cazenove Capital;
- Review of the Charity Governance and Assurance;
- Review of the impact from previously granted Charity funding;
- Review of future applications and Charity funding commitments;
- Review and approval of the Committee Terms of Reference, including agreed change to the Committee membership;
- Review of process for applicants presenting grants for Charity funding to ensure they were supported and prepared to present applications, and answer questions raised by the Committee.

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

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

Remuneration report

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

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

As chairman of the Nominations and Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year 2023/24

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

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

Details of all director and executive director salaries can be found on page 61 of the report.

Andrew Catto
Nominations and Remuneration Committee Chair
27/6/2024

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

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

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

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

Trust very senior managers

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

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

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

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

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

Current Policy Table – Executive Directors

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

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

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

Current Policy Table – Very Senior Managers

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

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

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

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

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

Non-Executive Directors

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

Service contracts obligations

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

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

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

Policy on payment for loss of office

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

Statement of consideration of employment conditions elsewhere in the Foundation Trust

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

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

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

Senior Managers' Salaries, Expenses and Pension For the year ended 31st March 2024
(Comparatives for the year ending 31st March 2023 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	**Non-Executive Director**	10-15 (15-20)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (15-20)
Andrea Ashman	**Chief People Officer**	140-145 (135-140)	0 (0)	0 (0)	0 (0)	35-37.5 (32.5-35)	175-180 (170-175)
Stewart Baird (Acting Chair from 01/01/2024)	**Non-Executive Director**	45-50 (15-20)	0 (0)	0 (0)	0 (0)	N/A (N/A)	45-50 (15-20)
Andrew Catto	**Non-Executive Director**	10-15 (5-10)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (5-10)
Simon Corben	**Non-Executive Director**	10-15 (5-10)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (5-10)
Tracy Fletcher	**Chief Executive**	235-240 (220-225)	0 (0)	0 (0)	0 (0)	0 (20-22.5)	235-240 (245-250)
Tim Glenn (Appointed 06/11/2023)	**Interim Chief Finance Officer**	55-60 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	37.5-40 (N/A)	95-100
Sarah Hayes (Appointed 18/9/2023)	**Chief Nursing & Midwifery Officer**	85-90 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	85-90 (N/A)
Rob Hodgkiss (Appointed 02/01/2024)	**Chief Operating Officer**	40-45 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0-2.5 (N/A)	40-45 (N/A)
Des Holden (Appointed 02/01/2024)	**Chief Medical Officer**	50-55 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	50-55 (N/A)
Olu Olasode	**Non-Executive Director**	15-20 (15-20)	0 (0)	0 (0)	0 (0)	0 (0)	15-20 (15-20)
Richard Oirschot	**Non-Executive Director**	15-20 (0-5)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	15-20 (0-5)
Ben Stevens	**Chief Strategy & Partnerships Officer**	160-165 (0-5)	0 (0)	0 (0)	0 (0)	0 (0)	160-165 (0-5)
Claudia Sykes	**Non-Executive Director**	15-20 (0-5)	0 (0)	0 (0)	0 (0)	0 (0)	15-20 (0-5)
Jane Dickson (Appointed 15/05/2023 Finished 29/12/2023)	**Interim Chief Nursing & Midwifery Officer Acting Chief Operating Officer Interim Chief Operating Officer**	110-115 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	110-115 (N/A)
Niall Dickson (Finished 31/12/2023)	**Chair**	80-85 (50-55)	0 (0)	0 (0)	0 (0)	N/A (N/A)	80-85 (50-55)

Louisa Fulci (Finished 31/03/2024)	**Non-Executive Director**	10-15 (10-15)	0 (0)	0 (0)	0 (0)	N/A (N/A)	10-15 (10-15)
Nic Goodger (Appointed 07/08/2023 Finished 01/01/2024)	**Interim Chief Medical Officer**	105-110 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	5-7.5 (N/A)	110-115
Dylan Jones (Appointed 12/04/2023 Finished 29/09/2023)	**Chief Operating Officer**	100-105 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	100-105 (N/A)
Rebecca Martin (Finished 31/08/2023)	**Chief Medical Officer**	85-90 (190-195)	0 (0)	0 (0)	0 (0)	0 (70-72.5)	85-90 (260-265)
Catherine Pelley (Appointed 17/04/2023 Finished 15/05/2023)	**Interim Chief Nursing & Midwifery Officer**	20-25 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	20-25 (N/A)
Matt Powls (Finished 14/04/2023)	**Interim Chief Operating Officer**	5-10 (135-140)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	5-10 (135-140)
Sarah Shingler (Finished 13/04/2023)	**Chief Nursing & Midwifery Officer**	10-15 (140-145)	0 (0)	0 (0)	0 (0)	0 (0)	10-15 (140-145)
Michelle Stevens (Appointed 01/04/2023 Finished 05/11/2023)	**Interim Chief Finance Officer**	90-95 (N/A)	0 (0)	0 (0)	0 (0)	0 (0)	90-95 (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 2024 + lump sum at 31st March 2024) - (20 x annual pension at 31st March 2023 + lump sum at 31st March 2023 adjusted for inflation at 10.1%) 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 Public Services Pension Remedy.

3. Ben Stevens was on secondment from another NHS organisation until 31 May 2023. From 1 June 2023 he was employed by the Foundation Trust. The salary figure includes the recharge to his permanent employer for first two months of the year.

4. Niall Dickson received payments of £30,000 for loss of office and £13,750 in lieu of notice.

5. Matt Powls was employed via an agency and not through the Trust's payroll.

6. Payments totalling £91,296 (£7,104 in Lieu of Annual Leave and £84,192 in lieu of Notice) were made during the year to Philip Cave, who resigned on 31/03/2023 along with a pension contribution of £1,021.

7. Tim Glenn is 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 6th November 2023.

Percentage Change in Remuneration (subject to audit)
Highest Paid Director (Chief Executive)
- percentage change in salary and allowances – 5.9% [2022/23 – (0.7)%]
- percentage change in performance pay and bonuses – 0% [2022/23 – 0%]

All employees

- percentage change in salary and allowances – 1.83% [2022/23 – (1.4%)]
- percentage change in performance pay and bonuses – 0% [2022/23 – 0%]

The percentage change in highest paid director is attributable to the Chief Executive who was not in post for the full prior year. The percentage change in all other staff is due to an increase in WTE exceeding the increase in total costs.

Senior Managers Expenses

Directors' mileage claims and other expenses are reported quarterly on the Trust website www.ekhuft.nhs.uk.

Total directors serving in year 2023/24	Number claiming expenses in year 2023/24	Total expenses £00 in year 2023/24	Total directors serving in year 2022/23	Number claiming expenses in year 2022/23	Total expenses £00 in year 2022/23
24	12	141	21	12	178

Governors' Expenses

Total governors serving in year 2023/24	Number claiming expenses in year 2023/24	Total expenses £00 in year 2023/24	Total governors serving in year 2022/23	Number claiming expenses in year 2022/23	Total expenses £00 in year 2022/23
24	4	5	13	3	4

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 2023/24 was £235-240k (2022/23: £220-225k This is a change between years 5.9%. 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 2023/24 was from £10,324 to £479,056 (2022/23: £9,405 to £485,974). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 1.83%. 14 employees received remuneration in excess of the highest paid director in 2023/24 (2022/23: 18 employees). For 2023/24 values included in the Hutton Fair Pay Review include Agency & Bank staff but for 2022/23 the disclosure was prepared using Trust only values. The calculation for the percentage change in salaries and allowances has been based on the updated average salary including agency and bank for both 2022/23 and 2023/24 for comparability of the values. 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.

	2023/24	2022/23
Remuneration of highest-paid director (Chief Executive Officer) (bands of £5k)	235-240	220-225
25th percentile of all other staff £	24,336	23,054
Ratio of highest paid director to 25th percentile	9.8	9.7 : 1
Median salary of all other staff £	34,581	32,934
Ratio of highest paid director to median value	6.9	6.8 : 1
75th percentile of all other staff £	45,996	42,157
Ratio of highest paid director to 75th percentile	5.2	5.3 : 1
Number of employees receiving remuneration in excess of the highest paid director	14	18
Range of remuneration paid in the financial year £	£10,324 (apprentice) to £479,056	£9,405 (apprentice) to £485,974

2023/2024	**25th percentile**	**median**	**75th percentile**
Salary Component of Pay	24,336	34,581	45,996
Total pay and benefits excluding pension benefits	24,336	34,581	45,996
Pay and benefits excluding pension: pay ratio for highest paid director	9.8 : 1	6.9 : 1	5.2 : 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 2024	**at 31 March 2024**	**at 31 March 2024**	**at 1 April 2023**	
Name	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tracy Fletcher*	0	27.5-30	65-70	195-200	1,610	1,293	173
Andrea Ashman	2.5-5	0	15-20	0	280	190	51
Tim Glenn	0-2.5	0	35-40	0	502	287	67
Sarah Hayes*	0	17.5-20	50-55	135-140	1,081	795	104

Ben Stevens*	0	27.5-30	50-55	130-135	1088	853	132
Robert Hodgkiss	0	7.5-10	35-40	95-100	827	621	34
Dylan Jones	0	17.5-20	30-35	90-95	555	501	0
Nic Goodger	0-2.5	0	0-5	0	22	0	5
Rebecca Martin*	0	0	65-70	185-190	1,634	1,603	0

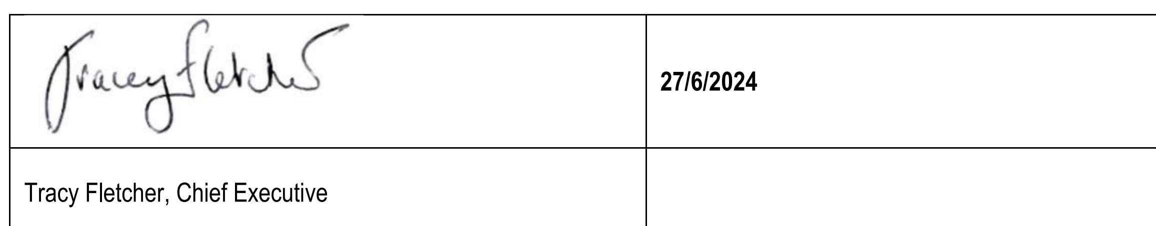
Notes:	**All the above are executive directors; non-executive directors do not receive pensionable remuneration**
	No contribution was made by the Trust to a stakeholder pension
	Executive Directors not recorded above were not part of the pension scheme

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.

Senior Managers with * following their name are affected by the Public Service Pensions Remedy and their membership between 1 April 2015 and 31 March 2022 was moved back into the 1995/2008 Scheme on 1 October 2023. Negative values are not disclosed in this table but are substituted with a zero.

On 27 April 2023 HM Treasury published updated discount rates for determining the discount rate used in calculating cash equivalent transfer values (CETVs) payable on unfunded public sector pension schemes. In May 2023 HM Treasury clarified that this updated guidance should not be used in calculations for 2022/23 annual reports. This means that 'Greenbury' information provided by NHS BSA during January to April 2023 on the 'old' basis is correct. A new paragraph has been added to the FT ARM which requires NHS foundation trusts to disclose this basis of calculation.



	27/6/2024
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 2023/24, the following Governors left the Council:
Bryan Rylands – Public Governor for Folkestone/Hythe - Removed

Richard Brittain – Public Governor for Swale – Removed
John Pletcher – Public Governor for Ashford – Not re-elected
Paul Verrill – Public Governor for Dover – Not re-elected
James Casha – Staff Governor – Not re-elected
Mike Trevethick – Public Governor for Thanet – Resigned
John Sullivan – Public Governor for Canterbury - Resigned

Joining the Council was:

Christopher D'arcy – Public Governor for Dover
Bernard Groen – Public Governor for Ashford
Russel Wyles – Public Governor for Canterbury
Kieran Leigh – Public Governor for Folkestone/Hythe
Michael Roberts - Public Governor for Thanet
Olubunmi Akinnawonu– Staff Governor

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

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

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

A key role of the Council is to engage with the Trust's members and the public to canvas opinion and communicate their views to the Board of Directors. Governors are encouraged to participate in 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:
    - 2023/24 year-end financial performance
    - Reports from Chairs of Council Committees
    - Reports from the Board Committee Chairs
    - Updates on Operational, Financial and Estates
    - Planning for governor elections
    - Reading the Signals Maternity updates

- In closed session the Council were updated on issues involving Maternity Services and the Chairman's and Non-Executive Directors appraisals.

