NHS
East Kent
Hospitals University
NHS Foundation Trust

Annual Report and Accounts 2016/17

East Kent Hospitals University NHS Foundation Trust

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CHAIR'S STATEMENT

I am pleased to introduce the 2016/17 Annual Report and Accounts for East Kent Hospitals University NHS Foundation Trust. In this report we describe the performance, developments and challenges of the Trust over the year, as well as our plans and aspirations for the future.

These aspirations have one focus: being able to provide the best possible hospital care for the local population. So it was a huge encouragement this year when our progress to date on this journey was recognised by the Care Quality Commission (CQC) and our regulator NHS Improvement, and we were lifted out of quality special measures.

I need to pay tribute to the 8,000 staff who have worked so hard to achieve this key milestone. We will continue with our focus on delivering our improvement plan to move all our hospitals to a 'good' Care Quality Commission rating.

We recognise the work we need to do to build on our improvement in quality, and to do so in our key performance targets and financial stability. We are working closely with NHS Improvement as part of financial special measures to achieve this.

This was a significant year for the new Board following substantial changes and new appointments to strengthen the leadership of the Trust. We have worked hard to develop as a Board and ensure we are equipped to drive forward the improvement of the organisation to meet the needs of patients and their families.

I would like to thank the Non-Executive Directors who left us last year - Richard Earland, Ron Hoile and Gill Gibb - for their significant contributions to the Board and welcome new Non-Executive Directors Wendy Cookson and Keith Palmer who are bringing their diverse skills and expertise to the role. We are recruiting to the third post.

As a Board, we recognise the need to work in partnership with all health and social care organisations across the county, because the way we will deliver ksonembrace integrated working and share skills and resources for the benefit of patients and staff.

This is true for the day-to-day challenges of managing patient flow through the hospitals and community services, as much as the long-term approach to care for an increasingly elderly population with complex health needs. The partnership working that is key to Kent and Medway's Sustainability and Transformation Plan, through which all organisations are working together to provide sustainable health services for the next five years, is an important step forward in designing services around patient needs rather than organisational boundaries.
Within the Trust, we continue to nurture a developing culture of improvement and innovation, of learning and developing. This will enable us to remain

responsive to the need to adapt and change in the rapidly moving world of health, so we can always provide our patients with the best possible care and provide a rich and inspiring environment in which to work.

Some of the most inspiring moments for me are the patient stories we hear at each Board meeting. We believe it is important to learn from the people who use our services so we always remain focussed on their needs. We welcome feedback from patients and carers and recognise that by listening to their experiences we can improve the service we provide. There are many ways patients can give us their feedback - through NHS Choices, the Friends and Family Test, patient surveys, via our governors, and at membership and engagement events. Importantly, the things we implement as a result of this feedback is displayed on our wards.

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

The year ahead is a significant one for the Trust, its staff and the people it serves, as we move to public consultation and decision on the future shape of health services in East Kent. Just as we work in partnership with other NHS and social care organisations, we also work in partnership with our staff, patients, members of the public and third sector organisations to ensure that, together, we get these decisions right for patients.

I would like to thank everyone who has contributed to and supported the Trust and its work over the past year – our volunteers, partners and fundraisers who make such a significant difference to what we do.

This includes the wonderful Leagues of Friends and other charitable organisations that provide such valuable support to our hospitals, staff, patients and their families.

Above all, thank you to our staff who have unceasingly cared for patients in sometimes very difficult circumstances with the best of their professionalism and compassion. Every achievement within the Trust is due to their hard work, and so, on behalf of the people of east Kent and the Board, thank you.

Nikki Cole
Chair

Our vision, mission and values

Our mission

Together we care: improving health and lives

Our vision

Great healthcare from great people

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

Our values

We care so that:

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

Our strategic priorities

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

Highlights of our year

Highlights of our year

- **April 2016:** Trust launches its new strategic priorities: patients, people, partnership and provision
- **May 2016:** Kent and Canterbury Hospital chosen as a centre of expertise in robotic surgery for doctor training
- **June 2016:** We sign up to the national 'John's campaign' which advocates carers staying with their loved ones living with dementia in hospital
- **July 2016:** Quiet room opened for relatives at William Harvey Hospital; Urgent Care Centre model begins at Kent and Canterbury Hospital
- **August 2016:** We see big improvements in our annual inspection of hospital food, cleanliness and environment
- **September 2016:** Dedicated children's area opens in William Harvey Hospital's emergency department
- **October 2016:** Specialist clinic opens in Queen Elizabeth The Queen Mother Hospital, Margate, for babies with 'tongue tie'
- **November 2016:** All NHS and social care organisations in Kent and Medway publish their vision for health services over the next five years
- **December 2016:** CQC report recognises 'significant improvements' to the quality of care we give patients and recommends we come out of special measures
- **January 2017:** East Kent Hospitals Charity Dementia Appeal reaches its first milestone of £100,000
- **February 2017:** Trust lifted out of quality special measures by our regulator NHS Improvement
- **March 2017:** First outpatient appointment using telemedicine; chemotherapy unit reopens in William Harvey Hospital, Ashford

PERFORMANCE REPORT

An overview on performance from the chief executive

This year has been my first full year as Chief Executive of East Kent Hospitals and it has been a significant year for the Trust and the patients we serve.

My proudest moment was when the hard work and commitment of staff here to improving the quality of care patients receive was recognised by the Care Quality Commission (CQC), which recommended the Trust be lifted out of special measures.

The CQC re-inspected the hospitals in September. This was the third inspection for the Trust since 2014 and looked in detail at four areas - emergency care, medical services, maternity and gynaecology and end of life care - at three of the Trust's five hospitals.

The Trust was placed in special measures by Monitor (now NHS Improvement) in 2014 when the CQC rated the Trust 'inadequate'. A year later the Trust was upgraded to 'requires improvement' as a result of "big steps forward" witnessed by the CQC. The Trust remained in special measures to allow more time to fully embed the improvements.

While the overall Trust rating remains 'requires improvement', the CQC report, published in December 2016, indicated a number of areas in which further significant improvements have been obtained, notably that there are no longer any elements rated inadequate.

The tangible improvements recognised by the CQC are the result of our thousands of dedicated and hardworking staff who have together driven improvements for patients in their wards, clinics, theatres, laboratories, workshops and offices over the last two years.

Sir Mike Richards, England's Chief Inspector of Hospitals, said in the report: "Staff at all levels are contributing to the improvement programme and as a result a momentum of improvement is apparent within the organisation."

This is as true today as it was then, with a great deal of improvement work underway in our hospitals, from the maternity transformation programme to the compassion project, where staff are working with Pilgrims Hospices to further improve end of life care.

We have a new improvement plan, through which we are working with the other NHS and social care organisations in east Kent to keep improving services. The areas we are particularly focusing on are: recruiting and retaining more staff, enabling more patients to access treatment sooner, improving the flow of patients through our hospitals, fully embedding early

signs of improvement in maternity and end of life care, and making financial savings.

Working in partnership remains one of our four strategic priorities. In 2016 we set our four strategic priorities as: patients, people, partnerships and provision, and we have been working hard to embed real changes to achieve our vision of great healthcare from great people.

Like many hospital trusts across the country we have continued to see significant pressure on our emergency care services. The winter period was particularly pressured, with all our hospitals seeing unprecedented levels of demand for services. The balance of delivering care and treatment whilst maintaining good financial and operational performance has continued to be challenging through 2016/17.

Improving emergency care performance remains a key priority and a real challenge to ensure more patients are seen, treated and discharged or admitted within the four-hour standard. There are a number of issues around this, including increasingly complex healthcare needs and patient flow through our hospitals. We have introduced new technologies to speed up some of our processes in the emergency departments, and working with our staff and our partners to enable efficient discharges into the community when a patient is clinically fit and able to leave hospital.

At the end of the year, we were seeing an improvement in waiting times for cancer standards, diagnostics and referral to treatment times. We were fully compliant in two-week waits for a first consultant appointment for patients with suspected cancer, and fully compliant in the number of patients receiving their diagnostic test within six weeks of referral. The number of patients waiting less than 18 weeks for treatment has improved to just under 85%, we aim to be fully compliant in this standard by the end of the 2017/18 year. We are also working to improve our compliance in the 31 and 62 day cancer waiting time standards and emergency care.

We have made significant improvements in the quality of the services we provide, which include: reducing the number of patient falls within the hospitals, improved training and resources for staff providing end of life care and improved safety within our emergency departments.

We continued to invest in permanent staff over the year and were successful in significantly reducing our spending on agency staff from £34.3m to £23m. At year end, we had reduced our financial deficit from £35.2m to £31.4m.

We are working closely with NHS Improvement as part of financial special measures to continue to rebuild the Trust's financial health. We are striving to become more efficient in the way we work across our hospitals and have a strong cost improvement plan, for example we have saved over £600,000 through a medicines programme that included reviewing contract pricing for drugs and reducing wastage of the hospitals' pharmacy stock.

In addition to planning for a stronger future, we completed many projects throughout 2016/17 to help us better meet the needs of patients today. One major development was our first telemedicine appointment in March 2017. For the first time, a patient was able to have a follow-up appointment with a specialist without needing to leave their home. This technology will have huge benefits for people who struggle to get to hospital.

We were also pleased to re-open the chemotherapy unit at William Harvey Hospital in March 2017. In 2015, the unit temporarily moved to the existing chemotherapy unit at Kent and Canterbury Hospital, as well as continuing to care for some chemotherapy patients at the William Harvey in a large mobile unit. This was a temporary solution to a challenge we, like many NHS hospitals, faced in recruiting enough staff for the unit.
The team has been successful in establishing a strong staff team, and the unit has now been re-housed in a bigger and better environment, in a newly-refurbished facility in the hospital.

The Trust has continued to go from strength to strength in its clinical research, participating in over 100 medical research trials in the last year.
In May 2016, Kent and Canterbury Hospital was chosen as a centre of expertise in robotic surgery for doctor training, which is a great testament to the hard work of the robotic surgery team in building the service to provide exceptionally good outcomes for patients and a fantastic training environment for staff.

We continued to improve provision for children this year, opening a specialist clinic in Queen Elizabeth The Queen Mother Hospital, Margate, in October for babies with ‘tongue tie, and opening the dedicated children’s area in the emergency department in William Harvey Hospital, Ashford, in September.

We also made changes to the way we organise emergency services at Kent and Canterbury Hospital in July, to meet junior doctor training requirements and ensure urgent care patients are assessed and treated by the right specialist teams. The new Urgent Care Centre model began at Kent and Canterbury Hospital in July 2016.

Throughout the year, our struggle to recruit permanent consultants in some specialties at Kent and Canterbury Hospital was leading to a quality of junior doctor training at the hospital that was below the standard we would like. In March 2017, Health Education England recommended that 38 out of 76 trainees be moved to the Trust’s other two acute hospitals - the William Harvey Hospital, Ashford and Queen Elizabeth The Queen Mother Hospital, Margate - to continue with their training.

The move once it occurs will result in temporary changes to some services for patients at the K&CH, particularly in emergency care, to ensure services remain safely staffed.

The Trust is working hard to improve recruitment of permanent consultants. But the situation is a symptom of a long-running problem in the NHS. Today’s

NHS is still set up to work the way it did 30 years ago. There have been huge medical advances since then and we treat patients very differently now, with a real emphasis on specialist teams looking after people with specific conditions such as stroke – this has led to much more effective treatment and people are living longer, with better quality of life.

This is fantastic for patients, but it also leads to situations where there simply aren't enough doctors to work in these specialist teams across each individual site within the NHS and that puts very real pressure on our ability to provide safe services for patients. This is one of the reasons why throughout the NHS, Sustainability and Transformation Plans are being developed to make NHS care fit for the new needs of its patients.

The NHS, social care and public health in Kent and Medway published their draft plan for transforming services to meet the changing needs of local people on 23 November 2016.

The Kent and Medway Health and Social Care Sustainability and Transformation Plan (STP) was jointly developed by the NHS, Kent County Council and Medway Council. It sets out a vision for better health, wellbeing and standards of care for people in Kent and Medway, and achieving more with the staff and funding available.

The vision in the STP is about preventing people from becoming unwell in the first place; enhancing people's mental health; providing as much care locally as possible and using hospital care appropriately. We want people to get the right care in the right place. This includes only coming into hospital when that is the best place for you to be and not having to stay longer than you need to.

In east Kent, we are looking at a model of care which makes the best use of all of our hospitals. We need local people to help us to get this right which is why there will be no changes to the way we deliver services in the future without a public consultation, which we expect will start later this year.

We need to get things right for patients, but we also need to get things right for staff. Last year's staff survey results showed a continued improvement in most areas. Although it will be years before we see our culture change completely embedded within the organisation, this indicates that we are moving in the right direction.

We have seen real improvements but we have much more to do. This year, we are continuing with our culture change programme and doing a great deal of work on improving staff health and well-being as part of our response to the survey results.

We have some clear priorities for what the Trust needs to achieve in 2017/18 to continue our improvement journey, in line with our values, which are: to ensure people feel cared for as individuals; people feel safe, reassured and involved; people feel teamwork, trust and respect sit at the heart of everything

we do and that people feel confident we are making a difference. Our six priority areas to focus on in 2017/18 are:

- Quality improvement
- Clinical strategy
- Continuous improvement of performance standards
- Financial sustainability
- Organisational culture and development
- Workforce redesign.

The Trust continues to include Sustainability in its strategic and operational planning. This has been supported by the Sustainable Development Unit (SDU) and the regional network. The Trust has commissioned a review of its Sustainable Development Management Plan (SDMP) to ensure it reflects current financial constraints on planned long-term capital investment ambitions and the Trust's ability to achieve its stated intentions and aims in relation to Co2 emissions.

The Trust has also begun to work on a number of Social Responsibility projects such as engaging with the Low Carbon Trust to develop energy strategies in partnership with SALIX along with transport and waste initiatives.

I remain confident that by listening and engaging with our staff and patients, and through working collaboratively with our partners, we can achieve financial stability and secure excellent hospital services for the people of east Kent. We are working hard with our health and social care partners to address both the immediate issues we face in improving how patients are discharged from hospital and our longer-term ambition to develop services that will remove the 'gaps' between services and organisations that patients can experience.

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

Matthew Kershaw
Chief Executive

ANNUAL PRIORITIES: 2016/17 PERFORMANCE

PATIENTS. Enable all our patients (and clients who are not ill) to take control of all aspects of their healthcare by 2021				
	FULL	**GOOD**	**PARTIAL**	**NONE**
Deliver the CQC and emergency care improvement plans to ensure Trust is removed from Special Measures at its next CQC re-inspection in 2016	★			
Deliver the agreed improvement trajectories (as submitted to and agreed with NHS Improvement) for the emergency care, RTT, cancer and diagnostic wait standards, by end of March 2017			★	
Transform care for people with learning disabilities by meeting the six criteria based on 57 recommendations in Healthcare for all (DH 2008). Measured by self-assessment against metrics by December 2016	★			
Deliver quality improvements by March 2017			★	
Agree new pathways with commissioners for patients 'medically fit' and not requiring an acute bed to reduce delays by 5% by December 2016	★			
PEOPLE. Identify, recruit, educate and develop a talent pipeline of clinicians, healthcare professionals and broader teams of leaders, skilled at delivering integrated care and designing and implementing innovative solutions for performance improvement.				
	FULL	**GOOD**	**PARTIAL**	**NONE**
Refresh and implement the recruitment and retention strategy to reduce the level of staff leaving by 2%, particularly in the first year of employment, by September 2016	★			
Achieve a staff turnover rate of 10%, by March 2017.				★
Roll out the Trust wide leadership and management development programme to another 200 staff, by September 2016	The achievement of this objective was reliant on a business case being approved by NHS Improvement, carried forward to 2017/18			
Continue with the implementation of the cultural change programme, incorporating divisional and corporate led plans into the programme, by June 2016	★			
Improve the overall staff engagement score as measured by the staff survey, paying particular attention to those professional groups with lower levels of engagement, by March 2017	★			
Continue to reduce agency and temporary staffing spend to £23m, as agreed with NHS Improvement, by March 2017 (plan to be confirmed)			★	

PARTNERSHIPS. To define and deliver sustainable services and patient pathways together with our health and social care partners, by 2021				
	FULL	**GOOD**	**PARTIAL**	**NONE**
Submit an agreed Sustainability and Transformation Plan (STP) by 30 June 2016	★			
To submit by June 2016, with partners, a single Local Digital Roadmap which will outline how we will use technology to provide improved patient services	★			
Working with CCGs commence formal consultation on a sustainable clinical configuration by December 2016	This priority is held jointly and delivered to an agreed timeline with NHS England. During 2016/17 this date has changed. The Trust has delivered all elements required. (Sustainability & Transformation Plan)			
By working with the Vanguard, increase community provision to transfer the equivalent of 60 acute beds in patient activity, by March 2017	This priority is held jointly and delivered to an agreed timeline with NHS England. During 2016/17 this date has changed. The Trust has delivered all elements required. (Sustainability & Transformation Plan)			
To deliver an estates strategy that supports the Trust's clinical configurations by March 2017		★		
Continue to work with MTW on a joint pathology project, delivering a signed commercial agreement with external partners by June 2017	This priority is held jointly and linked to the Sustainability and Transformation Plan. During 2016/17 this date has changed. The Trust has delivered all elements required.			

PROVISION. Clearly identify 'what business we are in', 'what we want to be known for' and 'what our core services are'				
	FULL	**GOOD**	**PARTIAL**	**NONE**
Implement a new Integrated Performance Report by May 2016.	★			
Submit a financially sustainable plan for 2016 /17 and the following 4 years that meets the agreed control totals, by June 2016	★			
Agree core services and a timetable to review and refresh these services, by September 2016	★			
Be recognised as a provider of high quality care and as a system leader by NHS, social care and other public sector partners, as measured by 360 feedback from partners, by **December 2017**		★		
Achieve a net positive balance on press coverage as measured by press, Trust data and social media, by **January 2017**	★			
Develop and grow a number of whole system leaders, joint appointments that cross the boundaries of the whole health care economy and are designed around the patient pathway		★		
Delivery of £20m cash releasing, recurrent saving by March 2017			★	

Hit a year end deficit plan of £12.5m (after adjusting for any portion of STF funding not provided by Department of health), by March 2017**. New year-end deficit plan agreed with NHSI of (£19.2m)**	The Trust reported a £24m deficit for 16/17 including £12m of STF funding not received. This was against a £0.6m surplus control total.			
Continue to progress improvements in 7 day services focussing on the implementation of priority schemes agreed following further work internally and benchmarked with other similar organisations				

Purpose and activities of the Foundation Trust

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

The Trust has more than 1,000 beds spread over 3 hospital sites, providing 27 critical care beds, and other specialist wards for maternity, paediatrics, and neonatal intensive care.

It provides a range of core and specialist healthcare services to a population of more than 750,000 across east Kent. The Trust receives more than 200,000 emergency attendances, 100,000 inpatient spells and 750,000 outpatient attendances per year.

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

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

Our hospitals

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

Kent and Canterbury Hospital is an acute hospital providing a range of elective and urgent care services including an Urgent Care Centre.
The hospital is located in the City of Canterbury. It provides a central base for many specialist services in east Kent such as renal, vascular, interventional radiology, urology, dermatology, neurology and haemophilia services.

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

Queen Elizabeth The Queen Mother Hospital, Margate is an acute hospital providing a range of emergency and elective services and comprehensive trauma, orthopaedic, obstetrics, general surgery and paediatric services. The hospital dates back to the 1930s when the original building was constructed.

The hospital has a specialist centre for gynaecological cancer and modern operating theatres, Intensive Therapy Unit (ITU) facilities, children's inpatient and outpatient facilities, a Cardiac Catheter Laboratory and Cancer Unit. QEQM has a postgraduate teaching centre and staff accommodation. On site there are also co-located adult and elderly mental health facilities run by the Kent & Medway NHS and Social Care Partnership Trust.

The Royal Victoria Hospital, Folkestone is a community hospital that provides a range of local services. The hospital provides a minor injuries unit with a walk-in centre (both operated by the local Clinical Commissioning Group), a thriving outpatients department, the Derry Unit (which offers specialist gynaecological and urological outpatient procedures), diagnostic services, and mental health services provided by the Kent and Medway NHS & Social Care Partnership Trust.

The William Harvey Hospital, Ashford is an acute hospital providing a range of emergency and elective services as well as comprehensive maternity, trauma, orthopaedic and paediatric and neonatal intensive care services.

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

WHH has a postgraduate teaching centre and staff accommodation.

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

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

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

History of the Foundation Trust and statutory background

East Kent Hospitals Trust was formed in 1999 when three hospital trusts covering Thanet, Canterbury, Ashford, Swale, Shepway and Dover merged. A major reconfiguration of hospital services followed which saw the William Harvey Hospital in Ashford and Queen Elizabeth The Queen Mother in Margate opening as east Kent's district general hospitals while Kent & Canterbury Hospital, in Canterbury, became a specialist services hub, alongside the provision of medical care for adults.

The Trust 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. The registration currently includes conditions which the Trust is addressing through its improvement work.

East Kent Hospitals is regulated by NHS Improvement – the organisation responsible for authorising, monitoring and regulating NHS trusts (previously known as Monitor).

The Trust was placed in quality special measures on 29 August 2014 following a CQC inspection in March 2014 which identified two of the three main hospital sites as 'inadequate' and the Trust rated overall as 'inadequate'. A following inspection in July 2015 led to an overall rating of 'requires improvement'.

Our hospitals were last inspected by the CQC in September 2016. The inspection report, published on 21 December 2016, retained the Trust's rating as 'requires improvement', but indicated "a number of areas in which further significant improvements have been obtained, notably that there are no longer any elements that are rated inadequate." Based on these improvements, the CQC recommended that the Trust come out of special measures and this was confirmed by NHS Improvement in March 2017. On making its decision NHS Improvement felt that the Trust would benefit from additional support to reduce its financial deficit and therefore placed the Trust under its financial special measures regime.

Care Quality Commission ratings for our hospitals in 2016

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

- **William Harvey Hospital, Ashford** - rated 'requires improvement' overall, 'good' ratings for critical care and outpatient and diagnostic imaging.
- **Queen Elizabeth The Queen Mother Hospital, Margate** - rated 'requires improvement' overall, with medical care, critical care, services for children and young people, and outpatient and diagnostic imaging all 'good'.

- **Kent and Canterbury Hospital, Canterbury** – rated 'requires improvement' overall, with the urgent care, critical care, services for children and young people, and outpatient and diagnostic imaging all 'good'.
- The ratings for the Trust's two hospitals in Dover, **Buckland Hospital**, and Folkestone, **Royal Victoria Hospital**, were rated 'good' in 2015 and not re-inspected in September.

Our clinical strategy

The NHS, social care and public health in Kent and Medway are working together to plan how we will transform health and social care services to meet the changing needs of local people. It is the first time we have all worked together in this way and it gives us a unique opportunity to bring about positive and genuine improvement in health and social care delivery over the next five years.

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

Our current health and social care system isn't set up to meet the needs of today's population. Many more people are living longer – which is great – but they want and need a different kind of care.

The NHS, social care and public health in Kent and Medway published their draft plan for transforming services to meet the changing needs of local people, called the Sustainability and Transformation Plan (STP), on 23 November 2016.

The plan focuses on:

- prevention of ill-health
- local care – better access to care and support in people's own communities
- mental health – just as important as physical health
- hospital care – excellent wherever it is delivered.

For east Kent, we are looking at a model of care which makes the best use of all of our hospitals.

Our early thinking for our three main hospitals, Margate, Canterbury and Ashford, is to have two emergency hospital centres which include 24/7 A&E and planned care, with one of these providing specialist services.

The third site would be a hospital dedicated to planned care, for example hip and knee replacements, and rehabilitation, alongside a GP-led urgent care centre. These will all be supported by strong local care in community settings or at home.

Providing services across our sites in different ways means we can provide better care and outcomes for patients because we can give them the specialist care they need from a single expert team, instead of stretching every specialist service across multiple sites. So, while you might not be treated at your closest hospital, you will get care at the East Kent Hospital that can provide the best treatment for you.

In 2016/17, we worked with clinicians and staff to develop and evaluate initial proposals for better hospital care in east Kent, and involved patients and members of the public in this process through a number of 'listening events' held in February 2017. The intention is to go to public consultation on proposed options for service delivery in late 2017. The feedback we get from the consultation will be taken into account as part of the decision-making process.

We have also engaged with numerous local groups and organisations including the Kent Health Overview and Scrutiny Committee (HOSC). This Kent County Council committee is charged with reviewing and scrutinising matters relating to the planning, provision and operation of health services in Kent. The purpose of this group is to provide an opportunity for more detailed exploration of the emerging issues for the health community than can be achieved in formal meetings.

Working in partnership

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

The Trust engages with a large and diverse number of public groups, partner Trusts and other statutory organisations. These include Kent Community Health NHS Foundation Trust (KCHFT), Kent and Medway NHS & Social Care Partnership Trust, South East Coast Ambulance Trust, academic partners and Kent County Council (KCC). We also partner with third sector voluntary organisations, such as Age UK, to deliver and improve services.

For example, the Integrated Discharge Team, which works in our hospitals to help patients who are well enough to be discharged from hospital but need further support, for example, with mobility needs, is made up of staff from both the hospital, KCHFT, KCC and Age UK.

We have an on-going process of listening to the views of patients and the public. During 2016/17 we continued listening to patients and the public, through a series of events in conjunction with our commissioners and partners, to ensure their points of view help shape the Trust's clinical strategy and the future of east Kent health services.

We also continually work with Healthwatch Kent, an independent organisation set up to champion the views of patients and social care users across Kent.

They work to help local people get the best out of their local health and social care services, whether it is improving them today or helping to shape them for the future.

General Practitioners (GPs)

We have been working together with East Kent CCGs to offer consultant-led Advice and Guidance Services for local GPs. Advice and Guidance allows GPs to seek advice and guidance from a consultant colleague in the hospital before referring a patient to a consultant.

Key issues and risks

The Trust's 2016/17 contracts with the four East Kent Clinical Commissioning Groups (CCGs) were agreed on a payment by results basis meaning that the Trust was paid for the actual clinical work delivered. This is a change from 2015/16 when the Trust was paid on a managed contract basis.

The Trust continued to operate in special measures during the year and the Trust's regulator required it to prepare plans to stabilise its financial performance during the year and improve this performance in future years.

The main operational drivers of the Trust's financial performance in 2016/17 included the failure to secure the full allocation of Sustainability and Transformation Funding (£12m shortfall) and the cost of staffing driven by increasing operational activity.

This activity and difficulties in permanent recruitment have led to the Trust being reliant on agency and locum staff in order to maintain safe staffing levels to meet CQC requirements. £23m has been spent on agency staff in year largely for medical support and to address challenges in A&E.

The main financial risk to the Trust this year has been the need to manage its cash position in order that creditors and staff can be paid. Due to the Trust's deficit, pressure has been placed on the Trust's cash position which has been closely managed throughout the year.

The Trust has received support via an Interim Revenue Support Facility of £22.7m from the Department of Health (DH). The cash position will continue to be a risk in the forthcoming year but is expected to be covered by further Interim support from the DH.

Going concern

The Trust has considered the situation with regard to 'going concern' and after making enquires, has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

This assessment is based on the fact that there remains the anticipation of the provision of service in the future, as evidenced by inclusion of financial

provision for that service in published documents. In addition all of the Trust's principal contracted commissioners have signed the NHS Standard Contract for the provision of services at the Trust for 2017/18 and 2018/19.

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 divisional areas into one central and 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	2015-16	2016-17	Variance	Variance %
Referral Primary Care	173,441	175,835	2,394	1.4%
Referral Non-Primary Care	173,213	170,483	- 2,730	-1.6%
OP New	245,068	247,801	2,733	1.1%
OP Follow Up	506,514	505,478	- 1,036	-0.2%
Elective Daycase	84,773	82,522	- 2,251	-2.7%
Elective Inpatient	15,507	15,654	147	0.9%
A&E	204,428	210,294	5,866	2.8%
Non-Elective Inpatient	85,859	83,471	- 2,388	-2.9%
Chemotherapy	15,182	16,026	844	5.3%
Critical Care	21,052	21,535	483	2.2%
Diagnostic	5,190,539	5,203,453	12,914	0.2%
Dialysis	86,269	83,011	- 3,258	-3.9%
Maternity Pathway	14,045	14,046	1	0.0%
Other	49,559	53,143	3,584	6.7%
Pre-Op	36,026	36,123	97	0.3%

Referrals into the Trust from primary care saw a 1.4% increase, while non-primary care referrals are -1.6% below last year due to being managed more appropriately internally.

The outpatients' service, in total, has remained steady and consistent, having seen large reductions in ophthalmology and gynaecology in previous years due to service re-design. Elective day case admissions have reduced, while elective inpatients saw little change. A&E attendances have seen an increase; however NEL admissions have been reduced compared to last year. In other areas, chemotherapy and critical care have seen increases, whilst dialysis activity has reduced.

Financial performance

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

The Trust (excluding subsidiaries) achieved an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of £(2.1)m. The Trust achieved an actual deficit, on an NHS breakeven duty basis, for the year of £(24.3)m.

The financial results and the assets and liabilities of the Trust's wholly owned subsidiary company Healthex Limited (the parent company of East Kent Medical Services Limited which manages and operates the Spencer Wing private facilities at the Queen Elizabeth the Queen Mother and William Harvey hospitals) have been consolidated with those of the Trust in the financial statements.

The East Kent Hospitals Charity financial results are not included in the consolidated accounts for 2016/17. 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 or results are not material to the Trust results and on this basis they have not been consolidated for 2016/17. In the accounts the 2015/16 balances have been restated removing the charity results for consistency in comparison year on year.

The group results, including Healthex Limited are shown in the full financial statements at the end of this report.

The Trust submits an annual plan to its regulator NHS Improvement (formally Monitor), each financial year. The table below shows performance against this plan. The Trust's financial performance has been assessed against the financial sustainability risk rating. The regulator requires that NHS charities are excluded when assessing financial performance.

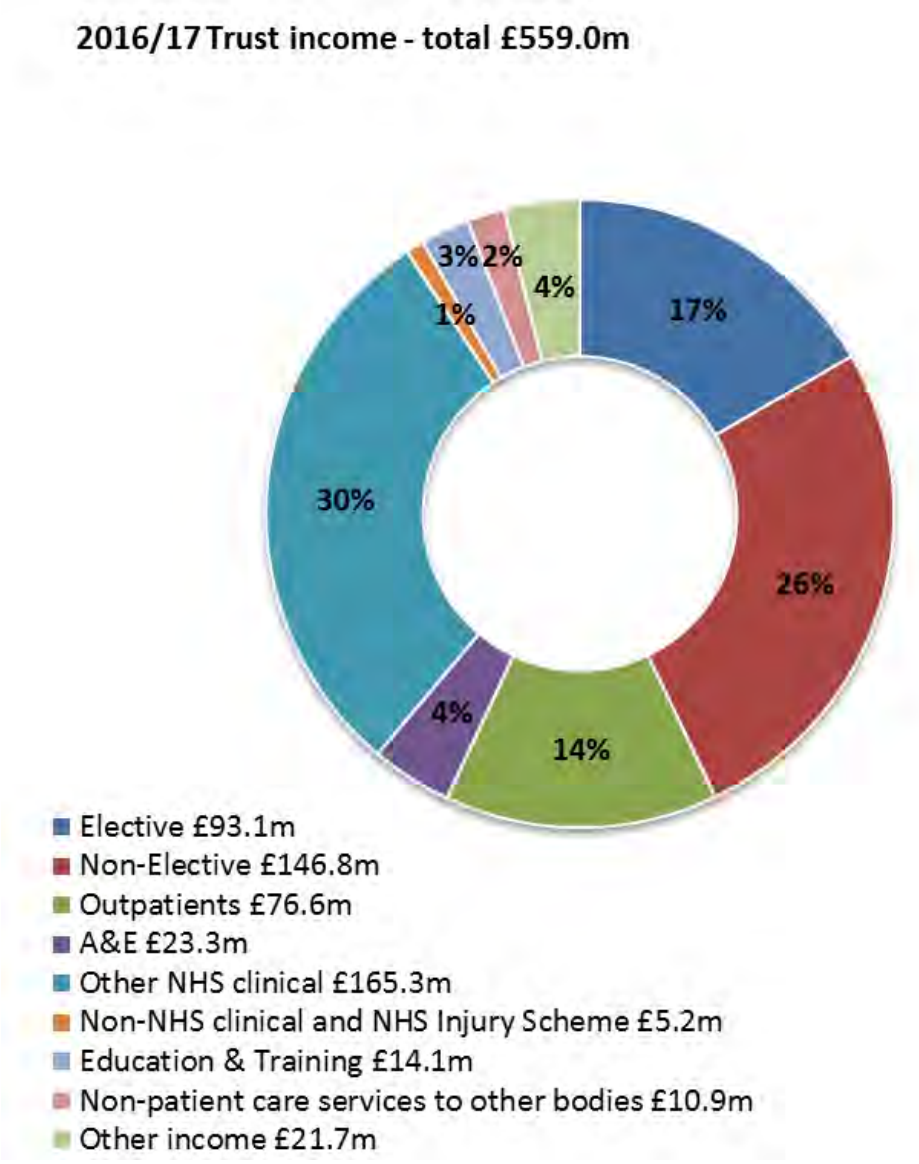
Trust Performance (including Healthex Limited, excluding East Kent Hospitals Charity)

Heading	Actual Performance	
	Plan	Achievement
Total income	£565.7m	£565.4m
Income & expenditure surplus/(deficit)	£0.3m	£(31.2)m
Reported savings	£20m	£18.8m
Closing cash balance	£3m	£5m
Trust Capital programme	£12.3m	£12.2m
EBITDA	£29.9m	£2.6m

Financial analysis – (excluding subsidiaries)

Income

Total Trust income £559m (2016/17 £531.5m) was 0.05% higher than the previous year as income has been generated based on activity performed. The NHS Act 2006 requires that income for providing patient care services must be greater than income for providing any other goods/services. The Trust can confirm that 92% of total Trust income comes from providing patient care services. Any surplus made on the remaining 8% of income is used to support the provision of patient care.



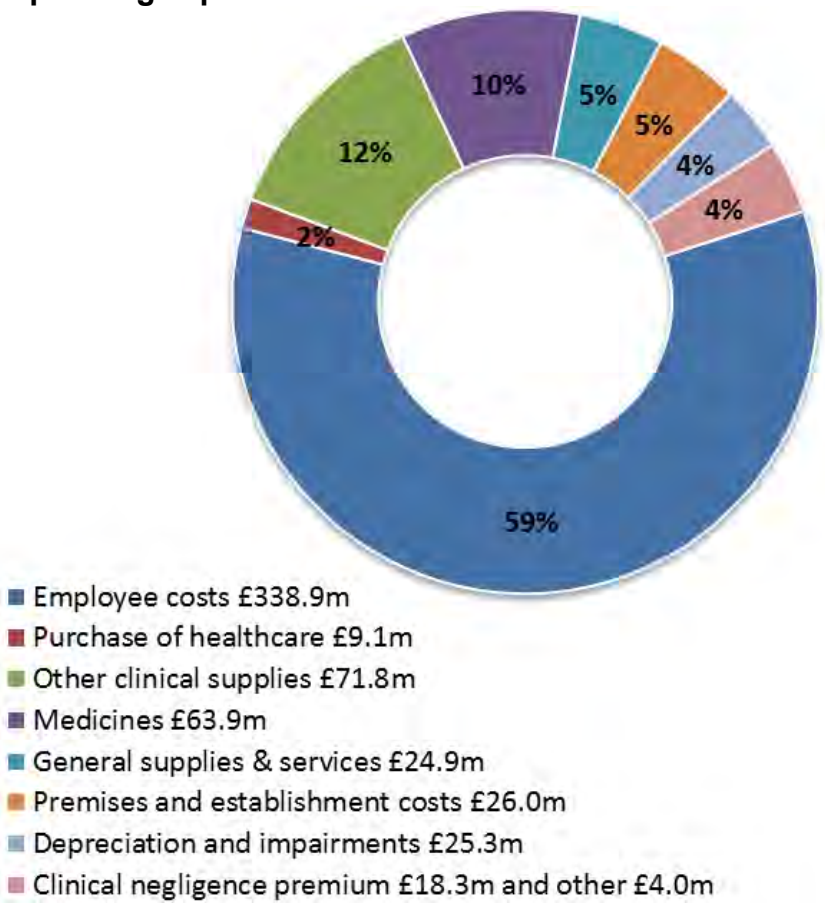
The majority of income for patient care came from NHS commissioners, mainly the East Kent Clinical Commissioning Groups (CCGs) and NHSE specialist services, secondary dental and screening programmes, which together accounted for £499.8m of the Trust's income in year.

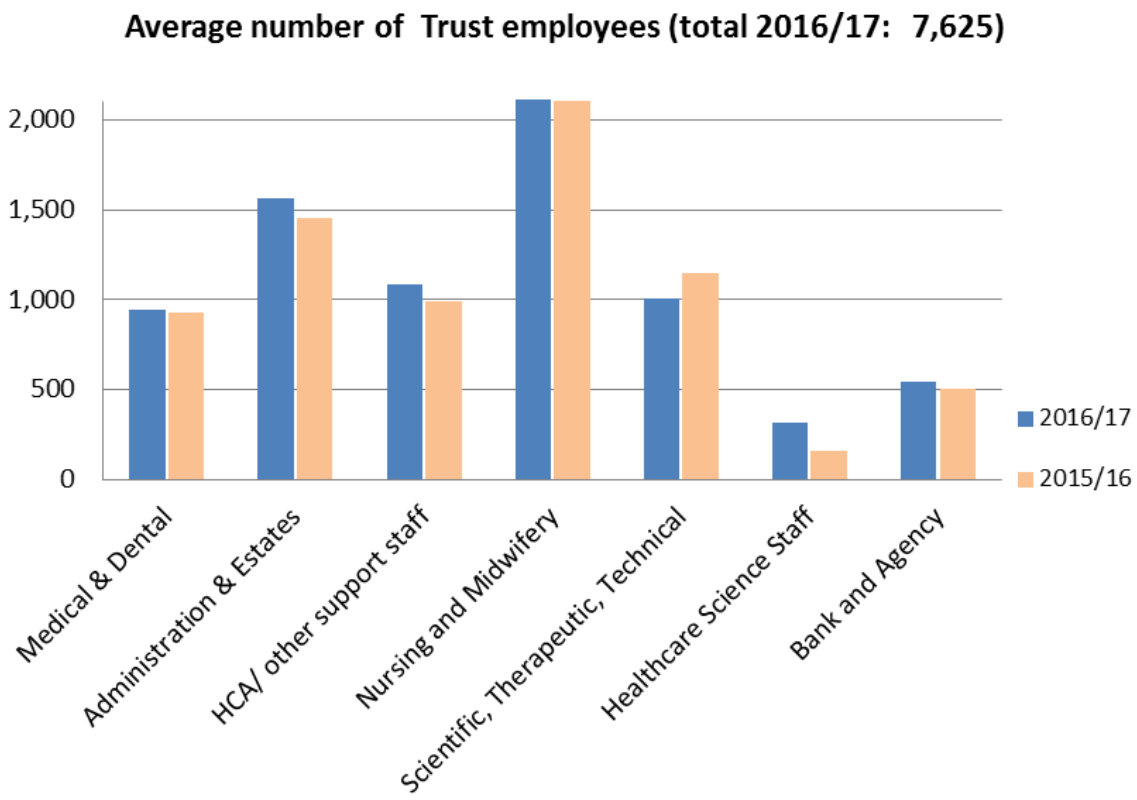
Other income includes:
£5.1m staff recharges to other organisations
£4.2m from car parking
£2.3m for staff accommodation
£2.9m for research
£1.6m charitable donations
The Trust can confirm that it has complied with the cost allocation and charging guidance issued by HM Treasury.

Operating expenses
Total Trust costs increased by 4.5% (£25m) compared to the previous year. The chart shows what the money has been spent on. A total of 58% of the Trust's expenditure is for employees' salaries (including directors' costs) and payment of temporary staff. Details of directors' salaries and pensions can be found on page 49 of this report. Total pay costs increased by 2.9% (£9.5m) with a greater number of permanent and temporary staff than last year. Clinical supplies and medicines together account for 56% of non-pay costs.

Each year we have to become more efficient providing the same service at a lower cost or a higher quantity or quality of service at the same cost. In 2016/17 we achieved £18.8m in cost and other efficiencies and income opportunities, enabling the Trust to continue to meet demand and enhance services. However, our ability to sustain year- on-year efficiencies expected by tariff is becoming progressively more challenging.

2016/17 operating expenses – total £582.2m





The numbers shown above are average full time equivalent values. Policies for staff pensions and other retirement benefits are shown in note 8 of the annual accounts. There were six early retirements on ill-health grounds in 2016/17; the estimated cost (£0.3m) is borne by the NHS Business Services Authority – Pensions Division.

Capital expenditure

We have continued our investment programme – improving and replacing property, facilities, fixed and moveable equipment, investing in technology to improve efficiency and enhance patient care and treatment. However, the adverse cash position has meant that we needed to restrict the overall programme.

The main schemes and other categories of spend are shown in the chart below.

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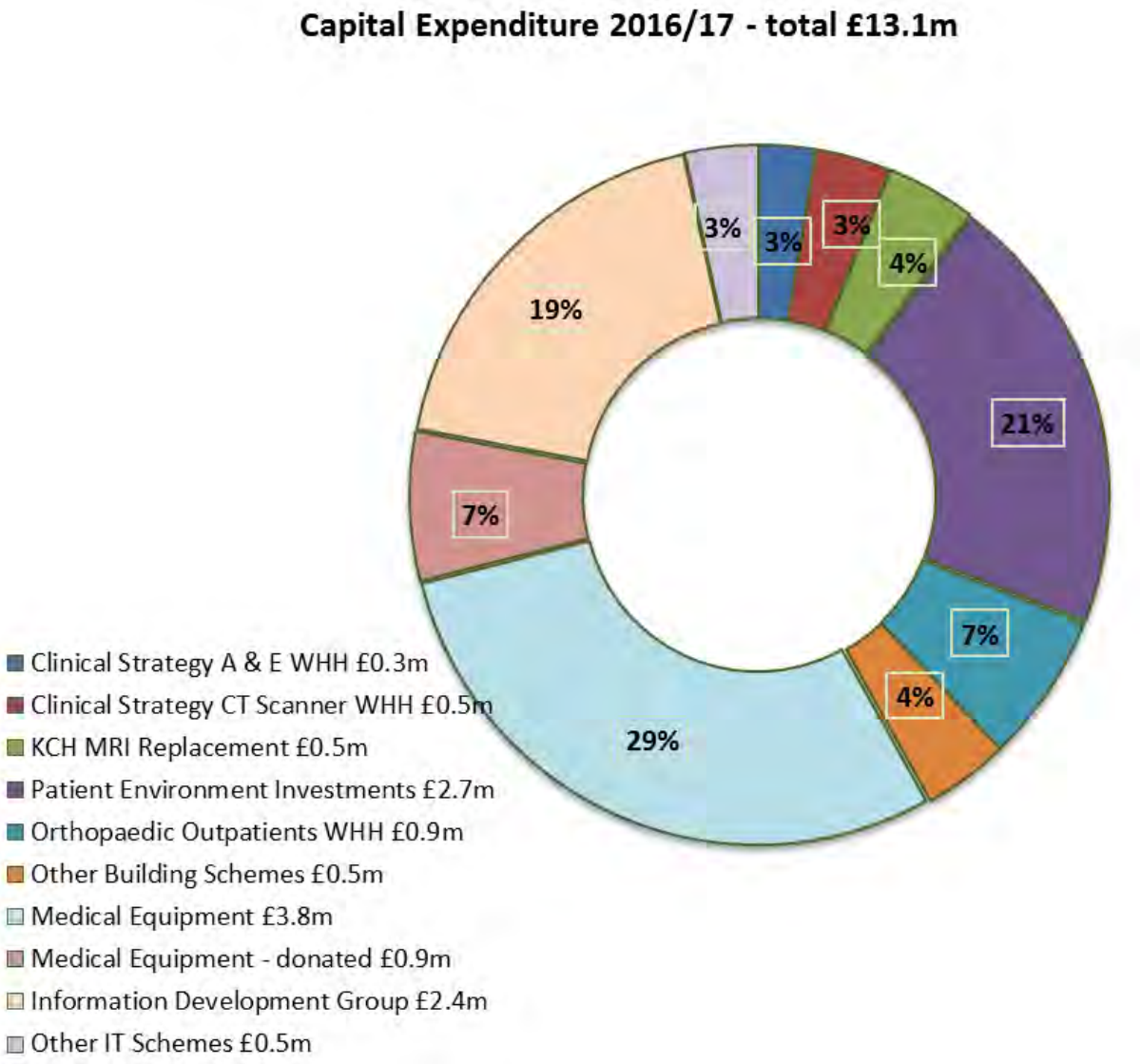


In addition to the £12.2m Trust capital spend, £0.9m was spent on assets funded from donations (see Charitable Funds Committee chair's summary). A £17m capital investment programme has been agreed for 2017/18.

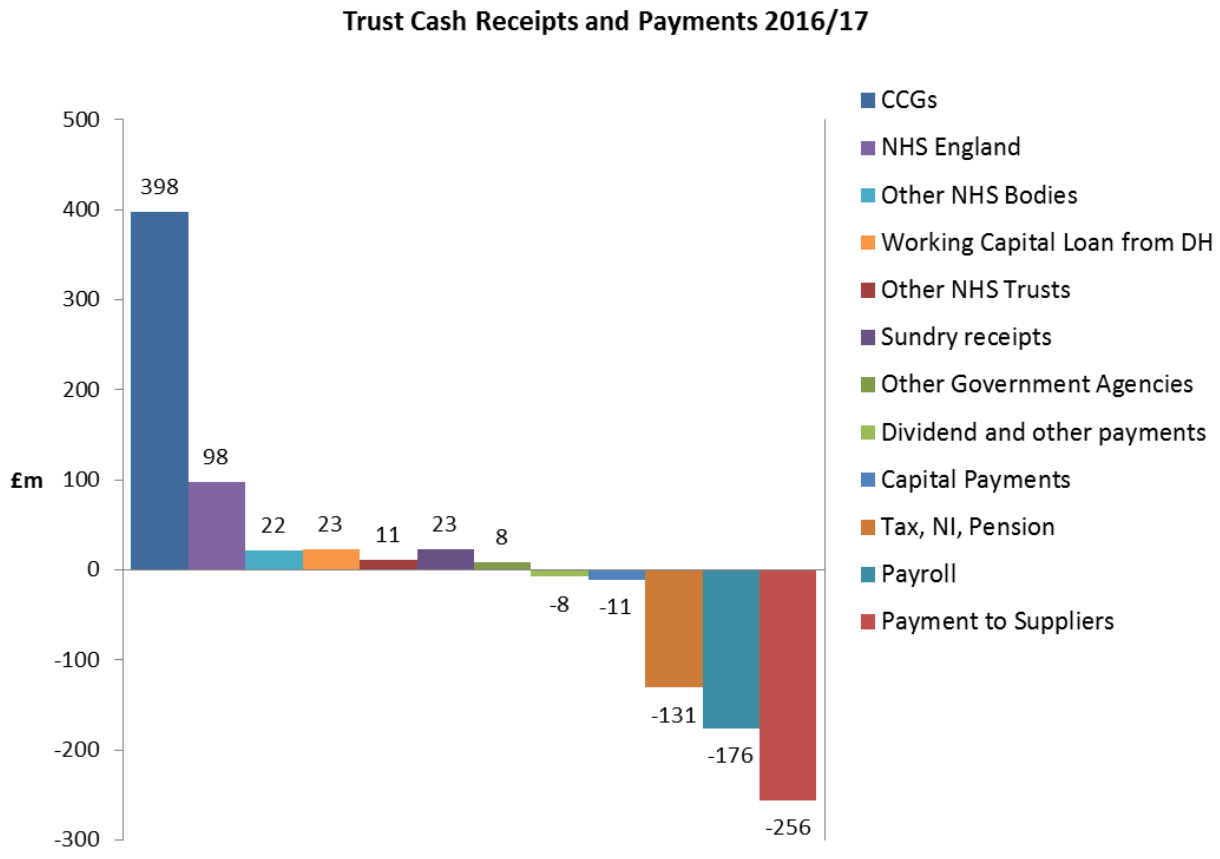
We comply with HM Treasury requirements for cost allocation and charging methods, and use the 'modern equivalent asset on an alternate site' basis for valuing land and buildings.