- The Council has four Committees:
    - Nomination and Remuneration Committee which manages appointments of non-executive directors and their remuneration;
    - Audit and Governance Committee which oversees the work which enables Council to meet its statutory duties in relation to audit and corporate governance and monitors quality issues; and

- Membership Engagement and Communication Committee which meets quarterly and focuses on engagement and communication with members and the public to help inform their discussions with the Board of Directors.
- Staff and Patient Engagement Committee

There are between 8 voting governor members on each committee; the membership has been regularly updated during 2023/24. Committees are open to all Governors to attend and participate in any committee meeting they wish. The meetings are supported by relevant members of Trust staff to provide any professional expertise required by the Governors.

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

Dealing with disputes

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

The dispute resolution policy does not undermine the power the Governors have under the Health and Social Care Act 2012, to require one or more of the directors to attend a Governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the directors' performance of their duties. This power was not used during 2023/24.

Governor training

During 2023/24, two training session was undertaken by the Council of Governors, a joint development session between the Governors and Non-Executives and some governors attended virtual events run by NHS Providers, which provided a valuable opportunity for learning and networking.

More structured training sessions are being planned for 2024/25 which will include regular familiarisation sessions for Governors to learn more about specific topics relating to Trust services.

Lead and Deputy Lead Governor

The 2023 election for Lead Governor and Deputy Lead Governor saw the positions taken up by Bernie Mayall and Carl Shorter for a second term respectively.

Governor changes 2023/24

A list of all Governors who served during 2023/24 is detailed in this section.

Council of Governor (CoG) public meetings

Our Council of Governors met in formal session four times during 2023/24. In addition, The Annual Members meeting took place on 28 September 2023. Details of public meetings, agendas, minutes and papers are published on the Trust website.

Council of Governors who served during 2023/24

* 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	01/03/2026		3/4
John Fletcher	29/02/2024	Term ended February 2024	3/4
Bernard Groen	01/03/2027	Appointed March 2024	0/0

Canterbury City Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Alex Ricketts	28/02/2027	Re-appointed March 2023	0/4
Tom Morris		Appointed February 2023 Resigned April 2023	0/0
Russell Wyles	28/02/2027	Appointed February 2024	1/1

Dover District Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Bernie Mayall	28/02/2027	Re-appointed March 2024	3/4
Paul Verrill		Term ended March 2024	3/4
Christopher D’arcy	01/03/2027	Appointed March 2024	0/0

Folkestone & Hythe District Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Carl Shorter	29/02/2027	Re-appointed March 2024	4/4
Bryan Rylands		Appointed May 2023 Removed September 2023	1/1
Kieran Leigh	29/02/2027	Appointed February 2024	1/1

Swale Borough Council

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Monique Bonney	27/07/2025		4/4
Richard Brittain	Removed November 2023	Appointed February 2023 and Removed November 2023	2/2

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
Mike Trevethick	01/03/2026	Appointed March 2023, Resigned April 2023	0/0
Michael Roberts	01/03/2027	Appointed March 2024	0/0

Staff

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
James Casha	29/02/2024	End of Term February 2024	2/4
Saba Mahmood	01/03/2026		3/4
Janine Thomas	29/02/2027	Re-appointed February 2024	1/4

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	February 2027	Re-appointed February 2024	1/4

Representing Local Authorities

Name	Term of office ends	In year change	Attendance at COG public meetings (see note*)
Bob Bayford	28/02/2024	Resigned May 2023	0/1
David Wimble	01/02/2027	Appointed February 2024	1/1

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	Re-appointed for second term February 2024	3/4

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 2023/24, it was practice for all the Non-executives to be invited to Council meetings with the Non-Executive, Chairs of the Board Committees presenting an update to Council on their respective committees.

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

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

NAME	DESIGNATION	COUNCIL OF GOVERNORS ATTENDANCE
Niall Dickson	Trust Chair	27th April 2023 13th July 2023 14th December 2023 (Final meeting)
Stewart Baird	Non-Executive Director/Acting Chair	27th April 2023 13th July 2023 6th February 2024 (Acting Chair)
Simon Corben	Non-Executive Director	27th April 2023 13th July 2023 6th February 2024
Dr Olu Olasode	Non-Executive Director	13th July 2023 6th February 2024
Tracey Fletcher	Chief Executive	27th April 2023 13th July 2023 14th December 2023 6th February 2024
Luisa Fulci	Non-Executive Director	13th July 2023
Claudia Sykes	Non-Executive Director	27th April 2023 14th December 2023 6th February 2024
Chris Holland	Non-Executive Director	14th December 2023 6th February 2024
Richard Oirschot	Non-Executive Director	13th July 2023 14th December 2023 6th February 2024
Raymond Anakwe	Non-Executive Director	14th December 2023

Andrew Catto	Non-Executive Director	27th April 2023 13th July 2023 14th December 2023 6th February 2024

Annual Members' Meeting

The Annual Members' Meeting was held on 28 September 2023. It was run as a virtual meeting and attended by members of the public and Trust staff online.

The Chief Executive gave a presentation on, 'What we did in 2022/23 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 major focuses for Governors this year has been the same as last year on maternity especially in light of Dr Kirkup's report *Reading the signals* and the number of constituent concerns around our emergency departments. During the joint site visits a number of concerns were identified and addressed at the next Council Meeting.

It has been noted that progress has been made by the Trust in Maternity since *Reading the signals* was issued. The response from the current Board chair, NEDs and Executive to the concerns was proactive and far reaching, resulting in

an improvement in staffing levels and a jointly designed ambitious feedback strategy that will see the Trust reach out to every one of the 6000 mums and birthing partners who give birth each year in the Trust's care, to help the Trust continue to improve.

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 Trust human resources department by providing guidance on all of the actions that would need to be completed to ensure an effective appointments process.

When considering the appointment of Non-executive directors, the Council should 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.

Integrated Audit and Governance Committee (IAGC)

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

- Working with the Trust Secretary to ensure the Trust's Constitution complies with latest legislation and NHS I guidance.

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

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

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

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 2023/24 the Committee met only three times.

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

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

Staff and Patient Experience committee

The Committee is responsible to the Council of Governors and would normally meet on a quarterly basis. However, during 2023/24 the committee only met three times. The responsibility of the committee is to:

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

- Propose to Council a topic for the Governor Indicator for external audit.

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

Membership

Trust members are key to helping us to understand the views and needs of the people we serve in east Kent. Membership is open to anyone over the age of 16 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 01/04/2023 to 31/03/24

Public constituency	Last Year (2023/24)
At year start (April 1)	10,398
New members	80
Members leaving	115
At year end (March 31)	10,363

Staff constituency	Last Year (2023/24)
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	4	152,908
17-21	22	47,503
22+	8,165	619,830
Ethnicity:		
White	8,423	742,479
Mixed	126	17,269
Asian or Asian British	507	26,289
Black or Black British	263	13,845
Other	71	0

Socio-economic groupings	Number of members	Eligible membership
AB	2,570	70,474
C1	3,074	112,474
C2	2,037	82,290
DE	2,496	92,549

Gender Analysis	Number of members	Eligible membership
Male	2,929	399,827
Female	7,246	420,412

Staff report

The Trust (minus its subsidiaries) has 10,169 employees. Due to the flexible working practices encouraged by the Trust this amounts to a total of 9,266.20 whole time equivalent posts. The majority of staff are female, which is consistent with the pattern of employment across the NHS.

The Trust has greater diversity than its local community with 59% of employees having a white British ethnic origin and 29% of employees having a minority ethnic origin. 13% 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 team brief sessions, a monthly staff forum and monthly drop in sessions on all sites led by the Chief Executive or an executive colleague for all staff to give feedback and ask questions.

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”, 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.

Using information from a culture and leadership programme “diagnostic”, our staff survey and listening events, we are working on how we increase the opportunities for staff voice in 2024/25. 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.

Developing a Positive Just and Learning Culture

We recognised that a positive working environment and good working relations have a positive impact on colleague wellbeing and engagement, leading to better performance, improved retention, reduced stress-related sickness absence and improved patient care. An organisational Just and Learning Culture creates and supports this way of working emphasising feedback and communication; openness of communication; balance; continuous learning & improvement and trust. A Just and Learning culture recognises that individuals should not be held

accountable for system failings over which they have no control and clearly defines human error, at-risk behaviour and reckless behaviour.

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

We have a just and learning positive culture programme with objectives that:

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

The Trust has invested in a small, dedicated Equality, Diversity and Inclusion (EDI) Team to drive its EDI work. The team's remit is Trust workforce. The team's mission statement is; working collaboratively with our valuable staff to action meaningful change. Seeing issues of inequality in isolation means failing to see the whole complex picture of how inequality becomes compounded by many aspects in organisations. Therefore, the EDI team are employing an evidence-based, multi-dimensional approach using Thompson's PCS (Personal, Cultural and Structural) Model.

During the period of this report there has been a particular focus on staff policies and actions to improve our policies to advance our equity, diversity and inclusion strategic objectives. As a result, we now work to an EDI Strategy, our Workforce Race Equality Standards (WRES), our Workforce Disability Equality Standards (WDES), and Equality Delivery System. Each of these have corresponding annual action plans. The Trust has also implemented a new Workplace Adjustments Policy for Staff and Guidance for Managers in order to support our staff with disabilities (visible and non-visible); long term health and/or mental health conditions which outlines the process in requesting reasonable adjustments whilst in employment. This reflects our increased focus in supporting our colleagues with a disability. The Trust has also adopted an NHS health passport to enable staff to clearly record information about their disabilities, long term health conditions and/or mental health issues that can be used to discuss with line managers what is needed in the workplace for staff to carry out their role effectively. In addition, the following new policies came into effect this year:

- EDI policy for patients, carers and families
- Supporting Gender Diverse Patients policy
- Interpreting and Translation policy

During 2024/25 our Culture and Leadership Programme will see a range of initiatives introduced to transform and embed cultural change that delivers a more representative, fairer and inclusive Trust. We recognise there are significant challenges in embedding cultural change programmes and ensuring there is accountability related to all elements of inappropriate racism, discrimination, inequality and reluctance/ refusal to address discriminatory behaviours. We are prioritising becoming a fairer, non-discriminatory and more inclusive organisation and continue to build on our actions plans to achieve this.

Head count

Ethnic Origin	Executive Director	Non Exec Director & Chair	Non Board Members	Grand Total
A White - British	2	3	5,388	5,393
B White - Irish			75	75
C White - Any other White background		1	505	506
D Mixed - White & Black Caribbean			29	29
E Mixed - White & Black African			36	36
F Mixed - White & Asian			59	59
G Mixed - Any other mixed background			77	77
H Asian or Asian British – Indian			765	765
J Asian or Asian British – Pakistani			94	94
K Asian or Asian British - Bangladeshi			47	47
L Asian or Asian British - Any other Asian background			480	480
M Black or Black British – Caribbean			95	95
N Black or Black British – African		2	769	771
P Black or Black British - Any other Black background			91	91
R Chinese			50	50
S Any Other Ethnic Group			325	325
Z Not Stated	5	3	1,268	1,276
Grand Total	7	9	10,153	10,169

Gender	Executive Director	Non Exec Director & Chair	Non Board Members	Grand Total
Female	4	2	7,923	7,929
Male	3	7	2,230	2,240
Grand Total	7	9	10,153	10,169

Full-time	Part-time	Grand total
7,386	2,783	10,169

Fixed term contracts	Internal secondment	Out on external secondment – paid
743	54	4

Trade Union Facility

Number of employees who were local union officials during the relevant period	Head count employee number
66	10,169

Staff Costs (subject to Audit)

	Group			
			2023/24	**2022/23**
	Permanent	**Other**	**Total**	**Total**
	£000	**£000**	**£000**	**£000**
Salaries and wages	478,344	-	**478,344**	429,829
Social security costs	53,056	-	**53,056**	49,290
Apprenticeship levy	2,433	-	**2,433**	2,110
Employer's contributions to NHS pension scheme	72,461	-	**72,461**	65,399
Pension cost - other	105	-	**105**	97
Temporary staff	-	89,881	**89,881**	88,012
Total staff costs	**606,399**	**89,881**	**696,280**	**634,737**
Of which				
Costs capitalised as part of assets	232	-	**232**	479
Average number of employees (WTE basis)				
(Subject to Audit)	**Group**			
			2023/24	**2022/23**
	Permanent	**Other**	**Total**	**Total**
	Number	**Number**	**Number**	**Number**
Medical and dental	1,336	148	**1,484**	1,437
Administration and estates	3,229	317	**3,546**	3,530
Healthcare assistants and other support staff	1,448	558	**2,006**	1,848
Nursing, midwifery and health visiting staff	3,140	739	**3,879**	3,609
Scientific, therapeutic and technical staff	1,181	23	**1,204**	1,207
Healthcare science staff	457	-	**457**	436
Total average numbers	**10,791**	**1,785**	**12,576**	**12,067**
Of which:				
Number of employees (WTE) engaged on capital projects	8	-	**8**	8
Reporting of compensation schemes - exit packages 2023/24 (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		-	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 cost (£)		£0	£377,000	**£377,000**

Reporting of compensation schemes - exit packages 2022/23				
		Number of compulsory redundancies	**Number of other departures agreed**	**Total number of exit packages**
		Number	**Number**	**Number**
Exit package cost band (including any special payment element)				
<£10,000		-	5	**5**
£10,000 - £25,000		1	2	**3**
£25,001 - 50,000		-	1	**1**
£50,001 - £100,000		-	2	**2**
Total number of exit packages by type		**1**	**10**	**11**
Total resource cost (£)		£12,000	£236,000	**£248,000**
Exit packages: other (non-compulsory) departure payments				
	2023/24		**2022/23**	
	Payments agreed	**Total value of agreements**	**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	39	330	10	236
Total	**43**	**377**	**10**	**236**

Expenditure on Consultancies (subject to Audit)

During 2023/24 the Group's total spending on consultancies was £4,006,000 (2022/23: £372,000). See Accounts note 7

Staff Survey

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

In 2021, the NSS underwent its most significant changes in over a decade, with the questions aligned to the NHS People Promise. As a result, the reporting can be tracked historically across the last three years. An enhanced people dashboard has been developed in order to allow sophisticated insight to these.

Within East Kent Hospitals, a total of 9,751 eligible colleagues were invited to complete the NHS Staff Survey and 4,011 returned a completed survey. This volume of respondents give credence to the results, although it should be noted that this represents a minority response rate and one that has fallen (to 41%).

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

People Promise Theme	2022	2023	Change
We are compassionate and inclusive	6.84	6.85	↑ 1 point
We are recognised and rewarded	5.50	5.62	↑ 12 points
We each have a voice that counts	6.24	6.21	↓ 3 points
We are safe and healthy	5.74	5.83	↑ 9 points
We are always learning	5.13	5.36	↑ 23 points
We work flexibly	5.70	5.88	↑ 18 points
We are a team	6.42	6.51	↑ 9 points
Theme			
Staff Engagement	6.37	6.34	↓ 3 points
Morale	5.50	5.59	↑ 9 points

There were *statistically significant* improvements in four of the Promises/ Themes and wider improvements in nineteen of the thirty sub-themes. It should be noted, however, that all nine results compare negatively against the national average.

See the full results of the NHS Staff Survey including a breakdown of the results by protected characteristics.

The Trust-level results, broken down by Care Group, Specialty, sub-Specialty, Ward/ Department, and across various demographic indices are available on 'Our People Dashboard'.

Organisational-level headlines results from the 2023 NHS Staff Survey are as follows:

Challenges

- The Trust scores below the national average in a majority (87%) of questions
- The 'gap' from national standards is as big as 18% in business-critical areas
- The Trust scores the lowest nationally among our (122) peers against 3 of 9 key themes
- Care representing a top priority has fallen and is the lowest nationally (61%)
- We score the lowest against our peers nationally for overall advocacy (5.7)
- Our most pressing challenges relate to; reputation, risk and culture

Improvements

- The Trust has seen *statistically significant* improvements against 26% of the 118 questions when compared against 2022
- Year-on-year, there has not been any *statistically significant* deterioration against any question
- Overall, there have been improvements in 19/30 key themes year-on-year
- Less themes (8/30 are red RAG-rated) than last 2022 (18/30)
- More people feel the Trust is taking positive action on health and wellbeing (47.73%)
- A majority of staff feel supported to achieve their potential (51.95%) – with appraisal quality now on par with the national standard

The results indicate that the Trust is not where it wants to be against most measures (87%) of the staff experience. In fact, against a third (3) of the key themes (9), East Kent Hospitals scores the lowest of 122 Acute and Acute & Community Trusts. In some business-critical areas this is by a considerable distance (≈18%) and has been for a number of years. This position is reinforced by findings from the discovery phase of the Culture and Leadership Programme (CLP).

The results do demonstrate some improvement (year-on-year) in over a quarter (26%) of areas. The Trust is 'clearing the red'; specifically, it has moved from being red RAG-rated against 18 of 30 themes in 2022 to red RAG-rated against 8 in in 2023 – with no *statistically significant* deterioration against any of the 118 questions. There is undoubtedly still a considerable distance to go to reach the experience we want for our staff.

In order to close these gaps, tailored People Plans are being developed at three levels; Organisational, Care Group and Specialty. These are collaborative in nature, based on intelligence gleaned from a variety of people analytics and enable a proactive and strategic approach to improving the experience of our people.

Plans are complemented by an enhanced 'Our People Dashboard' which offers clear insight into the health of our workforce at a glance. The dashboard maps the

entire end-to-end employee experience at all levels (from Trust to Ward), using a breadth of people metrics that allow more timely feedback on action. The dashboard is more commercially focussed, and also serves to demonstrate the critical relationship between staff engagement and, for example, healthy finances and improved patient experience.

The staff survey results provide a barometer of staff experience. They identify areas of challenge, in need of improvement, along with where there is growth. The provide a rich source of data that is used to both understand the experience locally, and drive the change needed to make East Kent Hospitals a great place to work.

Health & Wellbeing

Across the NHS, health and wellbeing support has traditionally been discrete and reactive, focused on reducing sickness absence. Over the last year, the Trust has moved away from this approach and toward a proactive, preventative and empowering model – one that is focussed on creating a culture of wellbeing.

The approach is grounded in growing body of evidence that demonstrates the bidirectional relationship between staff wellbeing and high-quality patient care. In short, when we focus on the health and wellbeing of our staff, they are better placed to care for our patients and service users. The Boorman report (2012) perhaps best reinforces this, outlining that ‘organisations that are more person-centred have better clinical outcomes and are safer’.

The need for this approach is clear. Levels of stress, burnout and emotional exhaustion across the NHS have never been higher. In East Kent in particular, levels of burnout are above the national average and stress levels are amongst the worst in the country. As a result, there has been investment in a Wellbeing Team to tackle some of these challenges.

The Wellbeing Team, established in 2022, now represent a critical function in the organisation, and one which is delivering a tangible impact on the wellbeing of our people. Across the last 12 months for example, their work has led to a reduction in levels of burnout (12-point improvement) and to an improvement in a health and safety climate (15-point improvement).

The team won the 2023 Kent Mental Wellbeing Award, awarded in recognition for outstanding commitment and dedication the supporting the wellbeing of others. They are called upon regularly to showcase their work at a national-level, most recently on the NHS Exemplar programme where they advised organisations nationally on their approach to Wellbeing Conversations training.

A large proportion of the teams’ work centres around empowering and enabling line managers to hold wellbeing conversations, and to take a greater interest in the wellbeing of their team members. This approach has, for a second successive year, led to a improvement in the percentage of people reporting that their immediate manager takes a positive interest in the health and wellbeing (66.53%) – up almost 4% in two years.

Whilst there has been success, wellbeing remains a complex, adaptive challenge and one which requires innovative solutions given the impact on patient care and national backdrop. Face-to-face psychological support, for example, was withdrawn by NHS England in 2023, something which had significant and deleterious effects on sickness absence relating to stress, anxiety and depression. Through a combination of Trust and Charity funding, this returned in February 2024, the impact of which is yet to be seen.

The wellbeing of our workforce remains critical to our ability to deliver high-quality patient care. More people than ever before feel the Trust is taking positive action on health and wellbeing (47.73%), but this remains a minority and so work continues to create a culture of wellbeing.

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	2023/24 number	2022/23 number	2021/22 number	2020/21 number	2019/20 number	2018/19 number	2017/18 number
Total days lost	103,450.60	108,309.50	87,125.8	96,033.4	73,278.64	65,321.04	63,973.55
Total staff years	9224.11	8662.47	8215.23	7954.92	7476.8	6,938.45	6,881.69
Average working days lost (per WTE)	11.22	12.50	10.61	12.07	9.8	9.41	9.29

The Trust has calculated the employee sickness absence level for 2023/24 is 4.80%, 2.14% relating to short-term absence and 2.66% relating to long-term absence.

Occupational Health

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

Our services include work-related health checks with pre-employment health assessments including vaccination and immunisation programmes and advice

and guidance for staff with health problems that could affect their ability to work, or whose health could be affected by work. We advise on reducing risks in the workplace and promoting best practice in relation to good systems of work. The team has recently developed a training information video on sharps safety for managers and staff, explaining the steps to be taken in the event of a needle stick injury.

We offer guidance to staff and managers on maintaining wellness in the workplace and preventing ill health. We also provide advice and information to managers on managing sickness absence and how to support staff to remain in or return to work including with adjustments if required. Our occupational therapists deliver a training programme focused on supporting staff with health conditions and disabilities in the workplace and tools, techniques and strategies for staff to remain well at work.

Fast track access to psychiatric services 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 vaccination programme to all staff. This service is led by the occupational health team and championed by our Chief Nurse Officer, Chief People Officer, senior managers and peer vaccinators. The 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 and supports our vision to deliver “great healthcare from great people”.

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

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

The recruitment team 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.

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

We seek to be an employer of choice and offer unique opportunities and experiences that support the continuous professional development of our staff.

Access to world-class research and development is provided for staff who wish to pursue their professional path under the guidance of leading expert clinicians. We offer innovative ways of working including annualised hours, rotas and flexible working. Incentive payments for hard to fill posts are also in place.

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

Managers' guidance on redeployment

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

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.

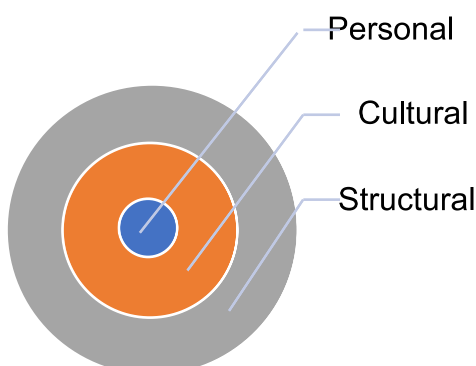
- **Inclusion** is defined as an environment where everyone feels a sense of belonging, valued, accepted and respected of who have the ability to contribute. This concept puts emphasis on the way people feel.

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. EKHUFT'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.

Our approach

Thompson's PCS Model
Seeing issues of inequality in isolation means failing to see the whole complex picture of how inequality becomes compounded by many aspects in organisations. Therefore, the EDI team are employing an evidence-based, multi-dimensional approach using Thompson's PCS Model.



Thompson's PCS Model provides a multifaceted approach to understanding inequality and addressing it on three interlinked organisational layers; personal (individual behaviours and thoughts), cultural (shared norms and values e.g. in teams, services), structural (policies, processes e.g. recruitment, investigations).

The rationale is that using this systems approach promotes understanding of issues of inequality on each level and also promotes actions being completed to address each level.

EKHUFT have invested in a small, dedicated EDI Team to drive this work. The EDI Team's mission statement is; working collaboratively with our valuable staff to action meaningful change.

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 upon 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 the development and implementation of action plans focused upon continuous improvement over time.