Cash

Trust cash balances increased by £2m in the year, to £5m (2015/16 £3.8m). This additional £2m cash was carried forward to support capital schemes cfwd to 2017/18.

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

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



Paying suppliers

In accordance with the Better Payment Practice Code, we aim to pay undisputed trade invoices within 30 days of receipt of goods or a valid invoice; unless other agreed payment terms are in force. Interest was paid to suppliers in 2016/17, totalling £1,000 (2015/16 £18k) which was £17,000 lower than the previous year, under the Late Payment of Commercial Debts (Interest) Act 1998.

Better Payment Practice Code - Measure of Compliance

Category: Non-NHS	2016/17		2015/16	
	Number	£000	Number	£000
Invoices paid in the year	102,483	326,318	100,307	241,147
Invoices paid on time	18,382	169,818	89,934	211,334
Paid on time - % of total	18%	52%	90%	88%
Category: NHS	**2016/17**		**2015/16**	
	Number	£000	Number	£000
Invoices paid in the year	3,125	32,977	3,117	30,174
Invoices paid on time	539	18,708	2,640	28,365
Paid on time - % of total	17%	57%	85%	94%

Payment performance to trade creditors in 2016/17 deteriorated to below the 95% benchmark to 52% for value and 18% for number.

Our business environment

Waste
The Trust has a new Total Waste Management Contract in place with SRCL (Healthcare Waste Specialists), which is part of the South East NHS Total Waste Management Consortium that covers Kent and Medway.

The new contract ensures that all waste produced is managed in compliance with waste and environmental legislation. The main disposal sites located in Kent avoid unnecessary long distance transportation of waste. The most notable being the proximity of the Ashford High Temperature Incinerator at the William Harvey Hospital, reducing the transport miles of this waste to zero. This makes a positive contribution towards the Trust's carbon reduction targets.

The Trust is excited about the new Consortium contract and the potential future opportunities around environmental protection measures and the reduction of waste generated by the Trust. The Trust is keen to explore new and innovative ways of avoiding waste being produced in the first place and will be working with its core suppliers to introduce where possible, reusable systems, reduction in packaging, wider recycling of plastics and the introduction of equipment take back schemes.

As well as the Trust's legal duties and responsibilities for waste, its main objective remains the protection and health and safety of all employees, patients and visitors. Clinical healthcare waste has been continuously audited in all areas of the Trust in 2016/17 to ensure it has been segregated correctly at the point of disposal and is stored securely.

Security
The Trust is seeing an increased number of patients with poor mental health. This requires more 'safe assist' people to protect these individuals, other patients and staff from risks of violence and aggression.

New and improved CCTV systems are being installed in higher risk areas such as A&E. The Trust is reviewing all CCTV cameras and will be removing those in areas that are no longer justified. A new policy and protocol in relation to missing persons is being drafted to conform to new police operational procedure.

Fire
A number of fire exercises have been held with Kent Fire & Rescue Service, and have proved very useful, to both parties.

A prioritised programme of remediating works, identified during compartmentation surveys, is underway. A replacement fire alarm system is being installed in the 1937 building at Kent & Canterbury Hospital.

There have been no injuries from fires, though a number have caused temporary disruption. Causes include use of toasters (which are prohibited), and use of microwaves for heating food for too long.

Wifi
At the beginning of the year, the Trust made free wifi access available to all patients and visitors. This was achieved at minimal cost due to the re-use of Trust assets. Feedback has been really positive; patients are now able to use their own handheld devices to keep in touch with family members.

The same approach has been applied to the residents' accommodation blocks where wifi delivered through the same system has been made available.

Infrastructure investment
There has been continued investment in the wifi network and computers and servers as well. This has enabled the Trust to significantly improve response times for its core clinical apps.

Electronic casualty cards
The electronic casualty card system (eCasCard) has now replaced the paper CasCard at all five locations.

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

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

Patient Administration System
Much time has been spent setting up our new PAS to be ready for use in 2017. The focus has been to ensure that the system will operate effectively and, although the dates for the plan have changed, the Trust is confident that the new system will successfully replace the current one that is more than 20 years old.

Emergency planning

The Trust is a category one responder under the Civil Contingencies Act 2004 and has invested in its emergency planning and response function to ensure it can for fill these duties effectively. It has teamed up with Maidstone and Tunbridge Wells NHS Trust to develop a team approach across the area to standardise training, planning and response. During the year a number of exercises took place with multi-agency partners including HM Coastguard,

Kent Fire Rescue Service, Kent Police and South East Coast Ambulance Service. These exercises tested how we work together with partners in responding to a broad range of emergencies as well as providing realistic and challenging training opportunities for staff. The trust has also invested in training and development with on call managers and directors attending dedicated training with other trusts across Kent. A winter planning exercise was undertaken to test surge-resilience plans across east Kent with partners and this has supported on going work to better prepare for the coming years.

One area that the Trust has significantly improved on is the development of a team to respond to Chemical, Biological, Radiological and Nuclear Incidents where staff now attend training and development that allows a flexible response across Kent.

The Trust works with partners at Safety Advisory Groups looking at large public events in order to ensure public safety and reduce attendances at Emergency Departments. The Trust was subject to audit by the CCG and achieved a green substantially compliant rating representing a significantly improved rating as a result of the continued investment and partnership with Maidstone and Tunbridge Wells NHS Trust.

Social, community and human rights

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

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

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

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

The Trust is committed to creating a diverse and inclusive environment where all our staff, patients and service users feel they can be themselves. We will ensure that no employee or person visiting our hospitals will be illegally discriminated against because of who they are, particularly in respect of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and socio-economic status.

Overseas operations

The Trust has no overseas operations.

ACCOUNTABILITY REPORT

Directors' report

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

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

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

- As far as they are aware there is no relevant audit information of which KPMG 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 KPMG are aware of this information.
- The Trust can confirm there have been no regulatory investigations undertaken at the Trust this year.

Whilst the day to day operational management is the responsibility of 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 and patient safety standards
- Ensuring services are efficient and effective by ensuring processes are in place to monitor deliver of the Trust's Operational Plan
- Ensuring performance management processes are in place to monitor all local and national targets
- Managing strategic, operational and financial risks
- Continually monitoring the Trust's effectiveness by ensuring an assurance framework is in place to support sound systems of internal control
- Ensuring sufficient performance management processes are in place to support delivery of all local and national targets
- Ensuring the Trust operates in line with its constitution and terms of its Licence

The Board meets every two months. During 2016/17, the Board met formally a total of seven times.

The composition of the Board of Directors as at 31 March 2017 is set out below:

Non-executive directors as at 31 March 2017:

NAME	DESIGNATION	DATE OF APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Nikki Cole	Chair	11/05/15 First Term	**8/8**
Barry Wilding	Senior Independent Director	11/05/15 First Term	**6/8**
Colin Tomson	Non-Executive Director	11/05/15 First Term	**6/8**
Satish Mathur	Non-Executive Director	01/10/15 First Term	**4/8**
Sunny Adeusi	Non-Executive Director	01/11/16 First Term	**8/8**
Wendy Cookson	Non-Executive Director	06/01/17 First Term	**1/1**
Keith Palmer	Non-Executive Director	January 17 First Term	**1/1**
VACANCY	Non-Executive Director	Vacant from January 2017	**-**

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

Executive directors as at 31 March 2017:

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

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

Board biographies

Nikki Cole, Chair
Nikki joined the Trust on 11 May 2015. A chartered engineer, Nikki started her career designing engine management systems for aircraft. Nikki undertook additional studies in organisation behaviour and has worked in a variety of industries including pharmaceutical, community care, finance, IT, telecommunications and defence. More recently Nikki has served on a number of boards including a university, national counselling charity and a social care community interest company.

Significant commitments of the chair include being a non-executive director of East Kent Medical Services and NHS Providers.

Barry Wilding, Senior Independent Director
Barry joined the Trust on 11 May 2015. A qualified accountant and banker he has extensive senior management experience, largely in the insurance and healthcare sector. He was previously a non-executive director of West Kent Primary Care Trust, vice chair and senior independent director of Kent Community Health NHS Trust, and a member of the Council of People Living with Diabetes for the charity Diabetes UK.

Colin Tomson, Deputy Chair
Colin was appointed on 11 May 2015. Colin has more than 30 years business experience with ICI and Unilever companies with international board responsibility for human resources, planning and business excellence. Colin's background also includes chairmanship of a primary care trust in Kent and Medway, South East Coast Strategic Health Authority chair in 2009, chair of the Local Strategic Partnership and membership of Health and Wellbeing Boards. He also has a personal interest in strategic planning, change management, leadership and people development.

Sunny Adeusi, Non-Executive Director
Sunny joined the Trust on 1 November 2015. Sunny specialises in driving sustainable cost competitiveness across end-to-end value chains, generation of new profitable revenue streams, and embedding a culture of continuous improvement in healthcare and life sciences sectors. He served as lead director for hospital and healthcare provider transformation in the healthcare practice of a Big4 professional services firm. In his early career, he spent more than 20 years in supply chain, operations and commercial roles with increasing responsibilities at global life sciences and fast moving consumer goods (FCMG) corporations. Sunny holds a Master of Science (MS) degree from the Massachusetts Institute of Technology, Boston, USA (Sloan Fellow) and an MBA from Imperial College London (Lord Sainsbury Fellow in Life Sciences).

Satish Mathur, Non-Executive Director
Satish is a chartered accountant and joined the Trust on 1 October 2015. Satish has significant financial, commercial and change management experience, holding senior positions in both the private sector and the NHS.

He now uses his 30 plus years of management experience in a variety of advisory and mentoring roles.

Wendy Cookson, Non-Executive Director
Wendy joined the Trust on 6 January 2017. Wendy is a degree nurse with an MBA who has worked in healthcare for 25 years and has significant experience within the NHS at director level. More recently, her roles have been as the Quality Improvement Director to several trusts in breach of regulatory compliance, an independent consultant to trust boards on Care Quality Commission requirements, the '*Well-Led'* framework for Foundation Trusts and all other aspects of governance both clinical and corporate.

Keith Palmer, Non-Executive Director
Keith joined the Trust on 1 January 2017. Keith has worked as a Chartered Engineer for 27 years working in the services sector delivering customised solutions to major customers in both the public and private sectors. Keith's early career was working and living overseas on major civil engineering projects and on returning to the UK he became involved in the facilities and property management sector.

Vacancy, Non-Executive Director
The Council of Governors are anticipated to conclude the recruitment process for a new NED in April 2017.

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

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

strategy, audit committees, business planning, information technology, supplies and procurement, estates and capital planning including PFI.

Jane Ely, Chief Operating Officer
Jane joined the Trust in April 2011. Jane has more than 30 years NHS experience including acute and community clinical work as a dietician, specialising in Paediatrics, and sports nutrition, before moving into general management and service improvement. Before joining the Trust, Jane worked at the Department of Health as a member of the Intensive Support Team, a role that took her across the country working with many trusts to improve services. Jane joined the Trust as Divisional Director for Specialist Services, then in 2014 moved to an interim position of Director of Operations before being appointed Chief Operating Officer in 2015.

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

Dr Paul Stevens, Medical Director
Paul Stevens was appointed medical director in 2013. He joined the then Kent and Canterbury Hospitals NHS Trust from the Royal Air Force in 1995 as clinical director of the Kent Kidney Care Centre, implementing a programme of modernisation and development and establishing a predominantly clinical research programme in kidney disease. He has served on deanery, national and college committees, is a former president of the British Renal Society and member of the Department of Health Renal Advisory Group. He was clinical advisor and chair of a number of National Institute for Health and Care Excellence (NICE) clinical guidelines and was a member of the UK consensus panel for management of acute kidney injury. He was co-chair of the international Kidney Disease Improving Global Outcomes (KDIGO) chronic kidney disease guideline and is a member of the KDIGO executive. He has published more than 100 peer reviewed articles and has been invited to give presentations to kidney societies around the globe. In April 2014 he was awarded the International Distinguished Medal by the United States National Kidney Foundation in recognition of significant contributions to the field of kidney disease internationally.

Sandra Le Blanc, Director of Human Resources
Sandra Le Blanc joined the Trust in September 2014, bringing more than 25 years in human resources experience in both the public and private sectors. Sandra was previously director of human resources at Southend University Hospital where she was responsible for all areas of human resources and IT. Her private sector experience has included human resources roles within Prudential and Balfour Beatty. Sandra is a magistrate and sits locally in East Kent. She also served as chairman of East Kent Medical Services - a subsidiary company of the Trust.

Liz Shutler, Director of Strategic Development and Capital Planning / Deputy Chief Executive
Liz joined the Trust in January 2004. Liz has more than 25 years of experience working for the NHS and has held director level positions in health authorities and large acute trusts. Having been a Board Director responsible for commissioning hospital, community, mental health and primary care services for more than ten years, Liz moved into strategic roles in hospital trusts and more recently has led the development of estates, facility, supplies, procurement and IT services. Liz has experience of strategic planning, service reconfiguration and redesign, financial turnaround, performance management, estate and capital planning. In 2016 Liz was appointed to the position of Deputy Chief Executive.

Other directors who served during 2016/17:

NAME	DESIGNATION	APPOINTMENT	BOARD OF DIRECTOR ATTENDANCE*
Richard Earland	Non-Executive Director/Deputy Chair	Left December 2016	**7/7**
Gill Gibb	Non-Executive Director	Left January 2017	**7/7**
Ron Hoile	Non-Executive Director	Left December 2016	**6/7**

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

Chair and non-executive director terms of office

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

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

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

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

Arrangements are in place to annually review the Board's balance, completeness and appropriateness to the key priorities and requirements of the NHS Foundation Trust.

Both executive directors and non-executive directors are subject to annual performance reviews. The Board is therefore satisfied as to its balance, completeness and appropriateness.

Evaluation of performance

Annual performance evaluations and appraisals are conducted for all of our executive and non-executive directors.

The chair is responsible for leading the evaluation of non-executive directors. The senior independent director leads the annual evaluation of our chairman. A framework is in place, agreed by the Council of Governors, and outcomes are shared with the Council of Governors.

Executive directors are appraised by the chief executive and the chief executive is appraised by the chair. Outcomes are provided to non-executive directors at a meeting of the Board's Remuneration Committee.

The Board is required to undertake an annual review of the structure, size, skills and composition of the Board of Directors and make changes where appropriate. During 2016/17 the Trust commissioned an external facilitator, Grant Thornton, to undertake this review. This organisation has no other connection to the Trust.

The outcome of this review has been considered by the Board's Nominations Committee and the Board of Directors. An action plan was developed and will continue to be monitored. Board performance is evaluated further through focussed discussions at away days.

All of our Board committees undertake an annual review of their terms of reference. Our Integrated Audit and Governance Committee, Quality Committee, Finance and Investment Committee and Strategic Workforce Committee conducted their annual reviews of effectiveness through a questionnaire to the membership during the year.

The Trust secretary has conducted a review of the work programmes of the Remuneration Committee and Nomination Committee against the terms of reference which was considered by Committees in March 2017.

Director interests

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

Ethics, fraud, bribery and corruption

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

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

Enhanced Quality Governance Reporting

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

The Trust commissioned an external Well-led governance review in May 2016. The outcome showed improvement on the previous Well-led review with seven domains rated as amber/green and three areas as amber/red. The Board developed an action plan to address the amber/red domains as a priority.

The action plan was monitored by the Integrated Audit and Governance Committee and a review of the key controls and assurances was undertaken. In line with NHS Improvement's suggestion the Trust has created an Integrated Improvement Plan and the two outstanding actions from the Well-led review have been included: one relates to improving clinical audit completion and implementation of resulting action plans and the other relates to developing a consistent approach to quality improvement. Actions to address these two are in place and good progress has been made. The Integrated Improvement Plan is monitored by the Board of Directors on a bi-monthly basis.

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

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

Remuneration report

The purpose of the 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 Remuneration Committee

As chairman of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year 2016/17.

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

The Committee conducted an annual review of Director Remuneration using benchmarking data provide by the HayGroup (2015) and NHS Providers.

The Committee engaged Korn Ferry (formerly HayGroup) to undertake a comprehensive review of the Very Senior Managers and Executive Directors pay policies. They were engaged by the Director of Human Resources as 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.

Korn Ferry were selected on the basis that they have wide-ranging experience within the public and private sector and they can apply the Korn Ferry method of job evaluation to support their advice. The final costs were £4,170 plus VAT.

Details of all director and executive director salaries can be found on page 49 of the report.

Wendy Cookson
Remuneration Committee Chair

Senior managers' remuneration policy

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

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

Executive directors are paid a base salary. There is no performance related bonus available to the executive directors[2]. Increases of pay, such of cost of living awards, are subject to the individual evidencing effective performance. Annual objectives cover both organisational and individual performance with individual performance being determined against the performance objectives. The Trust's pay policy for senior managers was developed with specialist support and advice from the Hay Group in 2011.

The terms reflect Agenda for Change terms and conditions other than pay (including enhancements). The pay range was broadly based on Agenda for Change Band 8d to Band 9 and has been reviewed annually by the Remuneration Committee since inception.

Incremental progression has been removed with any increase in pay being based on performance in the previous year. Enhancements such as on-call premiums have been rolled into pay. Trust employees were not consulted when the pay policy was developed as it was implemented for new staff only at appointment. Hay undertook broad comparisons across the public sector when the Trust identified roles that would fall within the policy and these are all roles that report directly to an executive.

Trust very senior managers

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

The very senior manager pay policy is designed to:

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

[2] The CEO's contract has a performance related element where his base salary is affected where there is poor or exceptional performance.

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

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

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

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

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

Component	Purpose and links to short and long-term strategic objectives	How the component operates	Maximum that could be paid	Description of performance metrics and weightings used	Performance period	Amount that may be paid: Minimum level of performance in any payment under the policy; any further levels of performance set in accordance with policy
Salary	To set and review base salary. Performance objectives are linked to organisational and individual performance targets	Salary is determined on a market-related total pay policy, reviewed annually and uplifted where appropriate taking into account the following factors: • On-going level of performance* • Capability • Experience in role (whether gained internally or externally) • The availability of appropriate talent • Challenge and complexity of the job in its particular context • Individual track record • Importance to the Trust • Marketability • Previous salary history • Affordability	Pay range	None	Annual	Salary increase is dependent on meeting majority objectives as follows: Meeting all objectives well – 1 % increase Exceeding achievement of the objectives / requirements of role – 2% increase
Non-consolidated non-pensionable payment	This provides the Trust with the ability to make an additional payment for those individuals at the top of the pay range based on achievement or organisational and individual performance objectives					

The Trust has executive directors that are paid more than £142,500 per annum. The Remuneration Committee has satisfied itself that this was appropriate taking the following into consideration:

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

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

Fee payable to non-executive directors	Additional fees payable for additional duties
£10,000 (Basic fee)	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

Service contracts obligations

All executive directors and very senior managers have a substantive contract of employment with a three or six month notice provision in respect of termination. This does not affect the right of the Trust to terminate the contract without notice by reason of the conduct of the executive director or very senior manager.

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

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

Senior Managers' salaries, expenses and pension	2016/17				2015/16			
	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Pension related benefits (bands of £2,500) Note 2	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) to nearest £100	Pension related benefits (bands of £2,500) Note 2	TOTAL (bands of £5,000)
	£000	£00	£000	£000	£000	£00	£000	£000
Nikki Cole	50-55	0	N/A	50-55	40-45	0	N/A	40-45
Sunny Adeusi	10-15	0	N/A	10-15	0-5	0	N/A	0-5
Wendy Cookson (from 6/1/17)	0-5	0	N/A	0-5	N/A	N/A	N/A	N/A
Richard Earland (to 31/12/16)	5-10	0	N/A	5-10	10-15	0	N/A	10-15
Gill Gibb (to 31/1/17)	10-15	0	N/A	10-15	0-5	0	N/A	0-5
Ron Hoile (to 31/12/16)	5-10	0	N/A	5-10	0-5	0	N/A	0-5
Satish Mathur	10-15	0	N/A	10-15	5-10	0	N/A	5-10
Keith Palmer (from 1/1/17)	0-5	0	N/A	0-5	N/A	N/A	N/A	N/A
Colin Tomson	10-15	0	N/A	10-15	5-10	0	N/A	5-10
Barry Wilding	10-15	0	N/A	10-15	10-15	0	N/A	10-15
Matthew Kershaw	215-220	0	N/A	215-220	45-50	0	N/A	45-50
Nick Gerrard	165-170	0	20-22.5	185-190	145-150	0	160-162.5	310-315
Sandra Le Blanc	125-130	0	57.5-60	185-190	115-120	0	22.5-25	140-145
Jane Ely	130-135	0	30-32.5	160-165	125-130	0	252.5-255	380-385
Sally Smith	125-130	0	127.5-130	250-255	100-105	0	330-332.5	430-435
Elizabeth Shutler	125-130	0	22.5-25	150-155	115-120	0	67.5-70	185-190
Paul Stevens	190-195	0	37.5-40	230-235	190-195	0	32.5-35	225-230

Note:
1. No payments were made to existing or past senior managers in 2016/17 or 2015/16 in respect of performance pay and/or bonuses
2. Pension related benefits is calculated as (20 x annual pension at 31st March 2017 + lump sum at 31st March 2017) - (20 x annual pension at 31st March 2016 + lump sum at 31st March 2016 adjusted for inflation at 0%) less employee pension contributions
3. Nick Gerrard ceased membership to the NHS Pension Scheme at the end of May 2016

Directors' expenses	2016/17			2015/16		
Directors' mileage claims and other expenses are reported quarterly on the Trust website www.ekhuft.nhs.uk.	**Total serving directors**	**Number claiming expenses**	**Total expenses £000**	**Total serving directors**	**Number claiming expenses**	**Total expenses £000**
Total number and value	17	16	31	15	11	13
Governors' expenses	**2016/17**			**2015/16**		
	Total serving governors	**Number claiming expenses**	**Total expenses £000**	**Total serving governors**	**Number claiming expenses**	**Total expenses £000**
Total number and value	28	24	6	26	10	3

Hutton Fair Pay Review		
Organisations have to calculate the 'median remuneration' of their workforce each year - this is the whole time annual salary of an employee in the middle of the range of salaries paid to all our staff. We then compare this with the highest-paid director. The results are shown in the table below:		
	2016/17	**2015/16**
Remuneration of highest-paid director (bands of £5k)	215-220	215-220
Median salary of all other staff	25,776	26,041
Ratio	8.3 : 1	8.3 : 1

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

Pension information is provided each year by the Pensions Division of the NHS Business Services Authority. Accounting policies for pensions are shown in the annual accounts notes 1.3 and 8.

Pension benefits of senior managers	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age (bands of £5,000)	Lump sum at pension age related to accrued pension (bands of £5,000)	Cash equivalent transfer value	Opening CETV	Real increase in CETV
Name			at 31 March 2017	at 31 March 2017	at 31 March 2017	at 1 April 2016	
	£000	£000	£000	£000	£000	£000	£000
Matthew Kershaw	Not applicable						
Nick Gerrard	0-2.5	2.5-5	55-60	175-180	1235	1197	38
Sandra Le Blanc	2.5-5	10-12.5	20-25	65-70	410	338	72
Sally Smith	5-7.5	17.5-20	55-60	175-180	1253	1083	170
Elizabeth Shutler	0-2.5	5-7.5	35-40	110-115	634	586	48
Paul Stevens	2.5-5	7.5-10	55-60	175-180	1390	1286	104
Jane Ely	0-2.5	5-7.5	50-55	150-155	1039	967	72

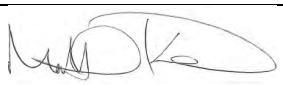
Note:

All the above are executive directors; non-executive directors do not receive pensionable remuneration

No contribution was made by the Trust to a stakeholder pension

Nick Gerrard ceased membership to the NHS Pension scheme in May 2016

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

The 'real' increase in CETV takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.
Signed:  Date: 23 May 2017
Matthew Kershaw, Chief Executive

Staff Costs

	Group			
	Permanent Number	Other Number	2016/17 Total Number	2015/16 Total Number
Salaries and Wages	253,361	828	**254,189**	**248,739**
Social Security Costs	24,583	-	**24,583**	**19,327**
Employer's Contributions to NHS Pensions	30,211	-	**30,211**	**29,501**
Pension Cost - Other	-	69	**69**	**51**
Other post-employment benefits	-	-	**-**	**-**
Other employment benefits	-	-	**-**	**-**
Termination benefits	-	-	**-**	**28**
Agency and contract staff	-	33,988	**33,988**	**35,783**
Total average numbers	**308,155**	**34,885**	**343,040**	**333,429**
Of which:				
Costs capitalised as part of projects	161	-	**161**	291

Average number of employees (WTE basis)

	Group			
	Permanent Number	Other Number	2016/17 Total Number	2015/16 Total Number
Medical and dental	943	-	**943**	**955**
Ambulance staff	-	-	**-**	**-**
Administration and estates	1,601	-	**1,601**	**1,603**
Healthcare assistants and other support staff	1,084	-	**1,084**	**1,096**
Nursing, midwifery and health visiting staff	2,199	-	**2,199**	**2,141**
Nursing, midwifery and health visiting learners	-	-	**-**	**2**
Scientific, therapeutic and technical staff	1,011	-	**1,011**	**992**
Healthcare science staff	320	-	**320**	**312**
Social care staff	-	-	**-**	**-**
Agency and contract staff	-	291	**291**	**274**
Bank staff	-	262	**262**	**296**
Other	-	-	**-**	**-**
Total average numbers	**7,158**	**553**	**7,711**	**7,671**
Of which:				
Number of employees (WTE) engaged on capital projects	2	-	**2**	5

Reporting of compensation schemes - exit packages 2016/17

	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	-	-	**-**
£10,001 - £25,000	-	-	**-**
£25,001 - 50,000	-	-	**-**
£50,001 - £100,000	-	1	**1**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**-**	**1**	**1**
Total resource cost (£)	£0	£68,484	**£68,484**

Reporting of compensation schemes - exit packages 2015/16

	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	-	-	**-**
£10,001 - £25,000	-	-	**-**
£25,001 - 50,000	-	-	**-**
£50,001 - £100,000	-	-	**-**
£100,001 - £150,000	-	-	**-**
£150,001 - £200,000	-	-	**-**
>£200,000	-	-	**-**
Total number of exit packages by type	**-**	**-**	**-**
Total resource cost (£)	£0	£0	£0

Exit packages: other (non-compulsory) departure payments

	2016/17		2015/16	
	Payments agreed	Total value of agreements	Payments agreed	Total value of agreements
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	1	68	-	-

Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	-	-
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval	-	-	-	-
Total	**1**	**68**	**-**	**-**
Of which:				
Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	-	-	-	-

For all off-payroll engagements as of 31 Mar 2017, for more than £220 per day and that last for longer than six months

	2016/17
	Number of engagements
Number of existing engagements as of 31 Mar 2017	9
Of which:	
Number that have existed for less than one year at the time of reporting	7
Number that have existed for between one and two years at the time of reporting	1
Number that have existed for between two and three years at the time of reporting	-
Number that have existed for between three and four years at the time of reporting	-
Number that have existed for four or more years at the time of reporting	-

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

For all new off-payroll engagements, or those that reached six months in duration, between 01 Apr 2016 and 31 Mar 2017, for more than £220 per day and that last for longer than six months

	2016/17
	Number of engagements
Number of new engagements, or those that reached six months in duration between 01 Apr 2016 and 31 Mar 2017	11
Number of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and national insurance obligations	11
Number for whom assurance has been requested	11
Of which:	
Number for whom assurance has been received	-
Number for whom assurance has not been received	11
Number that have been terminated as a result of assurance not being received	-

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

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 Apr 2016 and 31 Mar 2017

	2016/17 Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Number of individuals that have been deemed "board members and/or senior officials with significant financial responsibility". This figure should include both off-payroll and on-payroll engagements.	17

Signature:

Matthew Kershaw, Chief Executive
Date: 23 May 2017

Board committees

The Board has established a number of sub-committees which meet regularly throughout the year to undertake work delegated from the Board. Committees in place as at 31 March 2017 are:

Statutory:

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

Non-Statutory:

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

REMUNERATION COMMITTEE

The Board of Directors has established a Remuneration Committee whose membership consists of the Trust's chairman and all non-executive directors of the Trust. Attendance during 2016/17 was as follows:

Remuneration Committee Membership as at 31 March 2017	
Name	**Actual / Possible**
Wendy Cookson (Non-Executive Director and Committee Chair)	1/1
Nikki Cole (Chairman)	4/4
Barry Wilding (Senior Independent Director)	4/4
Colin Tomson (Non-Executive Director)	2/4
Sunny Adeusi (Non-Executive Director)	4/4
Satish Mathur (Non-Executive Director)	3/4
Keith Palmer (Non-Executive Director)	1/1
VACANCY (Non-Executive Director)	
Other non-executives who served on the Remuneration Committee during 2016/17	
Name	**Actual / Possible**
Richard Earland (term ended December 2016)	3/3
Gill Gibb (resigned January 2017)	3/3
Ron Hoile (resigned December 2016)	1/3

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

The chief executive attends the committee in relation to discussions about succession planning, remuneration and performance of executive directors. The chief executive is not present during discussions relating to his own performance, remuneration and terms of service.

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

The Remuneration Report can be found on page 44.

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

The main role and responsibilities of the IAGC are set out in written terms of reference, approved by our Board, which detail how it will monitor the integrity of financial statements, review internal controls, governance and risk management systems, and monitor and review the effectiveness of our audit arrangements, including those covering clinical audit. A copy of the Committee's Terms of Reference can be accessed via the Trust website **www.ekhuft.nhs.uk**

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

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

The IAGC will continue to scrutinise our risk management systems and improve the format of reports to our Board. In taking this forward, the committee will consider recommendations from the Trust's internal and external auditors. The continual scrutiny of our strategic and corporate risks

enables the committee to conduct a thorough review of our Annual Governance Statement (see page 92) and annual Enhanced Quality Report (see page 43).

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

The IAGC receives the Trust's draft Annual Report and Quality Report for scrutiny ahead of the formal approval processes. In addition, the IAGC will receive assurance around the Trust's compliance with its provider licence.

The IAGC approves the clinical audit programme in April each year. Ongoing monitoring is undertaken by the Board of Director's Quality Committee. During 2016/17, the IAGC undertook a review of the controls and processes that underpin clinical audit after concerns were raised regarding the delivery of the programme.

The committee has received a number of assurance reports from our executive team during the year, to include: the raising concerns policy; information governance; health and safety and estates compliance; gifts and hospitality; compliance with the Freedom of Information Act 200; single tender waivers; emergency planning; review of senior managers' risk management training compliance. The committee also conducts an in-year review of quarterly self-certification to NHS Improvement (comparison of predictions to outcomes).

The committee reviews the Trust's Strategic Risk Register at each meeting. The Committee has continued its programme of 'deep dives' into specific areas of risk from the risk register or specific requests from the Board of Directors, during 2016/17 and these included:

- Pharmacy aseptic manufacturing update
- SRR4: Estate Condition – unable to implement improvements in the estate across the Trust to ensure long term quality of patient facilities.
- CRR1: Precipitate loss of acute medicine from Kent and Canterbury site.
- The Committee requested a report on the Trust's readiness ahead of the new EU General Data Protection Regulations which come into force in 2017.
- A request was made from the Board of Directors for the IAGC to review the governance structure around the Sustainability and Transformational Plan.

The following policies were reviewed by the IAGC during 2016/17:

- 2016/17 Annual Accounts Policies

- Risk Management Policy
- Anti Fraud, Bribery and Corruption Policy

The Trust's External Auditors, KPMG, were engaged by the Council of Governors to perform an independent assurance engagement in respect of the Trust's Quality Account for the year ended 31 March 2016. A limited assurance engagement was conducted and due to the issues outlined below the conclusion drawn was to qualify the account. During 2016/17, the IAGC undertook a detailed review of the outcome of this audit to identify specific learning and actions to take forward into the following year.

The Trust secretary conducted an annual review of compliance against Monitor's (now NHS Improvement) Code of Governance. The outcome of this audit is summarised on page 86 of the annual report.

The IAGC works closely with the Council of Governors. The Council of Governors has established an Audit and Governance Committee which is chaired by a governor. The Chair of the IAGC is aligned to this committee. The Governor's Audit and Governance Committee will review our external audit plans and will seek assurance from the IAGC on the work of the committee and our external auditors. The committee reports to the Council of Governors.

This committee will also work, as required, with the IAGC, to appoint the Trust's external auditors. During 2016/17, the Council of Governors endorsed a recommendation to extend KPMG's contract for a further two years from the original contract term to cover the audits for 2017/18 and 2018/19.

Membership of the Integrated Audit and Governance Committee

The Integrated Audit and Governance Committee (IAGC) is made up of four non-executive director members. To ensure the proper segregation of duties and in line with best practice, the Trust chairman is not a member of the committee.

Members of the executive team, director of finance and chief nurse and director of quality, attend each meeting by invitation. The Trust's external auditors, internal auditors and counter fraud service also attend.

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

During 2016/17, the committee met a total of four times.

Non-executive members as at 31 March 2017	
Name	**Attendance actual/possible**
Barry Wilding (Committee Chair)	4/4
Keith Palmer	1/1
Satish Mathur	1/1
Colin Tomson	4/4
Other non-executives who were members during 2016/17	
Name	**Attendance actual/possible**
Gill Gibb	3/3
Ron Hoile	2/3

* Possible and actual shown/Where an Executive Director is unable to attend they are requested to send a representative on their behalf
The committee chairman is suitably qualified.

NOMINATIONS COMMITTEE REPORT

The Nominations Committee membership consists of the Trust chairman and all non-executive directors. Attendance during 2016/17 was as follows: **Nominations Committee Membership as at 31 March 2017**	
Name	**Actual / Possible**
Satish Mathur (Non-Executive Director) (Committee Chair from 20/03/17)	3/4
Sunny Adeusi (Non-Executive Director)	4/4
Nikki Cole (Chairman)	4/4
Barry Wilding (Senior Independent Director)	4/4
Colin Tomson (Non-Executive Director)	2/4
Wendy Cookson (Non-Executive Director)	1/1
Keith Palmer (Non-Executive Director)	1/1
VACANCY (Non-Executive Director)	
Other non-executives who served during 2016/17	
Name	**Actual / Possible**
Richard Earland (term ended December 2016)	3/3
Gill Gibb (resigned January 2017)	3/3
Ron Hoile (resigned December 2016)	1/3

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

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

During 2016/17 the Committee was not required to recruit to any Executive Director positions. The Committee noted the appointment of Liz Shutler to the position of Deputy Chief Executive.

During 2016/17 there were a number of changes to the non-executive director component of the Board of Directors led by the Council of Governors. As a result of these changes, the Nominations Committee undertook a review of the non-executive director commitments.

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

- External Board Governance Review;
- Board Development Plan;
- Succession Planning and Talent Management;
- Policy on Directors Fit and Proper Persons Test;
- Reflection on Executive Director Recruitment process undertaken in the previous financial year;
- To note the process for the Board's Internal Assessment for the next financial year.

FINANCE AND PERFORMANCE COMMMITEE (FPC)

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

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

The committee has also since January 2017 taken on the role of Commercial Income Board.

There was a planned rotation of the Chair in January 2017.

Background

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

East Kent Hospitals University NHS Trust moved from surplus in 2013/14 to deficits in 2014/15 and a deepening deficit in 2015/16. In 2016/17 the level of the Trusts underlying deficit has improved but is still of concern to NHS Improvement (NHSi), the Trust monitoring body.

The Trust has improved its quality standards and has been removed from quality special measures, however financial performance has led to the Trust being placed in Financial Special Measures. The Trust has produced a challenging Financial Recovery Plan to recover its position to surplus within two years. NHS Improvement has appointed a Financial Improvement Director to assist in identifying and delivering savings and to oversee the overall programme.

Financial and Operational Issues in 2016/17

At the start of 2016/17 the body regulating Foundation Trusts, NHS Improvement set control totals for all trusts. The Control Total set for East Kent Hospitals was a £0.3M profit supported by £16M of Sustainability and Transformation Funding. Whilst the Trust accepted the Control total it appealed the level of the target, requesting a revised value of £12M deficit (after receiving the £16m of support funding). This appeal was not accepted and NHS Improvement requested a revised plan indicating how the Trust may work to improve its financial position during the year. In December 2016 the CQC recommended the Trust be taken out of Quality special measures and this was agreed by NHS Improvement which placed the Trust in Financial Special Measures in March 2017.

As a result of what the Finance and Performance Committee (FPC) recognised as being difficult financial circumstances the committee has placed considerable focus on financial improvement and the delivery of the Trust’s Cost Improvement Programmes (CIPs). The committee monitored financial performance monthly and reviewed CIP delivery each Month. It has reviewed the structure, skills and resources of the Programme Management Office (PMO) leading to the recruitment of a permanent lead for the PMO and three additional temporary staff to identify CIP opportunities and progress CIP delivery. As a result circa £19M of the planned £20M of CIPs has been delivered in the year of which £15m is recurrent.

Due to the financial pressures the Trust was asked to resubmit its Financial Plan early in the year and this plan was scrutinised and approved by the Trust Board on recommendation from the FPC. In late autumn 2016 the Trust also had to prepare its 2017/18 plan and again this plan was fully scrutinised and endorsed by the FPC.

The committee monitored financial performance monthly and the Trust has been able to demonstrate a clear month on month deficit improvement during 2016/17 due to focus on agency staff reductions and securing proper payment for work done. Despite this progress the Trust has had difficulties implementing some of the planned workforce savings schemes due to agency staffing and the need to maintain safe staffing levels, as identified by the Care Quality Commission, and to cover high levels of vacancies in critical service areas such as A&E. The FPC is aware that increased focus, effort, and innovation will be required to making further improvements and achieve a sustainable financial position in the longer term.

As a result of the monthly financial performance issues the Trust now faces cash liquidity challenges which have been scrutinised by the FPC each month. Due to careful debtor and creditor management the Trust has been able to secure cash funds from the Department of Health and manage to its forecast cash plan. Total borrowings in the year were £22.7m.

In addition to the above financial planning reviews and financial monitoring, the committee has reviewed the Trust's corporate financial risks (August, November and December 2016), contract options with Clinical Commissioning Groups (November 2016), received performance updates from all operational Divisions twice during the year on a rolling basis and reviewed business cases including a Theatre capacity review, a patient flow improvement process, electronic medical record system and the extension of the Pathology equipment management contract

An overview of financial performance is provided on page 26.

In addition to the financial challenges in 2016/17 the Trust has also been under continued operational pressures in regard to delivering A&E, Referral and Treatment Criteria and Cancer targets. As a result the FPC has received monthly updates on the status of these targets and had a standing monthly discussion on the A&E improvement challenges.

To assist improvements in A&E the committee also received regular updates from the NHS Emergency Care Intensive Support Team (ECIST) who are national experts in A&E improvement. The FPC has monitored the improvement plan, the system difficulties faced by the Trust in terms of delayed transfers of Care (DTOC) and critical difficulties in recruiting emergency staff, particularly in Margate which are being addressed alongside the financial pressures faced by the Trust.

QUALITY COMMITTEE

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

During the 2016/17 period the committee met monthly.

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

Topics discussed by the committee during 2016/17 included:

- Review of performance against quality standards
- Updates from the Trust's Patient Safety Board, highlighting key risks by exception and areas of focus
- Updates from the Trust's Patient Experience Committee, highlighting key risks by exception and areas of focus
- Updates from the Clinical Effectiveness Committee: NICE technical appraisals and guidance
- Progress against the Trust's CQC Improvement Plan
- Assurance around risk and ownership of all near patient IT systems
- Outcome from the Royal College of Obstetrics and Gynaecology Maternity Services Review and Local Supervisory of Midwives Reports
- Learning from Serious Incidents
- Overseeing quality assurance of cost improvement schemes implemented in the Trust
- Quality performance reports from the infection, prevention and control team
- Monitoring delivery of the Trust's Clinical Audit and Effectiveness Programme
- Monitoring of quarterly performance against the Trust's quality strategy / Proposed Annual Objectives for 2017/18 around the Strategic Priority 'patients'
- Review against the quality elements of the corporate risk register and Board Assurance Framework
- Results of patient surveys and associated Trust action plans
- Assurance regarding the key learning form claims, complaints and incidents
- Assurance regarding actions taken from external visits to the Trust
- Updates from safeguarding teams (children and adults)
- Updates on safe systems for controlled drugs
- Compliance against Human Tissue Authority
- Reports from Divisional Governance Board meetings.
- Trust response to the findings and recommendations in the Mazars Report on Learning from Incidents and Unexpected Deaths
- Central alert system update
- National Diabetes in Pregnancy Audit
- Medical Devices Competency Training
- Mortality Reviews and the Mortality Information Group

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

- Deep Dive: Corporate Risk Register 3 - Inability to respond in a timely way to changing levels of demand for emergency and elective services
- Review of compliance with national and local clinical audits
- Quality review of Emergency Department data
- External report on the nasogastric tube incidents
- Outpatient Programme Update: Update on patient experience following implementation

Membership of the committee consists of:
- Chairman (a non-executive director)
- Two additional non-executive directors
- Chief Nurse and Director of Quality
- Chief Operating Officer
- Medical Director

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

STRATEGIC WORKFORCE COMMITTEE

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

The committee met a total of nine times during 2016/17.

The critical importance of people issues for the performance and sustainability of the Trust makes it essential that there is a well informed and challenging committee which can ensure that there is a professional and high quality approach to all aspects of HR planning, policy and delivery owned and supported by executive and clinical colleagues.

Topics discussed by the committee during 2016/17 included:
- Scrutiny of the Trust's key workforce metrics at each meeting
- Board Assurance Framework – workforce elements
- Trust annual priorities
- Updates on progress with the Trust's 'Great Place to Work' initiatives, with a specific focus on measuring outcomes (presentations from Divisions)
- Review of Education and Training across the Trust: current position and work planned; future development opportunities and resources required
- Demand and capacity modelling
- Health Roster Position Paper
- Apprenticeship Policy Changes and project updates
- Development of the Trust's People Strategy and Implementation Plan
- Performance Appraisal, Completion of Essential Training and Link to Incremental Progression

- Development of the Associate Specialist Role – Moving to Autonomous Practice
- Healthy Workplace Group Update
- Introduction of the Junior Contract together with local equality analysis
- Increasing the Numbers of Nurses in Training
- The Trust's Retention Plan updates
- Ward Establishment Review
- Workforce Race Equality Standard
- Reports from the Director of Medical Education
- Pensions Auto-enrolment and compliance with the Pensions Act 2008
- Job planning updates – performance against trajectory
- Medical Engagement Scale (MES) Survey Results
- Total rewards package for staff
- Annual report on pre-employment checks compliance
- Reduction in agency spend / NHS Improvement submission
- Reports from the Staff Committee
- Reports from the Local Negotiating Committee of the BMA
- Guardian of Safe Working
- Compliance against the Trust's Provider Licence (workforce elements)
- Three Yearly Reviews of Employee Disclosure and Barring (DBS) Checks
- Receive regular reports on tribunal activity within the Trust

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

- Deep Dive: Agency
- Deep Dive: Workforce Benchmarking
- Deep Dive: New Trust Appraisal System (evaluation)
- Emergency Department Staffing Review – Assurance
- Audit of local induction for temporary staff

Membership of the committee consists of:

- Chairman (a non-executive director)
- Two additional non-executive directors
- Chief Nurse and Director of Quality
- Medical Director
- Director of Human Resources

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

The committee works closely with the Council of Governors and the Chair of the Board Strategic Workforce Committee is aligned to the Council of Governors Strategic Workforce Committee.

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 the wards and services provided by the East Kent Hospitals University NHS Foundation Trust. The Trust is the corporate trustee and the Board of Directors acts as agents for the Trust.

The Charitable Funds Committee oversees the affairs of the charity, which held assets of £3.9m as at 31 March 2017, under delegated powers set out in the terms of reference to promote, monitor and set the strategic direction for the charity to ensure that its objectives are met. The committee advises the Board of Directors who retain overall responsibility on all aspects of the charity. Membership comprises the Trust chief executive, director of finance, medical director, director of strategic development and three non-executive directors, one of which is the chair.

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

- Terms of reference for the committee
- Investment strategy and portfolio with Cazenove
- Risk Management
- Reserves
- Charity Strategy achievements and areas of concern
- Achievement of objectives in allocation of grants to the Trust

Cazenove managers attended a meeting to update the committee on portfolio performance and issues arising from Brexit and other market influences providing an opportunity for committee members to raise concerns and discuss strategic direction.

The members discussed the investment risks and cash management due to high cash holdings and strategy to increase grants over a three-year period to support the Trust in the current financial climate. A recommendation was made to the Board of Directors to invest in not more than four Short Term Deposits of £75k on a rolling programme until cash is required for grants, to reduce risk both for cash holdings and retain current portfolio levels with a view to reduction of the market investments as required to meet grant commitments.

Prioritisation of applications and the methodology to identify where grants can support the Trust most effectively were discussed. These discussions have led to further involvement with Trust departments to ensure best value for money whilst maximising public benefit and patient experience.

In line with the charity's strategy, support to the Trust was increased and further commitments are planned in the coming year to continue to achieve this objective. Grants have improved patient care by providing support and education as well as improving medical treatment and the environment in which they are given. Purchases included parent bed chairs, activities and therapy programmes to support patients living with dementia, video glidescopes to aid anaesthetists, mobile plasma exchange machines to

support dialysis patients and incubation covers to protect our neonatal patients from the noise and bright lights in the unit.

During the last year the charity received donations and legacies totalling £0.2m and made grants across all our hospitals of £1m.

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

Council of governors

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

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

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

Ensuring that services provided 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. Our Board has an overall duty to ensure the provision of safe and effective services for members of the public. The Board does this by using its governance structures.

Governors are required to canvass the opinion of the Trust's members and the public and communicate their views to the Board of Directors. Governors are encouraged to participate in all public and member engagement events organised by the Trust throughout the year.

The following sets out steps taken by members of our Board of Directors to understand the views of our governors and our membership:

- Our Board meetings are held in public. The agenda is shared with our Council of Governors prior to the meeting and the agenda and papers are published on our website. The Council of Governors also receive a confidential copy of our closed Board meeting agenda and minutes to keep them abreast of all issues discussed by our Board of Directors.
- Our chief executive is invited to attend each Council meeting to provide an update on the latest performance and to keep Governors informed about strategic developments, including work on the Sustainability and Transformation Plan (STP).
- All members of the Board of Directors have an open invitation to attend Governors' Council meetings to respond to questions on recent Board and Board Committee activity.
- Governors have the opportunity to raise performance concerns at Council meetings, directly with our chair (or at the public Board of Director meetings).
- The Board of Directors engages the Council of Governors on a variety of strategic issues formally at meetings and on an ad hoc basis.
- In May this year the Council of Governors agreed to trial a new Committee Structure developing Council of Governor Committees to mirror the existing Board of Director Committees:

    - Quality (new)
    - Finance and performance (new)
    - Workforce (new)
    - Audit and Governance (amalgamation of two existing committees)
    - Nominations and remuneration (continuation of existing committee)

The aim of this change was to support Governors to deliver their responsibility to hold Non-Executive Directors to account for the performance of the Board of Directors. The Non-Executive Director Chair of the Board Committee

provides an update to each CoG Committee meeting on the work carried out in the Board of Director Committee.

- On 30 March 2017 the Council decided that the introduction of committees mirroring the Board of Director meetings had not been effective. It was agreed to disband these committees and to introduce Council Development Sessions four times a year to give all Governors time to look in more depth at the issues previously managed within the committees.
- The Council of Governors Nomination and Remuneration Committee will continue to meet to manage appointments of NEDs and their remuneration. Other ad hoc groups will be set up to deliver specific duties; for example an Audit Committee to look at the appointment of the External Auditors as required.
- The Governors also have a committee which focuses on their engagement and communication with members and the public which helps inform their discussions with the Board of Directors. This committee remains under the new arrangements.
- At a joint meeting of Governors and Board members in February, the Council had the opportunity to contribute to the Trust's strategic planning looking specifically at Sustainability and Transformation Plan risk and the Trust's objectives for 2017/18.