High priority areas for improvement within the Trust:
Indicator 2: Likelihood of appointment from shortlisting
Indicator 1: Career progression in clinical roles (lower to upper levels)
Indicator 1: Career progression in clinical roles (middle to upper levels)

NHS England graded EKHUFT's WRES Action Plan 2022/2023 as 'outstanding', which is the highest grading.

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.

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

Metric 10: Disabled representation; Trust 0.0%, National Average 5.7%

Metric 4: Harassment, bullying or abuse from line managers in last 12 months; Trust 24.9%, National Average 16.1%

Metric 9a: Staff engagement; Trust 5.88, National Average 6.43

The following metrics in the top 10% nationally:

Metric 2 – Likelihood of appointment from shortlisting; Trust 0.49, National Average 0.99

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 2023/2024;

- Women earn 81p for every £1 that men earn when comparing median hourly pay.
- Women's median hourly pay is 18.5% lower than men's.
- When comparing mean (average) hourly pay, women's mean hourly pay is 30.4% lower than men's.
- women occupy 82.2% of the highest paid jobs and 62% of the lowest paid jobs.
- women earn £1 for every £1 that men earn when comparing median bonus pay.
- When comparing mean (average) bonus pay, women's mean bonus pay is 13% lower than men's.

The EDI Team will lead on developing a robust action plan that explains how EKHUFT intends to tackle its gender pay gap. This plan will include targets and be created collaboratively with the Women's Staff Network.

You can view the Trust's Gender Pay Gap Reports here; Gender pay gap for East Kent Hospitals University Nhs Foundation Trust - GOV.UK - GOV.UK (gender-pay-gap.service.gov.uk)

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; 1. commissioned provided services, the identified services for 2023 were Maxillo-facial, Cancer and Maternity. 2. Workforce health and well-being 3. Inclusive leadership.

Each domain has a number of outcomes that key 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

EKHUFT’s overall score and rating for 2023 was 8, which is Developed (the lowest level of developed). An EDS Action Plan has been created to address the identified issues a working group will be 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, whereby every department is audited for key safety areas every year.

Improvements to the quality of the audit process has been undertaken and the safety teams are working with the newly established care groups to make 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 and safety risks are escalated and managed. Training and support for the Health and Safety Link Workers continues to be delivered. Additional specialist courses including controlling hazardous substance and Health and Safety training for managers are in place.

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

Non-clinical incidents (like for like yearly comparison) by reported date	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
2gether Support Solutions: Facilities / Estates issues	318	310	291	293	276	239	291	352
Accident / Fall (staff or visitors only)	577	513	565	627	2243	1818	1021	646
Confidentiality / data protection / information security / cyber attack	249	185	221	280	403	338	274	311
Fire including false alarm	202	174	160	176	159	173	289	276
Fraud	0	0	0	8	18	9	15	25
Manual handling	132	96	107	116	87	131	109	82
Radiation (Other - MRI, Optical, Ultrasound)	4	2	6	7	8	35	7	22
Radiation (X-ray) affecting staff or visitors	8	8	5	8	9	4	9	13
Radiation (Radionuclide) affecting staff or visitors	8	6	1	2	4	4	14	19
Security	989	915	970	996	1531	1966	2113	2132
Smoking on site	4	11	9	55	17	26	14	12

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	Accountability Report:

	constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	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. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Performance report: Summarised annual accounts
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Annual Governance Statement
C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	Council of Governors Report
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • 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 be made clearly available to members on the NHS foundation trust's website and in the annual report.	Accountability Report: Membership Report
E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report: Council of Governors' Report
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Accountability Report: Membership Report

Regulatory ratings

NHS System Oversight Framework

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

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

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

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
27/6/2024

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
27/6/2024

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 2024 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, who lead on risk management; 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 implementing the processes and systems of risk management across the Trust and the promotion of good corporate governance. Further information on the governance framework of the organisation can be found on page 112 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 monthly basis (bi-monthly from February 2024) of the most significant risks, the control measures in place to mitigate the risks and assurance on the effectiveness of controls. The Corporate Risk Register covers all areas including potential future external risks to quality and has clear ownership at executive level. The Integrated Audit and Governance Committee oversees the Trust's risk management framework and process.

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

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

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

The risk and control framework

The Trust has in place a Risk Management Policy, last reviewed and approved by the Board in November 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 Clinical Executive Management Group (CEMG) has overall responsibility for risk management and is supported by the Executive Risk Assurance Group for the operational management and escalation of risk from the Care Groups; these Groups meet monthly.

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

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

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

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

Risks at all levels are recorded on 4Risk, the Trust's risk management system and these are linked to the relevant strategic priority and the appropriate risk appetite heading. The risk appetite for the Trust was last reviewed by the Board in August 2023.

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

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

April 2023 – December 2023

- **Quality of Care –** Improvement workstreams
- **Planned Care** - Delivery of the operational constitutional standards
- **Clinical Governance and Safety Culture** – Rebuilding confidence in the maternity services
- **Staffing** – Strategic change for service delivery and workforce
- **Financial** – Delivering agreed financial plan

January 2024 – March 2024 (Revised BAF)

- **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

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 building programmes at our emergency departments, which have extended and reconfigured both departments to provide better facilities, have been completed. 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 controlled within this policy framework. The Trust has an Information Governance Steering Group which receives reports on information governance incidents, compliance with training requirements, data quality and compliance with the Information Governance Toolkit.

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.

Regulation

NHS Foundation Trust Governance: Licence Provisions

NHS England Undertakings

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

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

- NHS2(6)(c) The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems

and/or processes to ensure the collection of accurate, comprehensive, timely and up to date information on quality of care;

- NHS2(6)(d) The Board is satisfied that the systems and/or processes referred to in 4.5 should include but not be restricted to systems and/or processes to ensure that the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care;
- NHS2(6)(e) The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure Engagement on quality of care with patient, staff and other stakeholders;
- NHS2(6)(f) The Board is satisfied that the systems and/or processes referred to in paragraph 5 should include but not be restricted to systems and/or processes to ensure accountability for quality of care throughout the Trust including but not restricted to systems and/or processes for escalating and resolving quality issues including escalating them to the Board where appropriate;
- NHS2(7) The Board is satisfied that there are systems to ensure that the Trust has in place personnel on the Board, reporting to the Board and within the rest of the organisation who are sufficient in number and appropriately qualified to ensure compliance with the conditions of its NHS provider licence;
- CoS3(1)The Licensee shall at all times adopt and apply systems and standards of corporate governance, quality governance and of financial management which reasonably would be regarded as suitable for a provider of the Commissioner Requested Services provided by the Licensee, and providing reasonable safeguards against the risk of the Licensee being unable to carry on as a going concern.

NHS England (NHSE) commissioned a governance review which reported to the Board in December 2020 setting out a number of recommendations. The Trust entered NHSE's Recovery Support Programme (RSP) and an action plan was agreed in December 2021, requiring a number of actions to be completed before the Trust can exit NHS oversight framework four (NOF4).

During 2023/24, 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.
- 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.
- 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.
- BAFFPC002 - Due to physical capacity constraints and sub-optimal patient flow, the Trust is not able to deliver timely and responsive urgent and emergency care services, sustainably increase activity levels to reduce waiting lists, while at the same time managing future surges in seasonal viruses and actions to address fire safety and backlog maintenance, which adversely impacts on patient outcomes and experience.
- 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.
- 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.

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 reported an annual workforce strategy to the Trust People and Culture Committee. A workforce planning cycle has been agreed and will incorporate a consolidated action plan for each care group covering workforce redesign, agency reduction, recruitment & retention and staff survey improvements. Our workforce plans and remodelling proposals are all quality impact assessed.

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 Corporate risk register
- Single Tender Waivers
- Data security and protection toolkit
- Annual reports on
    - Gifts, Hospitality and Sponsorship
    - Freedom of Information
    - Emergency Preparedness, Resilience and Response (EPRR)
- Freedom to Speak up reports from the Guardians

A Non-Executive Director chairs the Finance and Performance Committee (FPC) which reports to the Board upon resource utilisation, service development initiatives as well as financial and operational performance. As part of this assurance process the Trust planning documents for 2024/25 and regular updates on financial efficiency saving plans were scrutinised by FPC. In addition, the Committee received regular cash management updates. The Board also receives performance and financial reports at each of its meeting, together with reports from other assurance committees to which it has delegated powers and responsibilities.

Information governance

There were three data incidents reported to the Information Commissioner's Office via the Data Security Incident Reporting Tool during 2023/24.

Two (related) incidents were associated with data breaches relating to inappropriate access by staff members to patient records and one concerned an automated record sharing process with a patient's GP practice.

The Information Commissioner's Office is satisfied with the response of the Trust and has not taken any action in relation to these breaches, although one improper access to patient records incident may be investigated further by the ICO in respect of possible prosecution of Trust employees.

Review of effectiveness

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

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

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

The BAF provides me with evidence that the effectiveness of controls, which manage the risks to the Trust in achieving its annual priorities, have been reviewed and addressed. The Trust received reasonable assurance on its risk management arrangements (this includes the processes around the BAF). The

Trust has reviewed its strategic priorities and objectives have been agreed for 2024/25.

Processes are in place to maintain and review the effectiveness of the system of internal control by:
- monthly reports to the Board on the Corporate and BAF risks and assurance on the same through the Integrated Audit and Governance Committee, as well as regular internal audits;
- assurance, as provided through internal audit, on the risk management processes from ward to Board;
- quarterly reports through the IAG Committee to the Board on the BAF;
- Committee Chair upward assurance reports to the Board.

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

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

The Board held development sessions during 2023/24, including a session on Risk Appetite. A robust Board Development Programme has been agreed for 2024/25 in support of improving the Board's effectiveness.

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

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

The 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 2024/25, 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 187 patients waiting for cancer treatment for over 62 days and 43 patients waiting over 104 days.

The number of patients waiting more than 78 weeks for planned treatment was 495 at the end of the year. We missed the national faster diagnosis standard of 75% of patients receiving confirmation of whether or not they have a cancer diagnosis within 28 days, however March 2024 saw the best performance in 18 months, at 69.6%.

We ended the year with 71.3% 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
27/6/2024

East Kent Hospitals University NHS Foundation Trust

Annual accounts for the year ended 31 March 2024

Foreword to the accounts

East Kent Hospitals University NHS Foundation Trust

These accounts, for the year ended 31 March 2024, 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	**27 June 2024**

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 2024, which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24.

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 2024 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 2023-24; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2023-24 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

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

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

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

Other information

The other information comprises the information included in the Annual Report and Accounts 2023/24, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2023/24 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 NHS Foundation Trust Annual Reporting Manual 2023/24; and
- based on the work undertaken in the course of the audit of the financial 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 the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS Foundation Trust Annual Reporting Manual 2023/24, for being satisfied that they give

a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24).

- We enquired of management and the Integrated Audit and Governance Committee, concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of management, internal audit and the Integrated Audit and Governance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, fraud in revenue recognition and significant accounting estimates. We determined that the principal risks were in relation to:
  - Improper revenue recognition;
  - Management override of controls;
  - Revaluation of land and buildings;
  - Changes in the finance team.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - testing of income and year end receivables to invoices and cash payment or other supporting evidence;
  - journal entry testing, with a focus on journals meeting a range of criteria defined as part of our risk assessment;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations;
  - review of the handover procedures to new finance staff.

- 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 related to property, plant and equipment. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team included consideration of the engagement team's:

  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the health sector and economy in which the group and Trust operates;
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
    - the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.

  - the group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.

- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

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 2024.

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

- In 2021/22 we identified a significant weakness in how the Trust ensures it makes informed decisions and properly manages its risks. This was in relation to governance weaknesses including leadership capacity and the monitoring and reporting structures for quality governance and the quality of the Trust's maternity services. The Trust put in place improvement plans. On 26 June 2024 we reported that while the Trust has made progress against its plans, it has further to go to be able to demonstrate that its integrated improvement plan is leading to sustained improvement across all the areas it covers. We have further specified our previous recommendation, to outline that the Trust should ensure that the progress it is reporting to Board through the integrated improvement plan is clear on:
    - the outcomes that have been achieved as well as the actions that have been implemented;
    - the level of independent review that has been applied in reaching the assessment including any potentially contradictory evidence;
    - the target level for the key metrics selected and how these will be assessed on an ongoing basis to ensure that the improvement sought has been embedded and sustained; and
    - how any deterioration in performance areas that have been moved from the integrated improvement plan into business-as-usual monitoring will be quickly identified and escalated.

- Additionally, in 2022/23 we reported a second significant weakness in how the Trust ensures it 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 2023-24 assessment, we noted that while the Trust is investing and developing plans to address the cultural and leadership matters, the impact of any improvement is not yet easily identifiable. We have recommended that the Trust should reassess the effectiveness of its programmes linked to culture improvement and consider revising or enhancing the programme to effectively address stakeholder engagement including the staffing body. A robust feedback loop to the Board should be implemented to ensure there is valid assurance over the effectiveness and embeddedness of actions taken.

- In 2022/23 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 2023/24 assessment we reported the Trust delivered a significantly higher deficit for 2023-24 then planned, realising 33% of its target efficiency savings. The Trust has ambitious cost efficiencies required to achieve the planned deficit for 2024-25 and has not developed a sufficiently detailed medium term financial plan. We recommended the Trust:
    - Continue at speed to develop a pipeline of Cost Improvement Programme schemes ensuring that the arrangements are fully embedded so that recurrent efficiencies are identified, and all budget holders are held to account for the delivery of savings throughout the year.
    - Develop, alongside system partners, a credible medium term financial plan to provide assurance that the Trust can move towards a breakeven position in the next 3-5 years, which is supported by a multi-year pipeline of efficiency / transformation programme developed in conjunction with system partners.
- In 2022/23, we identified significant weaknesses in the Trust's arrangements for improving economy, efficiency, and effectiveness in relation to the challenges to sustain operational performance improvements on the areas outlined as a concern by Care Quality Commission inspection. We recommended the Trust work with local healthcare system partners to develop and monitor plans to improve the quality, safety, and overall performance of its services with the aim of ensuring that these plans have a direct impact on their operations. In our 2023-24 assessment, we concluded the Trust was still struggling to meet key operational targets, including ambulance handover times, referral-to-treatment (RTT) breaches, and other key performance metrics. Therefore, our previous recommendation remains, with further specification for the Trust to perform an adequate review of evidence to ensure that the required improvements are not just embedded but sustained.

Responsibilities of the Accounting Officer

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Certificate

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

Use of our report

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

Darren Wells

Darren Wells, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

27 June 2024

Consolidated Statement of Comprehensive Income

	Note	Group 2023/24 £000	Group 2022/23 £000	Trust 2023/24 £000	Trust 2022/23 £000
Operating income from patient care activities	3	875,708	874,499	857,625	859,549
Other operating income	4	63,912	56,192	65,890	58,892
Operating expenses	7, 9	(1,084,728)	(960,980)	(1,071,232)	(957,042)
Operating deficit from continuing operations		**(145,108)**	**(30,289)**	**(147,717)**	**(38,601)**
Finance income	11	2,345	1,011	3,562	2,777
Finance expenses	12	(133)	(42)	(2,422)	(2,563)
PDC dividends payable		(9,373)	(8,588)	(9,373)	(8,588)
Net finance costs		**(7,161)**	**(7,619)**	**(8,233)**	**(8,374)**
Other losses	13	(26)	(117)	(26)	(117)
Corporation tax expense		(716)	(1,129)	-	-
Deficit for the year	2	**(153,011)**	**(39,154)**	**(155,976)**	**(47,092)**
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments	8	(6,089)	(11,083)	(6,087)	(7,147)
Revaluations	18	14,257	10,129	13,033	14,017
Other recognised gains and losses		-	-	-	4,000
Other reserve movements		-	-	-	-
Total comprehensive expense for the period		**(144,843)**	**(40,108)**	**(149,030)**	**(36,222)**
Deficit for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(153,011)	(39,154)	(155,976)	(47,092)
TOTAL		**(153,011)**	**(39,154)**	**(155,976)**	**(47,092)**
Total comprehensive expense for the period attributable to:					
East Kent Hospitals University NHS Foundation Trust		(144,843)	(40,108)	(149,030)	(36,222)
TOTAL		**(144,843)**	**(40,108)**	**(149,030)**	**(36,222)**

Note to Accounts - Adjusted Financial Performance

In line with the Department of Health and Social Care's Group Accounting Manual (GAM), the East Kent Hospitals University NHS Foundation Trusts (EKHUFT) group financial performance is monitored both internally and externally by excluding Income & Expenditure (I&E) impairments that score against Annually Managed Expenditure (AME), prior period adjustments and the impact of capital donations/grants on the EKHUFT I&E. The impact on the reported position above, of these items, improves the Groups adjusted financial performance to £117.4m deficit in 2023/24 (£19.3m deficit in 2022/23)

The Foundation Trust reports against the technically adjusted performance line - the results for the Group for 2023/24 were:

	Group 2023/24	Group 2022/23
Deficit for the year	(153,011)	(39,154)
Add back all I&E Impairments	34,449	20,298
Retain impact of DEL I&E Impairments	0	(951)
Remove capital donations/grants I&E Impact	1,126	(88)
Prior period adjustments	0	603
Adjusted Financial performance	**(117,436)**	**(19,292)**

Statements of Financial Position

	Note	Group 31 March 2024	Group 31 March 2023	Trust 31 March 2024	Trust 31 March 2023
		£000	£000	£000	£000
Non-current assets					
Intangible assets	14	7,494	6,200	7,479	6,198
Property, plant and equipment	16	293,174	311,355	226,848	242,546
Right of use assets	19	3,208	5,123	62,991	68,132
Other investments / financial assets	20	-	-	30,314	30,314
Receivables	22	2,070	2,849	52,137	54,818
Total non-current assets		**305,946**	**325,527**	**379,769**	**402,008**
Current assets					
Inventories	21	13,170	12,471	7,878	6,749
Receivables	22	33,328	44,772	34,376	41,658
Cash and cash equivalents	23	32,417	29,531	17,955	18,618
Total current assets		**78,915**	**86,774**	**60,209**	**67,025**
Current liabilities					
Trade and other payables	24	(95,079)	(91,384)	(94,584)	(84,179)
Borrowings	26	(2,565)	(2,527)	(4,270)	(6,538)
Provisions	27	(10,035)	(2,528)	(10,035)	(2,528)
Other liabilities	25	(8,095)	(3,902)	(8,101)	(3,902)
Total current liabilities		**(115,774)**	**(100,341)**	**(116,990)**	**(97,147)**
Total assets less current liabilities		**269,087**	**311,960**	**322,988**	**371,886**
Non-current liabilities					
Trade and other payables	24	(82)	(190)	-	-
Borrowings	26	(8,162)	(10,292)	(71,605)	(75,682)
Provisions	27	(3,423)	(3,764)	(3,423)	(3,764)
Total non-current liabilities		**(11,667)**	**(14,246)**	**(75,028)**	**(79,446)**
Total assets employed		**257,420**	**297,714**	**247,960**	**292,440**
Financed by					
Public dividend capital		559,544	454,994	559,544	454,994
Revaluation reserve		64,260	56,141	61,983	61,898
Income and expenditure reserve		(366,384)	(213,421)	(373,567)	(224,452)
Total taxpayers' equity		**257,420**	**297,714**	**247,960**	**292,440**

The notes on pages 128 to 188 form part of these accounts.

Tracey Fletcher

Chief Executive

Date 27 June 2024

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**

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

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

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**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**425,777**	**55,569**	**(182,180)**	**299,166**
Implementation of IFRS 16 on 1 April 2022	-	-	280	**280**
Deficit for the year	-	-	(47,092)	**(47,092)**
Impairments	-	(7,147)	-	**(7,147)**
Revaluations	-	14,017	-	**14,017**
Transfer to retained earnings on disposal of assets	-	(543)	543	**-**
Other recognised gains and losses	-	-	4,000	**4,000**
Public dividend capital received	29,217	-	-	**29,217**
Other reserve movements	-	2	(3)	**(1)**
Taxpayers' and others' equity at 31 March 2023	**454,994**	**61,898**	**(224,452)**	**292,440**

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 2023/24 £000	Group 2022/23 £000	Trust 2023/24 £000	Trust 2022/23 £000
Cash flows from operating activities					
Operating deficit		(145,108)	(30,289)	(147,717)	(38,601)
Non-cash income and expense:					
Depreciation and amortisation	7	24,754	23,826	23,549	22,705
Net impairments	8	34,449	20,298	34,449	26,985
Income recognised in respect of capital donations	4	(411)	(1,762)	(411)	(1,762)
(Increase) / decrease in receivables and other assets		12,419	(14,113)	10,159	1,868
(Increase) / decrease in inventories		(699)	(2,056)	(1,129)	(1,222)
Increase / (decrease) in payables and other liabilities		4,798	(975)	14,593	701
Increase / (decrease) in provisions		7,123	(3,839)	7,123	(3,839)
Tax (paid) / received		(1,052)	(1,129)	-	-
Other movements in operating cash flows		11	1	2	-
Net cash flows from / (used in) operating activities		**(63,716)**	**(10,037)**	**(59,382)**	**6,835**
Cash flows from investing activities					
Interest received		2,345	1,011	3,562	2,777
Purchase and sale of financial assets / investments		-	-	-	4,000
Purchase of intangible assets		(2,827)	(286)	(2,811)	(286)
Purchase of PPE and investment property		(25,628)	(30,951)	(28,457)	(34,347)
Receipt of cash donations to purchase assets		411	1,762	411	1,762
Net cash flows from used in investing activities		**(25,699)**	**(28,464)**	**(27,295)**	**(26,094)**
Cash flows from financing activities					
Public dividend capital received		104,550	29,217	104,550	29,217
Movement on other loans		(1,225)	(612)	(1,225)	(612)
Capital element of lease liability repayments		(1,374)	(1,272)	(5,350)	(7,472)
Other interest		(6)	(9)	(6)	(1)
Interest paid on lease liability repayments		(74)	(74)	(2,386)	(2,603)
PDC dividend (paid) / refunded		(9,569)	(8,024)	(9,569)	(8,024)
Net cash flows from / (used in) financing activities		**92,302**	**19,226**	**86,014**	**10,505**
Increase / (decrease) in cash and cash equivalents		**2,887**	**(19,275)**	**(663)**	**(8,754)**
Cash and cash equivalents at 1 April - brought forward		**29,531**	**48,806**	**18,618**	**27,372**
Cash and cash equivalents at 31 March	23	**32,417**	**29,531**	**17,955**	**18,618**

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 2023/24 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 2024/25 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 2024/25 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 2023/24 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 2023/24 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 2023/24 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 2023/24 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) which replaced the National Tariff Payment System on 1 April 2023. 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. In 2023/24 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.

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

The Foundation Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and 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. In 2023/24, 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 trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

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 Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Revenue from education and training contracts

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. 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 Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations. The group has no discontinued operations to report for 2023/24.

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)

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.

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

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 2024:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
	Exceeding 40 years	4.40%	3.00%

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 2024:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
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 2.45% in real terms (prior year: 1.70%).

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 1.9 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	12	55
Dwellings	28	41
Plant & machinery	1	21
Transport equipment	6	6
Information technology	1	12
Furniture & fittings	8	9

Note 1.10 Intangible assets

Recognition

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

Internally generated intangible assets

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

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

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

Software

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

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	5

Note 1.11 Inventories

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

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

Note 1.12 Cash and cash equivalents

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

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

Note 1.13 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Investment in Subsidiaries

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

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

Investments in all subsidiaries is at cost.

Impairment of financial assets

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

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 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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.

Initial application of IFRS 16 in 2022/23

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

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

The Foundation Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Foundation Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.
No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Foundation Trust as lessor

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

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 2023/24. 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 2023/24.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

The International Accounting Standards Board has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. IFRS 18 has not yet been UK endorsed or adopted by the FReM, but will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The Trust is aware that this Standard has been issued, but at this stage does not yet know the impact on future financial statements.

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 17).

This year’s desk-top 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 be structured in a way which ensured the VAT costs are eligible for recovery under the Contracted Out Service rules.

The value of VAT based on the value of its estate as at 31 March 2024 of £193m would be £39m at the current rate of 20%.