The agenda for Council of Governor meetings is discussed at an agenda setting meeting attended by the Trust Chair, Chairs of the Council of Governors' Committees and the Trust Secretary. At each Full Council meeting the Chairs of the Council Committees provide a summary report on their meetings highlighting key issues.

The following summarises some of the issues considered at the Full Council meetings in 2016/17:

- Latest trust performance (each meeting).
- CQC inspection: the Trust's action plan and reports on subsequent visits.
- Progress with the STP – including a meeting added to the schedule in June to provide Governors with an early view of the process to be followed
- Cultural Change Programme
- Staff engagement project updates and staff survey results
- Presentation on the wider health economy
- Quality report local indicator requirements for Governors
- Council of Governors and Governor Committee effectiveness survey

Dealing with disputes

The Trust has in place a disputes resolution procedure for addressing disagreements between the Council of Governors and Board of Directors. This procedure was reviewed during 2015 and agreed by the Council of Governors in October 2015.

The dispute resolution policy does not undermine the power the governors have under the Health and Social Care Act 2012, to require one or more of

the directors to attend a governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the directors' performance of their duties. This power was not used during 2016/17.

Governor training
In February 2017 a number of our governors completed their term of office and a new cohort of governors joined the Council; three public governors and two staff governors were re-elected for a further term and two new public governors were elected. The content of the induction programme for the new governors was discussed with the Council and revised.

An in-house core skills training course for Governors was delivered by NHS Providers in April 2016. In November a full day of training was provided for the Governor Chairs of the Council of Governor Committees. Some Governors took advantage of training sessions provided by NHS Providers which gave an opportunity for networking with governor colleagues from other organisations.

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

At the July 2016 meeting of the Full Council the role of the Lead Governor was discussed and the Council decided against expanding the role beyond that laid out in statute and Trust guidance. The election process was then followed and at the November 2016 meeting the Council of Governors endorsed the appointment of Michèle Low as lead governor until October 2017.

Governor changes 2016/17 and election results
The appointed Governor representing the six local authorities, Jane Martin, Ashford Councillor, resigned in June 2016. The local authorities collectively nominated Thanet Councillor Chris Wells to replace her in September 2016.

Six public Governors and two staff governors reached the end of their term of office in February 2017 and one public governor, Jane Burnett (Ashford), resigned in November 2016. An election process began in December 2016 to fill these vacancies and the results were declared on 27 February. Carole George, public governor (Dover), chose not to stand again.

The two vacancies in the Ashford constituency were uncontested: Junetta Whorwell was therefore elected for a second term and Caroline Harris joined the Council. The Dover vacancy was also uncontested; Paul Curd joined the Council to represent this constituency.

The two staff governor vacancies were uncontested; David Bogard and Mandy Carleill were both re-elected for a third term.

In the Shepway constituency John Sewell was re-elected for a third term and for the Thanet Constituency Roy Dexter and Marcella Warburton were both re-elected for a second term.

The overall percentage of votes in the election based on the number of members who were balloted was:

Constituency	Electorate	Votes	Turnout %
Canterbury	2952	308	10.43
Shepway	988	204	20.65
Thanet	2183	257	11.77

A list of all governors who served during 2016/17 is detailed in this section.

Council of Governor public meetings
Our Council of Governors met in public five times during 2016/17. In addition, a joint meeting with our Board of Directors was held on 2 February 2017 which was closed to the public.

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

Council of Governors who served during 2016/17:

Constituency	**Name**	**Term of Office ends**	**Attendance at Council of Governor public meetings** **(See note to table)**
Ashford Borough Council	Paul Bartlett Jane Burnett Junetta Whorwell Caroline Harris	12/02/2018 28/02/2018 *(Resigned November 2016)* 28/02/2020 *(Re-elected February 2017)* 29/02/2020 *(Elected February 2017)*	4/5 3/4 5/5 1/1
Canterbury City Council	Philip Wells Alan Holmes *Chris Warricker*	28/02/2020 *(Re-elected February 2017)* 28/02/2018 28/02/2018	5/5 5/5 5/5
Dover District Council	Sarah Andrews Carol George Margo Laing Paul Curd	28/02/2018 28/02/2017 *(Term ended)* 28/02/2018 29/02/2020 *(Elected February 2017)*	5/5 2/4 4/5
Shepway District Council	Philip Bull Michele Low John Sewell	28/02/2018 28/02/2018 28/02/2020 *(Re-elected February 2017)*	4/5 5/5 5/5
Swale Borough Council	Paul Durkin Matt Williams	28/02/2018 28/02/2018	5/5 5/5
Thanet District Council	Roy Dexter Reynagh Jarrett Marcella Warburton	28/02/2020 *(Re-elected February 2017)* 28/02/2018 28/02/2020 *(Re-elected February 2017)*	0/5 4/5 4/5
Staff	David Bogard Mandy Carliell Rob Goddard John Rampton	28/02/2020 *(Re-elected February 2017)* 28/02/2020 *(Re-elected February 2017)* 28/02/2018 25/02/2017 *(Elected October 2015)*	4/5 4/5 3/5 5/5
Rest of England and Wales	Eunice Lyons-Backhouse	28/02/2018	5/5

University Representation (Joint appointment by Canterbury Christ Church University and University of Kent)	Debra Teasdale	28/02/2018	4/5
Local Authorities	Jane Martin Christopher Wells	28/02/2018 *(Resigned June 2016)* 28/02/2018 *(Appointed September 2016)*	0/1 2/2
South East Coast Ambulance Services NHS Foundation Trust	Geraint Davies	28/02/2018	0/4
Volunteers working with the Trust	Michael Lyons	28/02/2018	2/5

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

Board of Directors attendance at Council of Governors meetings

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

NAME	DESIGNATION	DATE OF APPOINTMENT	COUNCIL OF GOVERNORS ATTENDANCE*
Nikki Cole	Chair	11/05/15 First Term	6/6
Barry Wilding	Senior Independent Director	11/05/15 First Term	4/6
Colin Tomson	Non-Executive Director	11/05/15 First Term	4/6
Satish Mathur	Non-Executive Director	01/10/15 First Term	4/6
Sunny Adeusi	Non-Executive Director	01/11/16 First Term	2/4
Keith Palmer	Non-Executive Director	01/01/17 First term	1/2
Wendy Cookson	Non-Executive Director	06/01/17 First term	1/2
Jane Ely	Chief Operating Officer	26/01/15	0
Nick Gerrard	Director of Finance and Performance	04/05/15	4
Matthew Kershaw	Chief Executive	08/01/16	5
Sandra Le Blanc	Director of Human Resources	01/09/14	1
Liz Shutler	Director of Strategic Development and Capital Planning	21/01/04	3

Sally Smith	Chief Nurse and Director of Quality	Interim from 01/05/15 Substantive 28/07/15	2
Paul Stevens	Medical Director	01/06/15	3

Other executive directors and non-executive directors who served during 2016/17

Richard Earland	Non-Executive Director/Deputy Chair	01/01/14 Second Term Ended 12/16	2/4
Gill Gibb	Non-Executive Director	01/12/15 First Term Resigned 01/17	1/4
Ron Hoile	Non-Executive Director	01/01/16 First Term Resigned 12/16	2/4

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Annual Members' Meeting

We held our Annual Members' Meeting in 6 October 2016. This event provided an opportunity for the public to meet and ask questions of our chair, chief executive and lead governor.

There were around 130 people in attendance, made up of Trust members, members of the public, members of the Council of Governors and Board of Directors, representatives from partner organisations and members of the Trust's staff. In addition to sharing information about our performance for the past year, including financial performance, a short film was shown about working in the Trust. A presentation was given by a governor and a panel took questions from the public.

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

Council of Governor register of interests

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

Contacting members of the Council of Governors

Governors may be contacted via the Trust's governor and membership lead, **01227 868784**, or through the membership area of our website **www.ekhuft.nhs.uk/members** or by emailing **amanda.bedford1@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 and a new committee structure was introduced in May 2016. The Council of Governors cannot delegate authority to Committees, so all recommendations made must be endorsed at a full meeting.

The table below shows the Committee Structure as it was on 31 March 2016 and the changes made in May 2016:

Existing CoG Committee as at 31 March 2016	**New CoG Committee as agreed in May 2016**
Nominations & Remuneration	No change: Nominations & Remuneration
Patient & Staff Experience	Split into two new committees: Quality Workforce
	New Committee: Finance and performance
Audit and Governance	No Change: Audit & Governance
Strategic	Disbanded: Each new committee to consider the strategic elements in their remit
Communication & Membership	Revised terms of reference and new name: Membership Engagement and Communications

The Nominations and Remuneration Committee conducted a governor skills' audit and the outcomes were used to ensure that governors were appropriately matched to governor committees and enable the Trust to derive maximum benefit from the wealth of expertise that our governors bring.

Each Committee has eight governor members, with a Governor chair, and meetings are attended by the NED Chair of the linked Board of Director Committee. All governors are able to attend any committee meeting if they wish; only members of that committee will have a vote should the need arise.

All committees are chaired by one of our governors and members of staff attend in an advisory capacity.

There is also the facility for our Council of Governors to establish specific task and finish groups as required. None were established in 2016/17

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

The committee follows the 'Guide to the Appointment of Non-Executive Directors' which was endorsed by our Council of Governors in January 2014. The aim of this document is to help our Council of Governors, chair and Trust human resources department by providing guidance on all of the actions that would need to be completed to ensure an effective appointments process.

When considering the appointment of non-executive directors, the Council should take into account the views of the Board and the nominations committee on the qualifications, skills and experience required for each position. The Board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation or comparable size and complexity.

The committee is mindful of its responsibility to ensure an appropriate level of refresh and takes as its default position, unless there is compelling reasons to the contrary, that our non-executive director positions should be subject to competition at term expiry. This position was endorsed by the external review of corporate governance carried out by Deloitte's in 2014/15.

The committee was busy in 2016/17 as three Non-Executive Director vacancies arose: Richard Earland's second term of office came to an end in 2016 and Gill Gibb and Ron Hoile resigned during the year.

In May the Full Council endorsed the committee's recommendation that Richard Earland be offered a third term of office, limited to one year. This was an unusual and carefully considered recommendation based on the experience and knowledge that Richard brought to the Trust and the wish to retain this for a period while new Non Executives were settling into their roles. Richard declined the offer and the committee were then involved in the recruitment process to appoint to the vacancy.

In year the committee also completed a recruitment process to appoint to the vacancy following Ron Hoile's resignation for business reasons. The process for recruiting to the vacancy following Gill Gibb's resignation for personal reasons is ongoing at year end and expected to be concluded in April/June.

Upon recommendation of the committee the Council of Governors endorsed the appointment of the following positions:

Keith Palmer Non-Executive Director (appointed 1 January 2017)
Wendy Cookson, Non-Executive Director (appointed 6 January 2017)

Details of all our non-executive directors who served during 2016/17 can be found on page 38.

Council of Governors Nominations and Remuneration Committee members 2016/17

Committee Members			
		*Attendance	
		Old Structure 1 Meeting	New Structure 3 meetings
Philip	Wells (Chair)	1/1	3/3
Carole	George	1/1	0/3
Geraint	Davies	-	0/3
Jane	Burnett	-	1/2
Junetta	Whorwell	-	1/1
Margo	Laing	1/1	3/3
Michael	Lyons	1/1	1/3
Matt	Williams	1/1	2/3
Mandy	Carliell	1/1	-

Paul	Durkin	0/1	-
Reynagh	Jarrett	1	3/3
Roy	Dexter	1/1	-
Sarah	Andrews	-	1/1
*Attendance at meetings held during the year (actual/possible) is shown			

Membership

Trust members play an active part in helping us to understand the views and needs of the people we serve in East Kent. Membership is open to anyone over the age of 16 who lives in England and Wales.

Public constituencies
There are seven public constituencies – six are based on local authority areas and the seventh, rest of England and Wales, allows non east Kent residents to become members and elect a governor.

- Ashford
- Canterbury
- Dover
- Shepway
- Swale
- Thanet
- Rest of England and Wales

Staff constituency

All staff on permanent contracts, or who are in contracted continuous employment with the Trust for over a year, are opted in to this constituency. Staff members cannot be concurrent members of any public constituency.

Engaging and recruiting our members

As part of the review of the Committee structure, the terms of reference for the existing Council of Governor committee focusing on membership engagement and communication were revised and the committee was renamed the Membership Engagement and Communication Committee (MECC). This Committee drafted a new Membership and Engagement Strategy for 2016 – 2019 which was ratified at the Full Council meeting on 5 September 2016.

Throughout the year sessions were run across all Trust sites for members to meet with their Governors. Members also made use of a dedicated email enquiry line to raise issues. The MECC is currently focussing on the implementation of the strategy and increasing the opportunities for

engagement between elected staff and public Governors and their members. A recruitment plan has been developed to meet the agreed strategy of focussing on demographic areas which are currently not well represented in our membership.

We continue to run a virtual panel of members who provide valuable feedback on patient leaflets, policies and also actively engage in various surveys about our services.

In the summer of 2016 the Trust introduced a new magazine as part of its communication strategy. The publication is free and is available from distribution points across the Kent and Medway area, such as doctors' surgeries and pharmacies.

It contains a dedicated area for Foundation Trust members, the content of which is managed by the Governors. There have been three issues of the magazine this year. The magazine is sent electronically to members and by post to members who have indicated that they are unable to manage electronic communication.

An electronic newsletter is sent bi-monthly to members from the governors providing details of events and updating on the Council's work. Copies of these newsletters are sent with the magazine to members who are unable to receive electronic communication.

Membership Report for East Kent Hospitals University from 01/04/2016 to 31/03/17			
Public constituency	**Last year (2015/2016)**	**Population**	**Percentage**
As at start (April 1)	11,299		
At year end (March 31)	11,295	793,942	1.42
Staff constituency	**Last year (2015/2016)**		
As at start (April 1)	6,288		
At year end (March 31)	6,703		
Public constituency	**Number of members**	**Population**	**Percentage**
Age(years):			
0 - 16	0	154,952	0
17 - 21	335	52,613	6.38
22+	8,493	586,379	1.45
Ethnicity:			
White	9,273	720,670	1.29
Mixed	149	10,290	1.45
Asian	541	18,849	2.87
Black	300	6,461	4.64
Other	69	2495	2.77
Socio-economic groupings:			
AB	2999	43,413	6.9
C1	3,316	70,692	4.7
C2	2398	52,130	4.6
DE	2477	58,236	4.25
Gender analysis:			
Male	3,276	388,892	0.84
Female	7,876	405,050	1.94

Staff report

The Trust employs 7830 staff, many of these staff work flexibly so overall the Trust has a working time equivalent of 6973. The bulk of Trust staff are female (78%) and this is in line with the national NHS staffing picture.

The Trust's workforce is also representative of the local population with 66% of the Trust workforce having a white British ethnic origin. The remaining 2627 staff are employed from a diverse mix of ethnic origins and this is reflective of our diverse patient population.

Listening to and involving our staff is important to us, although we recognise that this is an area that requires continuous improvement. We have worked hard at this and also in improving communication from the "Board to Ward". While there is still work to be done, our executive directors are now much more visible around the Trust. During 16/17 there have been regular leadership forums, staff listening events, admin forums and improved medical engagement.

We provide regular information to our staff on the Trust's performance (including financial performance) and new developments, using a variety of methods including a staff intranet and weekly newsletter, a monthly briefing for all teams to discuss and a weekly all staff message from the chief executive.

Engaging and consulting with our trade union colleagues is also important to us and this relationship continues to develop. We consult with employees and their representatives through the Trust Staff Committee which meets every six weeks to discuss policies, procedures and other matters likely to affect employees' interests.

Head count

Ethnic Origin	Exec Director	Non Exec Director	Non Board Members	Grand Total
A White - British	7	4	5192	5203
B White - Irish			63	63
C White - Any other White background			412	412
D Mixed - White & Black Caribbean			21	21
E Mixed - White & Black African			2	2
F Mixed - White & Asian			33	33
G Mixed - Any other mixed background			32	32
H Asian or Asian British - Indian		1	403	404
J Asian or Asian British - Pakistani			50	50

K Asian or Asian British - Bangladeshi			15	15
L Asian or Asian British - Any other Asian background			246	246
M Black or Black British - Caribbean	1		21	22
N Black or Black British - African		1	138	139
P Black or Black British - Any other Black background			17	17
R Chinese			60	60
S Any Other Ethnic Group			79	79
Z Not Stated			1032	1032
Grand Total	8	6	7816	7830

Gender	Executive Director	Non Exec Director	Non Board Members	Grand Total
Female	5	1	6094	6100
Male	3	5	1722	1730
Grand Total	8	6	7816	7830

Full-time	Part-time	Grand total
5289	2541	7830

Fixed term contracts	Internal secondment	Out on external secondment - paid	Out on external secondment - unpaid
528	57	2	0

Staff survey

Staff engagement remains a priority for the Trust and programmes to improve this are delivered through the Trust-wide People Strategy implementation plan and divisional 'Great place to work' action plans. These plans include agreed measures and feedback mechanisms, for example, 'You said, we did' exercises, focus groups and quarterly Staff Friends and Family Tests.

This continued effort has resulted in an improvement in 75% of the staff survey questions for 2016. Particular areas of achievement include increased appraisal rates and discussion of the Trust's values as part of appraisals, support from line managers and communication between senior management and staff. Additional local questions on health and wellbeing demonstrated that 66% of staff think that the Trust takes positive action to support their health and wellbeing. Although the number of staff reporting bullying and harassment is still high (36%), it has reduced by 6% in the last year, a significant improvement.

In order to continue this progress, and move from the lowest 20% of all acute trusts, East Kent Hospitals is committed to a continued focus on four key areas, first agreed following the 2015 staff survey results:

- Leadership capacity and capability – a development programme has started with the Executive team and will be rolled out to 200 clinical and non-clinical leaders
- 'Respecting each other' – this campaign will continue, developing the role of the workplace contacts to support staff who feel they are being bullied, and on-going targeted training will be delivered
- Health & Wellbeing – all management development programmes will include a session on supporting staff to be healthy and well. A communications campaign will continue to raise awareness of the Trust's health and wellbeing initiatives
- Appraisal – a focus on the quality of appraisals will be maintained with targeted training and on-going information sessions

Response Rate				
	2015/16	2016/17		Trust Improvement/deterioration
	Trust	Trust	Benchmarking group – acute trust average	
Response rate	40.5%	47.2%	42.6% Picker trusts	6.7% improvement

Top 5 ranking scores				
	2015/16	2016/17		Trust Improvement/ deterioration
	Trust	Trust	Benchmarking group – acute trust average	
Percentage of staff appraised in last 12 months	86%	90%	87%	4% improvement
Percentage of staff experiencing physical violence from patients, relatives or the public in the last 12 months	13%	13%	15%	_
Percentage of staff experiencing physical violence from staff in the last 12 months	1%	2%	2%	1% deterioration
Percentage of staff attending work in the last 3 months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	57%	57%	56%	_
Percentage of staff reporting good communication between senior management and staff	27%	31%	33%	4% improvement

Bottom 5 ranking scores				
	2015/16	2016/17		Trust Improvement/ deterioration
	Trust	Trust	Benchmarking group – acute trust average	
Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	36%	42%	25%	6% improvement
Staff satisfaction with the quality of work and care they are able to deliver	3.73	3.76	3.96	0.03 improvement
Percentage of staff feeling unwell due to work related stress in the last 12 months	43%	42%	35%	1% improvement
Staff satisfaction with resourcing and support	3.13	3.16	3.33	0.03 improvement
Percentage of staff agreeing that their role males a difference to patients/service users	88%	88%	90%	_

Employee sickness absence

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

Staff sickness absence provided HSCIC	2016/17 number	2015/16 number
Total days lost	64,744	58,602
Total staff years	7,098	6,921
Average working days lost (per WTE)	9.1	8.5

The Trust has calculated the employee sickness absence level for 2016/2017 is 4.1%, 1.1% relating to short-term absence and 3.0% relating to long-term absence.

Sickness absence managers' toolkit

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

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

Occupational health

The occupational health service in partnership with the Communication Team has launched a health and wellbeing section on the staff intranet site. The site provides health and wellbeing information and signposting to additional free services as part of the 'Let's make our Trust a great place to work'

To continue to support the embedding of staff health and wellbeing the occupational health service has introduced several new initiatives for example: Monday weigh-in sessions, led group lunchtime walks and weekly Pilate's classes. We also regularly attend Hub sessions on all sites to promote health & wellbeing activities.

In addition, the occupational health service was instrumental in assisting the Trust to achieve The Kent Healthy Business (National Workplace Wellbeing Charter) Commitment Award demonstrating commitment to the health and well-being of the workforce. These standards reflect best practice and are endorsed nationally by Public Health England.

The seasonal flu programme exceeded previous year's uptake of clinical staff being vaccinated from 36% (2015-16) to 50% (2016-17).

The Diploma of Occupational Medicine was hosted by occupational health, with good attendance and positive feedback.

In line with the recommendations of the Health at Work Network the department has continued to provide OH services to nine large organisations and have over 100 clients who use our services on an ad-hoc basis.

We are continuing to develop strong partnership working with other NHS occupational health services and manual handling teams across Kent and Medway to support services and efficiencies.

Recruitment and retention

Recruitment and Retention of our staff remains a key priority for us, and is therefore very much at the heart of our vision: "Great healthcare from great people". We want to recruit and retain the best staff; looking for committed healthcare professionals and support staff who share our values. A new People Strategy was agreed in 16/17 with four key areas: Attract, Retain, Engage and Develop. We recognise that our people are fundamental to continued success in our improvement journey.

All of this we believe makes East Kent Hospitals University NHS Foundation Trust a 'great place to work'. The fact we are situated in the beautiful county of Kent in the South East of England also known as the 'Garden of England' makes it the perfect place to live, work and develop your career.

In 16/17 we focused on improving retention of staff in year one. This improved by 18% to 22% by year end. Work undertaken included improvements to our corporate induction and local induction processes as well as the development

of a new starter portal. We regularly meet with our new starters to get feedback from them on their experience of the recruitment process and their first weeks at work and this is helping to inform further improvements.

Diversity and Inclusion policy

The Trust will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, and sex or sexual orientation.

We aim to ensure fair and transparent recruitment processes and practices and are committed to valuing and embracing diversity and inclusion.

Candidates for employment or promotion will be assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability. Disability and personal or home commitments will not form the basis of employment decisions except where necessary.

Managers' guidance on redeployment

Employees cannot be redeployed into a position which attracts a higher band/grade than their substantive position with the exception of individuals who are looking for redeployment as a reasonable adjustment as advised by the occupational health team and who are deemed to be disabled for the purpose of the Equality Act 2010.

Health and safety

Non-clinical incidents (like for like yearly comparison)	2013/14	2014/15	2015/16	2016/17
Accident / fall (staff or visitors only)	605	618	**636**	550
Breach of confidentiality / data protection / computer misuse	535	469	**576**	564
Facilities / estates issues	253	259	**369**	269
Fire including false alarm	131	152	**160**	142
Manual handling	91	120	**86**	128
Security	908	874	**959**	961

The Trust continues to improve implementation of health and safety governance structures, right through to director level. The Trust has adopted a revised set of Key Performance Indicators (KPIs) to scrutinise results and trends. These KPIs, along with the results of the Health and Safety Toolkit Audit program and report, demonstrate the Trust is appropriately monitoring its health and safety performance.

The new 4Risk risk management software system is now in place, and assists in ensuring significant health and safety risks are escalated and managed as necessary.

Training for the Health and Safety Link Workers is now undertaken in-house, ensuring the content is better tailored to Trust needs. Additional specialist courses on COSHH and Risk Assessment are being formulated.

Disclosures set out in the NHS Foundation Trust Code of Governance

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

The Trust conducts an annual review the Code of Governance to monitor compliance and identify areas for development. The Integrated Audit and Governance Committee reviewed the Trust's assessment at a meeting held in April 2017.

The Integrated Audit and Governance Committee 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[11] committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Accountability Report: Director's Report Nominations Committee Integrated Audit and Governance Committee Remuneration Report

A.5.3	The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Accountability Report: Council of Governors' Report
B.1.1	The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Accountability Report: Director's Report
B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	Accountability Report: Director's Report
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Accountability Report: Nominations Committee
B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	Accountability Report: Director's Report
B.5.6	Governors should canvass the opinion of the trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Accountability Report: Council of Governors' Report
B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its 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.	Accountability Report: Director's Report
C.2.2	A trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Accountability Report: Director's Report

C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	**Not applicable for 2015/16**
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: • the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Accountability Report: Integrated Audit and Governance Committee Report
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	**Not applicable for 2015/16**
D.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report: Council of Governors' Report
E.1.6	The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Accountability Report: Membership Report
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Accountability Report: Membership Report

Regulatory ratings

NHS Improvement's Single Oversight Framework

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

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

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

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's *Risk Assessment Framework* (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation
East Kent Hospitals has been placed in segment 4 by NHS Improvement. This segmentation information is the trust's position as at 3 May 2017. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources
The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2016/17 Q3 Score	2016/17 Q4 Score
Financial Sustainability	Capital Service Capacity	4	4
	Liquidity	4	4
Financial Efficiency	I&E Margin	4	4
Financial Controls	Distance from Financial Plan	4	4
	Agency Spend	2	2
Overall Scoring		**4**	**4**

Signature:
Matthew Kershaw, Chief Executive
23 May 2017

Statement of accounting officer's responsibilities

Statement of accounting officer's responsibilities

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

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require [name] 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 [name] NHS foundation trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the ***Department of Health Group Accounting Manual*** and in particular to:

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

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

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

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

Signature:

Matthew Kershaw, Chief Executive
Date: 23 May 2017

Annual governance statement

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

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The purpose of the system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of East Kent Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Kent Hospitals NHS Foundation Trust for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
As designated Accounting Officer I have overall accountability for risk management in the Trust. I am supported by the Medical Director, who is the Caldicott Guardian and the Chief Nurse and Director of Quality, who lead jointly on clinical risk management, the Director of Finance who is responsible for financial risk management and the Senior Information Risk Officer (SIRO), the Chief Operating Officer who is responsible at Trust Board level for risks to achieving operational performance, the Director of Human Resources who is responsible for staffing and workforce risks, the Director of Strategic Development and Capital Planning Estates who is responsible for health and safety and the Deputy Director of Risk, Governance and Patient Safety who is responsible for information governance risks. The Chief Nurse and Director of Quality also has responsibility for establishing and implementing the processes and systems of risk management at corporate level and the Trust Secretary for the promotion of good corporate governance.

The Trust has in place a Risk Management Policy, reviewed and approved by the Board in September 2016, which applies to all Trust staff and which sets out the Trust's approach to managing risks. This policy has been revised to include references to the new risk management system (4Risk) and to provide clarity on risk ownership and escalation. The Trust also has in place a Risk Management Handbook which provides a detailed guide to understanding the Risk Management process at the Trust. The Management Board (MB) has overall responsibility for risk management and is supported in relation to clinical risk by the Patient Safety Board (PSB) and the Risk Group for the

operational management and escalation of risk; both committees meet monthly.

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

The Integrated Audit and Governance Committee scrutinise the effectiveness of the process and in respect of quality and safety risks the Quality Committee receive reports and assurance from the PSB and scrutinise evidence for the Board of Directors.

Risk is a key component of the Executive Performance Reviews (EPR) held with each division on a monthly basis. Not only are the divisions' key risks discussed but the agenda focuses on exception reporting and therefore risk is discussed in this context. Any areas highlighted as requiring immediate mitigation are added to the agenda of the next Management Board meeting held the week after the EPRs.

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

The strategic, corporate and divisional risk registers are recorded on 4Risk. This system links all risks to annual objectives and to the risk appetite, which was initially agreed by the Board of Directors' in September 2015 and reviewed in November 2016, for each type of risk highlighted. Local risk registers (i.e. specialty, ward, modality and departmental) are being populated onto the 4Risk system. Risk assessment tools are available on the Trust Intranet as an integral part of the Health and Safety Policy.

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

At the "Patient, People, Partnership and Provision" level the Trust met its annual priorities. At the sub-objective level, all were either partially or substantially met except for two; reduction in the Trust staff turnover and achievement of the agreed year-end financial plan. These were not met and feature in the 2017/18 plans, with a slightly amended focus. It should be noted that a number of the priorities were impacted by the national timetable of the Five Year Forward View and Sustainability and Transformation Programme

and these continue to feature for 2017/18. Work on the 2017/18 annual priorities began in January 2017 and lessons learned from the 2016/17 process has resulted in “smarter” measures.

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

- Emergency Care
  - WHH and QEQM flow and timeliness
  - K&C acute medicine, stroke and new model of care
- Staffing
  - Inability to attract, recruit and retain high calibre staff (Nursing, medical, support and non-clinical)
  - Culture
- Clinical governance and safety culture
  - Deteriorating patients
  - VTE
- Planned Care
  - Impact of waits in Cancer, Referral to Treatment (RTT), Ophthalmology
- Finance
  - Challenges of delivering CIPS and securing STF funding

The risk and control framework

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

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

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

NHS FOUNDATION TRUST GOVERNANCE: LICENCE PROVISIONS

In August 2014 Monitor (now NHS Improvement) found the Trust to be in breach of the following provisions of condition FT4 - FT4 (4)(b & c); FT4(5)(a – c, e, f); FT4(6)(c-f); FT4(7) of its Provider Licence. As a result the Trust commissioned a Board Governance Review and implemented the recommendations throughout 2015/16. The Trust commissioned a further Board Governance Review to assure itself that the actions had been implemented and embedded; this review concluded in July 2016. This review has provided the backdrop to further improvements through 2016/17 resulting in the Care Quality Commission's recommendation that the Trust come out of Quality Special Measures. NHS Improvement endorsed this recommendation and the Trust has now exited the quality special measures regime.

Given the improvements the Trust is working with the NHS Improvement team to seek sign-off against the undertakings given in August 2015. The table below outlines what these conditions relate to and what action has been taken.

Condition	Action taken
FT4 The Licensee shall establish and implement (b) clear responsibilities for its Board, for committees reporting to the Board and for staff reporting to the Board and those committees (c) clear reporting lines and accountabilities throughout its organisation.	The actions taken in 2015/16 have bedded in and as part of good governance each Committee reviews its effectiveness and its terms of reference annually. The Nominations Committee takes the lead on reviewing the outcomes of the Committee effectiveness reviews as part of its board development remit, with each Committee reviewing the output and agreeing an action plan where applicable. As part of business as usual the governance structure is kept under review to ensure it remains effective.
FT4 5The Licensee shall establish and effectively implement systems and / or processes: (a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively; (b) for timely and effective scrutiny and oversight by the Board of the Licensee's operations;	The recommendations made in the financial governance review in July 2015 have been delivered. Due to the Trust's challenging financial position during 2016/17, additional control measures have been put in place and include setting up the Agency Control Group and holding regular and divisional challenge turnaround meetings. In addition the executive performance reviews, the main forum for performance management of the divisions, were strengthened to ensure consistent agendas and regular attendance by the executive team.

(c) to ensure compliance with health care standards binding on the Licensee including but not restricted to standards specified by the SoS, the CQC, the NHS Commissioning Board and statutory regulators of health care professions; (e) to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making	The Board has an annual plan of its business which includes a number of standing items that include a detailed review of the standards and financial statements. The Trust's new Integrated Performance Report was launched in June 2016 with the April 2016 data and has been developing throughout the year provide all levels of the Trust with accurate and comprehensive information. The Executive Performance Reviews are planned 3-4 working days after the monthly information is available and this allows the timely review, monitoring and challenge to the Divisional Management Teams. During 2016/17 the Trust has worked through the Improvement Plan developed following the July 2015 CQC visit and more latterly it was updated following the September 2016 visit. The Trust has a number of other plans, including improvements to its Emergency Department performance and financial recovery and in order to ensure these are managed in an integrated way a new "Integrated Improvement Plan" will be presented to the Board in April 2017. The Integrated Plan will be discussed with partners at the Single Oversight Meetings with NHSI to address any system wide challenges.
(f) to identify and manage material risks to compliance with the Conditions of its Licence	The Board held another workshop focussed on strategic risk in November 2016. A number of risks were identified for further work. In addition the risk appetite was reviewed and it was agreed to review this twice a year to ensure it was embedded. The Risk Manager joined in May 2016 and has been instrumental in rolling out the 4Risk system, raising awareness and ensuring training is provided across the Trust.
FT4 6 The systems and / or processes should include but not be restricted to systems and / or processes (c) to ensure the collection of accurate, comprehensive, timely and up to date	The Trust's new Integrated Performance Report was launched in June 2016 with the April 2016 data and has been developing throughout the year provide all levels of the Trust with accurate and comprehensive information. The Executive Performance Reviews are planned 3-4 working days after the monthly information is available and this allows the timely review, monitoring and challenge to the Divisional Management Teams. This information is then taken through the Board

information on quality of care; (d) that the Board receives and takes into account accurate, comprehensive, timely and up to date information on quality of care; (e) that the Licensee including its Board actively engages on quality of care with patients, staff and other relevant stakeholders and takes into account as appropriate views and information from these source (f) that there is clear accountability for quality of care throughout the Licensee's organisation including but not restricted to systems and / or processes for escalating and resolving quality issues including escalating them to the Board where appropriate.	Committees to allow non-executive challenge and input. The Board receives a Chair report from each Committee in public session for discussion. The Trust appointed a Director of Communications who joined the Trust in May 2016 who was charged with developing a Communications and Engagement Strategy, which included membership engagement, and this was signed off by the Board in December 2016. During 2016/17 there have been a number of engagement sessions, especially with staff who have helped develop the Clinical Strategy that now forms part of the Kent and Medway Sustainability and Transformation Plans. The Governors have re-invigorated their Membership, Engagement and Communications Committee fully supported by the Director of Communications, the Governor and Membership Lead and has non-executive director attendance. The Board approved the Trust's three year Quality Improvement Strategy in April 2015. This had been developed through engagement with the staff. To ensure continued engagement and ownership the annual priorities for 2017/18 are being developed through the staff-led Quality and Innovation Hubs. As mentioned above, the Trust will introduce an Integrated Action Plan as part of its integrated governance structure. This allows the Board to have oversight of all actions the Trust is taking with regard to making improvements. The Quality Committee also receives information and acts on themes from patient complaints and from the Friends and Family Test. There is a clear route for any member of staff to escalate and resolve quality issues, through their governance boards to Quality Committee and ultimately to the Board. The Raising Concerns Policy provides additional assurance to the Board that issues are being raised. In line with National requirements the Trust has in

	place three Freedom to Speak up Guardians and a Guardian of Safe Working. The Trust will be sending a survey out to its key stakeholders to seek their views on the level of care it gives and how well it engages.
FT4 7 The Licensee shall ensure the existence and effective operation of systems to ensure that it has in place personnel on the Board, reporting to the Board and within the rest of the Licensee's organisation who are sufficient in number and appropriately qualified to ensure compliance with the Conditions of this Licence.	At Board level a skills audit has been undertaken and the Board Development Programme brings together development for the Board as a whole. The appraisal process ensures personal development is also captured. This process is overseen by the Nominations Committee. In addition the Committee keeps under review the Management Team's succession plans. Towards the end of 2016 NHS Improvement approved the funding for a Leadership and Development Programme. Working in partnership with Ernst Young and Plum, the programme will be rolled out during 2017/18. The alignment work and Executive Team retreat took place in February 2017. In line with the National Quality Board requirements, the Chief Nurse and Director of Quality presents the Nurse Staffing data each month to the Quality Committee and also to each Public Board meeting. In addition the Ward Establishment Reviews are undertaken and reported through the Strategic Workforce Committee and Board. The Director of Human Resources leads on workforce planning with updates on gaps reported by the Divisions through the Executive Performance Reviews and Strategic Workforce Committee. For 2017/18 the Trust will be focussing on improving the current workforce planning process, and to integrate it with the demand and capacity and financial planning process.

In July 2015 Monitor found the Trust to be in breach of the following provisions of condition CoS3(1), FT4 5(a) (see above) and FT4 5(d) of its Provider Licence. The following table outlines what these conditions relate to and what action has been taken.

Condition	Actions Taken
CoS3(1)The Licensee shall at all times adopt and apply systems and standards of corporate governance and of financial management which reasonably would be regarded as suitable for a provider of the Commissioner Requested Services provided by the Licensee, and providing reasonable safeguards against the risk of the Licensee being unable to carry on as a going concern	The Trust commissioned a well-led review in April 2016 and this concluded in July 2016. This showed significant improvement with seven of the well-led questions rated as "Amber-Green" (as opposed to 4 in the 2015 review) and three "Amber – Red. Grant Thornton also noted that the rationale behind the remaining "amber-reds" was due to the need to further embed the work around risk management and continuous learning, the culture change programme and the governance structure. This improvement was supported by the Care Quality Commission in their reports published on 21 December 2016. Most of the actions relating to the well-led review have been completed; of those outstanding the focus is on improving clinical audit, specifically ensuring that recommendations are implemented; and provision of a consistent Trust-wide approach to quality improvement. NHSI approved the funding for a Leadership and Development programme that will focus on the development on a trust-wide approach. This work commenced in February 2017 and will continue throughout 2017/18.
FT4 5(d) The Licensee shall establish and effectively implement systems and / or processes for effective financial decision-making, management and control (including but not restricted to appropriate systems and / or processes to ensure the Licensee's ability to continue as a going concern);	As in Co3(1)

In December 2016 NHS Improvement allocated some additional support by way of a Financial Improvement Director to the Trust to focus on its financial position. The Financial Improvement Director worked with the Trust's Senior Leadership Team to try to improve the year-end financial position of the Trust as well as providing focus and challenge on identifying a cost efficiency programme for 2017/18.

Following a review of the Trust's finances by NHS Improvement during January and February 2017, the Trust was notified of NHSI's intention to place it into Financial Special Measures. This was confirmed on 6 March 2017. As part of the package of support the already appointed Financial Improvement Director was assigned on a part-time basis.

As a result the Board has signed-off a two year financial recovery plan to bring the Trust back into a surplus position within two years. This plan was reviewed and accepted as credible by NHSI in April 2017. In order to support the financial recovery the governance was revised to provide additional focus on cost efficiency and transformation.

The Trust is currently liaising with NHSI to agree a number of undertakings and these will be made available in the Trust's website once formalised.

SELF-CERTIFICATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board will self-certify its Corporate Governance Statement following a recommendation from the Integrated Audit and Governance Committee. The Board confirms that, thanks to their dedicated staff, the majority of the improvements outlined in the 2015/16 Annual Governance Statement were delivered; those that remain outstanding are explained in more detail below. The Board held a workshop in January 2017 to review its vision and mission which remained appropriate. Through engagement with staff the annual priorities for 2017/18 were developed and approved at the April 2017 Board meeting.

The Board continued to develop and has an on-going programme of work that is identified through external reviews, workshops and appraisals. The Board will seek to consolidate its performance and continue to embed the changes. The Board will be focussed on delivering the following during 2017/18:

- A clinical strategy developed with staff and partners for public consultation. The Trust's original timescale for this was to consult by the end of 2016/17 but due to the national timetable around the Sustainability and Transformation Plans, the intention is to consult during the summer of 2017;
- Improving the current workforce planning process, and to integrate it with the demand and capacity and financial planning process;
- Rollout of the Leadership and Development Programme to support staff to implement sustainable change.

The Trust is aiming to complete the majority of the work by the end of 2017/18 and believes that it is able to evidence good plans to ensure a positive Corporate Governance Statement.

RISK MANAGEMENT

The leadership framework for risk management is as described above. The chief executive and executive directors are responsible for managing risks

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

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

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

A dedicated Trust-wide Risk Manager has been in post since May 2016 and has commenced embedding risk management across the Trust. A detailed risk management awareness/activity plan was put in place to ensure that risk management is embedded across the Trust. Some of the highlights of the plan included, training of key staff on the 4Risk System, monthly meetings with the Executives to review the Strategic and Corporate Risk Registers, roll-out of risk management refresher/ risk workshop for divisional leaders, creation of a dedicated risk management page on the intranet and monthly risk drop-in sessions for all staff at the QII hubs. There is also mandatory training in Health and Safety, Fire, Moving and Handling, all of which have risk assessment as an integral component.

The BAF and Corporate Risk Register inform the Board, at quarterly and bi-monthly intervals respectively, of the most significant risks, the control measures in place to mitigate the risks and assurance on the overall effectiveness of these controls. The Risk Register covers all areas including potential future external risks to quality and has clear ownership at executive level. The Integrated Audit and Governance Committee oversees the process and during 2016/17 have needed to seek reassurance from the Executive Risk Owners and viewed the live risk register on progress as members were not able to take assurance from the Risk Register as provided in their Committee Pack.

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

Public stakeholders have been involved in the consultation programme for Clinical Strategy reconfiguration to support the Trust to deliver safe, sustainable services for the next 5-10 years. Specifically, public stakeholders

have been involved in all serious incident investigations and each completed report shared; responses to specific questions and issues are included. The Trust monitors compliance with the Duty of Candour and our obligation to be open, transparent and accountable to the public and our patients for our actions and omissions leading to episodes of poor care; this is reported to and monitored by the Quality Committee and the Patient Safety Board quarterly.

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

The Trust participated in a third CQC inspection in September 2016; this followed the inspection in July 2015 where the Trust was rated as 'requires improvement'. The third report was published in December 2016 and although the rating remained unchanged as 'requires improvement', the CQC recommended that the Trust be taken out of special measures. This decision was confirmed on 6 March 2017 by NHSI so the Trust is now out of quality special measures. The following ratings were applied overall in respect of the five CQC domains:

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

The hospital sites in Dover and Folkestone were inspected in July 2015 and both were rated as 'good' overall and this remains the position as they were not inspected in this last inspection process.

PENSION

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

EQUALITY AND DIVERSITY

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

SLAVERY AND HUMAN TRAFFICKING STATEMENT

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

CARBON REDUCTION

The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

SUSTAINABILITY REPORTING

Use

The Trust's total energy use for 2016-17 was 99.8 GWh. The associated cost is £4.8m and the carbon emissions are just under 20,000 tonnes.
Electricity - total consumption 27.5 GWh, this is a slight reduction against the average of the previous three years of 28.3 GWh. Most of the sites reduced usage, except QEQM with a slight increase of 1% but the highlight is that Buckland Hospital now uses 98% less electricity than the baseline.
Gas - total consumption is over 46.9 GWh this is 14 % higher than the previous three years average. The main reason is an increased demand at the WHH.
Steam - total consumption is over 24 GWh this is a 27.27% increase against the previous three year's average of 20 GWh. K&C and QEQM experienced an increased usage of 11% and 5% respectively.

Cost

Electricity - cost £3.24m. This is a small decrease in cost.
Gas - cost over £1.24m. This is a 5.39% reduction against the last three years average. The reason is the gas rate in the last three years has followed a downward pattern.
Steam – Steam is bought at the William Harvey Hospital site a cost of £286,000 from a third party. This is a 5.5% increase in cost.

Carbon

The Trust CO2 emissions from using gas and electricity for 2016-17 were 20.000 tonnes, this is a 10% reduction against the previous three years baseline. The main issue for the Trust has been the reduction in electricity usage.

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS OF THE USE OF RESOURCES

The objectives of maximising efficiency, effectiveness and economy within the Trust are achieved by internally employing a range of accountability and control mechanisms whilst also obtaining independent external assurances. One of the principal aims of the whole system of internal control and governance is to ensure that the Trust optimises the use of all resources. In this respect the main operational elements of the system are the BAF and the Non-Executive Director Committees of the IAGC and the Finance and Performance Committee (FPC).

Due to the Trust's challenging financial position during 2016/17, additional control measures have been put in place and include setting up the Agency Control Group and holding regular and divisional challenge turnaround meetings. In addition the executive performance reviews, the main forum for performance management of the divisions, were strengthened to ensure consistent agendas and regular attendance by the executive team. Underlying this structure there is a comprehensive system of budgetary control and reporting, and the assurance work of both the internal and external audit functions.

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

- Annual Report and statutory declarations
- Information Governance Toolkit, The EU General Data Protection Regulation & The Information Governance Landscape
- Updates following the External Auditors Qualification of Quality Report in 2015/16
- Deep dive on risks:
    - Business Continuity
    - Estates
- Sustainability and Transformation Plan Governance
- Annual reports of Freedom of Information
- Corporate Risk Register top 10 risks
- Information Governance Tool Kit
- Whistle Blowing
- Aseptic write-offs

A Non-Executive Director chairs the FPC which reports to the Board upon resource utilisation, service development initiatives as well as financial and operational performance. As part of this assurance process the Trust has presented to the FPC the planning documents for 2016/17 and 2017/18 and regular updates on cost improvement plans. In addition the FPC received regular cash management updates.

The FPC has also monitored actions to improve the Trusts financial governance processes and actions are now completed. The Board of Directors also receives both performance and financial reports at each meeting, along with reports from its Committees to which it has delegated powers and responsibilities.

Following an in-depth review by NHSI of the Trust's finances it was announced that the Trust would be placed into financial special measures. NHSI has provided the support of a Financial Improvement Director who is working with the leadership team to put in place a financial recovery plan and strong governance to support delivery of the agreed income and expenditure position for 2017/18. The Trust will meet with NHSI on a monthly basis and each quarter this meeting will involve the Trust's partners so that system wide challenges can be discussed and actions, where appropriate, agreed.

INFORMATION GOVERNANCE

The Trust had one information governance breach that required corrective action. This related to a patient's address being disclosed over the telephone to a grandchild. The patient did not want the grandchild to know the address, but the Trust had not been made aware of this. Corrective action was taken immediately and training procedures were put in place to prevent recurrence. The incident was reported to the Information Commissioner's Office (ICO), who reviewed the circumstances and the action taken by the Trust and has decided to close the case with no further action being necessary.

ANNUAL QUALITY REPORT

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

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

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

The Trust agreed quality priorities for 2016/17 that were reported quarterly and form the basis of the Quality Account for this financial year. In preparation of the Quality Account, the Trust has engaged with the public and stakeholders from the beginning of the process and has ensured sufficient time for the auditor's assessment and validation of data using the mandated and governor selected indicators. The Auditors have given a qualified opinion in relation to the mandated indicators.

The Patient Safety Board, Patient Experience Group and Quality Committee review the quarterly integrated quality report, which shows progress against the Quality Improvement Strategy for 2015-18. During the year a number of quality dashboards have been developed to support the agreed quality metrics agreed for the financial year and these are reported by each division as part of the Executive Performance Review process each month. The development of an Information Assurance Board resulted from an external review of data quality and there are clear processes in place to ensure data accuracy and data quality across the range of indicators which are included within the Quality Report for 2017/18.

The Trust's committee to focus on the implementation of NICE guidelines and quality standards has supported the development of policies and procedures that are, where possible, based on national best practice. The Quality Report outlines the Trust's performance against the agreed performance measures for 2016/17 in more detail.

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

Maintaining and reviewing the system of internal control

During the year the Board held a number of workshops and development sessions which have been essential in improving the Board's effectiveness. In order to ensure a strong start to 2017/18 the Board has reviewed its corporate vision mission and Strategic Priorities, adopted in 2016/17 and agreed its Annual Objectives.

The Board also had a facilitated session in November 2016 to review the Board's risk appetite. The Board has agreed to review its risk appetite and adherence to it every six months. During 2016/17 the new risk system, 4Risk, has been rolled out to the Divisional Teams who now present their risks at the Executive Performance Reviews and on a rotational basis to the Risk Group. Following review and challenge at the Board and its Committees the contents of the Board Assurance Framework and Corporate Risk Register have been refined and the Board Assurance Framework now provides assurance about the management of the corporate and strategic risks that may impact on its strategic priorities.

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

Towards the end of 2015/16 the Director of Finance and Performance and the Information Team had worked with the Executive and Non-Executive Directors to develop a single report on performance, the Integrated Performance Report (IPR). The launch of this report was in June 2016, reporting on April 2016 performance. During 2016/17, through discussions at Committees and the Board, a number of changes have been made to ensure the IPR provides the correct level of information and detail. The IPR includes metrics covering key relevant national priority indicators and a selection of other metrics covering safety, clinical effectiveness, patient experience and valuing staff. The Board also receives individual reports on areas of concern in regards to internal control to ensure it provides appropriate leadership and direction on emerging risk issues.

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

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

The Quality Committee reviewed work in the following areas:

- Clinical elements of the Corporate Risk Register and Board Assurance Framework
- Patient safety, quality and experience performance (including infection control)
- Safeguarding
- Clinical Audit
- Progress with the implementation of the Quality Strategy including performance against the Board's Annual Priorities for Quality

- Implementation of clinical guidance
- Learning from clinical incident, claims and complaints

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

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

The Strategic Workforce Committee reviewed work in the following areas:

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

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

However the internal audit work identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. Internal Audit issued the following reports where only partial assurance could be provided that controls were designed and operating effectively:

- Health & Safety
- Divisional Clinical Audits
- Temporary Staffing
- Estates Management

The Trust has a desire to ensure its controls are as strong as possible and the recommendations from Internal Audit are being progressed.

Health and Safety
The frequency of health and safety audits has been increased and action plans developed and monitored to ensure improvements are made.

Divisional Clinical Audits
Good progress had been made on implementation of previous audit recommendations. However, the audit identified that there remained some

significant challenges particularly with regard to progress on delivering the clinical audits within the Divisions. Progress is being monitored through Quality Committee.

Temporary Staffing
One of the key findings from this review was that the Trust was using a large number of agencies outside the procurement framework which may lead to higher level rates needing to be paid over and above those agreed with agencies covered through the procurement framework. The procurement team are progressing the actions and good progress has been made.

Estates Management
Further work was required to highlight to the Board the key risks in regard to potential non-completion of specific maintenance work and management reports indicated slippage on some projects where no explanation or revised date was provided. This is a recent audit but the recommendations have been agreed and implementation commenced.

Executive responsibilities

Executive directors within the organisation who have responsibility for the development and maintenance of the system of internal control within their functional areas provide me with assurance. The Risk Group is the principal executive Committee for reviewing risk in the Trust; the Committee is chaired by the Chief Nurse and Director of Quality. The addition of a Risk Manager in May 2016 has added the senior level support required to develop a risk culture across the Trust. The Clinical Quality and Patient Safety team provides information to every Board meeting on numbers of clinical incidents by site, broken down by severity and theme, and benchmarked against the previous months' performance. The details of all reported serious incidents and progress with actions were also reported.

Clinical audit continues to contribute to the on-going monitoring of the effectiveness of the system of internal control. The process supporting the development of the annual clinical audit programme is now well established with priority given to topics that address areas of key clinical challenge. The central objective of the annual clinical audit programme is to support improvements in patient care identified through clinical audit.

Within the annual clinical audit programme national and Trust "Must do" topics such as national audits, CQUIN related topics and high priority topics that emerge from the clinical governance process are given the highest priority. Every effort is made to secure some resource to support locally identified topics as these are particularly relevant to our patients and ensures a balanced programme.

Progress has been made in improving the operation of the annual audit programme, but a number of challenges remain and it is anticipated that further work in collaboration with the clinical divisions will take place in attempt to bring improvements in these areas.

External Reviews

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

- Grant Thornton, Well-Led Inspection (reported July 2016)
- Care Quality Commission (CQC) (reported November 2016)
- Health and Safety Executive

Grant Thornton Review

Following the Trust being placed in Special Measures in 2014 Deloitte LLP undertook a Board Governance Review using the Well-Led Framework, which resulted in an action plan that was implemented during 2015. As reported in last year's Annual Governance Statement the Board was significantly refreshed and as a result it was agreed that a further Well-Led inspection would provide assurance that the actions from the Deloitte review had been embedded and also focus the Board on the areas where improvement was required. Grant Thornton LLP was appointed under the Consultancy Framework to carry out this work. Their review concluded in July 2016 and the Board approved an action plan that was shared with staff and the Council of Governors and is publically available in the Trust's website. As a result of the review the following actions have been taken during 2016/17 to address the high priority findings:

- A review of the governance in Urgent Care and Long Term Conditions resulting in a number of new roles to support site management and co-ordination to allow focus is given to both the emergency care and medical care;
- A review of the governance supporting the Quality Committee to ensure the focus was on the key aspect of quality and that challenge and actions were adequately progressed;
- A business case was submitted to NHS Improvement seeking funding for a Leadership and Development programme to develop a consistent Trust-wide approach to improvement.

The following actions will be progressed in 2017/18:

- The Trust should ensure that all actions agreed at quality committee intended to improve the conduct and effectiveness of clinical audit are implemented and monitored; new processes and reporting is being developed; and
- The Trust is developing its own continuous learning methodology and this will form the foundation of the transformation work.

Care Quality Commission

The Trust was last inspected by the CQC in September 2016. This was a planned and focused inspection. The inspection covered the William Harvey

Hospital, Queen Elizabeth and Queen Mother Hospital and the Kent and Canterbury Hospital. The inspectors reviewed urgent and emergency services, medical care, end of life care and maternity and gynaecology. They also reviewed the 'well-led' domain. Following the planned inspection, two unannounced visits were undertaken.

The CQC report was published in December 2016 and the Trust was rated as "requires improvement" overall. The domains of Effective and Safe were upgraded from "inadequate" to "requires improvement".

There were significant improvements within each of the domains since the last inspection which took place in July 2015. There were no inadequate ratings on any site. The Quality Improvement and Innovation Hubs were quoted as an example of outstanding practice as a forum where staff could learn about and contribute to the Trust's improvement journey.

Due to the sustained improvement seen, the CQC Chief Inspector of Hospitals, Sir Mike Richards, made the recommendation following the visit that the Trust is removed from Special Measures. NHS Improvement confirmed the Trust's exit from Quality Special Measures in March 2017.

An Integrated Improvement Plan has been submitted to NHS Improvement which includes detailed actions that we will be taking alongside our partners to ensure that improvement continues. A version of the plan will be made available to our patients and the public and updated monthly.

CONCLUSION

The Trust has made good progress during 2016/17 with a much improved Well-led Review as well as good progress with our improvement journey resulting in the Trust exiting Quality Special Measures. The Trust is now working to ensure that focus on Financial Special Measures is of the highest priority but that this is as part of the overall delivery of transformational change, dedicated to delivering good care and to continually improving the service we provide. I can confirm that no significant internal control issues have been identified.

Working with the board and all staff, I am fully committed to providing sustainable high quality care for the population of East Kent.

Signature:

Matthew Kershaw, Chief Executive
Date: 23 May 2017

East Kent Hospitals University NHS Foundation Trust

East Kent Hospitals University NHS Foundation Trust

Quality Report

for the year ended 31 March 2017

Quality Report 2016/17

What is a Quality Report

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

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

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

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

This report is divided into four sections, the first of which includes a **statement from the Chief Executive and looks at our performance in 2016/17** against the priorities and goals we set for patient safety, clinical effectiveness and patient experience.

The second section sets out the **quality priorities and goals for 2017/18** for the same categories, and explains how we decided on them, how we intend to meet them, and how we will track our progress.

The third section **provides examples of how we have improved services for patients during 2016/17** and includes performance against national priorities and our local indicators.

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

The first of two annexes at the end of the report (page 91) include the comments of our external stakeholders including:

- Our Commissioners (CCGs)
- Healthwatch Kent
- Health Overview and Scrutiny Committee
- Council of Governors.

The second annexe includes our statement of directors' responsibilities for the quality report. The annexes will be complete when the final report is completed in May, included within this draft report to inform the reader of the intended future scope of the final document.

Part 1 – Section 1

Statement on quality from the Chief Executive of the NHS Foundation Trust

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

This is our eighth annual Quality Report and its purpose is to provide an overview of the quality of the services we provided to our patients during 2016/17. It also outlines our priorities and plans for the year ahead. Our plans for the future are based on a revised Quality Strategy, to be delivered over the next year.

How are we doing: Like many hospital Trusts across the country, we have seen unprecedented demand for urgent care services this year, which has impacted on our ability to consistently meet the standards we would like, particularly with waiting times for emergency care. Our staff have worked extremely hard to both respond to this demand and to improve services across the board, and there is a great deal of improvement to celebrate. The hard work of our staff in delivering and sustaining significant improvements to the quality of services resulted in the Trust being taken out of quality special measures in February this year.

What is going well:

The Care Quality Commission (CQC) re-inspected our three acute hospitals in September 2016, and described "big steps forward" since its last inspection in July 2015. While the overall Trust rating remains 'requires improvement', the CQC's report, published in December 2016, indicates a number of areas in which further significant improvements have been obtained, notably that there are no longer any elements rated inadequate. It noted specific improvements in end of life care and maternity services, and safer emergency services at all our hospitals. This led to the Trust being taken out of quality special measures which is a fantastic achievement by our staff.

We are working with our health and social care partners to deliver an integrated plan to continue the momentum of improvement and deliver services that better meet the needs of patients both now and in the future. This includes improving the 'flow' of patients through our hospitals, to provide for people who can be more appropriately treated in the community, recruiting and retaining more staff, and bringing the Trust back to financial health.

We place high importance on understanding and honestly reflecting on what went well and what did not, and our quality priorities for 2016/17 have continued our focus on patient safety, effectiveness and experience.

We have continued to develop ways to help frontline staff make tangible improvements in the care we deliver to both patients and staff. One example is our Quality Improvement Hubs. These are physical spaces for staff to share innovations and learning with each other and promote standards of care. The CQC commended these Hubs as an example of good practice.

We have seen improvements this year in the annual patient-led inspection of the environment, food and cleanliness in our hospitals (the PLACE survey) and in the annual inpatient survey.

We continue to work hard to develop the Trust as a great place to work because we recognise the importance of positive staff culture for both staff and the patients we serve. We are developing our leadership capability and supporting our staff to take leading roles in service transformation, to contribute to the development of sustainable system-wide models of care which can equip us to meet the needs of the future.

What needs to improve? Our challenge is to build on the progress of the last two years, to develop a service which is safe, effective and sustainable and to continually improve standards.

Improving emergency care department performance remains a key priority to ensure more patients are seen, treated and discharged or admitted within the four-hour standard. We aim to improve patient outcomes and experience further during 2017/18, including reducing the number of falls, health care acquired infections and pressure ulcers in our hospitals.

This report sets out what we aspire to achieve in the year ahead with the priorities identified by our patients, staff and other stakeholders. Our aim is to continue to focus on the essentials of care in order to continue to improve clinical outcomes and to ensure that our patients have a positive care experience.

Working with our partner organisations in health and social care will be crucial to this. We are grateful for the on-going commitment and contribution of patients, staff, governors, members, commissioners and other stakeholders in supporting our quality improvement activities and providing the oversight, scrutiny and constructive challenge that are essential to improving the quality of our services.

The content of this report is subject to internal review and, where appropriate, to external verification. We have the opinion from our external auditors on our Quality Report and specifically reviewing how accurately we report on our 18 week referral to treatment and our four hour A&E national standards. The auditors have advised me of a qualification on the data accuracy of these two mandated indicators. An action plan has been agreed with the external auditors in order to improve the accuracy of the reported data in these areas. I confirm, therefore, that to the best of my knowledge the information contained within this report reflects a true, accurate and balanced picture of our performance.

Chief Executive **Date: 23 May 2017**

Section 2: How well did we do in 2016/17 in relation to the goals we set to improve quality?

In 2015 we identified through consultation with our staff, patients, community and professional partners, an ambitious set of priorities to improve the services we provide over the next three years (2015 – 18). These include specific actions and targets which are refreshed every year to ensure that the action we are proposing is targeted in the most effective way and at the most relevant issues.

In 2016/17 we built on the action and innovation of the previous year, reflecting our commitment to this work within our 2016/17 Quality Strategy.

Our quality strategy drives our work each year. It sets out our quality ambition and our priorities to improve key areas of our service, including safety and effectiveness. With a central focus on understanding and delivering a positive patient experience, we work hard to build an effective and positive culture within our organisation. Within this, we recognise the importance of working together effectively and continuously striving to improve through a co-ordinated approach to delivery, improvement and governance.

During 2016, this focus has been reinforced through the introduction of the 4Ps (patients, people, provision and partnership) into out Trust priorities. The figure below shows how the 4Ps relate to our wider Trust vision, mission, and values. Collectively they provide a positive and consistent thread from the Trust Board to every part of our service.

Figure 1 – Vision, mission and values

Our Quality Strategy and how did we do in 2016/17?

Our quality strategy describes the priorities that we are committed to achieving. During 2016/17 we committed to the following:

1. To deliver the Care Quality Commission (CQC) and emergency care improvement plan and trajectories by the end of year;
2. To continue to deliver our improvement journey and to exit special measures;
3. To transform care for people with learning disabilities;

We committed to deliver quality improvements by March 2017 (example metrics incude):

4. Reduce harm from poor handover of care / transfer of care (when patients are required to be transferred from one site or hospital to another);
5. To reduce medication error;
6. Reduce infections associated with (urinary) catheters;
7. Reduce falls;
8. Reduce avoidable pressure ulcers;
9. Improve the care we offer to patients diagnosed with sepsis;
10. Agree new pathways for patients who are medically fit (who do not need to stay in hospital) so they can be discharged to a more suitable environment as soon as possible.

We achieved six of these 10 targets. Plans are in place to continue improvement in the remaining areas, which include pressure ulcers; falls; medication errors; management of sepsis; (delivery of all improvement trajectories). Further detail about this is included later in this report. Table 1 Describes our overall; position against our strategic priorities:

Table 1 – describes our performance against the Trust strategic priorities that relate to these 10 targets:

PATIENTS. Enable all our patients (and clients who are not ill) to take control of all aspects of their healthcare by 2021				
	FULL	GOOD	PARTIAL	NONE
Deliver the CQC and emergency care improvement plans to ensure Trust is removed from Special Measures at its next CQC re-inspection in 2016	★			
Deliver the agreed improvement trajectories (as submitted to and agreed with NHS Improvement) for the emergency care, RTT, cancer and diagnostic wait standards, by end of March 2017			★	
Transform care for people with learning disabilities by meeting the six criteria based on 57 recommendations in Healthcare for all (DH 2008). Measured by self-assessment against metrics by December 2016	★			
Deliver quality improvements by March 2017			★	
Agree new pathways with commissioners for patients 'medically fit' and not requiring an acute bed to reduce delays by 5% by December 2016	★			

These are a few of the many areas we have taken action to improve during 2016/17. Our improvement journey is described in more detail within the following account. Recognising that our Trust values (that people feel cared for; safe; respected and confident we are making a difference), are fundamental to the way we deliver care, we have described our progress against each of these areas throughout the remainder of our report.

1. Person centred care:

Priority 1 Person-centred care and improving patient experience

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

What we said we would do in 2016/17

Make further improvements in patient experience during 2016/17 by putting patients first; listening and responding to the feedback they give.

During 2016/17 we aimed to:

- Implement our Improvement Plan and March 2017 improvement trajectories, following our 2015 and 2016 Care Quality Commission inspections;
- Improve the care of clients who raise concerns or complaints and increase the number of compliments we receive;
- Improve our responsiveness to patient experience feedback and embed feedback to improve patient experience;
- Continue to embed the Trust values by monitoring the National Inpatient survey feedback with a focus on patients feeling informed and involved in their care;
- Continue to embed engagement into everyday practice by increasing public, patient and carer involvement in internal decision making, developing our relationship with key local health economy stakeholders, vulnerable patient groups, minority communities and voluntary community organisations.

How did we do in 2016/17?

- We successfully exited quality special measures following a focused Care Quality Commission re-inspection in September 2016, with no services rated as 'inadequate' and an increase in services rated as 'good'. Our improvement plan continues to be reviewed and updated monthly with staff and is published on the Trust website.
- While we achieved our standard of providing responses within the time agreed with the client, timeliness of providing complaints responses to our patients within 30 working days has not improved as much as we had planned this year. Therefore, we have strengthened our oversight and reporting of complaints and raised staff awareness of the complaints process through training. We have streamlined our complaints processes to make the best use of our staff capacity. This has been successful and at the time of writing performance is improving. The proportion of compliments to complaints received by the Trust in 2016/17 also shows an improved position.
- Recognising the importance of listening to broader patient feedback the Trust has reviewed the activity of the Patient Advice and Liaison Service to make it easier to contact us. We also place high importance on responding to patient feedback that is

provided through the Patient Opinion and NHS Choices Websites. This important work to improve our accessibility will continue during 2017/18.

- The Trust has established a Patient Experience Group which monitors and acts to improve the experience of everyone cared for in the Trust;
- The Trust has undertaken 2 types of inpatient survey during 2016/17, an Internal Trust led survey and the National Inpatient survey. The Trust led survey provided real-time feedback on ten key areas throughout the year, enabling us to take early action to respond to emerging patient concerns.
- The Friends and Family Test (FFT) response rate and the percentage of patients who would recommend our service has improved by 9.4% and 1.1% respectively, compared with the previous year. We will work hard to improve further in 2017/18.
- The National survey helps us to understand how we compare with other Trusts. During 2016 / 17 the national inpatient survey sampled 551 patients consecutively discharged inpatients. The results of the National survey are due in May 2017.

We value positive working relationships with our commissioners and stakeholders. These have continued to build with regular communication and strong collaboration on joint projects. The Trust also continues to have an excellent relationship with Healthwatch Kent which is the statutory body set up to champion the views of patients and social care users across Kent. HealthWatch volunteers and other members of the public sit on a number of decision-making groups and committees including the Trust's Patient Experience Group, and the team meets regularly with the Chief Nurse and Director of Quality.

2. Safe Care:

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

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

What we said we would do in 2016/17:

- Reduce harm, through a further reduction in the Hospital Standardised Mortality Ratio (HSMR), Summary Hospital Mortality Index (SHMI) and crude mortality;
- Minimise the risk of never events occurring within the Trust by designing and putting in place processes that identify and respond to learning identified from previous incidents;
- Promote safety by providing training to our staff on "human factors";
- Reduce the percentage of staff reported medicines management incidents which led to moderate or severe harm;
- Improve our identification and treatment of patients with Sepsis;
- Improve the care we provide to patients who are at risk of venous thrombo-embolism events (VTE);
- Reduce preventable hospital associated thrombosis and implement new processes for identifying and reporting it;

- Reduce harm arising from inappropriate / poor transfers between hospitals and sites by measuring the number of serious incidents arising;
- Improve infection prevention and control seeking a 50% reduction in the prevalence of catheter acquired urinary tract infection;
- Promote our standards of infection prevention and control by having a zero tolerance of avoidable Meticillin Resistant Staphylococcus aureus (MRSA) bacteraemia and to achieve of trajectories for Clostridium difficile infections (CDIs) and E-coli post 48 hour bacteraemia;
- Reduce the falls rate to below the national average and the number of avoidable falls resulting in harm;
- Reduce the number of avoidable category 2 pressure ulcers (PU). Maintain reduction in category 3 and 4 pressure ulcers and promote timely PU risk assessment;
- Increase Harm Free Care measured by the NHS Safety Thermometer to 94%.

How did we do in 2016/17?

- Our mortality rates are much better than the national average. Our HSMR and SHMI are 86,52 and 0.99 respectively, both better than the expected level for an acute Trust.
- There have been three Never Events reported in 2016/17. We place high importance on learning from incidents and during 2016/17 we have supported our staff to develop their understanding of the factors that can contribute to error. A Trust-wide programme of human factors training is increasing the capability of our workforce to identify and address the root cause of error and minimise the risk of reoccurrence.
- We reported seven Trust assigned cases of MRSA. While this increase is in the context of a national increase, we remain committed to increasing staff awareness and vigilance of good practice, particularly at times of high Trust pressure.
- We reported 53 post 72 hour cases of c.difficile which exceeded our assigned limit.
- We experienced fewer patient falls within our Trust compared with the national average.
- New harms, harm free care that we can influence, has consistently been reported as better than national rates. This means that patients in our care are less likely to experience harm in our care.
- We have continued to work hard to minimise the risk of our patients developing pressure ulcers. Despite this focus, the percentage of avoidable grade 2 pressure ulcers has not declined as much as we had hoped for during 2016/17. As a result we have refreshed our action plan, established staff awareness campaigns (“react to red”) and re-launched our link nurse network to achieve the required reduction in 2017/18.
- We set out to maintain our improvements in the reduction of deep (category 3 and 4) pressure ulcers and we remain on trajectory for these.
- We promoted safety by providing training to our staff on human factors.
- Improved the percentage of patients with a venous thrombo-embolism assessment recorded.

3. Effective Care

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

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

What we said we would do in 2016/17

- Respond to Patient Reported Outcomes Measures (PROMS) to identify and implement areas of improvement;
- Participate in National Audit and publish a local clinical audit programme linked to priority areas;
- Achieve quality improvement through the CQUIN programme;
- Divisional and Corporate Improvement work streams to deliver genuine cost efficiencies (as detailed within the Cost Improvement Programme (CIPS)), as well as quality improvement;
- Service improvement and transformation will be an embedded approach to continuous improvement. We sought to demonstrate this through achieving specific projects including improving the outpatient service and achieving clinical standards for children and young people;
- Agree new pathways with commissioners for patients "medically fit" and not requiring an acute bed, to reduce delays by 5% by December 2016;
- Build on the achievement secured in 2015/16 to embed end of life conversations, measuring this through achievement of a 25% stretch target.

How did we do in 2016/17?

- Our improvement plan continues to be reviewed and updated monthly with staff. It is published on Staff Zone and displayed and discussed via the Quality Improvement and Innovation Hubs (QII) Hubs.
- With PROMS we have improved across one measure, exceeding national comparator for groin hernia; whilst we have improved patient satisfaction for patients undergoing hip replacement, our performance is slightly below our peers. Detailed PROMS achievements are described in Table 17.
- At the time of reporting the Trust has participated in 41 National audit projects. These help us to understand the quality of care that we provide, and to take steps to improve. The audits we have participated in are described in detail within section 4.
- We have made progress to achieve CIPs, to accrue cost improvement and efficiency. We have more work to do in 2017/18 and we are working hard to use this process as an opportunity to develop safe, effective services for the future. Specifically CIPS of £18.8m were reported in 16/17, which represented 94% of the target of £20m. CIPs delivered were £1.2m below plan mainly due to the shortfall in theatres efficiency savings, and some slippage on Outpatients and Workforce. Income CIPs contribution of £4.1m year to date was delivered which partially mitigated the shortfall. 17/18, a

stretched CIPs target of £32.3m has been agreed with NHSI, and the Divisions are working up plans to deliver this.

- We have developed service improvement projects to support the transformation of the service we deliver within outpatients and rheumatology. We are also building our capability to deliver transformational change by developing the skills of our staff to support our improvement journey.

4. Effective Work Place Cultures

Priority 4 **An effective workplace culture** that can enable and sustain quality improvement This priority is focused on developing a workplace culture that enables individuals and teams to deliver high performance, focused on patient-centred safe and effective care.

What we said we would do in 2016/17:

- Display information on nursing, midwifery and care staffing to patients and the public;
- Support frontline staff to identify ways of working that cost less whilst maintaining high quality patient care;
- Implement the staff Friends and Family Test (FFT);
- Support quality improvement by addressing culture and leadership we focused on four priority areas:
  - Leadership and management;
  - Health and wellbeing;
  - Appraisal;
  - Respecting each other.
- Further develop our Quality Improvement and Innovation (QII) Hub activities to support staff engagement and development.

How did we do in 2016/17?

- Information about nurses, midwives and care staff deployed is displayed by shift against planned levels on the wards and reported to the Board of Directors.
- Feedback received through NHS Choices and Patient Opinion websites are considered within the complaints steering group and reported to the Board to promote learning and action to address issues raised by patients and carers.
- Commended by the CQC during their last inspection for outstanding practice; we have continued to develop our QII hub activities. During 2016/17 they have been used to develop our conversation with staff and stakeholders on what quality priorities matter to them. We identified our strategic annual priorities for 2017/18 as a result of this feedback. We have used the QII hubs to promote standards of clinical care for our key quality priorities. For example we have promoted staff awareness of tissue viability and falls through the roll out of our “react to red” and “fall stop campaigns”.

- Other events such as safeguarding training, dementia awareness as well as non-clinical priorities have been showcased and discussed in the QII hubs with staff.
- The benefit of our QII hubs has been recognised at the highest level. During a recent visit to the William Harvey Hospital QII Hub, Jeremy Hunt, Secretary State for Health was impressed by the QII Hubs and the staff engagement in quality improvement that he saw. We are very proud of what we have achieved through the QII hubs. We remain committed to working with our staff to continue their exciting evolution on each of our main sites, to share best practice and stimulate new ways of thinking about complex problems.
- Developing effective workplace cultures so they are good places to work and enable staff to flourish has been the focus of the Trust's clinical leadership programmes. The outcomes of these programmes have been recognised in the Care Quality Commission's report as well as reflected within publications in international journals.
- Two programmes developing aspiring clinical systems leaders have enabled staff to take leading roles in piloting clinical systems leadership locally as well as contributing to the new models of care informing the Kent and Medway Sustainability Transformation Plan.
- The leadership development strategies that we are using are being evaluated and we are using these tools to support us to develop effective workplace cultures within the Trust.
- We have implemented staff training and introduced e-appraisal to promote the effectiveness of our Trust appraisal system.
- We have launched a leadership programme to develop our leadership capability and strengthen management development. The Executive team has begun the programme.
- We are supporting Health and Wellbeing. Our Healthy Workplace Group is raising awareness of initiatives through dedicated staff intranet pages.
- We are promoting the "Respecting each other" initiative by developing the role of workplace contacts, running "Respect" workshops and on-going communication.
- While continued focus is required to achieve sustained improvement, our 2016 staff survey responses show improvement in staff engagement and motivation and a decrease in reported bullying and harassment. Work will continue in 2017/18 to secure sustained improvement in survey results. The NHS staff survey results for indicators KF26 (percentage of staff experiencing bullying or abuse from staff within last 12 months) reported 36% and KF21 (percentage believing that Trust provides equal opportunities for career progression or promotion) for the workforce race quality standard, is 83%. The action to respond to this is embedded within a detailed Trust action plan.

Section 2: Quality priorities and goals for 2017/18

Our Annual Quality Objectives for 2017/18

Our overall objective is to: **"enable our patients (and clients who are not ill) to take control of aspects of their healthcare by 2021, as part of our Quality Strategy".**

It is vitally important that our continued quality improvement journey is a meaningful one for our staff and patients. Building on our 2015 – 2018 Quality Strategy we have actively and purposefully listened to and involved our patients, staff, commissioners, and external stakeholders to help us identify those areas where we want to focus our improvement in 2017/18. This year we had our first twitter-based consultation, and we continue this important and on-going quality conversation with our staff through our QII Hubs. Our objectives are framed around our shared purpose framework depicted in Figure 2 below.

Figure 2 – Shared Purpose Framework

The following key objectives will be monitored by the Trust Board.

Person-centred care:

- Improve FFT satisfaction for inpatients, maternity, outpatients, day surgery and ED;
- Work collaboratively with service users to improve patient experience of accessing advice and support to enable self-care;
- Implement and evaluate virtual support services across three client groups to enable patients to access support and advice for greater self-care.

Safe Care:

- Reduce the number of avoidable falls causing moderate and severe harm or death by 5% and ensure that the hospital falls rate is below the national average;

Effective Care:

- Undertake 100% of the National Clinical Audit programme, publishing action plans within three months of audit conclusion and achieve 100% data completeness and accuracy.

Effective Work Place Cultures:

- Accredit at least 20 workplace teams against the 'Accrediting and Celebrating Excellence (ACE)' performance criteria. Achievement will be measured through improvement in baseline indicators (for safety, person-centeredness and effectiveness); and through an increase in the number of teams improving their performance from bronze to silver and from silver to gold over time.

Responsibility and Accountability for delivery:

- Each of us individually has a responsibility to either deliver or contribute to the delivery of high quality care. For that reason our ambition for quality will be a key component of job descriptions, appraisals and our organisational development plans.
- Implementation will be supported by the Executive Directors and Divisional Leadership teams, clinical and operational leaders on all hospital sites. We will be held to account through the monthly executive performance review process and Board Committees.
- Executive accountability for the delivery of this strategy is jointly owned by the Chief Nurse and Director of Quality and the Medical Director.
- The Board of Directors has agreed the overall strategy and annual work programme and will monitor the effectiveness of delivery.

Quality priorities for 2017/18 - Commissioning for Quality and Innovation:

We aim to finalise agreement of the following national CQUIN areas for improvement with our commissioners by May 2017:

Table 2 - National priorities set by CCGs 2017/18

	Indicator Name	Goal
1.	Improving staff health and wellbeing	Improve the support available to NHS Staff to help promote their health and wellbeing in order for them to remain healthy and well
2.	Proactive and safe discharge	Enabling patients to get back to their usual place of residence in a timely and safe way.
3.	Reducing impact of serious infections	Timely identification and treatment of sepsis and a reduction in clinically inappropriate antibiotic prescription and consumption.
4.	Improving services for people with mental health needs who present to A&E	Ensuring that people presenting at A&E with mental health needs have these met more effectively through an improved, integrated service, reducing their future attendances at A&E.
5.	E-Referrals (17/18 only)	Improve utilisation of the NHS E-Referral system to reduce paper and ensure more timely care.
6.	Offering advice and guidance	Improve GP to access consultant advice prior to referring patients into secondary care.

Table 3 - National & local priorities set by National Specialised Commissioning clinical reference group (NHS England) 2017/18

	CQUIN SCHEDULE 2017/18			
	Specialised Services Schemes	**% value**	***£000s (est.)**	**Origin**
1.	CUR 1-3 Clinical Utilisation Review - optimising patient flows & move out of acute settings. Contract value of over 50 million	52.7%	£388,000	
2.	Medicines optimisation	40.0%	£294,700	
3.	Dose Banding Intravenous SACT	5.3%	£38,988	
4.	Optimising palliative chemotherapy decision making		£35k + £40 per eligible patient	
5.	Multi-system auto-immune rheumatic disease MDTs and data collection	2.0%	£15,000	
	Total Value	**100%**	£736,688	

Part 2 - Section 3

How we have improved services for patients during 2016/17 and performance against national priorities

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

1. PERSON-CENTRED CARE AND IMPROVING PATIENT EXPERIENCE:

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

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

2. Delivering single sex accommodation

The Trust continues to work closely with the CCG Chief Nurses to monitor the Single Sex Accommodation Policy. This remains a challenge, and is reflected in the NHS in-patient survey results for 2016. Improvements continue to be made to our estate across the Trust to ensure that we provide improved bathroom and toilet facilities in all areas to ensure maximum privacy and dignity for our patients; there are a number of constraints to resolving these issues but the intention is to resolve those affecting the emergency and urgent care pathways as a priority.

There were 839 patients affected by mixed sex breaches that were reportable to NHS England via the national Unify2 system from 1 April 2016 to 31 March 2017. This increase compared with 2015/16, is due in part to changes in the way we report our breaches. We have received external assurance that the way we collect and report on mixed sex compliance meets National Guidance.

To promote improved compliance, a review of mixed sex accommodation has been undertaken and actions are being taken forward by the Trust. Our latest compliance statement can be found on our website at: - http://www.ekhuft.nhs.uk/patients-and-visitors/about-us/documents-and-publications/statements-and-declarations

3. Improving Hospital Food

We have continued to work together with our patients and catering partners to develop our award-winning hospital meal service and ensuring we are providing quality meals at a cost-effective price. We continue to provide more than 25 hot meal choices for each patient per day, plus jacket potatoes with a variety of fillings.

In line with patient and public feedback, we have reprinted our menus so they are as clear as possible. The introduction of menus using pictures has made it easier for patients with language or reading difficulties to choose the food that they want. Available across the Trust, we are encouraging some of our most vulnerable patients to be as independent as possible.

Introducing toast for the benefit of specific patients has proved challenging because of Health & Safety/fire risks associated with using toasters on wards. Despite this, providing toast remains a priority for us and whilst patients can be provided with toast from the main kitchens, we will continue to investigate how we can improve this service for our patients.

Last year we received a national award from the Hospital Caterers Association for ensuring the patient is central to our dining service through strong partnership working with our catering provider Serco.

Since this time we have been visited by a number of other Trusts and catering companies who are keen to learn from our experiences. We have been invited to present at the National Annual Hospital Caterers Association Conference and have been approached by NHS Improvement to share our learning.

Our patients have become increasingly dependent and more reliant on help at mealtimes. Ensuring we are able to respond appropriately and in a timely way is a priority for us.

We launched Mealtimes Matters in March 2017, a programme to help us to continue to improve, which involved staff, patients, members of the public and mealtime volunteers.

3. Patient Led Assessments of Care Environments (PLACE)

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

- cleanliness;
- food;
- privacy and dignity; and
- general maintenance/décor.

The 2016 PLACE assessment results showed a significant and consistently positive picture against our 2015 results. All domains and metrics showed improvement in all but Privacy and Dignity at Queen Elizabeth Queen Mother (QEQM) which achieved the same as 2015.

Noticeable areas of improvement included satisfaction in cleaning which saw an overall 6% increase and places the Trust above average. Food, and particularly ward food, has seen a 7% increase overall and again places the Trust above the national average along with the assessment of the condition and maintenance of our buildings which increased by 6%.

In 2015, our Trust was rated red for Privacy and Dignity (now renamed wellbeing) and rated amber against cleanliness and food. These have now all turned green and we have no ambers or red ratings this year.

As with 2015, Dementia is a real success story for the Trust, with our average assessment score at 85.77% against a national average of 74.5%. This reflects the continued effort of many staff and departments and is supported by the Trust's main fundraising appeal.

2016 saw the inclusion of a new Disability metric. The Trust has scored 88.7% against a national average of 78.8%, a good 10% above average.

Table 3 gives a summary of our performance, by site, against our 2015 submission.

Table 3 – PLACE assessments

	Cleanliness '15		Cleanliness '16	Food '15		Food '16	P&D '15		P&D '16	Cond/app & main '15		Cond/app & main '16	Dementia '15		Dementia '16	Disability (new)
KCH	90.17	↑	98.76	80.89	↑	92.22	78.47	↑	86.26	88.97	↑	95.87	72.07	↑	90.91	91.89
WHH	95.44	↑	98.64	83.17	↑	86.74	71.72	↑	76.74	88.92	↑	94.92	73.14	↑	78.35	83.97
QEQM	96.43	↑	99.65	83.77	↑	93.07	84.66	↔	84.52	91.6	↑	97.8	70.78	↑	86.27	90.39
EKHUFT Average	94.01	↑	99.01	82.61	↑	90.67	78.28	↑	84.2	89.83	↑	93.4	72.14	↑	85.17	88.75

Privacy and dignity is down nationally by 2% whilst food assessment has remained consistent. The remaining metrics saw an increase nationally. The results of this year reflect the continued focus the organisation has placed on its improvement journey.

Our performance has also improved when compared with neighbouring Trusts.

Table 4 - national and local comparisons

	Cleanliness '15		Cleanliness '16	Food '15		Food '16	P&D '15		P&D '16	Cond/app & main '15		Cond/app & main '16	Dementia 15		Dementia '16	Disability (new)
EKHUFT Average	**94.01**	↑	**99.01**	**82.61**	↑	**89.47**	**78.28**	↑	**84.2**	**89.83**	↑	**96.1**	**72.14**	↑	**85.77**	**88.75**
Medway	97.85	↑	98.76	85.28	↓	79.08	79.56	↓	70.36	81.9	↑	89.29	69.81	↓	83.34	84.73
Dartford	99.01	↓	98.58	90.48	↓	86.17	84.02	↓	79.87	96.07	↔	96.96	77.97	↔	77.88	81.5
MTW	98.97	↑	99.36	97.52	↓	94.4	92.32	↓	89.21	92.32	↓	95.32	89.09	↓	87.7	89.59
National average	97.57	↑	98.1	88.49	↔	88.2	86.03	↓	84.2	90.11	↑	93.4	74.51	↑	75.3	78.8

Next steps and on-going review

As with preceding years the Trust develops an annual action plan from the feedback and comments of the reviewing group undertaking the inspections. This annual plan is monitored by the Patient Experience Group chaired by the Chief Nurse and Director of Quality. Additionally the Patient Experience and Investment Committee include the report findings and feedback into its annual refurbishment and improvement capital plans.

4. The NHS National Inpatient Survey 2016

All NHS Trusts in England are required to participate in the annual adult inpatient survey which is led by the Care Quality Commission (CQC). The survey provides us with an opportunity to review progress in meeting the expectations of patients who are treated by us. The inpatient survey results are collated and contribute to the CQC's assessment of our performance against the essential standards for quality and safety.

While the release of national data is not scheduled to be released until end of May, the data currently available to us indicates a positive improvement across the majority of the metrics. Table 5 describes the metrics measured:

Table 5 - National in-patient survey – metrics measured

The Emergency/ A&E Dept *(answered by emergency patients only)*
Waiting list and planned admissions *(answered by those referred to hospital)*
Waiting to get to a bed on a ward
The hospital and ward
Doctors
Nurses
Care and treatment
Operations and procedures *(answered by patients who had an operation or procedure)*
Leaving hospital
Overall views and experiences

Our priorities for improvement during 2017/18 will include plans to address the areas where results are below national average. Targeted work to further support patient experience will include support for patients at meal times, promoting privacy and dignity and ensuring that the use of treatment, bathroom or shower areas by the same sex is avoided. This work is integrated in to our Trust objectives and targets for 2017/18, described in more detail later in the report.

An overarching action plan to respond to the survey will be confirmed with our staff and patients when the full data set is released in May 2017.

Our priorities for improvement during 2017/18 will include plans to address the areas where the results of the National Inpatient Survey have deteriorated or are lower than anticipated, to ensure that patient experience can be improved. Trust actions and issues to be addressed will be confirmed on release of the National & Trust data set.

5. Responding to feedback through Patient Opinion and NHS Choices

Patient Opinion and NHS Choices are independent websites which allow patients and public to feedback on the service they have received from the Trust. In 2016 we have received overwhelming positive feedback through both sites which has been heartening and well received by our staff. Comments posted on Patient Opinion are read and answered by the Patient Experience Team supported by the Chief Nurse and Director of Quality. Where feedback identifies patient experience which has not been as good as we would want it to be, our staff are asked to reflect upon it and identify actions to address the concerns. The Trust has received 438 comments via Patient Opinion and the Trust responded to 99.5% of these comments.

This feedback is considered in conjunction with complaints, concerns and compliments received through other routes. With feedback shared at all levels across our organisation, and reported within our monthly patient experience report to the Trust Board, this is a powerful and valuable tool.

Examples of recent feedback received include:-

General Surgery, QEQMH – caring and thoughtful

"My breast cancer diagnosis came out of nowhere. In the space of just 3 hours I'd had an examination, a mammogram, ultrasound, biopsy and a final consultation plus new appointment. The specialist and their team were incredible, both on that shocking day and throughout my treatment. Direct with their information, caring, thoughtful, funny, patient and at all times treating me with dignity and respect. Apart from the decor and possibly a glass of champagne I can't see how private treatment could possibly be better.... Sincere and heartfelt thanks to the specialist and their lovely team. QEQM at all times over the weeks felt like a very happy environment to be in. Bravo NHS!!"

General Surgery, K&CH - treatment was exceptional

"I had surgery to remove my gallbladder. From the pre-op to the surgery the treatment was exceptional. The entire team on the Kent ward treated me with the utmost dignity and respect. I was kept informed at every step of the way and although somewhat nervous the entire team put me at total ease from my admission, through to the preparation and the operation itself to the recovery and discharge. I could not have asked for better care and support. I would like to thank the entire team for being so professional and caring throughout my stay."

Buckland Hospital – Dover (BHD)

Getting to Buckland Hospital is quite difficult as the local transport services are not very frequent and have limited routes. The building is modern from the outside but when you get inside it is difficult to find your way around.

WHH Accident and Emergency A&E - kind, caring and efficient

Without exception, everybody was incredibly kind, caring and efficient. One staff member 'oozed compassion & helpfulness even down the telephone line'. Every member of staff in A&E was polite, helpful, compassionate and so efficient. The auxiliaries, nurses, doctors, the occupational therapist all gave exemplary time & attention.

WHH - Kennington Ward - care and kindness

'I cannot praise highly enough the care and kindness I received on Kennington ward. Although it was extremely busy I received the sort of attention I would expect if I paid to go private. Even at their busiest someone constantly monitored my recovery and made time to chat. As soon as I had done all I needed to do I was allowed to go home no hanging about wonderful. Then a day later the ward sister phoned me to check on my recovery which I thought was fabulous of them. This was not my first visit to the Harvey and they never let me down.'

QEQM, A&E – long waits unhappy with environment

Waits are longer than we'd like, the department is far too small for the number of patients, it's too hot, too noisy and staff never seem to have time to take a breath.

Recognising that the feedback we received during 2016 has been overwhelmingly positive, it is really important for us to hear and respond to patients who have not had a positive experience so that we can make changes to prevent a similar negative experience occurring again in the future.

When we receive negative comments we feedback to the clinical areas described within the report and request their reflection on it and where appropriate commitment to change practice. We offer patients the opportunity to take their concern further and where appropriate offer follow up contact through PALS or directly with a senior member of the Trust team/division.

During 2016 this feedback has led to a strengthening of the comfort rounds within the Emergency Department. This increased action ensured that patients are kept informed of any delays, that they are comfortable and that they are offered refreshments and also pain relief if required. When care is commended this important message is equally relayed to our staff, to recognise and promote the care they are providing.

6. Safeguarding adults and children

Safeguarding vulnerable adults and children is fundamental to the way we deliver care to our patients.

Protecting Adults 2016-17

The People At Risk Team (PART), (previously The Adult Safeguarding Team) is a small specialist team providing support for patients and for staff managing vulnerable adults; much of the work is about preventing abuse.

During 2016-17 the team has undergone some changes as existing staff have left and new staff have been appointed. This has provided an opportunity to restructure the team and increase cover across the Trust. This specialist team supports doctors, therapists and nurses across each of our three main hospital sites and day hospitals, in all matters relating to safeguarding and the protection of people's human rights. The team provide a physical presence on the wards to support staff.

The cases of concern raised against the Trust rose in quarter 3 and the number of cases of concern raised on behalf of patients fell. Experience in the first two quarters was counter to the quarter three findings and this may reflect the operational pressures experienced by the Trust. It is worth noting there is normally a time lag between a patient discharge and an alert being raised against the Trust.

Table 6 – Adult Safeguarding Alerts raised in 2016/17

Quarter	K&C	QEQM	WHH	Against EKHUFT	K&C	QEQM	WHH	Raised By EKHUFT
Q1	4	4	4	**12**	3	6	9	**18**
Q2	2	2	1	**5**	6	6	6	**18**
Q3	4	5	8	**17**	3	2	1	**6**
Q4	1	2	**4**	**7**	5	2	6	**13**
			TOTAL	**41**				**55**

A key priority for the year was to improve the Trust's training compliance for Adult Safeguarding and training of assessment of capacity under the Mental Capacity Act. Changes to the way that training data was collected resulted in inaccuracies and therefore was re-based during the year. Emphasis was placed on training all staff in Level 1 adult safeguarding and this is now running at 100%. Training in Level 2 Safeguarding however was below the 85% target at 76% at year end. We are aiming to achieve 85% compliance in 2017/18.

The increasing number of patients being admitted with challenging behaviour has continued to cause concern so the team's work has been focused on raising awareness of the appropriate use of clinical restraint and use of 'SAFEASSIST Acute' to support such patients.
'SAFEASSIST Acute' provides additional support to staff in the supervision of patients with disruptive and challenging behaviour and supports clinical staff in providing as safe a clinical environment as possible.
The focus on domestic abuse in the Level 1 adult safeguarding training has seen an increased number of cases being reported by staff, in Thanet the number of cases is double the national average. A campaign to raise awareness ran over the Christmas period and referrals from staff rose again.

Protecting Children 2016-17

Safeguarding remains an integral part of the care delivered to our paediatric patients and their families. Emerging safeguarding themes, such as child sexual exploitation (CSE), trafficking

and female genital mutilation (FGM), demand that the range of activity undertaken by the team both grows and diversifies in order to support this agenda.
In addition, the team has seen an increase of all safeguarding activities that support children, individual staff members and our partner agencies. Safeguarding activity undertaken to give assurance that the Trust is meeting its responsibilities defined in "Working Together to Safeguard Children" (DoH 2013) include:

- Safeguarding Children Supervision;
- Consultation with Safeguarding Children Advisors and Named Nurse and Named Doctors on safeguarding issues;
- Completion of health record chronologies for multi-agency and court work;
- Flagging highly vulnerable children on the Patient Administration System (PAS) and working towards achieving Child Protection Information Sharing;
- Supporting partner agencies in relation to Child Sexual Exploitation, Trafficking and Radicalisation;
- Female Genital Mutilation reporting;
- Providing assurance to CCG and Kent Safeguarding Children's Board through audits;
- Undertaking Serious Case Reviews and Case Reviews and developing action plans and embedding learning from the findings of these reviews.

Between April 2016 and March 2017:

200 staff had received safeguarding supervision from a trained supervisor; this includes staff in midwifery, paediatric therapies, emergency department and ward staff.

The team has undertaken 3978 consultations with staff, received 1095 Concern and Vulnerability forms from midwifery and determined suitable safeguarding action plans for these families. The team has continued to undertake a large volume of chronologies for multi-agency work particularly where fabricated or induced illness is suspected and support consultants to manage this highly complex work.

The team continue to operate a daily duty system so that staff and outside multi-agency parties receive a prompt response when they have safeguarding concerns.

Children subject to Child Protection plans continue to be flagged on PAS. All children admitted to the wards or ED/MIU with a flag on the special register for CPP (Child Protection Plan) or CPI (Child Protection Information) code are now identified to the Safeguarding team in real time.

The Trust continues to be proactive working with our partners to support the Child Sexual Exploitation (CSE) agenda. The Safeguarding Team has undertaken reviews on 164 young people for the CSE multi-agency hub to identify if any of these young people have had any engagement with the Trust. All Trust actions from the Case Review Operation Lakeland have been achieved.

The Trust has provided information to the Channel panel for PREVENT cases for those who are under 18.

Female Genital Mutilation cases have been reported to the Department of Health as per our statutory responsibilities. Information about reporting incidents is included in all basic training to ensure that staff are aware of their responsibilities.

A rolling annual training programme has remained in place for staff in child health, midwifery and ED. This is in addition to the monthly Level 3 basic awareness courses. A training plan has been developed to provide bespoke level 3 workshops across all sites in order to enable relevant staff to have greater access to training. Surgical Audit days have been used to increase uptake. In addition, the team, including the Designated and Named Doctors, have trained 1045 staff with face to face level 3 training. Additionally, 86 staff have received level 2 training. In March 2017 training compliance overall stood at 97%.

The Trust has undertaken one Serious Case Review and completed eight Agency Involvement requests.

Key Highlights:

The Trust provided assurance to the CCG for the Goddard Inquiry in July 2016 by completing the Goddard Inquiry Checklist.

The Child Protection Information Sharing (CP-IS) project is moving forward. Specific staff have trialled access to the system and staff requiring access are being identified. Governance around the process has been agreed. The CP-IS lead is facilitating this. The target date for a pilot is Summer 2017.

Learning Disability

In the nine years since the publication of the report “Death by Indifference”, we have responded to many of the issues highlighted in the report. Our ability to identify and track people with learning disabilities, extract data and develop services, frameworks and guidance based on local information has been at the forefront of what has been achieved across the UK. This has led to closer working relationships with local partners, individuals and organisations across the whole system, enabling services to better respond to the needs of people with learning disabilities.

We have developed a number of ways to identify patients admitted who have a known learning disability. These include Careflow, Qlikview and links to the Patient Administration System (PAS) special register; all these are used to monitor patients with a learning disability as soon as they are admitted. We have developed literature and documentation specifically designed for patients with a learning disability. The Trust is participating in an action research programme for easy to read information.

A Learning Disability Training Needs Analysis was created by subject experts and Learning Disability Champions. We were awarded external funding to run six Learning Disability Reasonable Adjustment Workshops and two Learning Disability and Mental Capacity Act Workshops; these were delivered and their effectiveness evaluated.

There are clear executive and non-executive leads for learning disability. The NHS England Pledge has been signed by the Chief Executive and is led by the Director of Human Resources and the Head of Resourcing and we work closely with the Kent Learning Disability Partnership Board and the Good Health Group chaired by Kent County Council.