Charitable Funds

The Non-Executive Directors of the Foundation Trust act as Trustees of the East Kent Hospitals 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 31.3.24 for those land, buildings and dwellings assets subject to revaluation, and to which the estimation uncertainty relates, is £232m (2022/23: £219m). This valuation is based on the professional judgment of the Foundation Trust's independent valuer with extensive knowledge of the physical estate and market factors.

The valuation exercise, which was a desktop exercise for the main hospital assets and included some on-site reviews for Right of Use Assets, was carried out in March 2024, with a valuation date of 31 March 2024. 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 £232m. 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 £12m. A 10% change in valuations would lead to an increase of £23m.

The impact of a 5% change in 2024/25 would also be to change the PDC dividend by £210k based on the opening value of assets with no other adjustments or estimates.

Note 2 Operating Segments

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

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

The Foundation Trust's income is predominantly from contracts for the provision of healthcare with Clinical Commissioning Groups, Integrated Care Boards and NHS England. This accounts for 92% of the Foundation Trust's total income.

The Foundation Trust reports against the technically adjusted performance line - the results for the Group for 2023/24 were:

	Group	
	2023/24	**2022/23**
Deficit for the year	(153,011)	(39,154)
Add back all I&E Impairments	34,449	20,298
Retain impact of DEL I&E Impairments	-	(951)
Remove capital donations/grants I&E Impact	1,126	(88)
Prior period adjustments	-	603
Adjusted Financial performance	**(117,436)**	**(19,292)**

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	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Income from commissioners under API contracts - variable element*	10,900	-	10,900	-
Income from commissioners under API contracts - fixed element*	767,358	745,312	752,451	732,922
High cost drugs income from commissioners	68,284	63,102	68,284	63,102
Other NHS clinical income	2,218	4,568	2,217	4,568
Private patient income	3,390	2,788	312	228
Elective recovery fund	-	20,316	-	20,316
National pay award central funding***	434	17,222	434	17,222
Additional pension contribution central funding**	21,919	19,554	21,919	19,554
Other clinical income	1,205	1,637	1,108	1,637
Total income from activities	**875,708**	**874,499**	**857,625**	**859,549**

*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. In 2022/23 the Trust achieved the threshold targets for the Elective Recovery Fund, but did not achieve additional performance above this level (£20.3m). In 2023/24 the contracted element of ERF funding is reflected within Income from commissioners under API contracts (£20.3m fixed element and £10.9m variable).

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

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

*** Additional funding was made available by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31 March 2023.

Note 3.2 Income from patient care activities (by source)

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
Income from patient care activities received from:	£000	£000	£000	£000
NHS England	170,138	179,587	170,138	179,587
Clinical commissioning groups	-	159,431	-	157,106
Integrated care boards	698,234	524,897	683,229	514,537
Other NHS providers	2,218	4,568	2,217	4,568
NHS other	100	-	100	-
Non-NHS: private patients	3,389	2,788	312	228
Non-NHS: overseas patients (chargeable to patient)	614	526	614	526
Injury cost recovery scheme	1,015	1,111	1,015	1,111
Non NHS: other	-	1,591	-	1,886
Total income from activities	**875,708**	**874,499**	**857,625**	**859,549**
Of which:				
Related to continuing operations	875,708	874,499	857,625	859,549

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

	Trust	
	2023/24	2022/23
	£000	£000
Income recognised this year	614	526
Cash payments received in-year	250	256
Amounts added to provision for impairment of receivables	509	-
Amounts written off in-year	196	135

Note 4 Other operating income (Group)

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,300	-	**2,300**	2,458	-	**2,458**
Education and training	21,817	464	**22,281**	20,081	-	**20,081**
Non-patient care services to other bodies	13,633	-	**13,633**	10,258	-	**10,258**
Reimbursement and top up funding	-	-		1,591	-	**1,591**
Income in respect of employee benefits accounted on a gross basis	8,991	-	**8,991**	8,975	-	**8,975**
Receipt of capital grants and donations and peppercorn leases	-	411	**411**	-	1,762	**1,762**
Charitable and other contributions to expenditure	-	718	**718**	-	1,830	**1,830**
Revenue from operating leases	-	759	**759**	-	728	**728**
Car Parking income	3,910	-	**3,910**	1,999	-	**1,999**
Catering	3,232	-	**3,232**	2,686	-	**2,686**
Staff accommodation rental	1,825	-	**1,825**	1,639	-	**1,639**
Other income *	5,852	-	**5,852**	2,185	-	**2,185**
Total other operating income related to continuing operations	**61,560**	**2,352**	**63,912**	**51,872**	**4,320**	**56,192**

Note 4.1 Other operating income (Trust)

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	2,300	-	**2,300**	2,458	-	**2,458**
Education and training	21,818	464	**22,282**	20,079	-	**20,079**
Non-patient care services to other bodies	20,413	-	**20,413**	16,696	-	**16,696**
Reimbursement and top up funding	-	-		1,591	-	**1,591**
Income in respect of employee benefits accounted on a gross basis	8,969	-	**8,969**	8,953	-	**8,953**
Receipt of capital grants and donations and peppercorn leases	-	411	**411**	-	1,762	**1,762**
Charitable and other contributions to expenditure	-	718	**718**	-	1,830	**1,830**
Revenue from operating leases	-	385	**385**	-	425	**425**
Car Parking income	3,933	-	**3,933**	2,006	-	**2,006**
Staff accommodation rental	1,831	-	**1,831**	1,645	-	**1,645**
Other income *	4,648	-	**4,648**	1,447	-	**1,447**
Total other operating income related to continuing operations	**63,912**	**1,978**	**65,890**	**54,875**	**4,017**	**58,892**

* Prior year comparatives for both Trust & Group restated to split out Catering, Car Parking and Staff accommodation income where these are significant

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

	2023/24	2022/23
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,554	5,232

Note 5.1 Transaction price allocated to remaining performance obligations

remaining performance obligations is expected to be recognised:	31 March 2024	31 March 2023
	£000	£000
within one year	5,802	1,444
Total revenue allocated to remaining performance obligations	**5,802**	**1,444**

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	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Income from services designated as commissioner requested services	841,157	825,474	827,244	813,084
Income from services not designated as commissioner requested services	34,551	49,025	30,381	46,465
Total	**875,708**	**874,499**	**857,625**	**859,549**

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.

	2023/24	2022/23
Accommodation	£000	£000
Income	1,836	1,706
Full cost	(1,265)	(795)
Surplus / (deficit)	**571**	**911**

	2023/24	2022/23
Catering	£000	£000
Income	3,232	2,686
Full cost	(2,435)	(2,049)
Surplus / (deficit)	**797**	**637**

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)

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	759	728
Total in-year operating lease income	**759**	**728**

Note 6.2 Future lease receipts (Group)

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	62	62
- later than one year and not later than two years	46	45
- later than two years and not later than three years	45	38
- 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	26	17
Total	**215**	**198**

Note 7 Operating expenses (Group)

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	6,866	7,794	5,223	7,008
Staff and executive directors costs	689,628	627,997	637,984	583,033
Remuneration of non-executive directors	429	359	297	218
Supplies and services - clinical (excluding drugs costs)	107,296	93,847	52,561	45,551
Supplies and services - general	23,938	19,360	145,908	128,259
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	95,371	86,668	94,665	85,948
Consultancy costs	4,006	372	3,153	243
Establishment	5,243	5,787	4,811	5,140
Premises	32,097	28,421	13,189	11,347
Transport (including patient travel)	5,446	4,498	4,130	3,303
Depreciation on property, plant and equipment *	23,081	22,302	21,879	21,182
Amortisation on intangible assets	1,673	1,525	1,670	1,523
Net impairments *	34,449	20,298	34,449	26,985
Movement in credit loss allowance: contract receivables / contract assets	2,421	(578)	2,184	(264)
Increase/(decrease) in other provisions	1,374	(2,484)	1,374	(2,484)
Change in provisions discount rate(s)	(57)	(1,125)	(57)	(1,125)
Fees payable to the external auditor **				
audit services- statutory audit	216	165	216	165
other auditor remuneration (external auditor only)	168	105	30	-
Internal audit costs	233	167	230	151
Clinical negligence	30,597	25,670	30,597	25,670
Legal fees	1,863	1,157	1,782	1,168
Insurance	1,147	1,127	537	533
Research and development	2,109	2,088	2,109	2,088
Education and training	8,059	8,259	7,964	7,968
Expenditure on short term leases	588	592	588	167
Expenditure on low value leases	120	476	120	114
Car parking & security	1,491	1,671	-	6
Hospitality	140	105	90	28
Other services, eg external payroll	1,236	1,107	1,236	1,107
Other	3,500	3,250	2,313	2,010
Total relating to continuing operations	**1,084,728**	**960,980**	**1,071,232**	**957,042**

* 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" £216k disclosed above for 2023/24 relates to the Statutory Audit for the Foundation Trust; the total received by Auditors was £180k. Other Auditor remuneration relates to the audit of subsidiaries and an additional charge of £30k in respect of the 22/23 audit of the Foundation Trust.

Note 7.1 Other auditor remuneration (Group)

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
1. Audit of accounts of any associate of the trust	138	105	-	-
2. Audit-related assurance services	30	-	30	-
Total	**168**	**105**	**30**	**-**

Note 7.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2 million (2022/23: £2 million).

Note 8 Impairment of assets (Group)

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Net impairments charged to operating deficit resulting from:				
Over specification of assets	-	175	-	175
Abandonment of assets in course of construction	-	776	-	601
Changes in market price	34,449	19,347	34,449	26,209
Total net impairments charged to operating deficit	**34,449**	**20,298**	**34,449**	**26,985**
Impairments charged to the revaluation reserve	6,089	11,083	6,087	7,147
Total net impairments	**40,538**	**31,381**	**40,536**	**34,132**

For 2023/24 the Foundation Trust commissioned a desktop valuation following the full quinquennial valuation of all its land, buildings and dwellings in 2022/23. The desktop review was carried out by an external, independent valuer, in accordance with RICS guidance to determine the values reported in these accounts. This resulted in net reductions (including upward revaluations) reported to the Foundation Trust's Land, Buildings and Dwellings of £40.5m with £6.1m net decrease in the revaluation reserve and £34.5m 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	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	Total	**Total**	**Total**	**Total**
	£000	**£000**	**£000**	**£000**
Salaries and wages	478,344	429,829	435,207	394,221
Social security costs	53,056	49,290	49,542	46,203
Apprenticeship levy	2,433	2,110	2,192	1,938
Employer's contributions to NHS pensions	72,461	65,399	71,785	64,170
Pension cost - other	105	97	-	-
Temporary staff (including agency)	89,881	88,012	85,910	83,241
Total gross staff costs	**696,280**	**634,737**	**644,636**	**589,773**
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	**696,280**	**634,737**	**644,636**	**589,773**
Of which				
Costs capitalised as part of assets	232	479	232	479

Note 9.1 Retirements due to ill-health (Group)

During 2023/24 there were 10 early retirements from the trust agreed on the grounds of ill-health (7 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £669k (£877k in 2022/23).

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 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). 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.

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	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	£000	**£000**	**£000**	**£000**
Interest on bank accounts	2,345	1,011	1,737	657
Interest on other investments / financial assets	-	-	1,825	2,120
Total finance income	**2,345**	**1,011**	**3,562**	**2,777**

Note 12 Finance expenditure (Group)

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

	Group		Trust	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	£000	**£000**	**£000**	**£000**
Interest expense:				
Interest on lease obligations	71	80	2,373	2,609
Interest on late payment of commercial debt	6	2	6	1
Total interest expense	**77**	**82**	**2,379**	**2,610**
Unwinding of discount on provisions	43	(47)	43	(47)
Other finance costs	13	7	-	-
Total finance costs	**133**	**42**	**2,422**	**2,563**

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

	2023/24	**2022/23**
	£000	**£000**
Amounts included within interest payable arising from claims made under this legislation	6	2

Note 13 Other losses (Group)

	Group		Trust	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	£000	**£000**	**£000**	**£000**
Losses on disposal of assets	(26)	(117)	(26)	(117)
Total losses on disposal of assets	**(26)**	**(117)**	**(26)**	**(117)**

Note 14 Intangible assets - 2023/24

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**9,354**	**988**	**10,342**
Additions	741	2,086	**2,827**
Reclassifications	2,117	(1,977)	**140**
Valuation / gross cost at 31 March 2024	**12,212**	**1,097**	**13,309**
Amortisation at 1 April 2023 - brought forward	**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 14.1 Intangible assets - 2022/23

Group	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**11,602**	**2,262**	**13,864**
Additions	175	111	**286**
Impairments	(39)	-	**(39)**
Reclassifications	1,545	(1,385)	**160**
Disposals / derecognition	(3,929)	-	**(3,929)**
Valuation / gross cost at 31 March 2023	**9,354**	**988**	**10,342**
Amortisation at 1 April 2022 - as previously stated	**6,386**	**-**	**6,386**
Provided during the year	1,525	-	**1,525**
Reclassifications	160	-	**160**
Disposals / derecognition	(3,929)	-	**(3,929)**
Amortisation at 31 March 2023	**4,142**	**-**	**4,142**
Net book value at 31 March 2023	**5,212**	**988**	**6,200**
Net book value at 1 April 2022	**5,216**	**2,262**	**7,478**

Note 15 Intangible assets - 2023/24

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**9,309**	**988**	**10,297**
Additions	725	2,086	**2,811**
Reclassifications	2,117	(1,977)	**140**
Valuation / gross cost at 31 March 2024	**12,151**	**1,097**	**13,248**
Amortisation at 1 April 2023 - brought forward	**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 15.1 Intangible assets - 2022/23

Trust	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**11,631**	**2,262**	**13,893**
Additions	175	111	**286**
Impairments	(39)	-	**(39)**
Reclassifications	1,471	(1,385)	**86**
Disposals / derecognition	(3,929)	-	**(3,929)**
Valuation / gross cost at 31 March 2023	**9,309**	**988**	**10,297**
Amortisation at 1 April 2022 - as previously stated	**6,419**	**-**	**6,419**
Provided during the year	1,523	-	**1,523**
Reclassifications	86	-	**86**
Disposals / derecognition	(3,929)	-	**(3,929)**
Amortisation at 31 March 2023	**4,099**	**-**	**4,099**
Net book value at 31 March 2023	**5,210**	**988**	**6,198**
Net book value at 1 April 2022	**5,212**	**2,262**	**7,474**

Note 16 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 - brought forward	**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 - brought forward	**-**	**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**	**-**	**14,802**	**1,587**	**311,355**

Note 16.1 Property, plant and equipment - 2022/23

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**14,500**	**175,729**	**16,322**	**59,481**	**59,800**	**25**	**31,700**	**2,335**	**359,891**
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	-	(17)	-	-	**(17)**
Additions	-	9,569	-	18,366	2,502	-	3,539	183	**34,159**
Impairments	(134)	(36,155)	(1,371)	(775)	(175)	-	-	-	**(38,610)**
Reversals of impairments	1,210	6,058	-	-	-	-	-	-	**7,268**
Revaluations	317	3,468	1,310	-	(104)	-	-	-	**4,991**
Reclassifications	-	30,066	-	(35,314)	4,089	(5)	388	72	**(704)**
Disposals / derecognition	-	-	-	-	(201)	-	(9,230)	(64)	**(9,495)**
Valuation/gross cost at 31 March 2023	**15,893**	**188,735**	**16,261**	**41,757**	**65,911**	**3**	**26,397**	**2,526**	**357,482**
Accumulated depreciation at 1 April 2022 - as previously stated	**-**	**311**	**-**	**-**	**22,907**	**16**	**16,343**	**786**	**40,363**
IFRS 16 implementation - reclassification to right of use assets	-	-	-	-	-	(9)	-	-	**(9)**
Provided during the year	-	6,881	554	-	8,581	1	4,470	508	**20,995**
Revaluations	-	(4,480)	(554)	-	(104)	-	-	-	**(5,138)**
Reclassifications	-	(414)	-	-	32	(5)	12	(329)	**(704)**
Disposals / derecognition	-	-	-	-	(123)	-	(9,230)	(26)	**(9,379)**
Accumulated depreciation at 31 March 2023	**-**	**2,297**	**-**	**-**	**31,293**	**3**	**11,595**	**939**	**46,127**
Net book value at 31 March 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**-**	**14,802**	**1,587**	**311,355**
Net book value at 1 April 2022	**14,500**	**175,418**	**16,322**	**59,481**	**36,893**	**9**	**15,357**	**1,549**	**319,528**

Note 16.2 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 16.3 Property, plant and equipment financing - 31 March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	15,893	180,511	16,261	41,757	30,631	-	14,802	1,587	**301,443**
Owned - donated/granted	-	5,926	-	-	3,986	-	-	-	**9,912**
NBV total at 31 March 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**-**	**14,802**	**1,587**	**311,355**

Note 16.4 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
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 16.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Not subject to an operating lease	15,893	186,437	16,261	41,757	34,617	-	14,802	1,587	**311,355**
NBV total at 31 March 2023	**15,893**	**186,437**	**16,261**	**41,757**	**34,617**	**-**	**14,802**	**1,587**	**311,355**

Note 17 Property, plant and equipment - 2023/24

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**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 - brought forward	**-**	**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 17.1 Property, plant and equipment - 2022/23

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**14,500**	**171,491**	**16,322**	**59,154**	**59,354**	**4**	**31,557**	**827**	**353,209**
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	(5,191)	(60,128)	-	-	(21,309)	(4)	-	(252)	**(86,884)**
Additions	-	9,569	-	18,294	2,502	-	3,539	153	**34,057**
Impairments	-	(24,448)	(1,371)	(601)	(175)	-	-	-	**(26,595)**
Reversals of impairments	1,210	4,066	-	-	-	-	-	-	**5,276**
Revaluations	56	1,939	1,310	-	(104)	-	-	-	**3,201**
Reclassifications	-	30,480	-	(35,166)	4,071	-	258	271	**(86)**
Disposals / derecognition	-	-	-	-	(172)	-	(9,230)	-	**(9,402)**
Valuation/gross cost at 31 March 2023	**10,575**	**132,969**	**16,261**	**41,681**	**44,167**	**-**	**26,124**	**999**	**272,776**
Accumulated depreciation at 1 April 2022 - as previously stated	**-**	**-**	**-**	**-**	**22,651**	**2**	**16,416**	**200**	**39,269**
IFRS 16 implementation - reclassification of existing leased assets to right of use assets	-	-	-	-	(14,792)	(2)	-	(93)	**(14,887)**
Provided during the year	-	4,839	554	-	6,706	-	4,425	216	**16,740**
Impairments	-	3,722	-	-	-	-	-	-	**3,722**
Revaluations	-	(4,540)	(554)	-	(104)	-	-	-	**(5,198)**
Reclassifications	-	-	-	-	32	-	(118)	-	**(86)**
Disposals / derecognition	-	-	-	-	(101)	-	(9,230)	-	**(9,331)**
Accumulated depreciation at 31 March 2023	**-**	**4,021**	**-**	**-**	**14,392**	**-**	**11,493**	**323**	**30,229**
Net book value at 31 March 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,775**	**-**	**14,631**	**676**	**242,546**
Net book value at 1 April 2022	**14,500**	**171,491**	**16,322**	**59,154**	**36,703**	**2**	**15,141**	**627**	**313,940**

Note 17.2 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 17.3 Property, plant and equipment financing - 31 March 2023

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	10,575	124,856	16,261	41,681	25,788	14,631	676	**234,468**
Owned - donated / granted	-	4,092	-	-	3,986	-	-	**8,078**
Total net book value at 31 March 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,774**	**14,631**	**676**	**242,546**

Note 17.4 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
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 17.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Not subject to an operating lease	10,575	128,948	16,261	41,681	29,774	14,631	676	**242,546**
Total net book value at 31 March 2023	**10,575**	**128,948**	**16,261**	**41,681**	**29,774**	**14,631**	**676**	**242,546**

Note 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 2024. 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 £27.5m. This was represented by a downward valuation charged to operating expenses of a net £34.5m and upward movement to the revaluation reserve of a net £7m. The £1.2m balance of the £8.2m group net impairment / revaluation movement in the revaluation reserve, recognised in the SOCIE, relates to a late audit valuation adjustment in Spencer Private Hospitals limited Accounts for 2022/23. See Policy Note 1.9 and Impairment Note 8 for further information. Assets under construction were not included in the revaluation.

Note 19 Leases - East Kent Hospitals University NHS Foundation Trust as a lessee

This note details information about leases for which the Foundation Trust is a lessee.

The Foundation Trust has commitments of £2.7m in relation to its leasing activities outside of the Group. Commitments greater than £0.5m have been identified below:

Inca House Medical Records

Estuary View Medical Practice

Sarre Building

Olympus Endoscopy Equipment (Lessee is 2gether Support Solutions Ltd)

The Foundation Trust has commitments of £66.4m 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 - 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 19.2 Right of use assets - 2022/23

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 2022 - brought forward	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	-	-	17	**17**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	2,718	2,374	140	**5,232**	747
Additions	1,039	22	129	**1,191**	152
Remeasurements of the lease liability	(1)	-	-	**(1)**	(1)
Valuation/gross cost at 31 March 2023	**3,756**	**2,396**	**287**	**6,439**	**898**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	-	-	9	**9**	-
Provided during the year	551	668	88	**1,307**	157
Accumulated depreciation at 31 March 2023	**551**	**668**	**97**	**1,316**	**157**
Net book value at 31 March 2023	**3,205**	**1,728**	**189**	**5,123**	**741**
Net book value at 1 April 2022	**-**	**-**	**-**	**-**	**-**
Net book value of right of use assets leased from other NHS providers					729
Net book value of right of use assets leased from other DHSC group bodies					12

Note 19.3 Right of use assets - 2023/24

Trust	Property (land and buildings)	Plant & machinery	Transport equipment	Furniture & fittings	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000	£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**

	£000
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 19.4 Right of use assets - 2022/23

Trust	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Furniture & fittings £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward		**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	65,319	21,309	4	252	**86,884**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	2,643	312	40	-	**2,995**	747
Additions	1,039	-	22	-	**1,062**	152
Remeasurements of the lease liability	(1)	-	-	-	**(1)**	(1)
Impairments	(9,876)	-	-	-	**(9,876)**	-
Reversal of impairments	824	-	-	-	**824**	-
Revaluations	3,680	-	-	-	**3,680**	-
Disposals / derecognition	-	(29)	-	(64)	**(93)**	-
Valuation/gross cost at 31 March 2023	**63,628**	**21,592**	**67**	**188**	**85,475**	**898**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	14,792	2	93	**14,887**	-
Provided during the year	2,476	1,923	23	21	**4,442**	157
Revaluations	(1,938)	-	-	-	**(1,938)**	-
Disposals / derecognition	-	(22)	-	(26)	**(48)**	-
Accumulated depreciation at 31 March 2023	**538**	**16,692**	**25**	**88**	**17,343**	**157**
Net book value at 31 March 2023	**63,090**	**4,900**	**42**	**100**	**68,132**	**741**
Net book value at 1 April 2022	**-**	**-**	**-**	**-**	**-**	**-**

	£000
Net book value of right of use assets leased from other NHS providers	729
Net book value of right of use assets leased from other DHSC group bodies	12

Note 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	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Carrying value at 1 April	**4,858**	**8**	**74,259**	**77,975**
IFRS 16 implementation - adjustments for existing operating leases	-	4,925	-	2,689
Lease additions	543	1,191	237	1,062
Lease liability remeasurements	3	(1)	5	(1)
Interest charge arising in year	71	80	2,373	2,609
Early terminations	(37)	-	-	-
Lease payments (cash outflows)	(1,448)	(1,346)	(7,736)	(10,075)
Other changes	-	-	-	-
Carrying value at 31 March	**3,990**	**4,858**	**69,138**	**74,259**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 7. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Income generated from subleasing right of use assets in £0k and is included within revenue from operating leases in note 4.