We undertook two audits this year; the Learning Disability Reasonable Adjustments Audit and the Patient Safety Learning Disability Case Notes Mortality Review. Specific actions were identified around nutritional support. Structured Judgement Casenote Reviews will continue into next year for all deaths of patients with a learning disability as part of the national mortality review programme. We will publish findings on our website throughout 2017/18.

7. Compliments, concerns, comments and complaints (4Cs)

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

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

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

The 4Cs programme is managed by the Patient Experience Team (PET) in conjunction with Divisional Teams. During 2016/17 the PET dealt with 1,076 formal complaints, 605 informal concerns, 3,252 Patient Advice and Liaison Service (PALS) contacts and 36,747 compliments. Activity for the last five years is highlighted in the table below:

Table 7 - Complaints summary

	Date Received				
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Total number of formal complaints received	768	894	1,036	873	1,076
Informal concerns received	2,729 (combined with PALS)	3,521 (combined with PALS)	843	828	605
PALS contacts received	-	-	2,787	2,677	3,252
Compliments received	15,391	17,076	31,860	30,855	36,747

The number of formal complaints has risen significantly (873 in 2015/16 and 1076 in 2016/17) in the last year by 23%.

The total number of informal concerns has significantly decreased by 27% from the previous financial year (828 in 2015/16 compared to 605 in 2016/17). 'Concerns' are issues which cannot be answered immediately, but do not have the complexity of a complaint.

The reduced number of concerns but increase in formal complaints is due to issues being handled as formal complaints to manage them effectively from the outset.

In addition, many concerns are now also being managed as a "PALS contact", resolved within two working days. As expected, the number of contacts received has also significantly increased by 22% (2.677 in 2015/16 and 3.252 in 2016/17). In the future the Trust will no longer record or report concerns as these will either be recorded as a complaint or a PALS contact from April 2017.

The number of compliments has increased by 19% in 2016/17 (30,855 for 2015/16 compared to 36,747 for 2016/17).

Table 8 - Response time for formal complaints

	Year received				
	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Percentage first response received by the complainant within agreed time	83	88	79	92	88

We aim to provide all complainants with a thorough and empathetic response to their complaints. We want to answer all the points they raise in an honest and open manner. We are disappointed, therefore when a complainant writes back in dissatisfaction. We refer to these letters as 'returners'.

The Trust received 190 returners in 2016/17 compared to 191 in 2015/16. We are hoping to see a reduction in the number of returners. The Trust has improved the responses going out to clients, but more needs to be done to ensure that letters are consistently high quality.

8. Innovation

The Trust takes pride in leading innovation and continually striving to look for different, better ways of working that will help us deliver sustainable services in the future.

During 2016/17 there have been many examples of this including service redesign and mapping within rheumatology and out patients. Early work which will be taken forward to completion in 2017 has been established within Children's Services, Pharmacy, Respiratory, Cardiac, Emergency Ambulatory Care and Diabetes.

2. SAFE CARE - IMPROVING SAFETY AND REDUCING HARM:

Patient safety remains the core focus of the Trust, the Board of Directors and the divisional leadership teams.

Our maternity services are focused on improving the quality and safety of care of EKHUFT mothers and babies. We launched a new Maternity Transformation Programme on 11th May 2017. This initiative is the first wave of the national Maternal and Neonatal Health Safety Collaborative. A three year programme with central funding to support improvements in maternity and neonatal units following the National Maternity Review – "Better Births".

The EKHUFT programme, with its slogan "BESTT – Birthing excellence: success through teamwork", aims to reduce the number of stillbirths, admissions to neonatal intensive care, and perianal skin tears during delivery by the end of next year. Collabroative workstreams with expert facilitators are taking forward the training and development of staff in technical and non-technical skills (Human Factors), Floor to Board champions and the engagement of staff to help in the design and delivery of specific improvement susing quality improvement methodology.

The following areas are examples of the initiatives and goals for patient safety we use to improve performance.

1. "Sign up to Safety"

In July 2014, we engaged with the national three year *Sign up to Safety Campaign* www.signuptosafety.nhs.uk and declared five pledges in support of NHS England's patient safety improvement quest to reduce avoidable harm by 50% in three years. These were:

1. Putting safety first by committing to reduce avoidable harm by half and making our goals and plans public;

2. Continually learn by making our Trust more resilient to risks, by acting on the feedback of patients and measuring how safe our services are;

3. Honesty by being transparent with people about our progress to tackle patient safety issues and support staff to be candid with patients and their families if something goes wrong;

4. Collaborate by taking a leading role in supporting local collaborative learning so that improvements are made across all of the local services that patients use;

5. Supporting and helping people understand why things go wrong and how to put them right. Give staff the time and support to improve and celebrate progress.

These pledges and actions were aligned with corporate, specialist and divisional Safety

Improvement Plans for 2016/17 and within the Quality Strategy. Our pledges have been launched on our website. Specific safety improvement plans, shown as driver diagrams, focus on:

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

Our other priorities are outlined below:

Put safety first:

- Sepsis;
- HOUDINI;
- Adopting a WHO-type checklist for interventional procedures outside operating Theatres;
- Eliminate "Never Events;"
- Continue to reduce avoidable: pressure ulcers, falls, medication issues, Healthcare associated infections (HCAI), VTE;
- Clinical Handover of Care/Transfer of Care.

Continually learn

- Increase reporting of incidents and improve investigations;
- SOS (Shout Out Safety): an online form for clinical staff to highlight; ward/department successes, concerns and suggestions;
- Respond to safety indicators both nationally and locally;
- Assurance of mechanisms to embed learning.

Honesty

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

Collaborate

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

Support

- Clinical leadership;
- "We Care" champions;
- Quality Improvement and Innovation Hubs to help staff improve, develop, enquire and

act (IDEA);
- Teams Improving Patient Safety Programme (TIPS); plus a project to support staff with human factors training in collaboration with Health Education Kent, Surrey and Sussex (HEKSS);
- Human factors awareness and training;
- Collaborative Patient Safety Visits;
- Schwartz Rounds;
- ACE programme (Achieving and Celebrating Excellence).

2. Reducing Falls

While the rate of falls within the Trust remains lower than the national average, inpatient falls remain a great challenge in our hospitals and for the NHS. Falls are the most commonly reported patient safety incident, with more than 2,000 reported annually. All falls can cause older patients and their family to feel anxious and distressed.

Some falls result in serious injuries, such as fractures, and these injuries can sometimes result in death. Falls in hospitals are costly, as they increase the length of stay and tackling the problem is challenging. There is no single or easily defined intervention which, when performed on their own, are shown to reduce falls. Multiple interventions performed by the multidisciplinary team and tailored to the individual patient can reduce falls by 20–30%. These interventions are particularly important for patients with dementia or delirium, who are at high risk of falls in hospitals.
From April 2016 to March 2017 there were 5.79 falls per 1000 patient bed days. This is an increase on the previous year when the rate was 5.47 but the Trust falls rate remains below the national average. It is important that we learn lessons to minimise falls and during 2016 key learning points from investigations highlighted the importance to completing actions from falls risk assessments.

The key targets for 2016-17 were to:

- Implement the “Fallstop” quality improvement programme at the William Harvey Hospital (WHH), this incudes education and training around completion of the Falls Risk Assessment and Care Plan; adherence with Post Fall Protocols as well as provision of simulation training (what to do in the event of a fall);
  Rreduce avoidable hip fractures; Specifically to reduce rates of falls within the Urgent Care and Long-term Division at the WHH to bring the hospital in line with the other sites and below the national average.

The Falls Team has worked in an innovative way to design and introduce a Trust wide programme (the “Fallstop” programme) which is aimed at falls prevention. The programme is available to all wards across the Trust sites. With a new focus on self- directed development to promote engagement, the project has been implemented at the William Harvey Hospital, with further implementation planned during 2017/18.
The specialist falls team has helped ward based staff developed skills, supported the on-going development of falls champions through a programme of meetings to launch “Fallstop,” They have used the QII Hub sessions on each of the sites to hold “Fallstop” training days and promote awareness of risk assessments, post fall protocols and provide simulation training (in

conjunction with the Manual Handling team).

The quality metrics identified within the quality strategy for falls have been substantially met:

- We have slightly reduced the number of avoidable hip fractures (with six in January 2017 compared with seven the previous year;
- We have decreased the number of falls within urgent care and long term conditions UC&LTC at the William Harvey Hospital, to below the national average. This is an important improvement compared with last year;
- We strive to minimise the risk of harm, and it is positive that the number of falls resulting in moderate or severe harm is well below target this year. Eighteen cases were reported for 2016/17 compared with a target of below 31. Our focus on preventing all avoidable harm continues nevertheless.

Additional achievements include:

- The Falls team has supported the Care Certificate Programme for all Health Care Support Workers, carried out training for all newly qualified nurses, including training for all overseas nurses;
- Refined and updated the assessment tools including the Falls Risk Assessment and Care Plan and Bed Rails Risk Assessment. They have provided a specific Falls risk assessment for use in Critical Care in liaison with the Nurse Consultant for Critical Care;
- We have reviewed and increased our bed stock, increasing the number of low level beds to 40;
- Every staff reported incident related to a fall is reviewed by the specialist falls team so that action can be taken to maximise our learning and minimise reoccurrence;
- Continuing to refine our ability to identify patients who are at higher risk of falling, to enable their needs to be identified early and on subsequent admissions/readmissions, thereby promoting their safety.

Next steps - During 2017/18 we will:

- Continue to roll out the “Fallstop” programme by providing resources, supporting the audits and providing education;
- Use the ”Fallstop” audit data to identify areas who are and are not completing post fall care in accordance with our protocols;
- Assist wards who have successfully implemented Fallstop to share their learning with buddy wards;
- Continue to keep the rate of falls below the national average.

3. Reducing Avoidable Hospital Acquired Pressure Ulcers

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

During 2016/17 we set out to reduce avoidable category two (superficial) acquired pressure ulcers by 30% from the previous year. This was particularly aspirational as the 25% reduction trajectory for the previous year had been unmet for this category. Although, multiple actions were undertaken to reinforce and redirect the 'Bottoms-Up' campaign, this target has remained challenging and also overran the trajectory by 36 incidents by year end. This increase has occurred at a time of increased number of patients being admitted in to our Trust. To better understand what this tells us about the level of care we are providing to our patients we also look at our pressure ulcer incident rate per 1000 bed days. At the end of March 2017 our annual incident rate had improved compared with the same period 2015/16. This means that when we take into account the larger number of patients seen, patients admitted into our care during 2016/17 were less likely to have experienced a PU compared with last year. We also have anecdotal evidence that the tissue damage that our staff are reporting this year is less severe, which suggests that we are identifying tissue damage earlier, promoting more timely intervention and healing.

The main learning for avoidable category two pressure ulcers is ensuring sufficient evidence for effective repositioning. There have been a number of challenges around consistent recording of this intervention. These include staffing fluctuations over time, patient acuity and consistency of record keeping. However, significant improvements were demonstrated in the Trust wide audit of February 2016. 87% of patients at risk had a current repositioning chart with 64% providing mostly consistent evidence of appropriate repositioning i.e. more than 75% completed. This is a 10% improvement from the previous year and a 74% improvement from the 2010 audit.

During 2016/17, we set out to maintain our improvements in the reduction of deep (category 3 and 4) pressure ulcers. Currently the deep ulcers remain on trajectory within a small margin. Heel ulcers have sustained improvement and reduced slightly from last year, although the 25% reduction trajectory has not been met due to the small numbers involved. The 'Think Heel' campaign was refreshed and brought together with the 'Bottoms-Up' campaign in November 2016 with one simple message of 'React-to-Red' which focuses on early skin assessment and pressure off-loading in response.

It should also be noted that some ulcers are now classified as un-stageable or potential deep tissue injury if the wound bed is obscured by necrotic tissue. Some of these are resolving and may be reclassified as superficial (category two) and others may be lost to follow up when the patient leaves hospital. There were 111 acquired un-stageable/DTI ulcers reported in 2016/17 and 24 were classified as avoidable.

During 2016/17, a standard was set to improve early risk assessment in the Emergency Departments. There were a number of challenges around data collection which has delayed our understanding of interim results. Previous baseline data indicated a 66% achievement of pressure ulcer risk assessment within 6 hours of admission. It is aimed to capture improvements in the February 2017 Trust wide audit. The audit was successfully undertaken with the majority of wards submitting data for analysis. Results will be available later in the year.

Figure 4 - Category 2 Pressure Ulcer incidence against trajectory

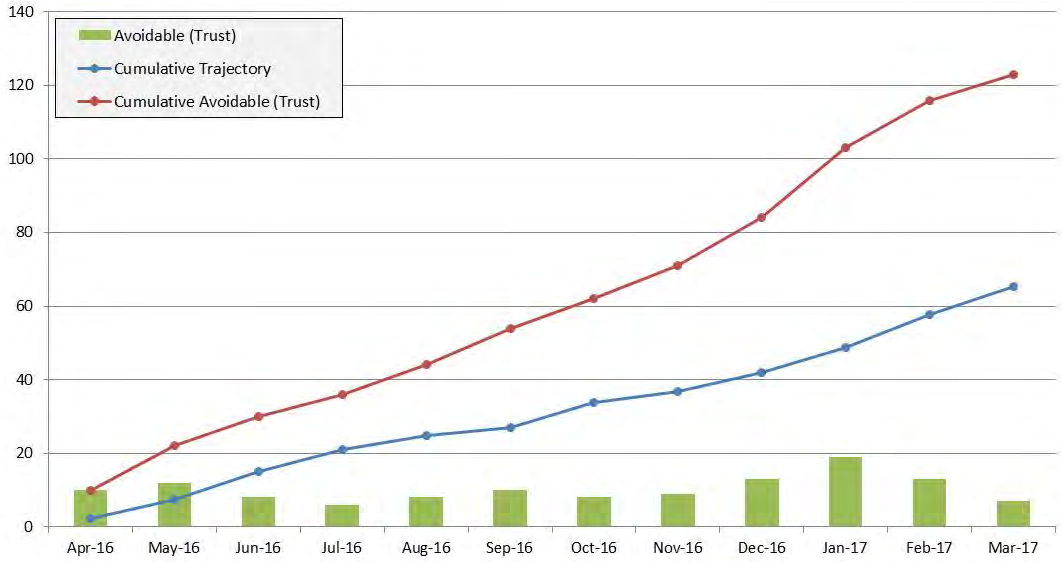
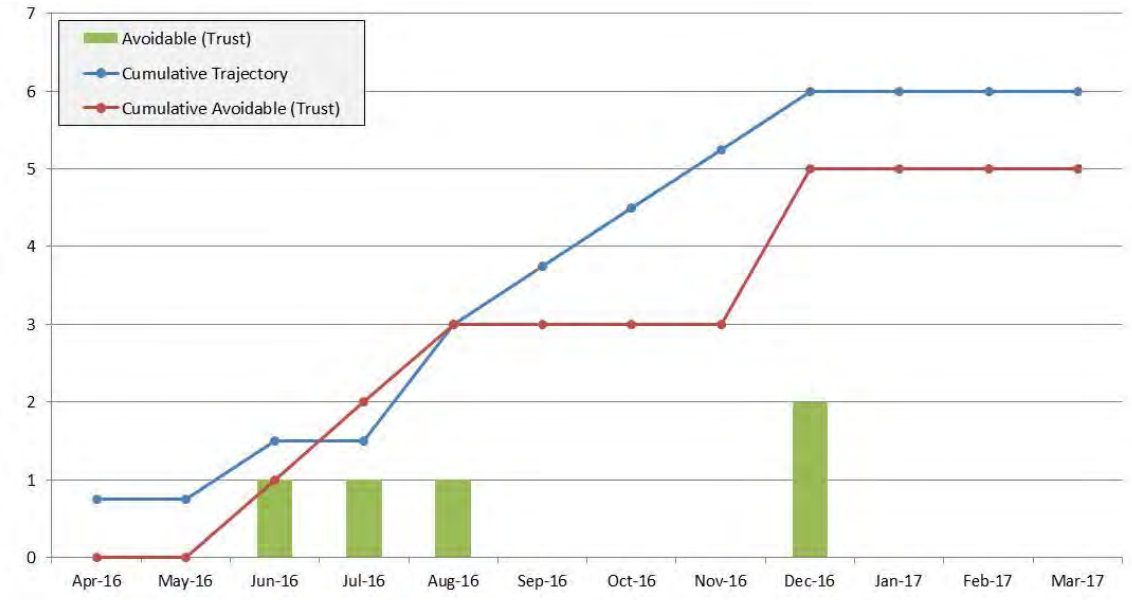


Figure 5 - Category 3 & 4 Pressure Ulcer incidence against trajectory



The actions taken to reduce hospital acquired pressure ulcers, during 2016/17 are included within a dynamic action plan and we work hard to engage our staff in developing and monitoring it. The work is supported by a specialist in tissue viability. Key actions undertaken by the team during 2016/17 have included:

- Supported the Pressure Ulcer Steering group to develop and oversee the Trust wide action plan;
- Updated the Trust's Pressure Ulcer Policy in line with the latest national and international guidance;
- Refreshed the 'Bottoms up' campaign and re-launched at the Tissue Viability link nurse meeting in May 2016;

- Worked with Beds & Mattresses group to acquire and coordinate additional specialist equipment;
- Provided leadership for the Tissue Viability link network, delivered bi-annual study days and commenced regular sessions in the QII Hubs;
- Supported equipment review trials;
- Undertook collaborative working with Diabetic Specialist Nurses to produce a joint risk assessment tool for pressure ulcer/diabetic foot ulcer prevention for inclusion in an initial documentation booklet;
- Continued to work with front line teams to identify, address and raise awareness of learning from adverse incidents;
- Provided specialist training, advice and mentorship as required to all staff groups.
- Supported front line teams to deliver safe, effective wound care;
- Provided wound care advice for 2313 patients and made over 2539 patient referral visits.

Next steps - During 2017/18 we will:

- Set up a 'Task & Finish' group to address the unmet trajectory for category two ulcers led by the Deputy Chief Nurse;
- Undertake an in-depth analysis of pressure ulcer development to identify the areas for specific actions;
- Support the development of pressure ulcer risk assessment prompt cards via the Teams Improving Patient Safety Programme (TIPS);
- Continue to strengthen the role of the Tissue Viability link network by encouraging participation in the QII Hub meetings and bi-annual study events;
- Set further pressure ulcer reduction trajectories for continuous improvements.

4. Reducing Venous Thromboembolism Events (VTE)

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

The Trust has worked hard to improve the accuracy of data reporting for this important measure of care. The Trust started the year achieving risk assessment for 85% of our adult patients, and we continue to work hard to improve this to meet the national target of 95%. Improvement has been seen across our Trust, with risk assessment registering 90.77% in March 2017.

The Trust continues to work hard at reducing preventable hospital acquired thrombosis (HAT). Our continued focus on this important area is evidenced through the "in year" identification of the following goals;

- Electronic HAT root cause analysis process is in development to move focus from the process of recording and reporting to disseminating outcomes and learning;

- Reviews of enoxaparin/clexane datix reporting to be submitted to the Trust Thrombosis Group for dissemination of learning and other improvements.

In support of our programme to reduce the risk of venous thromboembolism, during 2016/2017 we have:

- Supported an engagement event in Haemophilia and Thrombosis Centre with patients who have experienced VTE , the outcomes will be published later in year;
- Made further improvements to the quality and transparency of VTE risk assessment reporting including ward based displays in Patient Safety Thermometer posters;
- Maintained the quality of data recording and reporting for Trust wide VTE incidents and hospital acquired thrombosis (HAT), the quality standard continues, reducing preventable HAT by 30%, although not all data has been returned. Reduction for 2015/16 was just below target with a 20% reduction in preventable HAT. Overall this will continue to be challenging to achieve without VTE risk assessment compliance;
- Maintained updates to Clinical Leads on consultant compliance of VTE risk assessment;
- Increased work with specialist areas e.g. Emergency Departments in implementing the lower limb protocol;
- The VTE link worker programme included VTE needs assessment of wards and developing objectives to meet identified gaps;
- Quality improvement projects with VTE link workers including increasing compliance with VTE risk assessment, identifying anticoagulant omissions, developing patient and staff information and monitoring correct use of mechanical thromboprophylaxis;
- VTE Staff training programme continues with mandatory eLearning (for clinical staff), specific training for healthcare assistants, preceptorship nurses, midwives and junior doctors, VTE practical workshops (rolling programme) and unit specific sessions (ITU, theatres etc.) plus VTE link worker programme of training;
- Awareness sessions in all QII Hubs for both National Thrombosis Week and World Thrombosis Day.

Making a difference:

- The Kent Thrombosis Network continues to be led by Trust staff providing local benchmarking and sharing best practice for VTE prevention and treatment.
- We continue to work closely with commissioners, our patients and clinical stakeholders. The Trust is working hard to respond positively to the VTE prevention and treatment agenda. To reflect its priority we are reporting progress against a dynamic action plan to local and strategic committees and to the Board.

5. Collaborative Patient Safety Visit Programme (CPSV)

The objectives of the CPSV are to:

- Dedicate time for leaders and front-line staff to promote a safety culture;
- Enquire about patient safety standards to reduce avoidable harm, such as incident reporting and how learning is shared and embedded;
- Discuss how well Trust priorities have been implemented for patient safety, address issues and drive improvements with actions;

- Listen to concerns and gain assurance over completed actions.

From April 2016 – March 2017 we undertook 74 visits compared to 124 in 2015/16. The programme this year involved clinical leads and patient safety leads to conduct 'patient safety review rounds' with frontline staff, focussing on reducing harm in clinical care and developing local action plans. Teams were briefed with a dashboard of data and intelligence from the Divisional Governance Teams, including messages sent via the new 'SOS' on-line system for reporting concerns, suggestions and successes (anonymously if preferred).

In collaboration with the Trust's Beautiful Information Team (EKBI) and Divisional Governance Teams an innovative on-line CPSV post-visit form was designed and implemented. The form included an A-Z of areas specific to clinical risk and patient safety, a reminder of the Trust's priorities and an action plan template to take forward improvements.

Table 9 – Areas of Clinical Risk & Patient Safety on CPSV/SOS Forms

Drop Down List of Areas of Clinical Risk & Patient Safety on CPSV/SOS Forms		
Allergy recording	Equipment	Nutrition
Being Open/Duty of Candour	End of Life Care	Pain management
Briefing	Escalation	Pressure ulcers
Checklist	Escalation response	Procedure Safety
Clinical Risk	Falls	Quality Improvement Projects
Clinical Standards/Procedures	Fluid Management/AKIN	Reducing avoidable harm
Communication	Handover	Sepsis
Competence/training	Healthcare Record/clinical documentation	Staffing
Datix/Incident Reporting and Investigation	Identification	Standardisation
Delays in treatment	Infection Control/HOUDINI	Teamwork
Deteriorating patient	Investigations	Think Glucose
Discharge processes	Leadership	Transfers
	Medications	VTE

We evaluated the CPSV process and created a process map to illustrate the multiple elements involved and responsibilities from scheduling to visit preparation to assurance mechanisms that evidence improvement and achievement. Changes and improvements to the visit process were agreed with the Divisions and Patient Safety Board (PSB). These included:

- Divisions to co-ordinate the administration of the CPSV;
- Publication of the post-visit action plan on the intranet;
- Aligning CPSV actions with division governance processes.

Next steps – During 2017/18 we will:

- Continue to improve preparedness and advertising. Inviting individuals in ward/ department teams to record their patient safety concerns, accolades, or suggestions using the SOS system;
- Strengthen assurance mechanisms via patient safety reports to Divisional Governance Boards, The Patient Safety Board, Executive Performance Reviews;
- Improve feedback to staff locally and via a dedicated webpage on the Patient Safety Website accessed via the Trust's home page for staff.

6. Reducing harm events using the NHS Safety Thermometer

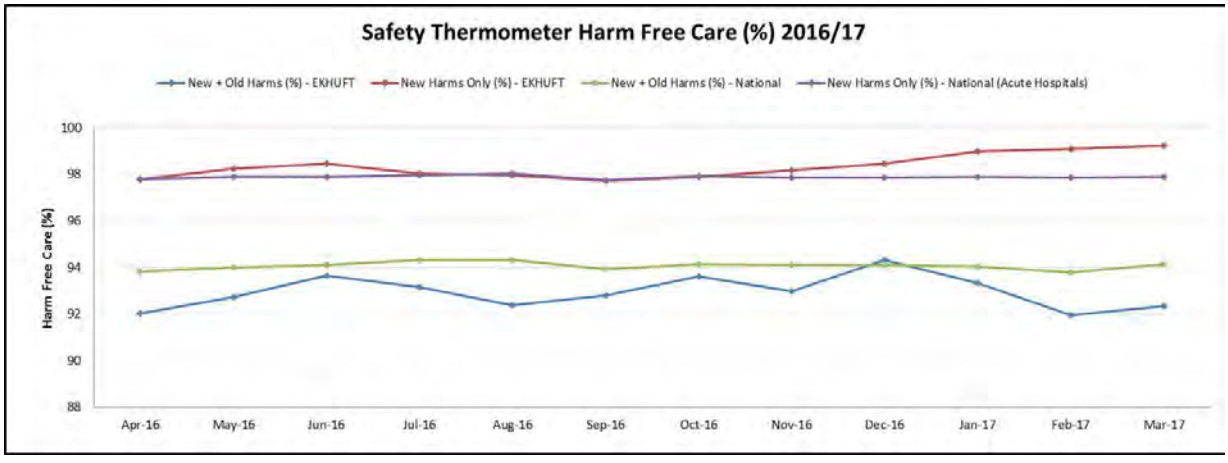
The aim of the Safety Thermometer is to identify, through a monthly snapshot survey of all adult inpatients, the percentage of patients who receive harm free care. Four areas of harm are currently measured and most are linked to the other patient safety initiatives outlined in this report:

- All grades of pressure ulcers whether acquired in hospital or before admission;
- All falls whether they occurred in hospital or before admission;
- Urinary catheter related infections;
- Venous thromboembolism risk assessment and appropriate prevention.

The strength of the NHS Safety Thermometer lies in allowing front line teams to measure how safe their services are and to deliver improvement locally. There are several different ways in which harm in healthcare is measured and there are strengths and limitations to the range of approaches available. The NHS Safety Thermometer measures prevalence of harms, rather than incidence, by surveying all appropriate patients on one day every month in order to count the occurrences of harms. Harm Free Care includes both harms acquired in hospital ("new harms") and those acquired before admission to hospital ("old harms"). There is limited ability to influence "old harms" if a patient is admitted following a fall at home, or with a pressure ulcer, but these are included in the overall performance reported to the Health and Social Care Information Centre.

Our performance in delivering Harm Free Care (old and new harms combined) varies monthly but has been below the national average of 94% for most of 2016/17. Harm Free Care (new harms) in the Trust this year has been consistently above 98%, exceeding the national average for acute hospitals, demonstrating that our patients are receiving care that causes less harm than is reported nationally; Year-end position is shown in Figure 7.

Figure 7: NHS Safety Thermometer - % Harm Free Care EKHUFT against national performance 2016/17



Next steps – During 2017/18 we will:

- continue to survey all adult inpatients monthly and will work to achieve a sustained reduction in prevalence of all pressures ulcers (including patients admitted with pressure ulcers), falls with harm, urinary tract infections in patients with catheters and venous thromboembolism.
- work with our partner organisations to identify ways of improving 'new and old harms'.

7. Reducing Infections

Healthcare associated infections (HCAI) are infections resulting from clinical care or treatment in hospital, as an in-patient or out-patient, nursing homes, or even the patient's own home. Previously known as 'hospital acquired infection' or 'nosocomial infection', the current term reflects the fact that a great deal of healthcare is now undertaken outside the hospital setting. The term HCAI covers a wide range of infections. The most well-known include those caused by methicillin-resistant *Staphylococcus aureus* (MRSA), methicillin-sensitive *Staphylococcus aureus* (MSSA), *Clostridium difficile* (*C. difficile*) and *Escherichia coli* (*E. coli*). Although anyone can get an HCAI some people are more susceptible to acquiring an infection. There are many factors that contribute to this:

- Illnesses, such as cancer and diabetes, can make patients more vulnerable to infection and their immune system less able to fight it;
- Medical treatments for example, chemotherapy which suppresses the immune system;
- Medical interventions and medical devices for example surgery, artificial ventilators, and intravenous lines provide opportunities for micro-organisms to enter the body directly;
- Antibiotics harm the body's normal gut flora ("friendly" micro-organisms that live in the digestive tract and perform a number of useful functions). This can enable other micro-organisms, such as *Clostridium difficile*, to take hold and cause problems. This is especially a problem in older people.

Long hospital stays increase the opportunities for a patient to acquire an infection. Hospitals are more "risky" places than the community outside due to:

- The widespread use of antibiotics can lead to micro-organisms being present which are more antibiotic resistant (by selection of the resistant strains, which are left over when the antibiotics kill the sensitive ones);
- Many patients are cared for together – this provides an opportunity for micro-organisms to spread between them.

The year to date has shown an increase in cases of C. difficile on the previous year and factors contributing to this, as depicted, have led to practice initiatives being implemented. These have included enhanced monitoring and auditing of the use of the diarrhoea assessment tool (DAT), the monitoring and revisiting practices for carrying out effective cleaning and management of commodes, the increase in communication between Estates departments, Facilities management and infection prevention and control to allow for

prioritising upgrade and maintenance works within areas of note.
Developing relationships with ward staff and infection prevention and control links is introducing safer practices and environments for patients.

Table 10 – Health Care Acquired Infection (HCAI) Performance

HCAI performance 2010-11 to 2016-17								
	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**DH limit 2016-17**
MRSA (Trust assigned cases only)	6	4	4	8*	1	**4	7	**0**
Clostridium difficile post 72 hour cases only	96	40	40	49	47	28	53	**46**

* Following analysis of each case, six reported MRSA bacteraemias were considered to be unavoidable
**Two cases were a contaminant.

The MRSA bacteraemias within this period have highlighted specific concerns which has led to increased monitoring of eLearning compliance by staff who have blood culture taking as part of their role.

The Aseptic non-touch technique and the way staff handle specimens has been reviewed and actions relating to the practice are being addressed. The importance of the admission screen being carried out according to policy has been reiterated, to ensure decolonisation protocols are followed when a positive result is returned and feedback to the areas of concern by the Infection Prevention Control Team (IPCT) with awareness of the audits compliance percentages.

The Infection Prevention Control Team is actively monitoring compliances by spot checks and audits of two wards, per site per month, are carried out.

E coli

E coli is the most frequent cause of blood stream infection locally and nationally. All cases are reported to the Public Health England mandatory database each month which provides an opportunity for comparison with other Trusts. The majority of cases are linked to urinary tract infections, bile duct sepsis and other gastrointestinal sources. The E coli rate in East Kent appears high (141.9 compared with the NHS average of 103.3 for NHS Trusts in 2014-15) when measured per occupied bed day. However, more than 80% of cases of E coli bacteraemia are present at the time of admission to hospital and, therefore, in most cases represent community acquired infection. When the E coli rate is measured per head of population (Table 11), it is seen that the rate in Ashford CCG is below the England average whereas the population centres with a higher proportion of over 75 year old residents, experience higher rates of E coli sepsis.

Table 11 - E. coli bacteraemia rate/100,000 population by CCG

CCG	2012-13	2013-14	2014-15	2015-16
Ashford CCG	67.4	54.1	57.6	61.5
Canterbury & Coastal	64.4	69.1	73.6	77.4
South Kent Coast	66.1	74.2	68.4	84.3
Thanet	66.3	86.8	75.9	98.1
England Rate	**60.4**	**63.5**	**65.8**	**70.1**

The England trend of increased numbers per year is also reflected in our data showing numbers of E coli cases by year (Table 12)

Table 12 - E coli blood stream infections EKHUFT by financial year

Year	2012-13	2013-14	2014-15	2015-16	2016-17
E coli bloodstream infections	**433**	**487**	**469**	**528**	**613**

Again given that the majority of cases are admitted with endogenous E coli infection, it is likely that the upward trend represents an increase in the population susceptibility to E coli infection rather than healthcare associated infection.

Sepsis

Reports have found that the incidence of sepsis in the UK is >100,000 annually with 35,000 deaths per year, the incidence has increased by 8-13% over last decade. Sepsis is the third highest cause of mortality in the hospital setting and the most common reason for admission to ITU. Publications suggest that if basic interventions were reliably delivered to 80% of patients then the NHS could save 11,000 lives and £150 million (*Ombudsman's report 2014, all parliamentary group on sepsis 2014, NHS England Patient Safety Alert 2014, NCEPOD report 2015*).

National Drivers and Internal Audit has led to a recognition that we need to improve recognition and delivery of sepsis care.

A Sepsis Collaborative was established in September 2014 with our external partners including South East Ambulance (SECAmb), primary care, community and internally from divisions. A driver diagram was created and work streams identified to improve the clinical recognition, initiation and delivery of appropriate treatment and escalation to expert staff. The Trust leads on the regional "Sepsis Collaborative" across Kent, Surrey and Sussex.

8. Never Event monitoring

We aim to eradicate Never Events. Unfortunately there were three never events reported in 2016/17. This is an improved position from the eight never events reported for the previous year.

Table 13 – Never Events

Type of event	Issues and learning identified
Operating on the wrong site	Importance of anaesthetic participation in theatre of the Team Brief and documentation of this process and for
One wrong site block incident	The "Stop Before you Block" process to be performed out loud.
One incorrect tooth removed	Highlighted the requirement to re-review X-rays prior to planned procedures.

None of the patients suffered from long term harm arising from these errors,

9. Patient Safety Alerts

NHS Improvement produces patient safety alerts following analysis of incidents reported on the National Learning and Reporting System (NRLS). There have been 10 alerts in distributed in 2016/17. We have a cascade system within the Trust to ensure relevant specialities are aware of the alert, information is disseminated and appropriate actions taken to reduce the risks highlighted within the alert.

These alerts are distributed by the national Central Alerting System (CAS).

There has been some concern nationally about the number of alerts that had not been actioned by NHS Trusts, giving rise to anxiety about the safety of services. In light of this, action has been taken to review and update local processes to ensure that action is taken and progress recorded as required. There is one Patient Safety Alert with outstanding actions at year end; this relates to supporting the introduction of the National Safety Standards for Invasive Procedures. Whilst this alert was issued in the 2015/16 financial year, the target date for action was September 2016.

10. Reporting patient safety incidents

When an incident occurs we investigate what happened and record the level of harm caused as a direct result of omissions or commissions in the provision of our services.

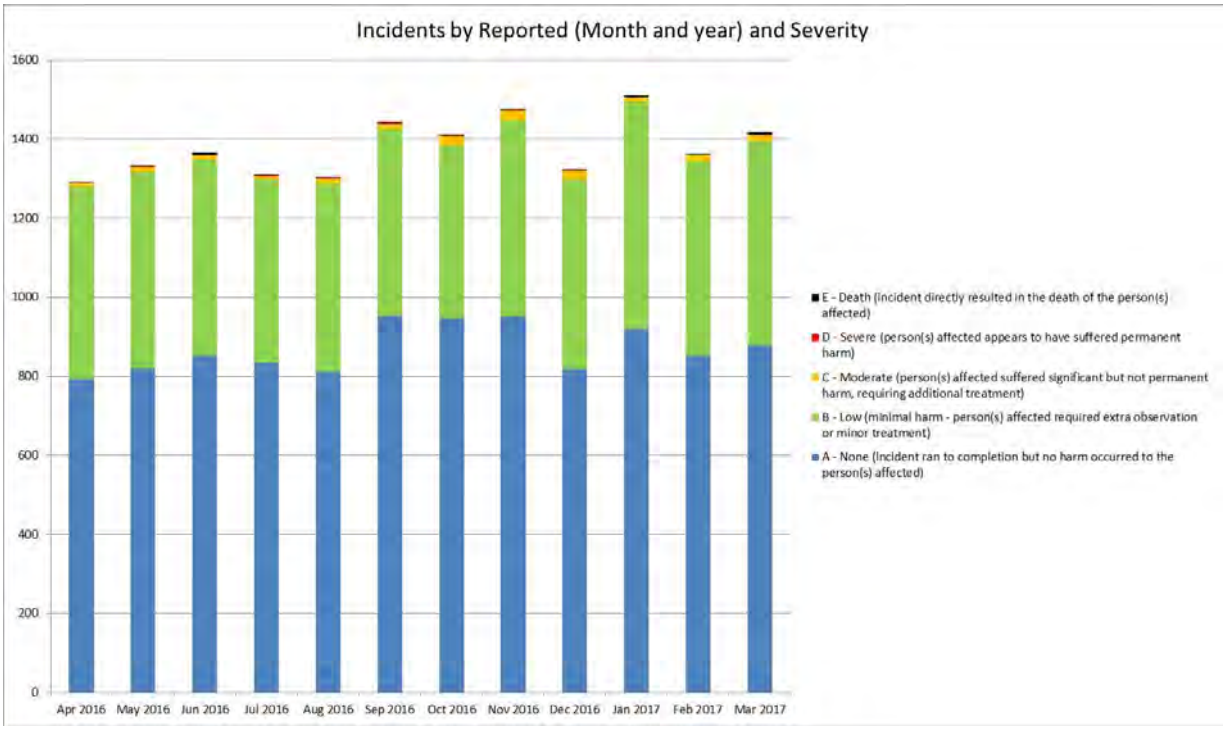
Table 14 - Level of harm

Level	Description
No harm	Impact prevented – any patient safety incident that had the potential to cause harm but was prevented, resulting in no harm to people receiving NHS-funded care. Impact not prevented – any patient safety incident that ran to completion but no harm occurred to people receiving NHS-funded care.
Low	Any patient safety incident that required extra observation or minor treatment and caused minimal harm, to one or more persons receiving NHS-funded care.
Moderate	Any patient safety incident that resulted in a moderate increase in treatment and which caused significant but not permanent harm, to one or more persons receiving NHS-funded care.
Severe	Any patient safety incident that appears to have resulted in permanent harm to one or more persons receiving NHS-funded care.
Death	Any patient safety incident that directly resulted in the death of one or more persons receiving NHS-funded care.

We aim to create a strong patient safety culture within the Trust; consequently we anticipate that a high number of incidents are reported whilst we try to reduce the level of harm that occurs as a result of incidents.

All incidents are reported using an electronic system to make it easier for staff to report and then manage the response to incidents. During the 2016/17 financial year we reported 16,547 clinical (patient safety) incidents. This is an increase of nearly 2,000 against the number reported for the same period last year and our aim is to increase reporting further.

Figure 8 - Severity of harm



Every patient safety incident is reported to the National Reporting and Learning System (NRLS), which now compares our data with all acute Trusts every six months. The latest feedback report shows an average decrease in the number of incidents reported for 1000 bed days from 39.26 incidents for the period April 2015 to September 2015 to 37.56 incidents for the period October 2015 to March 2016. This places us below the median threshold at 39.34 (risen from 38.25 for Apr-Sep 2015) incidents per 1,000 beds. We continue to promote and encourage staff to report incidents. We are liaising with staff on an on-going basis to improve our incident system to support both reporting and learning from incidents. We differ from the national peer group in that proportionally more medical device / equipment issues are reported and less pressure ulcer incidents are reported. Similar to previous data, we reported a higher proportion of low and moderate harm incidents compared to the peer group.

Within the Trust we aim to follow the NRLS Data Quality Standards Guidance (2009). Accordingly in the last 12 months, we continue to conduct regular monthly reviews of data quality.

11. Duty of Candour

Duty of Candour, which became law in November 2014, places a duty on staff to inform patients and/or their representatives of any incidents of moderate, severe harm or death. We must give a sincere, specific apology, the facts as known to date and offer support within ten working days of the incident occurring and follow up in writing about any issues identified.

Following the investigation, the patient (and/or relative) is given a copy of the investigation report and a letter advising of the findings within ten working days of the final report being approved.

During 2016/17:
There were 188 moderate harm incidents recorded for 2016/17. There is evidence that patients were informed of the harm as reported on Datix; relatives were also informed in 123 cases. Relatives were informed in a further 30 cases due to the patient not being able to be informed. Support and initial facts were given to 13 patients, and a further one apology was given to the patient's representative of the 16 severe harm incidents. However in only four cases was there recorded evidence on Datix that the patient or relative having been provided with a letter relating to the final outcome of the investigation. There were 33 cases reported relating to the death of a patient. Incidents are often discussed with the patient prior to the final outcome. An apology was given to the relative in 12 cases, but not recorded in two cases.

Next steps - During 2017/18 we will:

- Update the training for staff on their responsibilities for duty of candour;
- Revise the information for staff on the Intranet;
- Use the Quality Improvement and Innovation Hubs to support key messages for staff; Incorporate the duty of candour requirements into all training in incident management.

12. Learning from Incidents

Incident data is used alongside other measures of quality and safety to inform divisional patient safety improvement plans. Learning from Serious Incidents is shared at Governance Boards and the Patient Safety Board. In addition the local Patient Safety Collaborative for Serious Incidents enables learning to be shared across the Kent locality.

13. Clinical Shout Out Safety (SOS) Programme

Since September 2015, the Corporate Patient Safety and Beautiful Information Teams have developed and made available an online process for staff to highlight their ward/department successes, concerns and suggestions, called Clinical Shout Out Safety (also known as Clinical SOS), which is directly linked to the Trust's patient safety programme and supports the core principle of encouraging staff to raise concerns about patient safety.

Staff can raise patient safety matters, request their suggestions and concerns are escalated and receive feedback. In order to promote vigilance and depending on the kind of SOS messages received, these are forwarded, anonymously if required, to the service concerned for actions, information and learning.

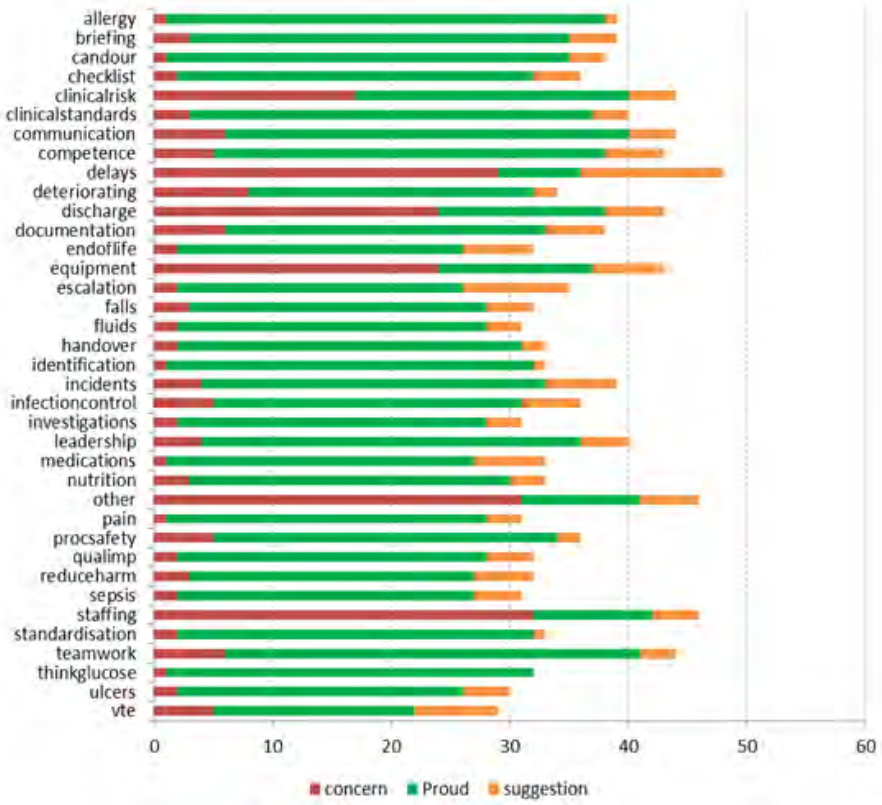
SOS messages, and other patient safety indicators, drive Divisional safety improvement plans. Staff are invited to fill in a Clinical SOS prior to a Collaborative Patient Safety Visit taking place. This enables plans and SOS themes (there are 37 A to Z themes) to be discussed during the visit.

Reducing avoidable harm requires a commitment to having both a systematic approach to safety and a focus on getting the basics right. Patient safety is everyone's responsibility and it is built upon the actions of individuals. As Clinical SOS becomes more embedded and staff are encouraged to raise concerns, make suggestions or share good practice through Shout Out Safety, the Trust will gather an even stronger picture of safety matters of significance to its workforce and will be able to address these as promptly as possible, hence fostering a safer culture and practice for our patients and staff.

During 2016/17 we:

- reviewed 129 SOS reports containing 1,340 messages, half of which chose to remain anonymous. The area where staff felt the most proud was teamwork, the most concerns raised were about staffing and the most suggestions given were about delays;
- escalated key themes through the Divisions and reported in Patient Safety Reports to Divisional Governance Boards, the Patient Safety Board and Trust Board of Directors.

Figure 9 - SOS Patient safety themes raised by staff during 2016/17



Next steps:

- Update the SOS process to offer staff access to a "Freedom to Speak up Guardian" should they feel their concerns are not heard;

- Improve the timeliness of responses to SOS messages and their appropriate escalation.

14. Freedom to Speak Up Guardians

During 2016 the Trust appointed three Freedom to Speak Up Guardians (FTSUG). Freedom to Speak Up Guardians have responsibility for raising the profile of raising concerns and the importance of getting it right. They are tasked with providing confidential advice and supporting staff to raise concerns and with ensuring that concerns raised are handled effectively.

Concerns that can be raised with FTSU Guardians include:

- Unsafe patient care;
- Unsafe working conditions;
- Inadequate, induction or training of staff;
- Lack of, or poor response to a reported patient safety incident;
- Suspicions of fraud (which can also be reported to the local counter fraud team);
- A bullying culture (across a team or organisation rather than individual instances).

They are not expected to support those with individual grievances and these will continue to be managed by Human Resources (HR). Referrals are logged, monitored and dealt with within a specified time frame and quarterly reports of activity submitted to Board. In future Freedom To Speak Up will be considered as part of the CQC well led domain.
Three FTSU Guardians have been appointed and can be contacted through ekhuft.freedomtospeakupguardian@nhs.net. Our learning since introducing the roles is that we need to raise their profile and make them more visible to the organisation.
First steps have included:

- Building partnerships
- Launching a publicity campaign.

3. EFFECTIVE CARE - IMPROVING CLINICAL EFFECTIVENESS AND RELIABILITY OF CARE

1. Mortality reduction

The Hospital Standardised Mortality Ratio (HSMR) is a tool used to calculate the expected number of deaths within a hospital based on a number of factors e.g. age, sex, diagnosis, planned or emergency admission. The hospital's actual number of deaths is then compared to their expected number of deaths. This allows for comparison of hospitals performance with peers. If the Trust has a HSMR of 100, this means that the number of patients who died is exactly as predicted. If the HSMR is above 100 this means that more people have died than would be expected, if the HSMR is below 100 it means that fewer than expected died. In 2016/17, the latest in year HSMR was 89.8, which means the Trust has a significantly lower death rate than the national average.

Figure 10 - Hospital Standardised Mortality Ratio (HSMR)

The Summary Hospital Mortality Index (SHMI) is a different way of recording mortality. It takes into account patients who die within 30 days of their discharge from hospital. The latest national data (October 2015 to September 2016) shows a SHMI of 0.9862. This means that our SHMI continues to improve and is within that expected nationally.

Current work programme

Each Division is aware of outcomes relating to individual diagnostic codes and should they alert (i.e. rise above national average) then they are expected to conduct mortality reviews and link this with their patient safety programmes, which are reviewed by the Patient Safety Board.

Other areas of work:

- The Trust is further developing a process of retrospective case note reviews using a standardised national tool (launched March 17) to ensure that we are reliably delivering high quality care and to identify cases of substandard care where harm may have occurred as a consequence. This initiative follows the recommendations made in the Mazars Report published in December 2015;
- A training programme to support the roll out of the Royal College of Physicians Structured Judgement Review case note methodology will be implemented to ensure consistency in review process;
- In addition to the reporting of mortality data to the Board a dedicated committee has been established (mortality surveillance group). This committee will review trends across sites, days of the week, specialties, cross reference data with other sources of information (audit data, clinical incidents, complaints) and data emerging from morbidity and mortality meetings;
- A process by which we can capture findings from mortality case note reviews in such a way that we can identify trends is to be established. Each Division will ensure that they review these data in their governance meetings and develop and monitor action plans to address any repeated findings;
- The teaching "Grand Rounds" across the three acute sites will refocus the approach on patient safety using a facilitated case review model.

2. Enhancing Quality and Recovery Programme - Reliable Care

The Trust participates in a region wide programme known as "Enhancing Quality and Recovery". The aim of this programme is to record and report how well we perform against a set of evidence-based measures that experts have agreed all patients should receive in a number of clinical care pathways. The programme is now in its fifth year, with the aim of improving quality of care received by patients, and in 2016/17 included the following pathways:

Enhancing Quality pathways:

- Pneumonia
- Heart failure pathway
- Chronic Obstructive Pulmonary Disease (COPD) pathway

Enhanced Recovery pathways:

- Colorectal surgery
- Gynaecology surgery
- Hip and knee surgery
- Emergency Laparotomy

The programmes require us to audit all patient discharges from clinical pathways monthly; this is undertaken three months after the date of discharge for the Enhancing Quality programme, and two months after discharge for the Enhancing Recovery Programme. The reports provide information on our performance and this is benchmarked with our peer acute providers in the region.

The Enhancing Quality and Enhanced Recovery audit year commences in January and concludes in December of each year. The summary of performance below will cover 2016 and performance is measured as an accumulated care score (ACS).

Table 15 - Achievement of Enhancing Quality and Recovery Programme targets Performance in 2016/17

Summary of performance in 2016/17	
Enhancing Quality	
Pneumonia	We have performed consistently in line with the regional average
Heart Failure	Performance increased throughout the run of the programme and has sustained a level around 80%
COPD	The trend is of gradual improvement in performance in implementation of the care bundle
Enhancing Recovery	
Colorectal Surgery	Performance has been variable in recent months and has increased, above the regional average, since April 2016
Gynaecology Surgery	Performance has variable and frequently below the average since April 2015
Hip and Knee Surgery	Average performance is high for this pathway at over 80%. EKHUFT has typically performed in line with the regional average with some variability in recent months.
Emergency Laparotomy	Above average performance for the region.

National average or above
Below national average

The performance measure is a grouping of a number of measures for each pathway.

Further information on the range of measures is available on request by either emailing general.enquiries@ekht.nhs.uk or phoning us on 01227 766877.

3. **End of Life Care** (EoLC)

There have been a number of improvements in the care that is given to dying patients and their families over the last twelve months across the Trust. This has taken into account the feedback from the CQC, the Carers' questionnaires and the National Survey responses. A summary of the improvements and next steps are detailed below.

- Our documentation was an important area highlighted by the CQC when they visited in 2015 and we have worked hard to develop new documentation and to support our staff in using it to deliver great care. We have monitored the way we use our new documentation to ensure that we are recording effectively and well. We have been able to show a significant improvement by undertaking three monthly audits. Going forward into 2017/18 we will work hard to further embed this good practice, with an important focus on the documentation needs of patients who have been recognised as dying.
- Inter-agency Policy - This important policy assists us to deliver care at a crucial time in a patient's life. Its implementation is supported by a Trust action plan and the policy is available on the EoL website and within the policies page of the Trust website.
- The Compassion Project is a recognised project internationally and this commenced in January 2017. The Trust is working closely with Pilgrims Hospices to implement it across the Trust.
- We have increased our End of Life Workforce; an End of Life Facilitator is now in post and we have successfully secured funding from Macmillan for two further project posts. Collectively this additional staff capacity will help us to further embed the improvement plan for End of Life care across the Trust.
- EoL care forms, which is also a CQUIN target, and performance has been assessed via our three monthly audits.
- National Audit - End of Life Care – Dying in Hospitals. The outcomes from this audit have been incorporated in to the Action plan for End of Life. Themes from the audit are part of the education and training programmes that are now embedded across the Trust.
- Link Nurses - All our clinical areas now have a link nurse and to promote high standards of care we require all our link nurses to complete the EoL training in relation to acute hospitals. We monitor how many we have trained as part of our CQUIN target.
- The Trust has an embedded education and training programme for all staff groups. The Acute Hospitals module is being incorporated into Consultants Appraisals.
- We have established End of Life Working groups on all three of our main hospital sites. These groups help us maintain our focus on our improvement journey. With representatives from clinical and non-clinical staff groups they support the development and implementation of our EoL action plans. Specific projects also include recognition of End of Life, documentation, patient and carer information packs, and improving the fast track process.
- We place high importance on patient and public feedback as it helps us to understand and develop the quality of our services. During 2016/17 we participated in a second round of the Carers' (VOICES) Bereavement Questionnaire.

The responses received to date demonstrate a marked improvement from 81% to 96%, rating our care as good to excellent.

- During 2016 we introduced a staff survey because we believe that great care is delivered by a positive and supported workforce, and we place high importance on understanding our care environment from our staff's perspective. Readily accessible via the End of Life Website, the aim of the survey is to tell us how confident our staff feel delivering End of Life Care. This enables us to respond to their training and support needs more effectively, and through this support deliver great patient care.
- Where staff training needs are identified we are responding to them. We are currently collating Syringe Driver Competencies through our ward managers, monitored by the EoL Facilitator.

Next Steps

- **Consistency** – building on the achievement of 2016/17 we will further embed good practice in relation to EoL documentation across the Trust;
- **Communications –** we will develop an End of Life Communications strategy;
- We will refine the way we identify and manage our risks, through further development of an EoL risk register**;**
- **Fast track** – as part of our action plan we will improve the fast track pathway for patients who wish to die in their preferred place of care;
- **Death Certificates –** we will improve the timeliness of our certification of death, monitoring achievement through audit.

4. Improvement Delivery Business Partners (IDBP)

The Improvement Delivery Business Partners (formerly known as Service Improvement and Innovation Team) were restructured in April 2016 to work in a more co-ordinated way with the Programme Management Office (PMO), and have a greater focus on those Improvement Programmes which were aligned with Cost Improvement.

Working in partnership with clinical and operational teams, the IDBPs have supported Divisions with making improvements within the following workstreams:

- Reducing agency spend;
- Workforce;
- Theatre efficiency ;
- Improving patient flow (enhancing SAFER – a system to improve the discharge process and reduce length of stay – please see Table 16);
- Medicines optimisation;
- Outpatient's efficiencies.

Table 16 – SAFER

Definition of SAFER
SAFER is a set of activities to help eliminate unnecessary waiting and get patients home. It supports our Home First approach to get people to the place they call home, as soon as possible. **S – Senior Review** **A – All patients to have an estimated discharge date** **F – Flow of patients should happen as soon as possible** **E – Early discharge** **R – Review of patients weekly**

During 2016/17 key achievements have included:

- Implementation of Registered Practitioner-led Discharge within Maternity (over 50 staff trained);
- Implementation of the ward 'SAFER' Dashboards to monitor improved patient flow;
- Reduction in cancellations on the day, through improved Pre-Assessment and theatre efficiency;
- Review of Mortuary Services across the Trust;
- LEAN review of Pathology services;
- The IDBPs won 'Runner up' at this year's Trust Awards for Non-Clinical Team of the Year.

5. Patient Reported Outcome Measures (PROMs)

PROMs assess the quality of care delivered to patients from the patient perspective. The EQ-5D is a survey tool that seeks to assess how effective the surgery a patient has undergone is by measuring pre and post-operatively the patient's mobility, self-care, usual activity, pain & discomfort, and anxiety/depression. The four procedures we measure are:

- hip replacements;
- knee replacements;
- groin hernia;
- varicose veins.

The improvement scores for primary knee repair have deteriorated this year, with performance deteriorating to below national levels. Whist primary hip replacement patient EQ-5D scores have improved slightly this year; the national performance has also improved. Groin hernia repair remains above the national performance score. We do not undertake varicose vein surgery. See Table 17.

Table 17 – Patients reporting improvement post-surgery

EQ- 5D Index Score - % Patients reporting improvement								
	2013		2014		2015		2016	
Procedure	**Trust**	**National**	**Trust**	**National**	**Trust**	**National**	**Trust**	**National**
Groin hernia	56.5	50.6	52.0	50.2	49.1	51.1	68.4	51.7
Hip replacement (primary)	86.3	89.3	90.3	90.6	87.7	89.7	87.9	90.4
Knee replacement (primary)	79.0	81.4	81.8	82.2	92.9	82.6	74.6	82.4
Varicose Vein	*	51.8	*	53.8	*	54.1	*	51.5

4. AN EFFECTIVE WORKPLACE CULTURE TO ENABLE QUALITY IMPROVEMENT

1. Improving internal communication and staff engagement

The Trust's Board of Directors approved the five year communications and engagement strategy in October 2016. The strategy sets out how the Trust will communicate and engage with staff, which is a key area of focus for the cultural change programme and the People Strategy. The effectiveness of our internal communications and engagement is measured through direct and indirect feedback, the annual staff survey results and the Staff Friends and Family test.

Four of the strategy's key objectives relate to internal communications and engagement:

- Embed the Trust's mission, vision, values and strategic aims with our staff and communicate this effectively with our patients and external stakeholders;
- Engage and involve people in improving the quality of our services so we are better at meeting their needs;
- Engage and support senior managers to communicate and engage effectively and to involve their staff in decision-making;
- Be proactive in our communications and use of different channels.

Progress to date:
Communication channels

- The Staff zone is being developed further as the place for staff to go to find a wide range of news, information and policies to help them in their roles;
- Trust News, a weekly newsletter for staff, is online and also available as a pdf. document so it can be printed out for staff who are not desk based.
  It keeps staff informed of the Trust's news and includes staff notices and information about training opportunities;

- The Chief Executive Officer's weekly message is highly recognised and commented on by staff and is sent by email once a week. It includes the key messages from the Board that every member of staff needs to be aware;
- Posters, desktop "wallpaper" and other resources were produced throughout the year to communicate campaigns and key messages. "Newsflash" emails and payslip messages are also used regularly.

Engagement

- Staff engagement sessions are held regularly and are open to all staff, they are an information exchange and always include a question and answer session, usually with members of the Executive team. Sessions held during 2016/17 focussed on our improvement journey, strategic priorities and clinical strategy and typically reach 100+ staff members per sessions;
- An Executive Team visibility programme was launched with walkabouts and job shadowing happening regularly;
- The QII hubs welcome sessions from the Executive and other staff members to engage staff on a range of topics.

Supporting managers

- The Leader, an email bulletin sent to people managers whenever there is information they need to be aware of and act on, was launched;
- The Trust's Team brief was reviewed and as a result Team Talk was launched. This is a single subject presentation for managers to use to engage their staff in team meetings/huddles so they are communicating consistent information. It is delivered alongside local news and updates from the manager;
- Leadership events are held in April and September and are an opportunity for senior managers to hear about and discuss Trust strategy, our vision and what is expected of our people managers.

Celebrating positive news

- Your Hospitals magazine was launched and is produced three or four times a year. Thirty thousand copies are distributed for staff and the public to pick up free of charge via 300 drop off points across our sites and in the community. It contains inspirational stories about the difference our staff make to patients;
- We have doubled the amount of positive news stories about the difference our staff make in the media and significantly increased the use of social media and digital channels to communicate positive stories;
- The People Strategy was approved by the Board in October 2016;
- The Leadership development programme for 200 clinical and non-clinical leaders was agreed;
- The Respect Programme saw further staff training in areas such as in Maternity Services. NHS Employers have hailed the programme as a best practice case study;

- The Healthy Workplace Group, set up to support the guidance published by NICE and staff interventions, continued its work to raise awareness of initiatives around healthy eating, smoking cessation, physical activity and mental health e.g. mindfulness training. A Health and Wellbeing session is being included in all management development programmes;
- An improved appraisal process was introduced which embeds the Trust's values and behaviours as part of the discussion.

2016/17 performance

- The staff friends and family test results showed a rise of 11% of staff who say they would recommend the Trust as a place to work, from 47% in the last quarter of 2014/15 to 58% in the second quarter of 2016/17 (latest figures available).
- The CQC reported a marked increase in staff engagement and leadership during its re-inspection in September 2016. The CQC reported that staff have recognised the increased visibility and accessibility of the Executive Team and that the culture within the Trust has improved significantly since 2014 and continues on a trajectory of improvement.
- The annual staff survey showed a 5% increase in staff feeling communication between senior management and staff is effective and a 4% increase in staff saying they knew who the senior managers are.
- Twelve per cent more staff said the Trust's values were discussed at their appraisal this time round.

Next steps – During 2017/18 we will:

- Evaluate the reach and effectiveness of internal communications and engagement;
- Continue to develop the Executive visibility programme;
- Continue to involve staff in the Trust's clinical strategy;
- Develop the Great Place to Work and Great Healthcare from Great People initiatives;
- Report quarterly on the results of Staff Friends and Family tests;
- Report the results of NHS staff survey – annually.

2. Quality Improvement and Innovation Hub - connecting us to be the best

The Quality Improvement and Innovation Hub model is built upon the Shared Purpose Framework, with an aim to provide a site based model for all staff to be involved in the Trust's Improvement Journey. The QII Hubs are a resource intended to support staff development, and enable an effective workplace culture; through shared learning, fostering collaborative partnerships, and facilitating a ward to board model of communication to inform and shape strategy. The content of QII Hub activity is varied; and is driven by the Improvement Programme Steering group, and local need identified by both the hub team leads and hub attendees.

Plans to further develop the hub resource are underway, with an aim to reach a wider audience. This includes a review of alignment with organisational priorities, and development of the QII hub website.

Section 4 - Statements of Assurance

During 2016/17 the East Kent Hospitals University NHS Foundation Trust provided and/ or sub-contracted 100 per cent of NHS services.

The East Kent Hospitals University NHS Foundation Trust has reviewed all the data available to them on the quality of care in 100 per cent of these NHS services.

The income generated by the NHS services reviewed in 2016/17 represents 100 per cent of the total income generated from the provision of NHS services by the East Kent Hospitals University NHS Foundation Trust for 2016/17.

Clinical Audit

During 2016/17 41 national clinical audits and six national confidential enquiries covered relevant health services that the Trust provides.

During that period the East Kent Hospitals University NHS Foundation Trust participated in 95% of national clinical audits and 100% of national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

Table 18 – Audit Status

Status	Number of Audits
Total number of audits listed	**51**
Not applicable to EKHUFT	**8**
Did not participate	**2**

The national clinical audits and national confidential enquiries that East Kent Hospitals University NHS Foundation Trust was eligible to participate in during 2016/17 are as follows:

The national clinical audits and national confidential enquiries that East Kent Hospitals University NHS Foundation Trust was participated and for which data collection during 2016/17 are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry in during 2016/17.

Table 19 – National Clinical Audit Programme 2016/17

Name of audit/Clinical Outcome Review Programme	Percentage of cases included	Action
Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	85% current position. The deadline for all data input for the MINAP year April 16 to March 17 is 31st May 2017.	2014-15 Report received 1/2/17. Local action plan being constructed
Adult Asthma	K&C 16, QEQM 3, WHH 12 100% of cases submitted	
Adult Cardiac Surgery	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
Asthma (paediatric and adult) care in emergency departments	100%	Site specific action plans will be constructed once report has been received.
Bowel Cancer (NBOCAP)	Ascertainment of 101.39%. Data completeness has improved this submission year - the Trust has higher level of completeness that national average.	EKHUFT participating
Cardiac Rhythm Management (CRM)	Delayed submission due to fault within NICOR system and the new cases and amends for existing cases cannot be submitted until NICOR have resolved the technical problems.	Regular communication with Lead and plan to input data once technical issues resolved. Register rather than an audit
Casemix Programme (CMP)	98%	Quarterly reports taken to Surgical Services Governance Meetings
Child Health Clinical Outcome Review Programme	Mental Health in young people – 93%	EKHUFT participating - Reports will be presented to Patient Safety Board. Local action plan to be constructed once National report is released.
Chronic Kidney Disease in Primary Care	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
Congenital Heart Disease (CHD)	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT

Name of audit/Clinical Outcome Review Programme	Percentage of cases included	Action
Coronary Angioplasty/National Audit of Percutaneous Coronary Interventions	100%	EKHUFT participating - Monthly completion rates assessed
Diabetes (Paediatric) (NPDA)	100%	EKHUFT participating Reported on Snapshot QA Report
Elective Surgery (National PROMS Programme)	Overall 50.22% average Participation	EKHUFT participating - Producing a monthly PROMs Dashboard. Surgical leads are in place who will review the reports and identify any appropriate responses needed to any adverse results. Not an audit and so not managed by Clinical Audit Department
Endocrine and Thyroid National Audit	No post-operative in-hospital deaths. 100% first-time thyroid surgery procedures recorded in the registry.	EKHUFT participating. Annual Report received 1/2/2017 - no actions needed
Falls and Fragility Fractures Audit Programme (FFAP)	2015-16 Percentage score for; Kent and Canterbury Hospital - Delirium: 60.0 BP: 65.2 Medication: 88.2 Vision: 91.7 Mobility aid: 66.7 Continence CP: 84.6 Call bell: 92.0 Queen Elizabeth the Queen Mother Hospital - Delirium: 65.0 BP: 50.0 Medication: 66.7 Vision: 88.0 Mobility aid: 70.6 Continence CP: 76.9 Call bell: 88.5 William Harvey Hospital - Delirium: 37.9 BP: 45.5 Medication: 45.8 Vision: 0.0 Mobility aid: 36.4 Continence CP: 18.2 Call bell: 18.2 55.6	EKHUFT participated. Planning progress for 2017 audit.
Head and Neck Cancer Audit	Submission for this audit due to commence Jan 2017	EKHUFT will be participating
Inflammatory Bowel Disease (IBD) Programme	27 patients entered Trust wide	EKHUFT participated. Ended nationally March 2016

Name of audit/Clinical Outcome Review Programme	Percentage of cases included	Action
Learning Disability Mortality Review Programme	Currently piloting across UK. Data collection not yet in progress.	EKHUFT will be participating
Major Trauma Audit (TARN)	99.2%	EKHUFT participating - Results taken to the monthly Trauma Board Meetings which are saved onto SharePoint
Maternal, Newborn and Infant Clinical Outcome Review (MBRACE)	100%	EKHUFT participating - This is a mortality register and the deaths are reviewed as part of the on-going mortality
Medical & Surgical Clinical Outcome Review Programme	Acute Pancreatitis – 93%	EKHUFT participated - Reports presented to Patient Safety Board. National results presented
Mental Health Clinical Outcome Review Programme	100%	EKHUFT participated - Reports will be presented to Patient Safety Board. Local action plan to be constructed once National report is released.
National Audit of Dementia	100%	EKHUFT participated - results will be discussed at Dementia Strategy Group meeting and local action plan constructed
National Audit of Pulmonary Hypertension	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
National Cardiac Arrest Audit (NCAA)	100%	EKHUFT participating - Results reviewed by Cardiac team
National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme	100% 2017 data collection in progress	New COPD pathway implemented. Specialist Respiratory Nurses appointed.

Name of audit/Clinical Outcome Review Programme	Percentage of cases included	Action
National Comparative Audit of Blood Transfusion - Audit of Blood Management in Scheduled Surgery	100%	EKHUFT participating - Reported on Snapshot QA Report
National Diabetes Audit - Adults	Diabetes (Adult) National Core – not active 2016-17 Diabetes (Adult) Foot Care (NDFA) – 4 patients submitted Diabetes (Adult) National Inpatient (NaDIA) – not active 2016-17	In the community a new clinical pathway has been instigated to facilitate collection of the NDFA data
National Emergency Laparotomy Audit (NELA)	96.64%	EKHUFT participating - Data reviewed monthly by clinical team. ERP pathway audit
National Heart Failure Audit	83%	EKHUFT participating - Monthly results disseminated at quarterly Heart Failure Meetings with actions implemented
National Joint Registry (NJR)	100%	EKHUFT participating - Registry not an audit. Results reviewed by Division
National Lung Cancer Audit (NLCA)	82%	EKHUFT participating
National Neurosurgery Audit Programme	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
National Ophthalmology Audit	**EKHUFT did not take part in this audit**	
National Prostate Cancer Audit	78%	EKHUFT participating
National Vascular Registry	100%	EKHUFT participating - Registry not an audit. Results reviewed by Division
Neonatal Intensive and Special Care (NNAP)	100%	EKHUFT participating - Pulling existing information from NICU/SCBU's "Badger" system every quarter.

Name of audit/Clinical Outcome Review Programme	Percentage of cases included	Action
Nephrectomy Audit (BAUS)	66.7%	EKHUFT participating - Monthly completion rates assessed
Oesophago-gastric Cancer (NAOGC)	100%. Data quality 60-80% bracket in 2016.	EKHUFT participating
Paediatric Intensive Care (PICANet)	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
Paediatric Pneumonia	100%	EKHUFT participating. Data collection in progress.
Percutaneous Nephrolithotomy (PCNL)	100%	EKHUFT participating - Monthly completion rates assessed
Prescribing Observatory for Mental Health (POMH-UK)	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
Radical Prostatectomy Audit (BAUS)	100%	EKHUFT participating - Monthly completion rates assessed
Renal Replacement Therapy (Renal Registry)	100%	EKHUFT participating - Exception reporting takes place monthly.
Rheumatoid and Early Inflammatory Arthritis	100%	EKHUFT participated. Local actions included a review of services
Sentinel Stroke National Audit Programme (SSNAP)	100%	Action plans from quarterly reports discussed at Stroke Pathway meetings
Severe Sepsis and Septic Shock - care in emergency departments	100%	Data monitored monthly through CQuIN shows improvements in screening and antibiotic prescribing
Specialist Rehabilitation for patients with complex needs	**EKHUFT not required to participate in this audit**	Not applicable to EKHUFT
Stress Urinary Incontinence Audit	**EKHUFT did not take part in this audit**	
UK Cystic Fibrosis Registry	Postponed until 2017-18 programme by central team	To participate when registry live

The reports of 31 local clinical audits were reviewed by the provider in 2016/17 and the Trust intends to take the following actions to improve the quality of healthcare provided:

Table 20 - Actions identified following local audits

Audit	Actions
Purple syringe audit/Use of oral syringes	1. Share results with ward managers and matrons 2. Send ward pack to ward managers for self-monitoring 3. Review delivery of medicines management training 4. Add re-audit to 2016/17 audit programme
Tissue Viability Audit	1. Disseminate report to key groups 2. Heel campaign - raising awareness events, Trust news article, heel offloading snapshot audit 3. Improve compliance with medical photography of Cat 2 or above pressure ulcers - raise awareness of flow chart & of wound monitoring 4. Equipment trials - protocol and trail outcome 5. Reduce avoidable sacral ulcers - Data analysis of these ulcers. Action resource pack 6. Re-audit
RCOG VTE risk assessment during pregnancy & puerperium	1. Submit report and action plan to Women's Health Clinical Governance team. 2. Highlight areas for improvement in Risky Business, Include in Mandatory training and put up poster on the wards 3. Quarterly audit to be completed
IHA for looked after children	1. Referral pathway and SOP for carrying out LAC IHAS have been reviewed and escalation of delays is now being incorporated. 2. Escalation of demand and capacity issues is in place (on weekly basis) 3. EKHUFT participated in the pilot project of "moods and feeling questionnaire" to capture the voice of the child and sent to Local authority
Prolonged jaundice	1. Email Tertiary centre with guideline recommendation 2. New guideline produced 3. Re-design pro forma 4. Leaflet produced for parents 5. Email sent to consultants to discuss centralization for patients

Audit	Actions
Children receiving Systemic Therapy within Dermatology	1. Database of patients created 2. Regular meetings with speciality directorate management 3. Results presented at July 2015 meeting 4. Poster presentation at BAD conference 5. Job description written, discussed with Medical Director Oct 2015
Treatment with Cryotherapy at K&CH	1. Results presented at Departmental Meeting 2. Appropriateness of using cryotherapy on benign lesions discussed at business meeting 3. New TUSCC sheet produced 4. Re-audit added to 2017/18 programme
Patients on HD awareness of HHD as treatment option	Make changes to home installs- (new boards/ new plumber), Implement universal set up, Business case for service expansion, Work with finance/ Toby to capture income generated sessions
Skin malignancies post-transplant	Improved screening for skin malignancies by increasing number of review clinics, Routine questioning at clinics to raise awareness, improved documentation of all malignancies.
Ward/dialysis communication sheet	Journal Club, Discuss with teams and managers e.g. contact satellite unit managers, Training
VTE Thromboprophylaxis in Myeloma Re-Audit	1. Continue to offer Rivaroxaban as prophylaxis to patients on IM:D-based regimes (as per protocol) 2. Document thromboprophylaxis at time of chemo consent 3. If patients are admitted or there are concerns re absorption of Rivoroxaban then switch to Clexane.
Anti-Xa monitoring of low molecular weight heparin in pregnant women prescribed antenatal thromboprophylaxis	1. Discharge letters in place - re-audit to confirm implementation required 2. Advise for delivery to be tailored to individual risk factors made. Thrombophilia screen as per Green top guideline indications. In place - re-audit to confirm implementation required. This will be considered for inclusion in future audit year.

Audit	Actions
Hepatitis B screening in DLBCL patients receiving rituximab therapy in 2014	1. All new patients attending clinic to have full hepatitis serology checked with initial bloods 2. Patient-centre blood request 'Haematology Clinical trials Virology' contains all specific tests required 3. The clinician requesting test is ultimately responsible for ensuring test result checked & appropriate actions taken 4. Chemo action sheet completed/electronic screening cannot be done electronically, so manual checking has commenced. 5. At nursing pre-chemo chat - to check that hepatitis result available & discuss with haematology doctor 6. Pharmacy to check at screening for first cycle & discuss with consultant haematologist if no hepatitis result
Use of the Record of End of Life (EOL) Conversation Form and quality of information provided re-audit 2016	1. To ensure attendance register completed at link nurses day 2. Ward spot check to ensure compliance with recommendation 3. FY1 & F2 education programmes in place 4. Results of survey sent to all nursing & medical staff in department 5. Re-audit added to 2017/18 programme
National Oncology Febrile Neutropenia audit	1. Disseminate all learning points from the audit to juniors every four months. 2. Share learning points at twice yearly study days which is attended by our local teams of doctors & nurses. 3. Participate in future national audits and consider an audit of local practice in 2016//17 audit programme
Mouth care and oral hygiene on RSW	1. Policy written submitted for peer review. 2. Education of nurses, patients, carers on oral hygiene. Information on Display board. 3. Leaflet designed, printed and in use.
Proper recording of the identity of the healthcare professionals who report imaging investigations Audit	Changes made to PACS/RIS system to improve documentation
Antisepsis prior to neuraxial block	Raised awareness regarding antisepsis by dissemination of guidelines and display of poster in theatres.
Minimum monitoring during anaesthetic	1. Inspiratory CO_2 alarms switched on. 2. Routine 3-lead ECG monitoring. 3. Awareness raised of equipment functions alarm among Anaesthetists.
Perioperative pain management in abdominal patients	1. Raised awareness about the problem of doing unnecessary investigations, the new NICE guidelines for pre op investigations and the economic impact of appropriate investigations. 2. New trust wide guidelines planned to be implemented.

Audit	Actions
Anti-embolism Stocking Re-audit 2016	Amendments of current tool and redistribute, now in current use.
Antimicrobial prescriptions on ITU	1. Poster highlighting key messages regarding antibiotic management and prescribing to be easily acceptable and visible within the critical care units. 2. Checklist included to be utilised daily, on ward round to prompt best practice
Dislocated shoulder audit	1. Inform junior doctors at induction and teaching. 2. Pain management policy introduced
Falls in A&E at WHH	1. Three BP recordings required 2. Discharge findings to go to GP 3. Additional observations introduced 4. Falls team referral if unexplained collapse 5. Re-audit of new guidelines 6. Re-audit of new documentation
Record Keeping Audit	1. Results were shared with staff at all sites; 2. Operational plan produced, agreed and circulated; 3. Re-audit agreed and being planned for Dec 2016
Fluid prescription post op in elderly patients	1. Present findings to target audience 2. Dissemination of link to BMJ &/or NICE fluid prescribing e-learning modules 3. Devise a poster to disseminate to key areas for display 4. Re-audit in 2017
Encephalitis 2015	1. Standardisation of a case definition - 3 elements all now in place 2. Development of a practical diagnostic algorithm now in place 3. Strategy shared to improve management of patients with suspected encephalitis
CQUINS CAP	Improved performance since beginning of programme - Reduced LOS/Readmissions and Mortality
Pleural Procedures Re-Audit	Training and improved awareness of checklist
Pulmonary Embolus (PE) Diagnosis	Education of staff for WELLS & PESI, age adjusted at Team Meetings. Spot re-audits completed
Blood Transfusion Referral	GP audited to understand number of inappropriate referrals using a SPOT re-audit

2. Participation in clinical research

The number of patients receiving relevant healthcare services or sub-contracted by East Kent Hospitals University NHS Foundation Trust in 2016/17 that were recruited to NIHR Portfolio studies across different disease areas during that period was 2,058.

In October 2016, the Trust's Board of Directors ratified our Research, Innovation and Inquiry strategy for 2016 to 2020. Our vision is to "make a difference to the experience and outcomes of health care to the people of Kent, the NHS and internationally through Research, Inquiry and Innovation". Our RI&I strategy directly supports the Trust's overarching vision and strategic priorities of Patients, People, Provision & Partnership:

Patients: 'Help all patients take control of their own health'. Wanting to better understand or 'take control' of their own condition is frequently cited by research participants as a reason for becoming involved in a research study. By broadening the scope and increase the research opportunities we offer to patients, we will help support this strategic priority.
To ensure we take account of what matters for the people of East Kent, we will engage with our local population and groups that represent them to better understand what their priorities are for research and inquiry.

People: 'Identify, recruit, educate and develop talented staff'. When properly resourced, RI&I has an important role in making the Trust an attractive employer for high quality and committed staff. Moreover, quality care and improvement go hand-in-hand with research and scholarly inquiry, evidenced by the most research-active organisations having better patient outcomes. We will work to ensure RI&I is embedded in Trust human resources policies and procedures to support achievement of this strategic objective.

Provision: 'Provide the services people need and do it well'. By identifying ourselves as being a research-active and innovative organisation, we will enhance our reputation with our local population and commissioners by underlining how effective service provision is achieved by blending research evidence with patients' expertise, professional expertise and the local context.

Partnership: 'Work with other people and other organisations to give patients the best care'. Collaboration, inclusion and participation are fundamental to successful delivery and implementation of research, and we have an established track record of working with local universities and other partner agencies to achieve our research ambitions. Building upon what has come before we will continue this collaborative approach with universities whilst building new strategic alliances with other NHS providers (for example, Kent Community Health FT (KCHFT) with whom we are developing plans for joint research delivery staff).

Other notable events, work programmes and other achievements for RI&I during 2016/17 were:

- Formation of a working group to enhance engagement and involvement of patients, public & staff (PPIE) in RI&I. This builds upon our appointment of two PPIE representatives in 2015/16;

- A celebrated event, held in June 2016, entitled “Making a Difference with Research” in which a capacity audience of patients, public and staff heard inspiring testimonials from clinical trial participants and insights from leading researchers on the fascinating research work underway in East Kent. Brent Murray, patient, research participant and co-researcher, described his very positive experiences best summed up by his words: "Without research things don't improve and people don't get better":
- Recognition of the Trust’s achievements at the Clinical Research Network: Kent, Surrey and Sussex awards in January 2017, with Trust staff winning in two out of five categories (Commercial Research & Outstanding Contribution to Research) and several additional commendations.

3. CQUINS Framework

A proportion of East Kent Hospitals University NHS Foundation Trust’s income in 2016/17 was conditional upon achieving quality improvement and innovation goals agreed between East Kent Hospitals University NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of NHS services, through the Commissioning for Quality and Innovation payment framework (CQUIN).

Further details of the agreed goals for 2016/17 and for the following 12-month period are available electronically at www.ekhuft.nhs.uk

The monetary total for income in 2016/17 conditional upon achieving quality improvement and innovation goals was £9,852m including £900k related to Specialised Services provided. This was 2.5 per cent of the contract values.

The Trust partially achieved all CQUIN targets. Details of the 2016/17 CQUIN programme are listed below:

The Trust struggled to achieve full compliance against the five local and national CQUINS as outlined in Table 20. There were challenges meeting the flu vaccine uptake target for staff, the timely administration of antibiotics to patients with a diagnosis of sepsis and antimicrobial stewardship.

Table 21 - CQUIN performance

	CQUIN SCHEDULE 2015/16			
	General Services Schemes	**% value**	***£000s (est.)**	**Origin**
1	Acute Kidney Injury	0.25	360	NATIONAL
2	Sepsis	0.25	450	NATIONAL
3	Improving diagnosis of dementia	0.25	900	NATIONAL
4	Chronic Obstructive Pulmonary Disease (COPD) pathway	0.4375	1,575	LOCAL
5	Diabetes pathway	0.4375	1,575	LOCAL
6	Heart failure pathway	0.4375	1,575	LOCAL
7	Over 75s frailty pathway	0.4375	1,575	LOCAL
	Total Value	**2.50%**	**8,903**	

	CQUIN SCHEDULE 2016/17			
	General Services Schemes	**% value**	***£000s (est.)**	**Origin**
1	Staff Health and Wellbeing	0.75	2,685	NATIONAL
2	Timely identification and treatment of sepsis	0.25	895	NATIONAL
3	Antimicrobial resistance and stewardship	0.25	895	NATIONAL
4	End of life	0.625	2,238	LOCAL
5	Patient Flow	0.625	2.238	LOCAL
	Total Value	**2.50%**	**8,952**	

National average or above

Below average

Table 22 - Specialised Services CQUINs

	CQUIN SCHEDULE 2016/17		
	Specialised Services Schemes	**% value**	***£000s (est.)**
1.	CUR 1-3 Clinical Utilisation Review - optimising patient flows & move out of acute settings.	86%	£777,000
2.	Rheumatology MDT	2%	£15,000
3.	Optimal Devices	10%	£93,000
4.	Improving HCV Treatment Pathways		Paid to Tertiary centre
5.	Dose Banding	2%	£14,000
	Total Value	**100%**	£ 899,000

	CQUIN SCHEDULE 2017/18		
	Specialised Services Schemes	**% value**	***£000s (est.)**
1.	CUR 1-3 Clinical Utilisation Review - optimising patient flows & move out of acute settings. Contract value of over 50 million	52.7%	£388,000
2.	medicines optimisation	40.0%	£294,700
3.	Dose Banding Intravenous SACT	5.3%	£38,988
4.	optimising palliative chemotherapy decision making		£35k + £40 per eligible patient
5.	Multi-system auto-immune rheumatic disease MDTs and data collection	2.0%	£15,000
	Total Value	**100%**	£ 736,688

In addition the below Specialist CQUINs have been proposed for 2017/18. These are subject to agreement with NHS England for inclusion in the contract:

- Medicines Optimisation (GE3);
- Shared Decision-Making (GE5);

- Nationally Standardised Dose banding for Adult Intravenous Anticancer Therapy (SACT) (CA2);
- Optimising Palliative Chemotherapy Decision Making (CA3);
- Enhanced Supportive Care (1M1/CA1);
- Complex device Optimisation (IM4);
  In addition it is proposed by the commissioners that the below 1617 schemes be continued in the 1718 contract;
- Clinical Utilisation Review (GE1).
- Multi-System Auto-Immune Rheumatic Diseases MDT Clinics, data collection and Policy Compliance.

4. **Information relating to registration with the Care Quality Commission (CQC) and periodic / special reviews**

The Care Quality Commission (CQC) is a Regulatory body that makes sure hospitals, care homes, dental and GP surgeries, and all other care services in England provide people with safe, effective, compassionate and high quality care. The Trust, like all other NHS organisations is registered with the CQC to carry out its day-to-day function of providing care and treatment to patients, the majority of whom live in East Kent. East Kent Hospital University NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is registered without conditions.

The Care Quality Commission has not taken enforcement action against the Trust during 2016/17.

East Kent Hospitals University NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

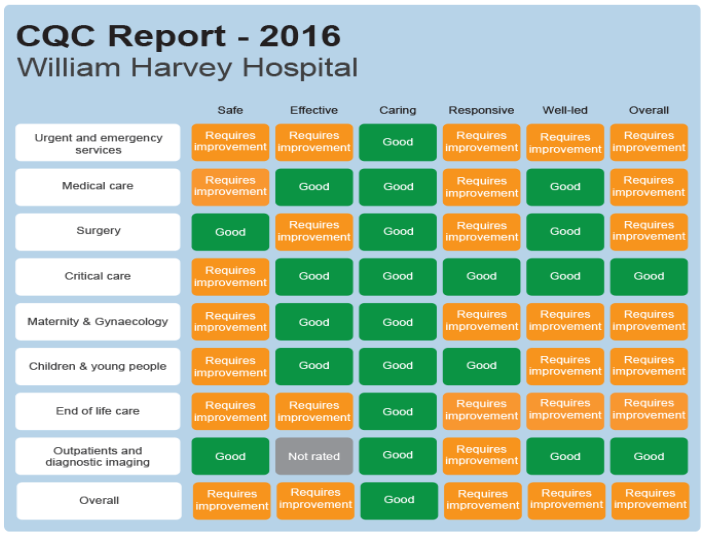
Trust wide investigation
The East Kent Hospital University NHS Foundation Trust was last inspected by the CQC in September 2016. This was a planned inspection.

The CQC report was published in December 2016 and the Trust was rated as “requires improvement” overall. The domains of Effective and Safe were upgraded from “inadequate” to “requires improvement”. Specifically the following ratings were applied overall in respect of the five CQC domains:

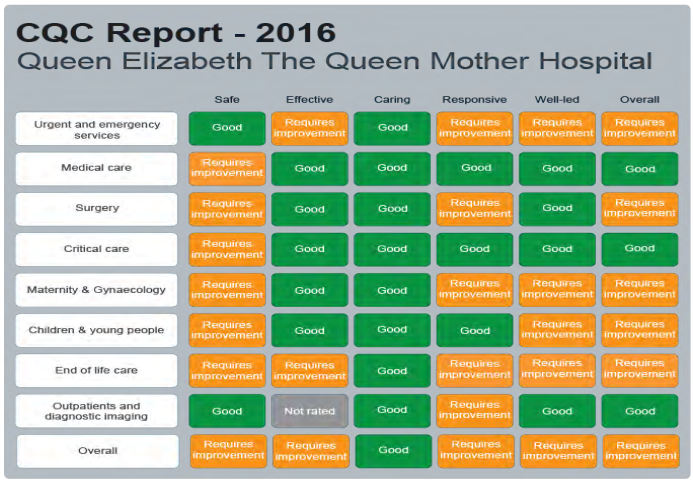
CQC domain	Rating	RAG
SAFE	Requires Improvement	
EFFECTIVE	Requires Improvement	
CARING	Good	
RESPONSIVE	Requires Improvement	
WELL-LED	Requires Improvement	
Overall	**Requires Improvement**	

There were significant improvements within each of the domains since the last inspection which took place in July 2015. There were no inadequate ratings on any site. These are shown below

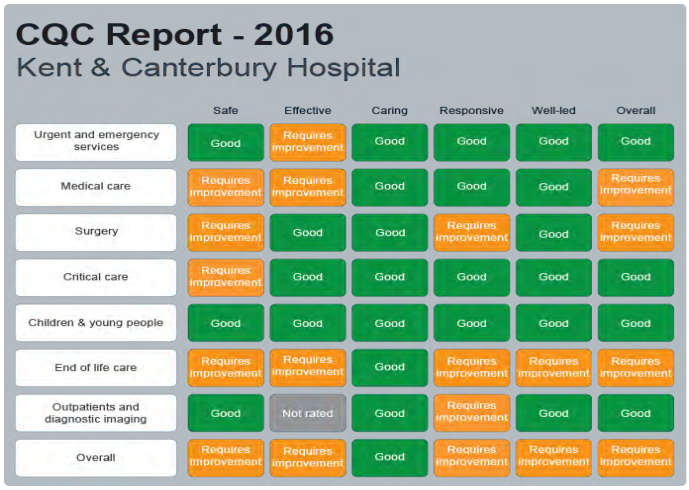
William Harvey Hospital



Queen Elizabeth the Queen Mother Hospital



Kent & Canterbury Hospital



Special Measures

The CQC re-inspection took place during 05, 06 and 07 September 2016. There have also been two unannounced visits since September – at the Kent & Canterbury and Queen Elizabeth the Queen Mother Hospitals.

The CQC Chief Inspector of Hospitals, Sir Mike Richards, made the recommendation following the visit that the Trust is removed from Special Measures. NHS Improvement delayed a decision about whether to accept the recommendation as further work was required to assess the Trust's response to the reports (and associated improvement work) as well as the financial status and forecast outturn.

On 12 January 2017 the Quality Summit was held and the Trust formally received the report findings. The Summit was attended by representatives from the CQC, NHS Improvement (NHSI), NHS England, Healthwatch Kent, Kent County Council, Kent Community Health Foundation Trust and the CCGs. In Part One, a presentation was given by Alan Thorne, Head of Hospital Inspections. This was followed by a presentation by Matthew Kershaw (CEO), David Hargroves, Stroke Consultant and Divisional representatives from Medicine, Emergency Care, End of Life and Maternity. External visitors were then invited to the WHH QII Hub where wider members of the team presented further evidence of work that had been completed since the Inspection.

Part Two of the Summit was chaired by NHS Improvement and related to partnership engagement in the next stages of the Improvement Plan.

The priority following the Summit was to refresh the interim High Level Improvement Plan and submit this to NHSI along with assurance around pace of delivery for the priority actions including 13 "Must Do" actions and four Requirement Notices. These Notices are as follows:

1. 17 - (1) Systems or process must be established and operated effectively to ensure compliance with requirements of this Part. (c) maintain securely an accurate, complete and contemporaneous record in respect of each service user, including a record of the care and treatment provided to the service user and of decisions taken in relation to the care and treatment provided.

2. Regulation 12 HSCA (RA) Regulations 2014 Safe care and treatment: Ensure that there are sufficient numbers of suitably qualified, skilled, and experienced staff available to deliver safe patient care in a timely manner.

3. Regulation 15 HSCA (RA) Regulations 2014 Premises and equipment 15 – (1)(e). The trust must ensure that all equipment used by the service provider must be properly maintained.

4. Regulation 17 HSCA (RA) Regulations 2014 Good governance. The trust must ensure there are sufficient staff available to completed its agreed audit programme. Ensure that where audits identify deficiencies, clear action plans are developed that are subsequently managed within the trust governance framework.

An internal workshop, engaging staff was held to shape the next stage of the plan as well a workshop with our external partners to agree what actions they will be undertaking to support the Trust in the next stages of the Improvement Journey. The outputs of these workshops have been used to shape an Integrated Plan which was submitted to NHS Improvement on 17 February 2017 and will form the basis of the new Single Oversight Meetings chaired by NHS Improvement and attended by our partner organisations.

In February 2017 NHS Improvement approved the recommendation that the Trust be removed from quality Special Measures. NHS Improvement made the decision that they would place the Trust in Financial Special Measures within the next tranche with support to be provided to ensure this was time limited.

Since February 2017 the Trust High Level Improvement Plan has been approved as well as supporting Divisional Local Improvement Plans with a schedule of formal reporting from March 2017. The Improvement Plan Delivery Board continues to function as the mechanism for overseeing this work, reporting into Management Board and the Board of Directors.
We expect to improve incrementally over the next 12 months, ultimately to achieve good and above across our indicators. Recognising that this is not necessarily a linear journey we pay close attention to monitoring what changes are effective and amending our actions to increase our improvement pace and ensure it is sustained.

The new High Level Plan contains actions at three, six and 12 months with a particular emphasis on ensuring the Trust does not have any ‘requires improvement’ ratings at the next inspection and is able to transition to ‘good’. These include actions with the following domains:

- Safe – improvements on ambulance transfer times, patient documentation completion, staffing levels (in particular in maternity and medicine) and improved planned preventative maintenance (PPM) on equipment;
- Effective – further improvements on timely completion of audits and associated action plans and further work embedding best practice in end of life care;
- Responsive – improvements around access performance compliance (ED 4 hour target, RTT and 62 day Cancer Waits) as well as fast track discharge at end of life;
- Well-Led – improvements identified in actions plans following recent staff survey, workforce compliance (appraisals and statutory and mandatory training) and midwifery staffing.

Data quality - NHS Number and General Medical Practice Code Validity

The East Kent Hospitals University NHS Foundation Trust submitted records during 2016/17 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data. The percentage of records in the published data which included the patient's valid NHS number and/or included the patient's valid General Medical Practice Code was:

Table 23 - NHS Number and General Medical Practice Code Validity

Category	2013/14 (%)	2014/15 (%)	2015/16 (%)	2016/17 (%)
NHS Number				
% for admitted care	99.8	99.7	99.6	99.45
% for outpatient care	99.9	99.9	99.9	99.85
% for A&E care	98.9	99.03	99.16	96.91
General Medical Practice Code				
% for admitted care	100	99.9	100	100
% for outpatient care	100	99.9	100	100
% for A&E care	100	100	99.9	99.9

Information Governance Toolkit attainment levels

East Kent Hospitals University NHS Foundation Trust's Information Governance Assessment Report overall score for 2016/17 was 79% and was graded "green". This is an improved position from 2015/16.

Clinical Coding

East Kent Hospitals University NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during the reporting period by NHS Improvement,

The Friends & Family Test

The Friends and Family Test is an important tool that helps us understand how confident our patients are about the quality of the service we provide. It asks how likely a patient is to recommend the ward or A&E department to their friends or family, with their scores ranging from extremely likely to extremely unlikely.

While FFT is not a reliable way of comparing different trusts due to the flexibility of the data collection method and the variation in local populations, its real strength lies in the follow up questions that are attached to the initial question. These provide a rich source of patient views to highlight and address concerns much faster than more traditional survey methods.

During March we received 9201 responses in total. The total number of inpatients, including pediatrics who would recommend our services was 95%; for A&E it was 83%; maternity 99%; outpatients 89%; and day cases 95%. The Trust star rating in March is 4.49 out of 5.00.

Table 24 – Friends and Family Test

	Recommend the Trust to Family & Friends (%)	Overall Trust Score
2014/15	89.30%	4.48
2015/16	90.40%	4.52
2016/17	89.91%	4.51

Over the last year Staff FFT results have shown a steady increase to reach their highest to date. In September 2016, 58% of staff said they would recommend the Trust as a place to work and 78% would recommend it as a place to be treated. These results reflect the impact of the work led through ‘Our Improvement Journey’ and the Culture Change Programme. Throughout the year Divisions have involved their teams in developing and implementing ‘Great place to work’ actions plans, maintaining a focus on improving staff engagement.

Governor Indicator

The Governor's chose to request an audit of compliance against the 14 hour first consultant review for patients admitted following an emergency presentation. All patients should be reviewed by a consultant within 14 hours of arrival at hospital as recommended in the NHS 7-day NHS services.

A sample of 25 cases was chosen at random from all emergency patient admissions during 2016/17. There were 24,432 patients admitted from the emergency pathway during this period.

The auditors found that one case needed to be removed from the sample as it was an elective admission. The time of the time recorded on PAS did not accord with that within the Healthcare records in 11 of the 24 cases reviewed (46%). These were classed by the auditors as an audit fail for the purposes of the review. All 11 patients were seen within the recommended 14 hours by a consultant. There were four patients who were not seen within the 14 hour timeframe (17%) and therefore were classed as a breach of the audit standard. Therefore over 83% passed the standard for first consultant review. Overall the findings highlighted a consistent first consultant review albeit with scope to improve, and the major anomalies were related to the inability to match to time of admission on PAS with that of the healthcare records.

Table 25 - Prescribed Quality Indicators 2016-17

The following table outlines the performance of the East Kent Hospitals University NHS Foundation Trust against the indicators to monitor performance with the stated priorities. These metrics represent core elements of the corporate dashboard and annual patient safety programme presented to the Board of Directors on a monthly basis.