Note 19.6 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 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 19.7 Maturity analysis of future lease payments at 31 March 2023

	Group		Trust	
	Total	Of which leased from DHSC group bodies:	**Total**	Of which leased from DHSC group bodies:
	31 March 2023	**31 March 2023**	**31 March 2023**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Undiscounted future lease payments payable in:				
- not later than one year;	1,302	187	7,684	187
- later than one year and not later than five years;	2,837	440	20,484	440
- later than five years.	878	165	73,443	165
Total gross future lease payments	**5,018**	**792**	**101,611**	**792**
Finance charges allocated to future periods	(160)	(22)	(27,352)	(21)
Net finance lease liabilities at 31 March 2023	**4,858**	**771**	**74,259**	**771**
Of which:				
Leased from other NHS providers		756		756
Leased from other DHSC group bodies		15		15

Note 20 Investments in associates and joint ventures

	Group		Trust	
	2023/24	2022/23	2023/24	2022/23
	£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 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Drugs	5,134	5,463	5,087	5,324
Energy	508	508	-	-
Other	7,528	6,500	2,791	1,425
Total inventories	**13,170**	**12,471**	**7,878**	**6,749**

Inventories recognised in expenses for the year were £202,667k (2022/23: £180,802k). Write-down of inventories recognised as expenses for the year were £0k (2022/23: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Foundation Trust received £302k of items purchased by DHSC (2022/23: £1,651k).

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

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 22 Receivables

	Group		Trust	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Current				
Contract receivables	20,447	33,660	20,484	33,552
Allowance for impaired contract receivables / assets	(3,764)	(2,150)	(3,504)	(2,060)
Prepayments (non-PFI)	5,283	6,820	2,705	1,444
PDC dividend receivable	992	796	992	796
VAT receivable	10,344	5,566	10,096	4,238
Corporation and other taxes receivable	26	12	26	12
Other receivables	-	68	3,577	3,676
Total current receivables	**33,328**	**44,772**	**34,376**	**41,658**
Non-current				
Contract receivables	1,275	-	1,275	-
Allowance for impaired contract receivables / assets	(705)	(325)	(705)	(325)
Prepayments (non-PFI)	372	471	372	471
Corporation and other taxes receivable	1,128	-	1,128	-
Other receivables	-	2,703	50,067	54,672
Total non-current receivables	**2,070**	**2,849**	**52,137**	**54,818**
Of which receivable from NHS and DHSC group bodies:				
Current	9,361	25,184	9,360	18,030
Non-current	1,128	1,397	1,128	1,397

Trust - Other receivables contains current receivables of £3.6m (2022/23 £3.6m) and non-current receivables of £50.1m (2022/23 £52m) 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 - 2023/24

	Group	Trust
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 Apr 2023 - brought forward	**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 22.2 Allowances for credit losses - 2022/23

	Group	Trust
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 Apr 2022 - as previously stated	**3,269**	**2,851**
Changes in existing allowances	(578)	(264)
Utilisation of allowances (write offs)	(216)	(202)
Allowances as at 31 Mar 2023	**2,475**	**2,385**

Note 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	
	2023/24	**2022/23**	**2023/24**	**2022/23**
	£000	**£000**	**£000**	**£000**
At 1 April	**29,531**	**48,806**	**18,618**	**27,372**
Net change in year	2,886	(19,275)	(663)	(8,754)
At 31 March	**32,417**	**29,531**	**17,955**	**18,618**
Broken down into:				
Cash at commercial banks and in hand	97	100	71	74
Cash with the Government Banking Service	32,320	29,431	17,884	18,544
Total cash and cash equivalents as in SoFP	**32,417**	**29,531**	**17,955**	**18,618**
Total cash and cash equivalents as in SoCF	**32,417**	**29,531**	**17,955**	**18,618**

Note 24 Trade and other payables

	Group		Trust	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Current				
Trade payables	27,844	29,393	20,221	23,864
Capital payables	8,958	5,664	2,151	2,141
Accruals	30,294	35,038	44,411	37,643
Social security costs	6,451	6,259	6,064	5,676
Other taxes payable	6,647	5,477	6,244	5,126
PDC dividend payable	-	-	-	-
Pension contributions payable	7,163	6,537	7,076	6,451
Other payables	7,722	3,016	8,417	3,278
Total current trade and other payables	**95,079**	**91,384**	**94,584**	**84,179**
Non-current				
Trade payables	82	190	-	-
Total non-current trade and other payables	**82**	**190**	**-**	**-**
Of which payables from NHS and DHSC group bodies:				
Current	3,460	4,573	3,331	4,578

Note 25 Other liabilities

	Group		Trust	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Current				
Deferred income: contract liabilities	8,095	3,902	8,101	3,902
Total other current liabilities	**8,095**	**3,902**	**8,101**	**3,902**

Note 26 Borrowings

	Group		Trust	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Current				
Other loans	1,225	1,225	1,225	1,225
Lease liabilities	1,340	1,302	3,045	5,313
Total current borrowings	**2,565**	**2,527**	**4,270**	**6,538**
Non-current				
Other loans	5,512	6,737	5,512	6,736
Lease liabilities	2,650	3,555	66,093	68,946
Total non-current borrowings	**8,162**	**10,292**	**71,605**	**75,682**

* 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 £66.4m obligation (£64m non-current and £2.4m 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 - 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**

Group - 2022/23	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2022	**8,573**	**8**	**8,581**
Cash movements:			
Financing cash flows - payments and receipts of principal	(612)	(1,272)	**(1,884)**
Financing cash flows - payments of interest	-	(74)	**(74)**
Non-cash movements:			
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	4,925	**4,925**
Additions	-	1,191	**1,191**
Lease liability remeasurements	-	(1)	**(1)**
Application of effective interest rate	-	80	**80**
Other changes	1	-	**1**
Carrying value at 31 March 2023	**7,962**	**4,858**	**12,820**

Note 26.2 Reconciliation of liabilities arising from financing activities

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**

Trust - 2022/23	Other loans	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2022	**8,573**	**77,975**	**86,548**
Cash movements:			
Financing cash flows - payments and receipts of principal	(612)	(7,472)	**(8,084)**
Financing cash flows - payments of interest	-	(2,603)	**(2,603)**
Non-cash movements:			
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	2,689	**2,689**
Additions	-	1,062	**1,062**
Lease liability remeasurements	-	(1)	**(1)**
Application of effective interest rate	-	2,609	**2,609**
Carrying value at 31 March 2023	**7,961**	**74,259**	**82,220**

Note 27 Provisions for liabilities and charges analysis (Group)

Group	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2023	**2,518**	**2,265**	**1,509**	**6,292**
Change in the discount rate	(57)	-	(249)	**(306)**
Arising during the year	123	1,304	6,399	**7,826**
Utilised during the year	(165)	(173)	(16)	**(354)**
Reversed unused	-	(53)	(65)	**(118)**
Unwinding of discount	43	-	75	**118**
At 31 March 2024	**2,462**	**3,343**	**7,653**	**13,458**
Expected timing of cash flows:				
- not later than one year;	167	3,343	6,525	**10,035**
- later than one year and not later than five years;	666	-	115	**781**
- later than five years.	1,629	-	1,013	**2,642**
Total	**2,462**	**3,343**	**7,653**	**13,458**

"Pensions" relate to Injury Benefits for former employees, assessed and paid by NHS Pensions Agency and recharged to the Foundation Trust. The "Legal Claims" provision is based on an assessment of current claims provided by the NHS Litigation Authority in respect of Public Liability and Employers Liability.

Note 27.1 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2023	**2,518**	**2,265**	**1,509**	**6,292**
Change in the discount rate	(57)	-	(249)	**(306)**
Arising during the year	123	1,304	6,399	**7,826**
Utilised during the year	(165)	(173)	(16)	**(354)**
Reversed unused	-	(53)	(65)	**(118)**
Unwinding of discount	43	-	75	**118**
At 31 March 2024	**2,462**	**3,343**	**7,653**	**13,458**
Expected timing of cash flows:				
- not later than one year;	167	3,343	6,525	**10,035**
- later than one year and not later than five years;	665	-	115	**780**
- later than five years.	1,630	-	1,013	**2,643**
Total	**2,462**	**3,343**	**7,653**	**13,458**

Note 27.2 Clinical negligence liabilities

At 31 March 2024, £307,798k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of East Kent Hospitals University NHS Foundation Trust (31 March 2023: £348,808k).

Note 28 Contingent assets and liabilities

	Group		Trust	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Value of contingent liabilities				
NHS Resolution legal claims	(48)	(83)	(48)	(83)
Net value of contingent liabilities	**(48)**	**(83)**	**(48)**	**(83)**

Note 29 Contractual capital commitments

	Group		Trust	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Property, plant and equipment	8,623	9,032	8,623	9,032
Intangible assets	6	-	6	-
Total	**8,629**	**9,032**	**8,629**	**9,032**

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 2024 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 2024 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 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**

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	33,968	**33,968**
Cash and cash equivalents	29,531	**29,531**
Total at 31 March 2023	**63,499**	**63,499**

Note 30.3 Carrying values of financial assets (Trust)

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**

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	89,527	**89,527**
Cash and cash equivalents	18,618	**18,618**
Total at 31 March 2023	**108,145**	**108,145**

Note 30.4 Carrying values of financial liabilities (Group)

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**

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	4,858	**4,858**
Other borrowings	7,962	**7,962**
Trade and other payables excluding non financial liabilities	73,301	**73,301**
Total at 31 March 2023	**86,121**	**86,121**

Note 30.5 Carrying values of financial liabilities (Trust)

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**

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	74,259	**74,259**
Other borrowings	7,961	**7,961**
Trade and other payables excluding non financial liabilities	66,926	**66,926**
Total at 31 March 2023	**149,146**	**149,146**

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 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
In one year or less	75,759	74,603	80,284	74,610
In more than one year but not more than five years	7,773	10,799	25,930	28,445
In more than five years	499	878	68,382	73,443
Total	**84,031**	**86,281**	**174,596**	**176,498**

Note 31 Losses and special payments

	2023/24		2022/23	
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	75	43	49	49
Bad debts and claims abandoned	138	354	222	179
Stores losses and damage to property	22	7	29	48
Total losses	**235**	**404**	**300**	**276**
Special payments				
Ex-gratia payments	98	51	95	41
Total special payments	**98**	**51**	**95**	**41**
Total losses and special payments	**333**	**455**	**395**	**317**

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:

	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000
Related Party	**Income**	**Expenditure**	**Debtors**	**Creditors**
Kent Community Health NHS Foundation Trust	3,213	1,523	526	625
Medway Foundation Trust	1,223	2,727	898	861
Royal Surrey NHS Foundation Trust	1,321	-	-	-
Kent and Medway NHS and Social Care Partnership Trust	1,175	149	362	51
Maidstone And Tunbridge Wells NHS Trust	2,965	5,444	690	360
NHS Kent and Medway ICB	694,745	910	4,713	-
NHS Resolution	-	31,046	-	-
NHS England	179,026	5	37	-
NHS Blood and Transplant	-	3,393	-	-
Kent County Council	1,413	128	80	25

For 2023/24 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 £666k, and creditors £175k.

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 £5.0m (2022/23 £4.4m) revenue and incurred £2.5m (2022/23 £2.7m) expenditure with the subsidiary during the year. As at 31 March 2024 the Foundation Trust was owed £4.7m (2022/23 £3.7m) by the subsidiary and owed £1.3m (2022/23 £0.4m). 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 £2.8m (2022/23 £3.0m) revenue and incurred £158.4m (2022/23 £146.8m) expenditure with the subsidiary during the year. As at 31 March 2024 the Foundation Trust was owed £2.9m (2022/23 £2.6m) by the subsidiary and owed £25.1m (2022/23 £14.4m). The non-current debt owed to the Foundation Trust amounted to £50.1m (2022/23 £52.m) and owed £64.0m (2022/23 £68.0m). These transactions and balances have been removed on consolidation.

Note 33 Better Payment Practice code

Non-NHS Payables	2023/24 Number	2023/24 £000	2022/23 Number	2022/23 £000
Total non-NHS trade invoices paid in the year	76,669	559,569	71,370	605,779
Total non-NHS trade invoices paid within target	38,448	421,423	51,570	476,354
Percentage of non-NHS trade invoices paid within target	50.1%	75.3%	72.3%	78.6%
NHS Payables				
Total NHS trade invoices paid in the year	2,491	20,619	2,504	14,067
Total NHS trade invoices paid within target	764	7,807	1,278	6,507
Percentage of NHS trade invoices paid within target	30.7%	37.9%	51.0%	46.3%

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.