Indicator	Trust	Reason for performance	Actions to be taken	National average	Trusts and FTs with lowest score	Trusts and FTs with highest score
(a) The value and banding of the summary hospital-level mortality indicator ('SHMI') for the trust for the reporting period; and (b) The percentage of patient deaths with palliative care coded at either diagnosis or specialty level for the trust for the reporting period.	(a) Oct 15 - Sept 16 **(0.9862)** (a) Jul 15 - Jun 16 **(0.9691)** (b) Oct 15 - Sept 16 **25%** Jul 15 - Jun 16 **26%**	The performance is currently lower than the national average. Regular reporting of Z51.5 coding is scrutinised by the Patient Safety Board (PSB) with the aim to reduce this coding rate still further.	1. Real time reporting via balanced score card to divisions and as part of the regular Information report to the PSB 2. Review of data and collaboration with commissioners to identify out of hospital deaths 3. Review of end of life care pathways to ensure planning, in line with patient wishes, following patient discharge	**1.000**	(a) Oct 15 - Sept 16 The Whittington Hospital NHS Trust **(0.6897)** (a) Jul 15 - Jun 16 The Whittington Hospital NHS Trust **(0.6939)** (b) Oct 15 – Sept 16 The Whittington Hospital NHS Trust **0.4%** Jul 15 – Jun 16 The Whittington Hospital NHS Trust **0.6%**	(a) Oct 15 - Sept 16 Wye Valley NHS Trust **(1.1638)** (a) Jul 15 - Jun 16 Wye Valley NHS Trust **(1.1638)** (b) Oct 15 - Sept 16 George Eliot Hospital NHS Trust **56.3%** Jul 15 – Jun 16 George Eliot Hospital NHS Trust **56.4%**
The trust's patient reported outcome measures scores for: (i) groin hernia surgery (ii) varicose vein surgery (iii) hip replacement surgery and (iv) knee replacement surgery during the reporting period. (provisional data only for both date	Apr 16 – Sept 16 (i) **0.147** (ii) No procedures performed (iii) **0.418** (iv) **0.340** Apr 15 – Mar 16 (i) **0.110** (ii) No procedures performed (iii) **0.411**	We have improved across one measure, exceeding national comparator for groin hernia; whilst we have improved patient satisfaction for patients undergoing hip replacement, our performance is slightly below our peers for the EQ-5D measure.	1. Identified clinical lead for all PROMs within Division. 2. Review patient feedback.	Apr 16 – Sept 16 (i) **0.089** (ii) **0.099** (iii) **0.449** (iv) **0.337** Apr 15 – Mar 16 (i) **0.088** (ii) **0.095** (iii) **0.438** (iv) **0.320**	Apr 16 – Sept 16 (i) Dudley NHS Trust **(0.016)** (ii) King's College NHS FT **(0.016)** (iii) Western Sussex Hospital NHS FT **(0.330)** (iv) Royal United Bath NHS FT **(0.261)** Apr 15 – Mar 16 (i) North Tees & Hartlepool NHS FT **(0.021)** (ii) Surrey & Sussex Healthcare NHS Trust **(0.018)** (iii) Wallsall Healthcarel NHS	Apr 16 – Sept 16 (i) Countess of Chester NHS FT **(0.162)** (ii) Heart of England NHS FT **(0.152)** (iii) Duchy Hospital **(0.525)** (iv) Royal Deveon & Exeter NHS FT **(0.430)** Apr 15 – Mar 16 (i) BMI Somerfield Hospital **(0.157)** (ii) Wye Valley NHS Trust **(0.143)** (iii) North Downs Hospital

ranges – EQ-5D Index data) Based on adjusted average health gain	(iv) **0.307**				Trust **(0.330)** (iv) Barking, Havering & Redbridge NHS Trust **(0.232)**	**(0.510)** (iv) Shepton Mallet NHS Treament Centre **(0.398)**
The percentage of patients aged: (i) 0 to 15 and (ii) 16 or over readmitted to a hospital which forms part of the trust within 28 days of being discharged from a hospital which forms part of the trust during the reporting period.	2011/12 (i) **7.64%** (ii) **12.53%** 2010/11 (i) **7.71%** (ii) **12.09%**	The Trust has recognised that our readmission rate for adults, although slightly above the national average, is higher than our local peer group. We have been working internally to understand the reasons for this finding. This has been found to be due, in part, to the anxiety of residential and nursing home staff to continue care following discharge from the acute setting and some coding anomalies within the Emergency Care Centre at the Kent & Canterbury Hospital site.	1. Currently testing a predicative readmission scoring model to target patients who are frequently readmitted due to their long-term condition, dependency problems and frailty. 2. Undertaking a national service improvement project with a local CCG to understand better the reasons for readmissions.	2011/12 (i) **10.23%** (ii) **11.45%** 2010/11 (i) **10.31%** (ii) **11.43%**	2011/12 (i) Epsom & St Helier University Hospitals NHS Trust **(6.40%)** (ii) Norfolk and Norwich University NHS Foundation Trust **(9.34%)** 2010/11 (i) Epsom & St Helier University Hospitals NHS Trust **(6.41%)** (ii) Northern Lincolnshire and Goole NHS FT **(9.22%)**	2011/12 (i) The Royal Wolverhampton NHS Trust **(14.11%)** (ii) Epsom & St Helier University Hospitals NHS Trust **(13.8%)** 2010/11 (i) The Royal Wolverhampton NHS Trust **(14.94%)** (ii) Heart of England NHS FT **(14.06%)**
The trust's responsiveness to the personal needs of its patients during the reporting period.	2015/16 **76.7%** 2014/15 **(75.5%)**	Trust performance is slightly below the national average but continued work is required to develop this further.	1. The "We Care" programme is in place – its priority also threaded through the Trust mission and values. Progress and actions are addressed in	2015/16 **77.3%** 2014/15 **(76.6%)**	2015/16 Croyden Helath Services NHS Trust **(70.6%)** 2014/15 North Middlesex University Hospital NHS Trust	2015/16 Queen Victoria NHS FT **(88%)** 2014/15 The Royal Marsden NHS FT **(87.4%)**

			detail within the patient experience section of this report.		**(67.4%)**	
The percentage of staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends.	Q2 2016/17 **78%** Q1 2016/17 **78%**	We have increased our performance from 60% in 2015/16 to 78% in 2016/17 but we have more work to do to equal and exceed the national average. Focused work continues through the "We Care" programme", to understand the reasons for our performance and to enable us to identify target those aspects of our service to improve our staff rating.	1. The "We Care" programme continues in its third year of roll-out, with targeted actions to improve in this area. 2. The cultural change programme developed following the CQC inspection in 2013/14 continues 3. There are actions identified by the Board of Directors following the results the staff survey in 2016.	Q2 2016/17 **80%** Q1 2016/17 **80%**	Q2 2016/17 Derbyshire Healthcare NHS FT **44%** Q1 2016/17 Walsall Healcare NHS Trust and North Middlesewx Unveristy Hospital NHS Trust **50%**	Q2 2016/17 The Royal Marsden NHS FT, Robert Jones & Agnes Hunt Orthopaedic NHS Trust and East Cheshire NHS Trust **100%** Q1 2016/17 Royal Natioanl Orthopaedic Hospital NHS Trust and the Clatterbridge cancer Centre NHS FT **100%**
Friends and Family Test – Patient all acute providers of adult NHS funded care, covering services for A&E (without independent sector providers)	A&E Feb-17 **80%** A&E Jan-17 **75%**	The Trust is below national performance for this metric. Feedback from patients highlights dissatisfaction with waiting times as a key factor.	We continue to explore innovative ways of capturing patient feedback, using texting and interactive voice messaging service to supplement the existing hard copy feedback. Unprecedented demand for our services during 2016/17 has contributed to us	A&E Feb-17 **87%** A&E Jan-17 **87%**	A&E Feb-17 North Middlesex University Hospital NHS Trust **48%** A&E Jan-17 North Middlesex University Hospital NHS Trust **45%**	A&E Feb-17 Liverpool Women's NHS FT **100%** A&E Jan-17 Liverpool Women's NHS FT **100%**

			failing to improve our performance in line with our plan.			
Friends and Family Test – Patient all acute providers of adult NHS funded care, covering services for inpatient areas (without independent sector providers)	Inpatient Feb-17 **96%** Inpatient Jan-17 **96%**			Inpatient Feb-17 **96%** Inpatient Jan-17 **95%**	Inpatient Feb-17 Sheffield Children's Hospital NHS FT **76%** Inpatient Jan-17 Sheffield Children's Hospital NHS FT **80%**	Inpatient Feb-17 Hull & East Yorkshire NHS Trust, The Robert Jones and Agnes Hunt Orthopaedic Hospital and Liverpool Women's NHS FT **100%** Inpatient Jan-17 Liverpool Women's NHS FT and The Clatterbridge Cancer Centre NHS FT **100%**
Friends and Family Test – Patient all acute providers of adult NHS funded care, covering services for maternity areas. (without independent sector providers)	Maternity Feb-17 Antenatal **100%** Birth **95%** Post Natal Ward **99%** Post natal community **100%**	The Trust achieved the highest benchmark performance for maternity antenatal and post natal indicator with 100% this marks an improvement from 2015/16.	While overall performance across all indicators is strong compared with national comparators, review of the data for birth and community is warranted to secure and sustain improvement in these areas as well.	Maternity Feb-17 Antenatal **96%** Birth **97%** Post Natal Ward **94%** Post natal community **98%**	Maternity Feb-17 Antenatal Walsall NHS Trust **71%** Birth Southport & Ormskirk NHS Trust **68%** Post Natal Ward North Bristol NHS Trust **76%** Post natal community Leeds Teaching Hospital NHS Trust **88%**	Maternity Feb-17 Antenatal 42 Trusts with **100%** Birth 51 Trusts with **100%** Post Natal Ward 25 Trusts with **100%** Post natal community 57 Trusts with **100%**
	Maternity Jan-17 Antenatal **100%**			Maternity Jan-17 Antenatal **96%**	Maternity Jan-17 Antenatal Tameside & Glossop	Maternity Jan-17 Antenatal 34 Trusts with 100%

	Birth **100%** Post Natal Ward **93%** Post natal community **100%**			Birth **97%** Post Natal Ward **94%** Post natal community **98%**	Integrated Care NHS FT **71%** Birth Sandwell & West Birmingham Hospitals NHS Trust NHS Trust **88%** Post Natal Ward County Durham & Darlington NHS FT **77%** Luton & Dunstable University NHS FT, Northern Lincolnshire & Goole NHS FT and Lancashire Teaching Hospitals NHS FT **85%**	Birth 43 Trusts with 100% Post Natal Ward 20 Trusts with 100% Post natal community 59 Trusts with 100%
Friends and Family Test – Patient all acute providers of adult NHS funded care, covering services for outpatients. (without independent sector providers)	Out-patients Feb-17 **91%** Out-patients Jan-17 **91%**			Out-patients Feb-17 **93%** Out-patients Jan-17 **93%**	Out-patients Feb-17 North Middlesex NHS Trust **76%** Out-patients Jan-17 Sheffield Children's Hospital NHS FT **75%**	Out-patients Feb-17 Brighton & Sussex NHS FT and Liverpool Women's NHS FT **100%** Out-patients Jan-17 Liverpool Women's Hospital NHS FT and Tauntn & Somerset NHS FT **100%**
The percentage of patients who were admitted to hospital and who were risk assessed for venous thromboembolism	Q3 2016/17 **90.19%**	Our performance has improved during 2016. Comparable quarters in 2015 reported 84.5% and 94.9% respectively. This is	1. VTE risk assessments are being reported by individual consultant. 2. A detailed action plan has been developed with	Q3 2016/17 **95.64%**	Q3 2016/17 Weston Area Health NHS Trust **76.48%**	Q3 2016/17 Bridgewater Community Health NHS Trust, Lincolnshire Community Health ServicesNHS Trust, Royal National Orthopaedic Hosptial NHS Trust, South

during the reporting period.	Q2 2016/17 **88.22%**	all the more noteworthy as the national average has remained relatively stable (not improved to a comparable degree within year). Data validation remains a key issue. During 2016 we have focused on promoting more valid data collection. Divisional and individual performance is subject to systematic and focused review through both clinical and corporate meetings	commissioners. 3. Any incomplete VTE risk assessments for patients undergoing surgical procedures will be completed before the patient leaves the operating theatre. 4. Data validation is subject to on-going review and targeted action to improve.	Q2 2016/17 **95.51%**	Q2 2016/17 Ipswich Hosptial lNHS FT **72.14%**	Essex Partnership University NHS FT and The Robert Jones & Agness Hunt Orthopaedic Hospital NHS FT **100%** Q2 2016/17 Bridgewater Community Healthcare NHS Trust, Cambridgeshire and Peterborough NHS FT and South Essex Partnership University NHS FT **100%**
The rate per 100,000 bed days of cases of C.difficile infection reported within the trust amongst patients aged 2 or over during the reporting period. (Trust attributed cases)	Apr 15 – Mar 16 **Rate = 8.4** Apr 14 – Mar 15 **Rate = 14.4**	Trust performance has declined during 2016. An active programme of infection prevention and control is in place and recently refreshed to respond to a decrease in Trust performance. Performance is reported to the Board monthly as part of the Clinical Quality and Patient Safety	1. A programme of educational events is in place utilising the QII hubs to promote staff awareness and good practice. 2. Divisions are held to account for their performance during executive performance review meetings. 2. There is close monitoring of all antimicrobial prescribing through the antimicrobial	Apr 15 – Mar 16 **Rate = 14.9** Apr 14 – Mar 15 **Rate = 15.0**	Apr 15 – Mar 16 The Royal Marsden Hospital NHS FT **Rate = 66.0** Apr 15 – Mar 16 The Royal Marsden Hospital NHS FT **Rate = 62.6**	Apr 15 – Mar 16 Birmingham Women's Hospital NHS FT, Liverpool Women's NHS FT, Moorfields Eye Hospital NHS FT and The Robert Jones and Agness Hunt Orthopaedic Hospital NHS FT **Rate = 0** Apr 15 – Mar 16 Alder Hey Children's Hospital NHS FT, Birmingham Children's Hosptial NHS FT, Birmingham Women's

		Report. Further details of proposed action can be found within this report,	stewardship programme and committee across all specialties. 3. Hydrogen peroxide misting fully in place and actively used. 4. New diarrhoea risk assessment tool in full operation and well embedded.			Hospital NHS FT and Moorfields Eye Hospital NHS FT **Rate = 0**
The number and, where available, rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death.	Oct 15 – Mar 16 Overall reporting rate per 1,000 bed days **Rate = 37.6** Apr 15 - Sept 15 **Rate = 39.3** Oct 15 – Mar 16 **Number of incidents reported = 6,620** Apr 15 - Sept 15 **Number of incidents reported = 6,466** Oct 15 – Mar 16 **Severe harm or**	Our data continues to be subject to a process of validation to promote accurate reporting. In the past we have relied on the individual reporters and their managers to assign the level of harm to each incident reported. This has resulted in variation of the assessment of patient harm at both severe harm and death categories. Recently, we have taken a decision to record all deaths following elective surgery to ensure these are all investigated using a	1. Data continues to be subject to a process of validation to promote accurate onward reporting. 2. The trust has focused on reducing the reporting risk profile of incidents whilst promoting reporting a positive culture, to maximise opportunities for learning from incidents and reducing overall patient harm. 3. Corporate review of the final attribution of harm to all severe harm and death incidents to ensure this is consistent and accurate before the data extraction to the NRLS 4. The drive to	Oct 15 – Mar 16 Average rate based on all acute providers **Rate = 41.5** Apr 15 - Sept 15 Average rate based on all acute providers **Rate = 40.3** Oct 15 – Mar 16 **Number of incidents reported = 678,805** Apr 15 - Sept 15 **Number of incidents reported = 652,552** Oct 15 – Mar 16 **Severe harm or**	Oct 15 – Mar 16 Medway NHS FT **Rate = 14.8** Apr 15 – Sept 16 Royal National Orthopaedic Hospital NHS Trust **Rate = 15.9** Oct 15 – Mar 16 Royal National Orthopaedic Hospital NHS Trust **Number of incidents reported = 334** Apr 15 - Sep 15 Royal National Orthopaedic Hospital NHS Trust **Number of incidents reported = 334** Oct 15 – Mar 16 **Severe harm or death**	Oct 15 – Mar 16 The Clatterbridge Cnacer Centre NHS FT **Rate = 141.9** Apr 15 – Sept 16 The Clatterbridge Cnacer Centre NHS FT **Rate = 117** Oct 15 – Mar 16 Leeds Teaching Hospitals NHS FT **Number of incidents reported = 11,998** Apr 15 - Sep 15 Central Manchester University Hospitals NHS FT **Number of incidents reported = 12,080** Oct 15 – Mar 16 **Severe harm or death**

	death **Rate = 0.14** Apr 15 - Sept 15 **Severe harm or death** **Rate = 0.12** Oct 15 – Mar 16 **Severe harm or death – Number of incidents reported = 25** Apr 15 - Sept 15 **Severe harm or death - Number of incidents reported = 19**	formal RCA process; this may have contributed to the increase of these death related incidents in the most recent report published.	increase reporting rates continues in order that the Trust maintains a reporting rate above the median for acute (non-specialist) trusts.	**death** **Rate = 0.16** Apr 15 - Sept 15 **Severe harm or death** **Rate = 0.17** Oct 15 – Mar 16 **Severe harm or death - Number of incidents reported = 2,684** Apr 15 – Sept 15 **Severe harm or death - Number of incidents reported = 2,752**	4 Trusts with a **Rate = 0**, inc. Royal Devon and Exeter NHS FT Apr 15 - Sep 15 **Severe harm or death** Liverpool Heart and Chest Hospital NHS FT, Queen Victoria Hospital NHS FT, Royal Brompton & Harefield NHS FT, The Clatterbridge Cancer Centre NHS FT and the Walton Centre NHS FT **Rate = 0** Oct 15 – Mar 16 **Severe harm or death** Royal Devon & Exeter NHS FT, Sheffield Children's Hospital NHS FT, The Clatterbridge Centre NHS FT and the Royal national Othopaedic Hospital NHS FT **Number of incidents reported = 0** Apr 15 - Sep 15 **Severe harm or death** Liverpool Heart & Chest Hospital NHS FT, Queen Victoria Hospital NHS FT, Royal Brompton & Harefield NHS FT, The Clatterbridge Cancer Centre NHS FT and The Walton Centre NHS FT **Number of incidents reported = 0**	The Wittington Hospital NHS Trust **Rate = 0.97** Apr 15 - Sep 15 **Severe harm or death** South Warwickshire NHS FT **Rate = 1.12** Oct 15 – Mar 16 **Severe harm or death** Pennine Acute Hospitals NHS Trust **Number of incidents reported = 94** Apr 15 - Sep 15 Severe harm or death Calderdale and Huddersfield NHS FT **Number of incidents reported = 89**

Part 3 – section 4

Other Information - How we keep everyone informed

Measuring our Performance

Foundation Trust members are invited to take part in meetings at which quality improvement is a key element of the agenda. We encourage feedback from Members, Governors and the Public. The patient and public experience teams raise awareness of programmes to the public through hospital open days and other events. Quality is discussed as part of the meeting of the Board of Directors and our data is made publically available on our website.

The new Head of Equality and Engagement is the result of the roles of Equality and Human Rights Manager and Head of Public and Patient Engagement being amalgamated to ensure the Trust engages with all sections of the community. The coming year will see enhanced patient involvement resulting in improved patient experience and outcomes.

During the last year, the trust has held four engagement events for members of Voluntary Community Organisations (VCOs) and the public where the Trust's annual plan, equality performance and patient nutrition were discussed. In addition four Chaplaincy Awareness events for staff/members and general public were held. A 'Know Your Blood Pressure Day' was held in a local shopping mall, a Diabetes Awareness event, in conjunction with KCHFT, was held for members and general public and the Trust was represented at a Volunteers Fair. The Advisory Forum met on four occasions and explored a large range of quality issues.

The Trust has numerous other patient, carer, family and staff groups, which meet regularly in disparate divisions and departments, including Cancer Services Patient Focus Group, Pharmacy Aseptic Patient Group, PCSA Patient Forum, Head and Neck Buddies, Neuro rehabilitation Patient Support Group, Breast Feeding Support Group. Several new patient groups are planned for the coming year.

The following table outlines the performance of the East Kent Hospitals University NHS Foundation Trust against the indicators to monitor performance with the stated priorities. These metrics represent core elements of the corporate dashboard and annual patient safety programme is presented to the Board of Directors on a monthly basis.

Table 26 - Measures to monitor our performance with priorities

Patient safety	**Data Source**	**Actual 2012/13**	**Actual 2013/14**	**Actual 2014/15**	**Actual 2015/16**	**Actual 2016/17**	**Limit/ Target 2016/17**
C difficile – reduction of infections in patients > 2 years, post 72 hours from admission	Locally collected and nationally benchmarked	**40**	**49**	**47**	**28**	**53**	**46**
MRSA bacteraemia – new identified MRSA bacteraemias post 48 hours of admission	Locally collected and nationally benchmarked	**4 (1** avoidable **3** unavoidable **)**	**8** (**2** avoidable, **4** unavoidable, 2 contaminants)	**1**	**4****	**7**	**0**
In-patient slip, trip or fall, includes falls resulting in injury and those where no injury was sustained	Local incident reporting system	**2,009**	**2,156**	**2,134**	**2,025**	**2,384**	**No target**
Pressure ulcers – hospital acquired pressures sores (grades 2-4, avoidable and unavoidable)	Local incident reporting system	**303**	**335**	**264**	**222**	**408**	**No target**

**Two of the four MRSA bacteraemias recorded, occurred in March 2016, one was provisionally assigned to EKHUFT and the other was provisionally assigned to South Kent Coast CCG, both have been referred to NHS England for arbitration and the outcome is pending.

Patient Outcome /clinical effectiveness	**Data Source**	**Actual 2012/13**	**Actual 2013/14**	**Actual 2014/15**	**Actual 2015/16**	**Actual 2016/17**	**Limit/ Target 2016/17**
Hospital Standardised Mortality Ratio (HSMR) – overall	Locally collected and nationally benchmarked	**78.8**	**79.5**	**80.73**	**88.11**	**86.52**	**Better than England baseline**
Crude Mortality (elective %)	Locally collected	**0.489**	**0.3**	**0.43**	**0.28**	**0.41**	**NA**
Crude Mortality (non elective %)	Locally collected	**30.95**	**30.7**	**30.19**	**29.58**	**31.39**	**NA**
Summary Hospital Mortality Index (%)	Locally collected and nationally benchmarked	**3.17% (Q2 2012/13 data)**	**1.019 Banding 2 – Trust's mortality rate is as expected**	**1.030 Banding 2 – Trust's mortality rate is as expected**	**1.02 Banding 2 – Trust's mortality rate is as expected**	**0.9862**	**NA**
Enhancing Quality - Community Acquired Pneumonia	Locally collected and regionally benchmarked	**80.17**	**58.46 Month 11**	**38.22%**	**91.63%**	**40%**	**35.38%**
Enhancing Quality – Heart Failure	Locally collected and regionally benchmarked	**66.9**	**73.68 Month 11**	**87.19%**	**91.63%**	**80%**	**80.21%**
Enhancing Quality – Hips & Knees	Locally collected and regionally benchmarked	**98.58**	**92.61 Month 11**	**93.1%**	**87.43%**	**94% Pathway ceased Dec 2016**	**90%**

Table 27 - Performance with National Targets and Regulatory Requirements

Patient experience	**Data Source**	**Actual 2012/13**	**Actual 2013/14**	**Actual 2014/15**	**Actual 2015/16**	**Actual 2016/17**	**Limit/ Target 2016/17**
The ratio of compliments to the total number of complaints received by the Trust (compliment : complaint) – For 2016/17 so far this is 35:1	Local complaints reporting system	**27:1**	**20:1**	**20:1**	**30:1**	**20.7:1 (avg)**	**18:1**
Patient experience – composite of five survey questions from national in-patient survey	Nationally collected as part of the annual in-patient survey	**65.6%**	**65.8%**	**No longer reported**	**No longer reported**	**No longer reported**	**No longer reported**
Overall patient experience score	Nationally collected as part of the annual in-patient survey	**N/A**	**N/A**	**77%**	**77%**	**Data not released yet**	**76.6%**
Single sex accommodation – mixing for clinical need or patient choice only	Locally collected	**100%**	**100%**	**100%**	**<100% CDU areas affected**	**<100% CDU, CCU, Stoke units, A&E affected**	**<100% CDU, Stroke units affected**

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	**2016-2017**	**National target achieved**
Cancer: two week wait from referral to date first seen: all cancers	95.30%	96.6%	95.43%	94.8%	93.52%	93.29%	**94.85%**	✓
Cancer: two week wait from referral to date first seen: symptomatic breast patients	93.99%	95.13%	93.93%	92.7%	88.93%	90.57%	**92.65%**	X
All cancers: 31 day wait from diagnosis to first treatment	99.13%	99.06%	99.11%	98.2%	98.35%	95.13%	**95.19%**	X
All Cancers: 62-day wait for first treatment, from urgent GP referral to treatment	87.67%	88.98%	87.83%	86.6%	81.08%	72.6%	**72.15%**	X
All Cancers: 62-day wait for first treatment, from consultant screening service referral	95.22%	98.53%	97.20%	87.8%	90.89%	91.8%	**91.26%**	✓
Maximum time of 18 weeks from point of referral to treatment – incomplete pathway	94.14%	95.21%	94.73%	95.4%	92.81%	89.12%	**85.80%**	X
Maximum waiting time of 4 hours in A&E from arrival to admission, transfer or discharge	97.14%	95.99%	95.09%	94.9%	91.72%	86.31%	**79.98%**	X
% diagnostic achieved within 6 weeks NOT INCLUDED IN 13/14 MONITOR RAF GUIDANCE AS A DATA ELEMENT REQUIRED	99.96%	99.6%	99.76%	99.8%	99.06%	99.81%	**99.77%**	✓
Certification against compliance with requirements regarding access to health care for people with a learning disability	6	6	6	6	6	6	**6**	✓

Annex 1: Statements from the Council of Governors, Clinical Commissioning Groups, and HealthWatch Kent

The Kent Health Overview and Scruitny Committee (HOSC) will not be providing a statement this year as the Committee has not been reconstituted following the election on 4 May; it will be reconstituted on 25 May which is after the deadline for comments.

East Kent Hospitals University Foundation Trust Quality Account Response

Healthwatch Kent is the independent champion for the views of patients and social care users in Kent. Our role is to help patients and the public get the best out of their local Health and Social Care services.

For several years now, local Healthwatch across the country have been asked to read, digest and comment on the Quality Accounts which are produced by every NHS Provider (excluding primary care and Continuing Healthcare providers).

As Healthwatch Kent has experienced cuts in resources along with everyone else, this year we have not been able to look at the report in detail.

However, we would like to support the Trust with a comment which reflects some of the work we have undertaken together in the past year.

We have seen that East Kent Hospitals values and understands our statutory role as a "critical friend". Some of our involvement with the Trust this year has included:

- Revisiting Outpatients services across East Kent hospitals to review how our recommendations are being implemented
- Being a member of the Patient Experience Committee and supporting the group's development
- Meeting regularly with the Chief Nurse to keep up to date with Trust activity
- Recording a podcast with the CEO, Matthew Kershaw to help explain the challenges that the Trust faces to the public
- Communication support around changes to services
- Holding regular information stands at Queen Elizabeth Queen Mother, Buckland and Royal Victoria Hospitals to gather feedback directly from patients
- Reviewing the complaints process of the Trust and suggesting ways it might be able to improve its performance
- We are working on a new project to talk to patients who have been discharged from hospital in East Kent.

We look forward to seeing the Trust develop its engagement and relationships with the local community especially those groups which are traditionally harder to reach.
We would also like to take this opportunity to congratulate East Kent Hospitals on their recent Care Quality Commission inspection result which recommended the Trust come out of Special Measures. Although there is still a way to go on the improvement journey, the hard work and dedication of the staff to achieve this should be commended.

We look forward to our continuing work with the Trust throughout the upcoming year.

Healthwatch Kent May 2017

A & CC CCG feedback on Annual Report

EKHUFT

The CCG recognise this is an early draft of the 2016-2017 Quality Account for East Kent Hospitals University Foundation Trust, but agree with the general accuracy reported with some improvement in quality of care and an improvement in staff culture.

We have acknowledged the efforts of the Trust in improving the quality of care for the service users which have been reflected in the rating by the CQC following their planned re-inspection in September 2017, and subsequent unannounced visits. In February 2017 The Trust was taken out of quality “Special measures” and a collaborative high level improvement plan has been implemented to continue the work already commenced.

The Quality Account clearly identifies priorities, progress and achievements, although appropriate future plans to meet unmet targets is not consistently noted. Commissioners recognise the multifaceted, innovative work streams in place or planned to improve the quality and safety of services. The report should explain further the engagement in the National Maternity Transformation Programme and the innovative work undertaken in maternity.

We are pleased to acknowledge the improvements in staff culture with staff friends and family test and staff survey echoed in the latest CQC findings. The report underreports achievements in this area. Soft intelligence reports of patients being treated with respect and dignity.

Continued challenges are acknowledged by commissioners with pressure ulcers harms reduction, VTE assessment compliance, safeguarding training compliance and waiting times. Infection and prevention control remains a challenge with trajectory targets for infections (Clostridium difficile) and should remain a priority work stream for 2017-2018.

Patient safety remains a priority within the Trust, creating a strong safety culture that facilitates reporting, investigating and learning; a reduction in Never Events in noted from 2015-2016.

We welcome the ongoing commitment of the Trust to collaborate with commissioners to achieve assurance.

Approved by: Bethan Haskins, Chief Nurse, Ashford and Canterbury & Coastal CCGs

Signed:

Date: 16th May 2017

GOVERNOR COMMENTARY ON THE 2016/17 QUALITY REPORT

Each year Governors of NHS Foundation Trusts are asked to comment on their organisation's Quality Report. East Kent Hospital University NHS Foundation Trust (EKHUFT) Governors have developed an approach to providing a commentary to the annual Quality Report that is comprehensive, with the opportunity for all Governors to contribute.

This is underpinned by the Governors' involvement in quality matters during 2016/17, including the following:

- Council of Governor committees: a Quality Committee, Workforce Committee and Finance & Performance Committee that provided Governors with an opportunity to look at issues in detail and challenge the Non-Executive Director (NED) Chairs of the equivalent Board of Directors committees.
- Receipt of all quality reports presented to the Board of Directors (BoD) at the same time as the BoD receives them, with an opportunity for Governors to pose questions by e-mail or by attending the meeting in public.
- The opportunity to hold NEDs to account on quality issues during full Council public meetings.
- Receipt of communications to Governors from Foundation Trust (FT) Members and the public on quality issues.
- Receipt of an extremely comprehensive Executive Improvement Journey pack, handbook and plans ahead of the Care Quality Commission (CQC) visit, involvement in that visit, including a Governor session with inspectors (autumn 2016).
- Updates on progress with the CQC action plan.
- An open invitation to attend sessions at the Quality Improvement and Innovation Hubs on each site.
- Governor representation on a wide range of development groups and boards that report to the BoD Quality Committee including: End of Life, Falls, Safety, Medications.
- Each year the Council chooses a Governor Quality Indicator to be audited.

The CQC re-inspected the Trust in the autumn of 2016 and this visit included a meeting with three Governors. The CQC report was published on 21 December 2016 and recommended to the regulator NHS Improvement (NHSI) that the Trust be brought out of Quality Special Measures; this was confirmed in March 2017.

The Council saw clear evidence of the progress that the Trust had made on its improvement journey since the first visit from the CQC. The Trust's Quality Strategy, Improvement Plan and supporting developmental programme has enabled engagement of every Directorate across all sites, reaching out to and involving every member of staff in continuous quality improvement.

This was achieved against a backdrop of extreme winter pressures which required enormous efforts by all staff to maintain the quality of services during a challenging period.

The Council was concerned by the level of delayed transfers of care throughout the year and the adverse impact these delays may have had on the outcome of care for some individuals, as well as the pressures placed on staff.

The commitment of the Trust's workforce to the Improvement Plan demonstrates that the culture of the organisation has improved immensely with significant improvement in leadership, communication and engagement. Initiatives, such as the Respect Programme, Staff Wellness Programme and embedding the Trust's values within the appraisal process, have supported individuals and teams to deliver to high standards which are focused on patient-centered, safe and effective care. We look forward to seeing improvements in the annual staff survey results next year to evidence that this is a sustained change.

The Trust sets quality objectives at the start of each year and this Quality Report documents performance against those objectives, using agreed metrics. Governors are asked to propose a Governor Quality Indicator for the Trust to be measured against. This year the chosen metric was one of the standards in the Single Oversight Framework: That all patients admitted as an emergency have a first consultant review within 14 hours of the time of their admission.

The results of an audit of 24 cases showed that this standard was met 83% of the time – there were four breaches, with the maximum time to first consultant review being 16.04 hours. The Trust is participating in a national review of this standard and the Council looks forward to seeing the outcome of the study to understand how the Trust is performing using this local and national context.

The Council is particularly pleased to note improvements in performance against indicators relating to safe, quality care, including the following:

- A reduction in the number of falls to below the national average, and in falls resulting in serious harm - the Council notes that there is some inconsistency in performance across the hospital sites, which the Trust has recognised and is addressing
- Reduction in medication errors
- Improvement in measures relating to privacy and dignity for patients
- The "disability" measure in PLACE (Patient led assessments of the care environment) is 10% better than the national average
- The Hospital Standardised Mortality Ratio (HSMR) is below the expected level.
- The level of harm free care, where the Trust can influence outcomes, is better than the national average

The increase in the number of compliments received and steady improvements in the national Friends and Family satisfaction survey, show positive change in patient experience. The increase of 23% in the number of complaints received is of concern, however, although this is not a simple measure and needs to be seen in the context of the number of patient episodes in year. It is important that the Trust ensures that complaints are handled in a prompt and effective manner.

The Council noted that there were three never events in year, a reduction from the eight reported in the previous year. However as the name indicates, never events should not happen at all. The cause of each event was established and the Council notes that action has been taken to prevent a recurrence.

There are some areas of concern. The Council particularly notes that 40% of the priorities identified in the Quality Report, were not met and is pleased that plans are in place to support improvement in these areas.

The Trust performed below the national standard in several areas, including the following:

- The national target for 95% of patients admitted having documentation to show that their risk of Venous Thromboembolism risk has been assessed
- Training in Level 2 Safeguarding
- The 85.8% target for maximum time of 18 weeks from point of referral to treatment – incomplete pathway
- National CQUIN (Commissioning for Quality and Innovation) measure for the timely identification and treatment of sepsis
- Health Care Acquired Infections

The Council supports the Trust's Quality Objectives for 2017/18 set out in this Quality Report. The objectives to improve access to emergency care and reduce delays in transfer of care are seen as a priority, although it is recognised that setting too many quality objectives could be counterproductive. However, Council would like to see that the reduction in falls and focus on staff health and wellbeing continues through 2017/18. Inclusion of objectives for completion of clinical audits and the review of mental health care in A&E are both welcome.

The Council notes that financial pressures have meant that the Trust has now been placed in Financial Special Measures by the regulator NHSI. The Trust is working closely with the regulator's special advisors to improve its position and Council is anxious to ensure that savings measures necessary to respond to Financial Special Measures do not impact on the quality of care.

Finally, the Council would like to acknowledge the Trust's achievement in moving out of CQC Special Measures and the commitment and passion shown by the staff, which has made this possible.

Annex 2: Statement of Directors' responsibilities in respect of the Quality Accounts

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS foundation Trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:

    - board minutes and papers for the period April 2016 to March 2017
    - Papers relating to Quality reported to the Board over the period April 2016 to March 2017
    - Feedback from the NHS South Kent Coast CCG and NHS Thanet CCG dated 16th May 2017
    - Feedback from the NHS Ashford CCG and NHS Canterbury and Coastal CCG dated 16th May 2017
    - Feedback from governors dated 18th May 2017
    - Feedback from local Healthwatch organisations dated 13th May 2017
    - the Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2017
    - the 2016 national in-patient survey
    - the 2016 national staff survey
    - the Head of Internal Audit's annual opinion over the Trust's control environment dated 18th May 2017

- the Quality Report presents a balanced picture of the foundation Trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

NB: sign and date in any colour ink except black

23 May 2017  Chairman

23 May 2017  Chief Executive

--- End ---

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of East Kent Hospitals University NHS Foundation Trust to perform an independent assurance engagement in respect of the Trust's Quality Report for the year ended 31 March 2017 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance consist of the following two national priority indicators (the indicators):

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period;
- A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge;

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2016/17* ('the Guidance'); and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the *Detailed Requirements for external assurance for quality reports for foundation trusts 2016/17.*

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2016 to May 2017;
- papers relating to quality reported to the board over the period April 2016 to May 2017;
- feedback from commissioners, dated 16 May 2017;
- feedback from governors, dated 18 May 2017;
- feedback from local Healthwatch organisations, dated 13 May 2017;
- feedback from Overview and Scrutiny Committee (none received);
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- the 2016 national patient survey;

- the 2016 national staff survey;
- Care Quality Commission Inspection, dated 21 September 2016;
- the 2016/17 Head of Internal Audit's annual opinion over the trust's control environment, dated 18 May 2017; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of East Kent Hospitals University NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and East Kent Hospitals University NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change

over time. It is important to read the quality report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by the Council of Governors of East Kent Hospitals University NHS Foundation Trust.

Basis for qualified conclusion

As set out in the Statement on Quality from the Chief Executive of the Trust on pages 4 to 5 of the Quality Report, the Trust currently has concerns with accuracy of data with regards to the 18 week RTT and 4 hour A&E indicators.

With regards to the 18 week RTT indicator, our detailed sample testing of this indicator identified 7 errors in the data comprising the indicator. These errors were due to patients' inaccurate inclusion on the incomplete pathway due to treatment having been received or the patient being on an excluded pathway, and discrepancies between clock start and stop times recorded on the Patient Administration System ("PAS") and patient referral letters. In one case no patient referral information could be located.

With regards to the 4 hour A&E indicator, our detailed sample testing of this indicator identified 14 errors in the data comprising the indicator. These errors were discrepancies between clock stop times recorded on the "PAS" system and patient Casualty cards ("CAS cards") or where no clock stop time had been recorded on the "CAS card".

Qualified conclusion

Based on the results of our procedures, except for the effects of the matters described in the 'Basis for qualified conclusion' section above, nothing have come to our attention that causes us to believe that, for the year ended 31 March 2017:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

KPMG LLP

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

30 May 2017

East Kent Hospitals University NHS Foundation Trust

Consolidated Annual Accounts for the year ended 31 March 2017

East Kent Hospitals University NHS Foundation Trust

Contents

KPMG

Independent auditor's report

to the Council of Governors of East Kent Hospitals University NHS Foundation Trust only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of East Kent Hospitals University NHS Foundation Trust for the year ended 31 March 2017 set out on pages 2 to 44. In our opinion:

- the financial statements give a true and fair view of the state of the Group and the Trust's affairs as at 31 March 2017 and of the Group and the Trust's income and expenditure for the year then ended; and
- the Group and the Trust's financial statements have been properly prepared in accordance with the Department of Health's Group Accounting Manual 2016/17.

Overview		
Materiality: Group Financial statements as a whole	£6m (2015/16:£10m) 1% (2015/16: 2%) of total income from operations	
Risks of material misstatement		**vs 2015/16**
Recurring risks	Valuation of land and building .	◀▶
	Recognition of NHS and non-NHS income and valuation of doubtful debt provision	◀▶

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, (same as 2015/16) were:

	The risk	Our response
Valuation of land and buildings (£233.5 million; 2015/16: £272.4m) *Refer to page 8 (accounting policy) and page 29 (financial disclosures).*	**Valuation of land and buildings** Land and buildings are required to be held at fair value. The Trust's main land and buildings relate to four hospitals; William Harvey Hospital (Ashford), Queen Elizabeth the Queen Mother Hospital (Margate), Kent and Canterbury Hospital (Canterbury) and Buckland Hospital (Dover). The most significant part of the Groups' asset base is land and buildings. Hospitals are usually valued as specialised assets which, where a market value is not readily ascertainable, are valued at the depreciated replacement cost of a modern equivalent asset that has the same service potential as the existing asset. The Department of Health's Group Accounting Manual requires that specialised assets are valued on a modern equivalent asset basis, which calculates an estimate of the cost to replace the site with a brand new, equivalent asset. When considering the cost to build a replacement asset the Group may consider whether the asset would be built to the same specification or in the same location. Valuation is completed by an external expert engaged by the Trust using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with desktop valuations completed in interim periods. Valuations are inherently judgmental, therefore our work focused on whether the valuer's methodology, assumptions and underlying data, are appropriate and correctly applied. In March 2017, the Trust's land and buildings were revalued using a desktop valuation by the Trust's external valuer, Boshier & Company, on the assumption that a modern equivalent asset would be situated on an alternative site. This approach requires consideration of an appropriate alternate site and impact on patient flows. The valuation is completed by an external expert based on data provided by the Group. This resulted in a decrease in the value of Property, Plant and Equipment of £33.7m, a 11% reduction in value from last year.	Our procedures included: — **Assessment of external valuer:** We critically assessed the competence, capability, objectivity and independence of the external valuer and considered the terms of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the Department of Health's Group Accounting Manual; — **Assessment of valuation assumptions:** We assessed the appropriateness of the valuation bases and assumptions used in completing the alternate site valuation. We critically assessed the assumptions used to develop the size and value of the new asset to determine whether they are appropriate and indicative of local market conditions; — **Review of asset records:** We considered the accuracy of the estates base data provided to the valuer to prepare the valuation through agreement to underlying records and sample checking of floor areas, to ensure that the valuation has been completed based on an accurate asset base; — **Testing the accuracy of additions:** For a sample of assets purchased and built assets becoming operational in the year we agreed the valuation basis that had been adopted when the assets were brought into use and that the Trust would receive future benefits; and — **Impairment review:** We considered Management's and the Valuer's methodology for assessing whether any assets on the fixed asset register require impairment as a result of loss of value in use or deterioration in condition through corroboration to the valuers report and examination of impairment indicators.

	The risk	Our response
Recognition of NHS and non-NHS income and receivables (£565.4 million; 2015/16: £537.2m) *Refer to page 7 (accounting policy) and pages 20-21 (financial disclosures).*	**Recognition of NHS and non-NHS income and valuation of doubtful debt provision** In 2016/17 the Group reported total income of £565.4m (2015/16 £537.2m). Of this, £511.0m (2015/16: £482.5m) related to contracts with commissioners. This represents 90.3% of total income (2015/16: 89.8%). In 2016/17 the Department of Health introduced the Sustainability and Transformation Fund (STF) enabling Trusts to secure additional funding upon achievement of financial control targets agreed with NHS Improvement and trajectories for key operational performance indicators, such as referral to treatment and four hour A&E waits. The Trust was eligible to receive £16.1m of STF funding across the year. The first quarter of targets were achieved by the Trust, increasing income for the year by £4.0m. The Trust participates in the Agreement of Balances exercise which is mandated by the Department of Health (the Department), covering the English NHS only, for the purpose of ensuring that intra-NHS balances are eliminated on the consolidation of the Department's resource account. The Agreement of Balances exercise identifies mismatches between income and expenditure and receivable and payable balances recognised by the Trust and its counter parties at the balance sheet date. Mismatches can occur for various reasons, but the most significant arise where the Trust and commissioners are yet to validate the level of estimated accruals for completed healthcare spells which have not yet been invoiced, accruals for non-contracted out-of- area treatments are not recognised by commissioners or potential contract penalties for non-performance are yet to be finalised. Where there is a lack of agreement, mismatches can be classified as formal disputes and referred to NHS England Area Teams for resolution. The remaining £54.4m income (2015/16, £54.7m) was generated by contracts with other NHS bodies, local authorities and other non-NHS counterparties. Much of this income is generated under contracts that indicate when income will be received; on delivery, milestones, or periodically. Some sources of income require independent confirmations which can impact the amount of the income the Group will actually receive.	Our procedures included: — **Contract agreement:** For the 5 largest commissioners of the Trust's activity we agreed that signed contracts were in place; — **Income billing:** We agreed that invoices had been issued in line with the contracts signed with 5 of the Trust's largest commissioners; — **Contract monitoring:** We considered the agreements reached between the Trust and the commissioners at the end of the year in respect of adjustments related to actual activity; — **Agreement of activity**: We checked the levels of over and under performance reported agreed to the records held on the Trust's activity system; — **Agreement of balances:** We assessed the outcome of the agreement of balances exercise with other NHS bodies. Where there were mismatches over £250,000 we challenged management's assessment of the level of income they were entitled to and the receipts that could be collected; — **Transformation funding:** We agreed the Trust's receipt of STF to NHS Improvement notification and bank receipts; — **Credit note provision:** We considered how credit note provisions had been recorded to ensure they were accounted for against NHS bodies for the Department of Health consolidated accounts; and — **Third party notifications:** We tested a sample of non-NHS income items to bank statements and third party notifications confirming that income has been recorded in the correct accounting period. We tested a sample of cash received after the year end to confirm the completeness of the recorded income.

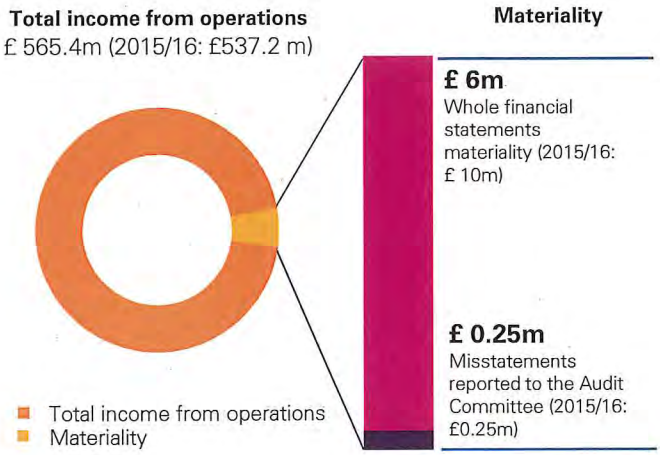
3. Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements of the Group was set at £6 million (2015/16: £10 million), determined with reference to a benchmark of income from operations (of which it represents approximately 1%).

The materiality for the financial statements of the Trust was set at £1 below group materiality and was determined also with reference to a benchmark of income from operations (of which it represents approximately 2%).

We consider income from operations to be more stable than a surplus-related benchmark. We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £250,000 (2015/16: £250,000), in addition to other identified misstatements that warrant reporting on qualitative grounds.

The Group financial statements comprise the parent, East Kent Hospitals University Foundation Trust and its subsidiary Spencer Private Hospitals ("Healthex Ltd").



4. Our opinion on other matters prescribed by the Code of Audit Practice is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2016/17; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

We are required to report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable; or
- the Audit Committee's commentary on page [X] of the Annual Report does not appropriately address matters communicated by us to the Audit Committee.

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

- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016/17, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

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In addition we are required to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

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

6. Other matters on which we report by exception – adequacy of arrangements to secure value for money

Under the Code of Audit Practice we are required to report by exception if we conclude that we are not satisfied that the Trust has put in place proper arrangements to secure value for money in the use of resources for the relevant period.

The Trust has been in breach of its provider licence since August 2014. The Trust was inspected again by the Care Quality Commission in 2015 and the Trust was found to be in breach of further provisions of its licence.

The Trust was removed from quality special measures in March 2017 but was placed in financial special measures also in March 2017.

In the current year the Trust has incurred a deficit of £31.1m against a planned deficit of £12m.

The ongoing breach of licence conditions and deterioration in the Trust's finances against plan is evidence of a weakness in arrangements for effective planning and deployment of resources and in the governance arrangements in place for monitoring performance.

As a result of these matters, we are unable to satisfy ourselves that the Trust made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

7. We have completed our audit

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

Scope and responsibilities

As described more fully in the Statement of Accounting Officer's Responsibilities on page 89 of the annual report the accounting officer is responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors. A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General, as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

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

Philip Johnstone for and on behalf of KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square, Canary Wharf, London, E14 5GL

30 May 2017

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Foreword to the accounts

East Kent Hospitals University NHS Foundation Trust

These accounts, for the year ended 31 March 2017, 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 **Matthew Kershaw**
Job title **Chief Executive**
Date **23 May 2017**

Consolidated Statement of Comprehensive Income

		Group			Trust		
		2016/17	2015/16		2016/17	2015/16	
	Note	£000	£000		£000	£000	
Operating income from patient care activities	3	520,659	491,438		512,238	483,994	
Other operating income	4	44,785	45,716	* **	46,723	47,303	**
Total operating income from continuing operations		**565,444**	**537,154**		**558,961**	**531,297**	
Operating expenses	5, 7	(588,264)	(562,837)	* **	(582,158)	(557,159)	**
Operating surplus/(deficit) from continuing operations		**(22,820)**	**(25,683)**		**(23,197)**	**(25,862)**	
Finance income	10	118	75	*	118	142	
Finance expenses	11	(472)	(58)		(408)	(54)	
PDC dividends payable		(7,935)	(9,458)		(7,935)	(9,458)	
Net finance costs		**(8,289)**	**(9,441)**		**(8,225)**	**(9,370)**	
Gains/ (losses) on disposal of non-current assets	12	(7)	74	**	(7)	74	**
Corporation tax expense	13	(71)	(41)		-	-	
Surplus/(deficit) for the year from continuing operations		**(31,187)**	**(35,091)**		**(31,429)**	**(35,158)**	
Surplus/(deficit) on discontinued operations and the gain/(loss) on disposal of discontinued operations		-	-		-	-	
Surplus/(deficit) for the year		**(31,187)**	**(35,091)**		**(31,429)**	**(35,158)**	
Other comprehensive income							
Will not be reclassified to income and expenditure:							
Impairments	6	(28,971)	(1,221)		(28,971)	(1,221)	
Revaluations	16	2,328	-		2,328	-	
Other recognised gains and losses		-	-		-	-	
May be reclassified to income and expenditure when certain conditions are met:						-	
Fair value gains/(losses) on available-for-sale financial investments		-	-	*	-	-	
Total comprehensive income/(expense) for the period		**(57,830)**	**(36,312)**		**(58,072)**	**(36,379)**	

* Indicates prior year comparatives restated for removal of the charity from 'group' reporting see policy note 1.1

** Indicates prior year comparatives restated to remove 'Gains' and 'Loss' on disposals from Other operating income & Operating expenses and reporting the net impact in Gains/ (losses) on disposal of non-current assets

The notes on pages 6 to 44 form part of these accounts

Statements of Financial Position

	Note	Group 31 March 2017 £000	Group 31 March 2016 £000		Trust 31 March 2017 £000	Trust 31 March 2016 £000
Non-current assets						
Intangible assets	14	1,716	2,215		1,716	2,215
Property, plant and equipment	15, 16	269,162	307,247		266,421	304,432
Investment property		-	-	*	-	-
Other investments	17	-	-	*	48	48
Trade and other receivables	19	2,015	2,589	*	3,284	3,954
Total non-current assets		**272,893**	**312,051**		**271,469**	**310,649**
Current assets						
Inventories	18	9,744	9,695		9,744	9,695
Trade and other receivables	19	30,383	20,555	*	29,925	20,518
Non-current assets for sale	21	-	550		-	550
Cash and cash equivalents	20	5,490	3,883	*	5,083	3,856
Total current assets		**45,617**	**34,683**		**44,752**	**34,619**
Current liabilities						
Trade and other payables	22	(55,343)	(51,253)	*	(54,330)	(50,805)
Other liabilities	23	(7,596)	(5,075)		(7,596)	(5,067)
Borrowings	24	(36)	(14)		-	-
Provisions	27	(341)	(470)		(341)	(470)
Total current liabilities		**(63,316)**	**(56,812)**		**(62,267)**	**(56,342)**
Total assets less current liabilities		**255,194**	**289,922**		**253,954**	**288,926**
Non-current liabilities						
Trade and other payables	22	(1)	-		(1)	-
Borrowings	24	(22,775)	(35)		(22,736)	-
Other financial liabilities	25	(104)	(107)		-	-
Provisions	27	(2,967)	(2,604)		(2,967)	(2,604)
Total non-current liabilities		**(25,847)**	**(2,746)**		**(25,704)**	**(2,604)**
Total assets employed		**229,347**	**287,176**		**228,250**	**286,322**
Financed by						
Public dividend capital		190,259	190,259		190,259	190,259
Revaluation reserve		59,823	87,042		59,583	86,802
Income and expenditure reserve		(20,735)	9,875		(21,592)	9,261
Charitable fund reserves		-	-	*	-	-
Total taxpayers' and others' equity		**229,347**	**287,176**		**228,250**	**286,322**

* Indicates prior year comparatives restated for removal of the charity from 'group' reporting see policy note 1.1

The Financial statements on pages 2 to 44 were approved by the Board of Directors on 23 May and signed on its behalf by:

Matthew Kershaw

Chief Executive

23 May 2017

Statement of Changes in Equity for the year ended 31 March 2017

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2016 - brought forward	**190,259**	**87,042**	**9,875**	**287,176**
Surplus/(deficit) for the year	-	-	(31,187)	**(31,187)**
Impairments	-	(28,971)	-	**(28,971)**
Revaluations	-	2,328	-	**2,328**
Transfer to retained earnings on disposal of assets	-	(576)	576	-
Public dividend capital received	-	-	-	-
Public dividend capital repaid	-	-	-	-
Taxpayers' and others' equity at 31 March 2017	**190,259**	**59,823**	**(20,735)**	**229,347**

Statement of Changes in Equity for the year ended 31 March 2016

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	**190,709**	**88,985**	**44,244**	**323,938**
Surplus/(deficit) for the year	-	-	(35,091)	**(35,091)**
Impairments	-	(1,221)	-	**(1,221)**
Revaluations	-	-	-	-
Transfer to retained earnings on disposal of assets	-	(722)	722	-
Public dividend capital received	250	-	-	**250**
Public dividend capital repaid	(700)	-	-	**(700)**
Taxpayers' and others' equity at 31 March 2016	**190,259**	**87,042**	**9,875**	**287,176**

Note that the Charity reserve has been omitted as not included in the 'group' results for 2016/17 see policy note 1.1

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2016 - brought forward	**190,259**	**86,802**	**9,261**	**286,322**
Surplus/(deficit) for the year	-	-	(31,429)	**(31,429)**
Impairments	-	(28,971)	-	**(28,971)**
Revaluations	-	2,328	-	**2,328**
Transfer to retained earnings on disposal of assets	-	(576)	576	-
Public dividend capital received	-	-	-	-
Public dividend capital repaid	-	-	-	-
Other reserve movements	-	-	-	-
Taxpayers' and others' equity at 31 March 2017	**190,259**	**59,583**	**(21,592)**	**228,250**

Statement of Changes in Equity for the year ended 31 March 2016

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2015 - brought forward	**190,709**	**88,746**	**43,696**	**323,151**
Surplus/(deficit) for the year	-	-	(35,158)	**(35,158)**
Impairments	-	(1,221)	-	**(1,221)**
Revaluations	-	-	-	-
Transfer to retained earnings on disposal of assets	-	(723)	723	-
Public dividend capital received	250	-	-	**250**
Public dividend capital repaid	(700)	-	-	**(700)**
Taxpayers' and others' equity at 31 March 2016	**190,259**	**86,802**	**9,261**	**286,322**

Public dividend capital

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

Revaluation reserve

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

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the NHS foundation trust.

Statement of Cash Flows

	Note	Group 2016/17 £000	Group 2015/16 £000		Trust 2016/17 £000	Trust 2015/16 £000
Cash flows from operating activities						
Operating surplus/(deficit)		(22,820)	(25,683)	*	(23,197)	(25,862)
Non-cash income and expense:						
Depreciation and amortisation	5.1	18,287	17,024		18,134	16,871
Net impairments and reversals of impairments	6	7,166	3,314		7,166	3,314
Income recognised in respect of capital donations	4	(910)	(295)		(910)	(295)
(Increase)/decrease in receivables and other assets		(9,296)	7,306		(8,779)	6,925
(Increase)/decrease in inventories		(49)	(662)		(49)	(662)
Increase/(decrease) in payables and other liabilities		6,213	(7,579)		5,656	(6,979)
Increase/(decrease) in provisions		196	(1,716)		196	(1,716)
Tax (paid)/received		-	(41)		-	-
NHS charitable funds - net movements in working capital, non-cash transactions and non-operating cash flows		-	-	*	-	-
Other movements in operating cash flows		(49)	(47)		(1)	1
Net cash generated from/(used in) operating activities		**(1,262)**	**(8,379)**		**(1,784)**	**(8,403)**
Cash flows from investing activities						
Interest received		118	75		118	142
Purchase of intangible assets		(227)	(236)		(227)	(236)
Sales of intangible assets		-	-		-	-
Purchase of property, plant, equipment and investment property		(12,591)	(12,698)		(12,512)	(12,652)
Sales of property, plant, equipment and investment property		249	3,457		249	3,457
Receipt of cash donations to purchase capital assets		910	295		910	295
Investing cash flows of NHS charitable funds		-	-	*	-	-
Net cash generated from/(used in) investing activities		**(11,541)**	**(9,107)**		**(11,462)**	**(8,994)**
Cash flows from financing activities						
Public dividend capital received		-	250		-	250
Public dividend capital repaid		-	(700)		-	(700)
Movement on loans from the Department of Health		22,736	-		22,736	-
Movement on other loans		-	-		-	-
Capital element of finance lease rental payments		-	(25)		-	-
Interest paid on finance lease liabilities		(64)	(4)		-	-
Other capital receipts		-	-		-	-
Other interest paid		(370)	(18)		(370)	(18)
PDC dividend paid		(7,893)	(9,574)		(7,893)	(9,574)
Net cash generated from/(used in) financing activities		**14,409**	**(10,071)**		**14,473**	**(10,042)**
Increase/(decrease) in cash and cash equivalents		**1,606**	**(27,557)**		**1,227**	**(27,439)**
Cash and cash equivalents at 1 April		**3,883**	**31,440**	*	**3,856**	**31,295**
Cash and cash equivalents at 31 March	20	**5,490**	**3,883**	*	**5,083**	**3,856**

Note: prior year comparatives restated for removal of the charity net movements in working capital from 'group' reporting see policy note 1.1

Notes to the Accounts

Note 1 Accounting policies and other information

Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Going concern

The Accounts for financial year ending 31st March 2017 have been prepared on a going concern basis.

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

This assessment is based on the fact that there remains the anticipation of the provision of service in the future, as evidenced by inclusion of financial provision for that service in published documents. All of the Trust's principal contracted commissioners have signed contracts for the provision of services at the Trust for 2017/18 and 2018/19.

Note 1.1 Consolidation

East Kent Hospital Charity

The NHS foundation trust is the corporate trustee to the East Kent Hospital Charity. The foundation trust has assessed its relationship to the charitable fund and determined that the charity will not be consolidated for 2016/17 on the grounds of materiality. The Charity meets the criteria for consolidation because the foundation trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund, and has the ability to affect those returns and other benefits through its power over the fund but the Charity's funds are not material to the Foundation Trust for 2016/17.

This is a change in accounting policy for 2016/17 and brings the annual accounts reporting in line with internal and external reporting throughout the year where the Trust is reported separately to the Charity.

The Charity results for 2015/16, although also not material, were consolidated into the Group results for 2015/16 and for comparison purposes the Group balances for 2015/16 have been restated to exclude the Charity. Materiality of the Charity will be considered annually.

Healthex Limited

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Subsidiaries which are classified as held for sale are measured at the lower of their carrying amount and 'fair value less costs to sell'.

On 3rd December 2012, the Trust aquired a subsidiary company, purchasing 100% of the share capital of Healthex Limited, which is also the parent company of East Kent Medical Services Limited. The subsidiary provides the operation and management of a private hospital. The results of the subsidiary have been consolidated in full for 2016/17 consistant 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 1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the trust is contracts with commissioners in respect of health care services.
Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.
Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.3 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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

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 Trust.

The Trust has chosen NEST as an alternative scheme. NEST is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008.

Employers' pension cost contributions are charged to operating expenses as and when they become due.

Other schemes

The subsidiary, East Kent Medical Services Limited, operates a defined contribution pension scheme. The amounts charged to the Income and Expenditure Account represent the contributions payable by the company during the year.

Redundancy Costs

Redundancy costs are recognised as an expense when the Trust is committed, demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement age, or to provide benefits as a result of an offer made to encourage voluntary resignations. Redundancy costs for voluntary resignations are recognised as an expense if the Trust has made an offer of voluntary resignation, it is probable that the offer will be accepted, and the number of acceptancies can be estimated reliably. If the benefits are material and payable more than 12 months after the reporting period, then they are discounted to their present value.

Note 1.4 Expenditure on other goods and services

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

Note 1.5 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- 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 a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Borrowing cost associated with the Construction of new assets are not capitalised.

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

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

All assets are measured subsequently at valuation. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS

(a) Property Assets

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the current value in existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses. All property is revalued using professional valuations every five years with an interim valuation in year 3. Where the Trust becomes aware that property assets may be subject to significant changes in value, or more detailed information regarding the estate becomes available, then in year valuation may be required.

Both full and Interim valuations are carried out by professionally qualified valuers, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date and on this basis indexation will not be applied between valuations. A full valuation was carried out as at 31st March 2015 (2014/15 - Year 1)

Fair values are determined as follows:

Land and non specialised operational property – current value in existing use (EUV);

For non-operational properties including surplus land, the valuations are carried out at open market value;

Specialised operational property – depreciated replacement cost (DRC), based on a modern equivalent asset

Assets in the course of construction - initially at cost and revalued as part of the scheduled valuations or when brought into use. Where substantial works are undertaken between valuation periods, ad-hoc valuations may be undertaken.

Where DRC is used as the valuation methodology, the Department of Health Group Accounting Manual (DH GAM) states that a valuation on an alternative site basis may be appropriate where it is clear that the alternative would offer advantages in serving the target population.

For 2016/17 (year 3) an Interim Valuation was undertaken. The Trust complies with the requirements of the GAM by valuing its land and buildings property using a Modern Equivalent Asset Valuation (MEAV) on an alternative site basis. The principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would be suitable and appropriate for its proposed operations. The Interim valuation was undertaken by professionally qualified valuers Boshier and Company.

See also notes 6 and 16 to the financial statements in respect of the impact on the 2016/17 accounts

Note 1.5 Property, plant and equipment (cont)

(b) Non Property Assets

Operational plant and equipment is valued at net current replacement cost. Where assets are of low value (net book value less than £1m), and/or have short economic lives (less than 10 years), these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is held at net recoverable amount.

Subsequent expenditure

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

Depreciation

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

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the 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 income.

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

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

Impairments

In accordance with the *DH 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 income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

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

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

Note 1.5 Property, plant and equipment (continued)

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

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

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

	Min life Years	**Max life Years**
Land (freehold land considered to have infinate life and not depreciated)		
Buildings, excluding dwellings	40	40
Dwellings	40	40
Plant & machinery	5	15
Transport equipment	7	7
Information technology	5	8
Furniture & fittings	10	10

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

Note 1.6 Intangible assets

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

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

Software
Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset if over £5k in value.

Note 1.6 Intangible assets (cont)

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

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

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

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

	Min life Years	Max life Years
Intangible assets - purchased		
Software	5	5

Note 1.7 Revenue government and other grants

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

Note 1.8 Inventories

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

Note 1.9 Financial instruments and financial liabilities

Recognition
Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

De-recognition
All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.
Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement
Financial assets are categorised as "fair value through income and expenditure", loans and receivables [or "available-for-sale financial assets". Categories of financial assets currently held by the trust are loans and receivables and the investment in the subsidiary, Healthex Limited.

Financial liabilities are classified as "fair value through income and expenditure" or as "other financial liabilities.

Investment in the subsidiary, Healthex Limited
The Trust's investment in its subsidiary, Healthex Limited, has been recognised in accordance with IAS27 in the Trust's financial statements. This investment has been eliminated on consolidation and replaced with the assets and liabilities of the subsidiary.

Financial assets and financial liabilities at "fair value through income and expenditure"
Financial assets and financial liabilities at "fair value through income and expenditure" are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and "other receivables including loans. Loans relating to the subsidiary are eliminated in the consolidated (group) position.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of "other comprehensive income". When items classified as "available-for-sale" are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in "finance costs" in the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or where available through the use of a bad debt provision.

Note 1.10 Leases

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

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

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating leases
Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

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

Note 1.11 Provisions

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

Clinical negligence costs
The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 27.2 but is not recognised in the NHS foundation trust's accounts.

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

Note 1.12 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 28 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 28, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.13 Public dividend capital

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

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.14 Value added tax

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

Note 1.15 Corporation tax

The Trust does not have a corporation tax liability for the year 2016/17. Tax may be payable on activities as described below:
- the activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private healthcare falls under this legislation and is not therefore taxable;
- the activity is commercial in nature and competes with the private sector. In house trading activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax;
- the activity must have annual profits of over £50,000. Such activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax.

The Trust's subsidiary Healthex Limited is liable to corporation tax, which is consolidated into the Group financial statements.

Note 1.16 Foreign exchange

The functional and presentational currencies of the trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

• monetary items (other than financial instruments measured at "fair value through income and expenditure") are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.18 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

Note 1.19 Early adoption of standards, amendments and interpretations
No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted
The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2016-17. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration. The application of the standards as revised would not be expected to have a material impact on the accounts for 2016/17, were they applied in that year.

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 Revenue for Contracts with Customers - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 1.21 Critical accounting estimates and judgements
International accounting standard IAS1 requires estimates, assumptions and judgements to be continually evaluated and to be based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The purpose of the evaluation is to consider whether there may be a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year, compared to the carrying value in these accounts. The following significant assumptions and areas of estimation and judgement have been considered in preparing these financial statements.

Value of land, buildings and dwellings, excluding the subsidiary, £231m (2015/16 £270m): This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer with extensive knowledge of the physical estate and market factors. The value does not take into account potential future changes in market value which cannot be predicted with any certainty.

Partially Completed Spells: Patients who were admitted on or before the 31st March but have not been discharged before midnight are valued for income purposes based upon the following;-

Number of days plus one they have been have been in hospital divided by the average length of stay of the average patient treated by the same specialty, multiplied by the mean price of the same specialty. Patients who are being cared for in intensive care are also valued based on the agreed tariff multiplied by the number of days the patient has been cared for up to the 31st March. Using this methodology the value of Partially Completed Spells as at 31st March 2017 is £2.5m, this is compared to £2.5m at 31st March 2016. The valuation as at 31st March 2017 has been agreed with commissioners. Partially completed spells were calculated as at the 31st March.

Maternity Pathway Adjustment: The Trust receives a full pathway payment for all expectant mothers who started their antenatal care during 2016/17 irrespective of the expected date of delivery. Deferred income has been calculated based on the estimated gestation period remaining for those mothers yet to deliver as at 31st March 2017 and assuming all pregnancies last for a duration of 40 weeks. Using this methodology the value of income deferred to future periods is £1.9m which has been agreed with Commissioners, compared to £2.0m at 31st March 2016. The valuation for 2016/17 was based on 31st March actual data.

Provisions: Assumptions around the timing of the cashflows relating to provisions are based upon information from the NHS Pensions Agency and expert opinion within the Trust and from external advisers regarding when legal issues may be settled.

Stocks: The material stock balances included within the accounts were counted and valued close to the balance sheet date (Theatres / Cardiology Pacemakers and ICDs), Pharmacy stocks are recorded as reported from the Pharmacy stock system which is subject to a rolling programme of stock valuation. Minor stock takes, where no material change is anticipated, will be included at the values counted earlier in the year.

Note 2 Operating Segments

Resources are organised across four clinical divisions comprising the specialties listed in the following table, and corporate services covering the functions listed below. Divisional Performance Reports and Service Line Reports form the basis of the 2016/17 results and the comparatives for 2015/16. Neither Healthex Limited nor the Charity meets the definition of an operating segment and are therefore excluded from the Segmental Report.

	Urgent Care & Long-term conditions	Surgical Services	Specialist Services	Clinical Support	Corporate functions/ Overheads
Content of Divisions	Acute and Specialist Medicine, A&E, Healthcare of Older People	General Surgery, Head and Neck, Trauma & Orthopaedics, Urology, Vascular, Anaesthetics	Cancer, Haemophilia, Clinical Haematology, Renal, Dermatology, Women's and Children's Health	Pathology, Pharmacy, Radiological Sciences, Therapies, Outpatients	Clinical Quality & Operations, Strategic Development and Capital Planning (including Facilities and IT), HR, Finance and Performance Management

Clinical Divisions are performance-managed at Contribution level (i.e. before apportionment of overheads and financing costs). Income for each NHS patient spell or attendance is credited to a division based on the primary treatment or procedure undertaken. Direct costs charged to each division reflect the cost of running the areas and services under their direct control.

The direct cost of providing clinical support between clinical divisions is charged out on a fully apportioned basis, and internal trading income is reflected in the above segment results. General and corporate overhead costs are managed centrally.

Amounts included for Corporate functions and overheads do not meet the definition of an operating segment under IFRS and are presented as reconciling items. Financing costs includes interest receivable, dividend payable and unwinding of discounts. Overheads comprises depreciation, impairments, and loss on disposal of assets.

Year ended 31 March 2017

Division:	Urgent Care & Long-term conditions	Surgical Services	Specialist Services	Clinical Support	Corporate functions / Overheads	Total Trust
	£000	£000	£000	£000	£000	£000
East Kent Managed Contract	142,280	128,732	73,104	37,054		381,170
High Cost Drugs	5,919	7,234	19,821	126		33,100
Other Income - divisional budgets	21,530	22,905	47,341	19,457	25,881	137,114
Other income - apportioned from SLR report (E&T, R&D, charity)	6,100	5,778	3,775	585	-8,661	7,577
Total Trust income	**175,829**	**164,649**	**144,041**	**57,222**	**17,220**	**558,961**
Income from internal trading - CSS				53,853		53,853
Income from internal trading - surgical (anaesthetics)	0	8,968	0			8,968
Total segment income	175,829	173,617	144,041	111,075	17,220	621,782
Pay costs	93,669	92,623	63,341	56,477	32,768	338,878
Non-pay expenditure	25,776	46,794	39,235	41,336	64,843	217,984
Total direct costs	**119,445**	**139,417**	**102,576**	**97,813**	**97,611**	**556,862**
Indirect costs (internal trading) - CSS	809	0	7,954	205		8,968
Indirect costs (internal trading) - surgical (anaesthetics)	24,816	17,590	11,447	0		53,853
Expenditure by segment	**145,070**	**157,007**	**121,977**	**98,018**	**97,611**	**619,683**
Contribution	**30,759**	**16,610**	**22,064**	**13,057**	**-80,391**	**2,099**
Overheads					25,307	25,307
Financing costs					8,221	8,221
					-113,919	
Surplus/(deficit)						**-31,429**

Year ended 31 March 2016

Division:	Urgent Care & Long-term conditions	Surgical Services	Specialist Services	Clinical Support	Corporate functions / Overheads	Total Trust
	£000	£000	£000	£000	£000	£000
East Kent Managed Contract	126,353	127,929	73,054	29,918		357,254
High Cost Drugs	5,762	6,339	19,691	130		31,922
Other Income - divisional budgets	21,538	20,522	43,987	17,946	25,007	129,000
Other income - apportioned from SLR report (E&T, R&D, charity)	5,560	6,666	4,556	792	-4,260	13,314
Total Trust income	**159,213**	**161,456**	**141,288**	**48,786**	**20,747**	**531,490**
Income from internal trading - CSS				51,344		51,344
Income from internal trading - surgical (anaesthetics)	0	8,791	0			8,791
Total segment income	159,213	170,247	141,288	100,130	20,747	591,625
Pay costs	88,236	90,251	61,307	56,427	32,816	329,037
Non-pay expenditure	25,323	45,883	38,477	34,911	63,361	207,955
Total direct costs	**113,559**	**136,134**	**99,784**	**91,338**	**96,177**	**536,992**
Indirect costs (internal trading) - CSS	23,602	17,079	10,662	0		51,343
Indirect costs (internal trading) - surgical (anaesthetics)	608		7,969	213		8,790
Expenditure by segment	**137,769**	**153,213**	**118,415**	**91,551**	**96,177**	**597,125**
Contribution	**21,444**	**17,034**	**22,873**	**8,579**	**-75,430**	**-5,500**
Overheads					20,303	20,303
Financing costs					9,354	9,354
					-105,087	
Surplus/(deficit)						**-35,157**

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)

The Trust provides clinical care from three large accute hospitals and two community hospitals in East Kent; services are also delivered in a community setting and in premises provided by other NHS bodies.Clinical Commissioning Groups (CCGs) and NHS England pay for inpatient,outpatient and community based care for their resident population. This forms the majority of the Trusts clinical income. As a university Trust, income is also earned for the training of junior doctors and other staff. The Trust also receives income for services to other organisations, to private patients, visitors and staff, and from charitable donations.

The Group figures include income from a private hospital operated by East Kent Medical Services

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Acute services				
Elective income	96,263	94,270	93,071	91,565
Non elective income	146,768	135,615	146,768	135,615
Outpatient income	80,889	73,840	78,643	71,874
A & E income	23,280	22,079	23,280	22,079
Other NHS clinical income	165,261	160,549	165,261	160,549
Additional income for delivery of healthcare services (DH Capital to Revenue transfer)	-	700	-	700
Private patient income	3,417	3,341	434	568
Other clinical income	4,781	1,044	4,781	1,044
Total income from activities	**520,659**	**491,438**	**512,238**	**483,994**

Note 3.2 Income from patient care activities (by source)

	Group		Trust	
Income from patient care activities received from:	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
CCGs and NHS England	510,976	482,493	506,103	477,822
Local authorities	-	-	-	-
Department of Health	-	28	-	28
Other NHS foundation trusts	1,604	1,516	1,604	1,516
NHS trusts	756	743	756	743
NHS other	477	477	477	477
Non-NHS: private patients	3,417	3,341	433	567
Non-NHS: overseas patients (chargeable to patient)	299	330	299	330
NHS injury scheme (was RTA) *	1,972	1,621	1,972	1,621
Non NHS: other	1,158	190	594	190
Additional income for delivery of healthcare services (DH Capital to Revenue transfer)	-	700	-	700
Total income from activities	**520,659**	**491,438**	**512,238**	**483,994**

* Note: Injury scheme income is subject to a 19.75% provision for impairment of receivables to reflect expected rates of collection (2015/16 21.99%)

Note 3.3 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	Trust Only	
	2016/17	2015/16
	£000	£000
Income recognised this year	299	330
Cash payments received in-year	188	126
Amounts added to provision for impairment of receivables	-	61
Amounts written off in-year	23	29

Note 4 Other operating income

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Research and development	2,874	2,789	2,874	2,789
Education and training	14,146	13,845	14,147	13,844
Receipt of capital grants and donations	910	300	910	295
Charitable and other contributions to expenditure	671	653	671	658
Non-patient care services to other bodies	8,914	9,296	10,858	10,834
Sustainability and Transformation Fund income	4,025	-	4,025	-
Rental revenue from operating leases	243	304	243	304
Income in respect of staff costs where accounted on gross basis	5,131	5,651	5,131	5,651
Incoming resources received by NHS charitable funds	-	-	-	-
Other income	7,871	12,878	7,864	12,928
Total other operating income	**44,785**	**45,716**	**46,723**	**47,303**

Analysis of Other Operating Income: Other

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Car parking	4,230	3,721	4,230	3,721
Estates recharges	310	217	310	217
Staff accomodation rentals	2,274	2,340	2,274	2,340
Other *	1,057 *	6,600	1,050 *	6,650
	7,871	**12,878**	**7,864**	**12,928**

* 2015/16 Trust and Group figures include a compensation payment £3.6m received in respect of a major project from a previous year

Note 4.1 Income from activities arising from commissioner requested services

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

The Trust is working with its commissioners to determine the level of Commissioner requested services currently provided. Within the 2016-17 financial statements management has taken the view to define any service that is identified in a signed contract with any NHS commissioner as commissioner requested

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Income from services designated (or grandfathered) as commissioner requested services	510,547	478,179	510,547	478,179
Income from services not designated as commissioner requested services	54,897	58,975	48,414	53,118
Total	**565,444**	**537,154**	**558,961**	**531,297**

Note 4.2 Profits and losses on disposal of property, plant and equipment

No land or buildings used in the provision of Commissioner Requested Services were disposed of in 2016/17

Note 5.1 Operating expenses

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Services from NHS foundation trusts	708	932	664	876
Services from NHS trusts	514	296	487	279
Services from CCGs and NHS England	(42)	168	(180)	168
Services from other NHS bodies	23	21	18	21
Purchase of healthcare from non NHS bodies	7,056	6,407	9,532	9,169
Employee expenses - executive directors	1,335	1,460	1,335	1,460
Remuneration of non-executive directors	148	144	148	144
Employee expenses - staff	341,544	331,678	337,394	327,771
Supplies and services - clinical	74,698	72,428	71,833	69,284
Supplies and services - general	19,691	18,634	19,159	18,364
Establishment	3,361	3,213	3,361	3,183
Transport	2,711	3,167	3,128	3,104
Premises	18,477	19,212	18,704	19,047
Increase/(decrease) in provision for impairment of receivables	456	2,076	456	2,109
Increase/(decrease) in other provisions	66	73	66	73
Change in provisions discount rate(s)	415	(24)	415	(24)
Inventories written down	213	683	213	683
Drug costs	63,879	55,213	63,870	55,199
Rentals under operating leases	783	971	783	966
Depreciation on property, plant and equipment	17,560	16,290	17,407	16,137
Amortisation on intangible assets	727	734	727	734
Net impairments	7,166	3,314	7,166	3,314
Audit fees payable to the external auditor				
audit services- statutory audit	68	68	68	68
other auditor remuneration (external auditor only)	26	88	15	77
Clinical negligence	18,297	16,206	18,297	16,206
Legal fees	317	424	317	417
Consultancy costs	1,271	2,536	1,271	2,298
Internal audit costs	280	204	280	204
Training, courses and conferences	1,558	1,963	1,485	1,946
Patient travel	459	455	459	448
Car parking & security	314	237	314	237
Redundancy	-	53	-	53
Early retirements	-	-	-	-
Hospitality	112	171	112	149
Publishing	-	39	-	-
Insurance	518	557	518	480
Other services, eg external payroll	679	762	679	758
Losses, ex gratia & special payments	161	31	161	31
Other	2,715	1,953	1,496	1,726
Total	**588,264**	**562,837**	**582,158**	**557,159**

* The statutory audit fee included in this line includes irrecoverable VAT consistent with all other disclosures in this table. The actual fee received by the external auditors for the Trust statutory audit is £56,800. Fees for Subsidiary and Charity audits are disclosed in note 5.2

Note 5.2 Other auditor remuneration

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Other auditor remuneration paid to the external auditor:				
1. Audit of accounts of any associate of the trust (Healthex)	11	11	-	-
2. Audit-related assurance services (Quality Accounts)	15	15	15	15
3. Taxation compliance services	-	-	-	-
4. All taxation advisory services not falling within item 3 above	-	-	-	-
5. Internal audit services	-	-	-	-
6. All assurance services not falling within items 1 to 5	-	-	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	62	-	62
Total	**26**	**88**	**15**	**77**

Note 5.3 Limitation on auditor's liability

The limitation on auditors' liability for external audit work is £1m (2015/16: £1m).

Note 6 Impairment of assets

All impairments relate to the Trust Accounts

	Trust	
	2016/17	2015/16
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	7,166	3,314
Total net impairments charged to operating surplus / deficit	**7,166**	**3,314**
Impairments charged to the revaluation reserve	28,971	1,221
Total net impairments	**36,137**	**4,535**

For 2016/17 The Trusts specialised operational assets have been valued on an Modern Equivalent Asset alternative site basis (see policy note 1.5). In addition the Trust carried out a high level condition survey to ascertain the risk adjusted maintenance requirement of the existing buildings which was used by the Trust externally appointed, independant valuers, in accordance with RICS guidance to determine the values reported in these accounts.

This resulted in net reductions to reported Trust land values of £19.6m with £17.1m charged against the revaluation reserve and £2.5m recognised in operating expenses

The impact on Trust building values was a net reduction of £12.5m with £12.6m charged to reserves (offset by upwards valuations of £2.3m) and £2.2m recognised in operating expenses.

There was a further £2.3m charge to operating expenses in respect of the staff accomodation valuation on an existing use basis offset by net upward revaluation to reserves of £0.8m

£145k impairment recognised in operating expenses related to the sale of a building from Assets held for Sale, at the Royal Victoria Hospital in Year

Note 7 Employee benefits

	Group		Trust	
	2016/17 Total £000	2015/16 Total £000	2016/17 Total £000	2015/16 Total £000
Salaries and wages	**254,189**	248,739	**251,254**	246,218
Social security costs	**24,583**	19,327	**24,324**	19,104
Employer's contributions to NHS pensions	**30,211**	29,501	**30,211**	29,501
Pension cost - other	**69**	51	**20**	17
Other post employment benefits	**-**	-	**-**	-
Other employment benefits	**-**	28	**-**	-
Termination benefits	**-**	-	**-**	-
Temporary staff (including agency)	**33,988**	35,783	**33,081**	34,682
NHS charitable funds staff	**-**	-	**-**	-
Total gross staff costs	**343,040**	**333,429**	**338,890**	**329,522**
Recoveries in respect of seconded staff	**-**	-	**-**	-
Total staff costs	**343,040**	**333,429**	**338,890**	**329,522**
Of which				
Costs capitalised as part of assets	**161**	291	**161**	291

Note 7.1 Retirements due to ill-health

During 2016/17 there were 6 early retirements from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2016). The estimated additional pension liabilities of these ill-health retirements is £303k (£146k in 2015/16).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 8 Pension costs

NHS Schemes

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Other Schemes

The Foundation Trust also offers an additional defined contribution workplace pension scheme (National Employment Savings Scheme (NEST), where individuals are not eligible to join the NHS scheme. Further details are included in policy note 1.3.

The subsidiary, East Kent Medical Services Limited, operates a defined contribution pension scheme. The amounts charged to the Income and Expenditure Account represent the contributions payable by the company during the year.

Note 9 Operating leases

Note 9.1 East Kent Hospitals University NHS Foundation Trust as a lessor

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

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Operating lease revenue				
Minimum lease receipts	243	304	243	304
Total	243	304	243	304

	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Future minimum lease receipts due:				
- not later than one year;	-	304	-	304
- later than one year and not later than five years;	-	-	-	-
- later than five years.	-	-	-	-
Total	-	304	-	304

Note 9.2 East Kent Hospitals University NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where East Kent Hospitals University NHS Foundation Trust FT is the lessee.

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Operating lease expense				
Minimum lease payments	783	971	783	966
Total	783	971	783	966

	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
Future minimum lease payments due:				
- not later than one year;	428	966	428	966
- later than one year and not later than five years;	419	531	419	531
- later than five years.	-	554	-	554
Total	847	2,051	847	2,051
Future minimum sublease payments to be received	-	-	-	-

Note 10 Finance income

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

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Interest on bank accounts	118	75	56	74
Interest on loans and receivables	-	-	62	68
Total	**118**	**75**	**118**	**142**

Note 11.1 Finance expenditure

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

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Interest expense:				
Loans from the Department of Health	369	-	369	-
Finance leases	64	4	-	-
Interest on late payment of commercial debt	1	18	1	18
Total interest expense	**434**	**22**	**370**	**18**
Other finance costs - unwinding of discount	38	36	38	36
Total	**472**	**58**	**408**	**54**

Note 11.2 The late payment of commercial debts (interest) Act 1998

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Amounts included within interest payable arising from claims made under this legislation	1	18	1	18
Compensation paid to cover debt recovery costs under this legislation	-	-	-	-

Note 12 Gains/losses on disposal/derecognition of non-current assets

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Profit on disposal of non-current assets	-	192	-	192
Loss on disposal of non-current assets	(7)	(118)	(7)	(118)
Net profit/(loss) on disposal of non-current assets	**(7)**	**74**	**(7)**	**74**

Note 13 Corporation tax

	Group	
	2016/17	2015/16
	£000	£000
UK corporation tax expense	71	41
Adjustments in respect of prior years	-	-
Current tax expense	**71**	**41**
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior years	-	-
Change in tax rate	-	-
Deferred tax expense	**-**	**-**
Total income tax expense in Statement of Comprehensive Income	**71**	**41**

Note 14.1 Intangible assets - 2016/17

Group (Note: all Intangible assets are Trust Assets)	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation/gross cost at 1 April 2016 - brought forward	4,312	183	4,495
Additions	221	7	228
Impairments	-	-	-
Reversals of impairments	-	-	-
Reclassifications	15	(15)	-
Revaluations	-	-	-
Transfers to/ from assets held for sale	-	-	-
Disposals / derecognition	-	-	-
Gross cost at 31 March 2017	4,548	175	4,723
Amortisation at 1 April 2016 - brought forward	2,280	-	2,280
Provided during the year	727	-	727
Impairments	-	-	-
Reversals of impairments	-	-	-
Revaluations	-	-	-
Disposals / derecognition	-	-	-
Amortisation at 31 March 2017	3,007	-	3,007
Net book value at 31 March 2017	1,541	175	1,716
Net book value at 1 April 2016	2,032	183	2,215

Note 14.2 Intangible assets - 2015/16

Group (Note: all Intangible assets are Trust Assets)	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation/gross cost at 1 April 2015 - as previously stated	3,158	1,148	4,306
Additions	227	(38)	189
Impairments	-	-	-
Reversals of impairments	-	-	-
Reclassifications	927	(927)	-
Revaluations	-	-	-
Transfers to/ from assets held for sale	-	-	-
Disposals / derecognition	-	-	-
Valuation/gross cost at 31 March 2016	4,312	183	4,495
Amortisation at 1 April 2015 - as previously stated	1,546	-	1,546
Provided during the year	734	-	734
Impairments	-	-	-
Reversals of impairments	-	-	-
Revaluations	-	-	-
Disposals / derecognition	-	-	-
Amortisation at 31 March 2016	2,280	-	2,280
Net book value at 31 March 2016	2,032	183	2,215
Net book value at 1 April 2015	1,612	1,148	2,760

Note 15.1 Property, plant and equipment - 2016/17

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 2016 - brought forward	**36,044**	**227,523**	**17,516**	**6,272**	**74,836**	**25**	**14,838**	**865**	**377,919**
Additions	-	1,717	-	4,516	5,253	-	1,501	2	**12,989**
Impairments	(17,105)	(12,606)	(2,041)	-	-	-	-	-	**(31,752)**
Reversals of impairments	-	649	2,132	-	-	-	-	-	**2,781**
Reclassifications	-	2,311	-	(5,383)	14	-	3,074	(16)	**-**
Revaluations	(2,528)	(13,146)	(2,359)	-	-	-	-	-	**(18,033)**
Transfers to/ from assets held for sale	150	-	-	-	-	-	-	-	**150**
Disposals / derecognition	-	-	-	-	(10,654)	(18)	(1,057)	(441)	**(12,170)**
Valuation/gross cost at 31 March 2017	**16,561**	**206,448**	**15,248**	**5,405**	**69,449**	**7**	**18,356**	**410**	**331,884**
Accumulated depreciation at 1 April 2016 - brought forward	**-**	**8,120**	**512**	**-**	**53,570**	**19**	**7,829**	**622**	**70,672**
Provided during the year	-	8,932	485	-	5,362	1	2,741	39	**17,560**
Impairments	2,527	2,920	2,339	-	-	-	-	-	**7,786**
Reversals of impairments	-	(765)	-	-	-	-	-	-	**(765)**
Revaluations	(2,527)	(14,727)	(3,107)	-	-	-	-	-	**(20,361)**
Disposals/ derecognition	-	-	-	-	(10,654)	(18)	(1,057)	(441)	**(12,170)**
Accumulated depreciation at 31 March 2017	**-**	**4,480**	**229**	**-**	**48,278**	**2**	**9,513**	**220**	**62,722**
Net book value at 31 March 2017	**16,561**	**201,968**	**15,019**	**5,405**	**21,171**	**5**	**8,843**	**190**	**269,162**
Net book value at 1 April 2016	**36,044**	**219,403**	**17,004**	**6,272**	**21,266**	**6**	**7,009**	**243**	**307,247**

Note 15.2 Property, plant and equipment - 2015/16

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 2015 - as previously stated	**37,865**	**207,032**	**17,464**	**29,927**	**71,470**	**19**	**11,542**	**690**	**376,009**
Additions - purchased/ leased/ grants/ donations	-	3,622	-	3,679	3,575	6	1,505	199	**12,586**
Impairments	(395)	(826)	-	-	-	-	-	-	**(1,221)**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	24,577	52	(27,334)	914	-	1,791	-	**-**
Revaluations	-	(4,392)	-	-	-	-	-	-	**(4,392)**
Transfers to/ from assets held for sale	(150)	(400)	-	-	-	-	-	-	**(550)**
Disposals / derecognition	(1,276)	(2,090)	-	-	(1,123)	-	-	(24)	**(4,513)**
Valuation/gross cost at 31 March 2016	**36,044**	**227,523**	**17,516**	**6,272**	**74,836**	**25**	**14,838**	**865**	**377,919**
Accumulated depreciation at 1 April 2015 - as previously stated	**-**	**96**	**-**	**-**	**50,360**	**19**	**5,523**	**591**	**56,589**
Provided during the year	-	9,107	512	-	4,310	-	2,306	55	**16,290**
Impairments	-	3,314	-	-	-	-	-	-	**3,314**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(4,392)	-	-	-	-	-	-	**(4,392)**
Disposals / derecognition	-	(5)	-	-	(1,100)	-	-	(24)	**(1,129)**
Accumulated depreciation at 31 March 2016	**-**	**8,120**	**512**	**-**	**53,570**	**19**	**7,829**	**622**	**70,672**
Net book value at 31 March 2016	**36,044**	**219,403**	**17,004**	**6,272**	**21,266**	**6**	**7,009**	**243**	**307,247**
Net book value at 1 April 2015	**37,865**	**206,936**	**17,464**	**29,927**	**21,110**	**-**	**6,019**	**99**	**319,420**

Note 15.3 Property, plant and equipment financing - 2016/17

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017									
Owned	16,561	194,554	15,019	5,405	19,370	5	8,773	190	**259,877**
Finance leased	-	-	-	-	-	-	-	-	-
Donated	-	7,414	-	-	1,801	-	70	-	**9,285**
NBV total at 31 March 2017	**16,561**	**201,968**	**15,019**	**5,405**	**21,171**	**5**	**8,843**	**190**	**269,162**

Note 15.4 Property, plant and equipment financing - 2015/16

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2016									
Owned	36,044	211,916	17,004	6,272	19,863	6	6,898	243	**298,246**
Finance leased	-	-	-	-	24	-	-	-	**24**
Donated	-	7,487	-	-	1,379	-	111	-	**8,977**
NBV total at 31 March 2016	**36,044**	**219,403**	**17,004**	**6,272**	**21,266**	**6**	**7,009**	**243**	**307,247**

Note 16.1 Property, plant and equipment - 2016/17

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 2016 - brought forward	**36,044**	**224,685**	**17,516**	**6,272**	**74,455**	**25**	**14,838**	**865**	**374,700**
Additions	-	1,717	-	4,523	5,167	-	1,501	2	**12,910**
Impairments	(17,105)	(12,606)	(2,041)	-	-	-	-	-	**(31,752)**
Reversals of impairments	-	649	2,132	-	-	-	-	-	**2,781**
Reclassifications	-	2,311	-	(5,383)	14	-	3,074	(16)	**-**
Revaluations	(2,528)	(13,146)	(2,359)	-	-	-	-	-	**(18,033)**
Transfers to/ from assets held for sale	150	-	-	-	-	-	-	-	**150**
Disposals / derecognition	-	-	-	-	(10,654)	(18)	(1,057)	(441)	**(12,170)**
Valuation/gross cost at 31 March 2017	**16,561**	**203,610**	**15,248**	**5,412**	**68,982**	**7**	**18,356**	**410**	**328,586**
Accumulated depreciation at 1 April 2016 - brought forward	**-**	**7,929**	**512**	**-**	**53,357**	**19**	**7,829**	**622**	**70,268**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	8,835	485	-	5,306	1	2,741	39	**17,407**
Impairments	2,527	2,920	2,339	-	-	-	-	-	**7,786**
Reversals of impairments	-	(765)	-	-	-	-	-	-	**(765)**
Revaluations	(2,527)	(14,727)	(3,107)	-	-	-	-	-	**(20,361)**
Disposals/ derecognition	-	-	-	-	(10,654)	(18)	(1,057)	(441)	**(12,170)**
Accumulated depreciation at 31 March 2017	**-**	**4,192**	**229**	**-**	**48,009**	**2**	**9,513**	**220**	**62,165**
Net book value at 31 March 2017	**16,561**	**199,418**	**15,019**	**5,412**	**20,973**	**5**	**8,843**	**190**	**266,421**
Net book value at 1 April 2016	**36,044**	**216,756**	**17,004**	**6,272**	**21,098**	**6**	**7,009**	**243**	**304,432**

Note 16.2 Property, plant and equipment - 2015/16

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 2015 - as previously stated	**37,865**	**204,194**	**17,464**	**29,927**	**71,159**	**19**	**11,542**	**690**	**372,860**
Additions - purchased/ leased/ grants/ donations	-	3,622	-	3,679	3,505	6	1,505	199	**12,516**
Impairments	(395)	(826)	-	-	-	-	-	-	**(1,221)**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	24,577	52	(27,334)	914	-	1,791	-	**-**
Revaluations	-	(4,392)	-	-	-	-	-	-	**(4,392)**
Transfers to/ from assets held for sale	(150)	(400)	-	-	-	-	-	-	**(550)**
Disposals / derecognition	(1,276)	(2,090)	-	-	(1,123)	-	-	(24)	**(4,513)**
Valuation/gross cost at 31 March 2016	**36,044**	**224,685**	**17,516**	**6,272**	**74,455**	**25**	**14,838**	**865**	**374,700**
Accumulated depreciation at 1 April 2015 - as previously stated	**-**	**-**	**-**	**-**	**50,205**	**19**	**5,523**	**591**	**56,338**
Provided during the year	-	9,012	512	-	4,252	-	2,306	55	**16,137**
Impairments	-	3,314	-	-	-	-	-	-	**3,314**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	(4,392)	-	-	-	-	-	-	**(4,392)**
Disposals / derecognition	-	(5)	-	-	(1,100)	-	-	(24)	**(1,129)**
Accumulated depreciation at 31 March 2016	**-**	**7,929**	**512**	**-**	**53,357**	**19**	**7,829**	**622**	**70,268**
Net book value at 31 March 2016	**36,044**	**216,756**	**17,004**	**6,272**	**21,098**	**6**	**7,009**	**243**	**304,432**
Net book value at 1 April 2015	**37,865**	**204,194**	**17,464**	**29,927**	**20,954**	**-**	**6,019**	**99**	**316,522**

Note 16.3 Property, plant and equipment financing - 2016/17

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2017									
Owned	16,561	192,004	15,019	5,412	19,172	5	8,773	190	**257,136**
Donated	-	7,414	-	-	1,801	-	70	-	**9,285**
NBV total at 31 March 2017	**16,561**	**199,418**	**15,019**	**5,412**	**20,973**	**5**	**8,843**	**190**	**266,421**

Note 16.4 Property, plant and equipment financing - 2015/16

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2016									
Owned	36,044	209,269	17,004	6,272	19,719	6	6,898	243	**295,455**
Donated	-	7,487	-	-	1,379	-	111	-	**8,977**
NBV total at 31 March 2016	**36,044**	**216,756**	**17,004**	**6,272**	**21,098**	**6**	**7,009**	**243**	**304,432**

Note 16.5 Revaluations of property, plant and equipment

The date of the latest revalution of land, buildings and dwellings was 30th September 2016. The valuation was carried out by an externally appointed independent RICS qualified valuer using a Modern equivalent Asset - alternative site basis. The overall impact of the valuation exercise was to reduce the value of Trust land buildings and dwellings by £33.7m. See policy note 1.5 and Impairments note 6 for further information. No further indexation has been applied to the Trust values at 31st March 2017 as advice from Trust valuer is that the impact would not be material.

Note 17 Investment in Subsidiary

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Carrying value at 1 April	-	-	48	48
Acquisitions in year	-	-	-	-
Disposals	-	-	-	-
Carrying value at 31 March	-	-	48	48

Note 18 Inventories

	Group		Trust	
	2017	2016	2017	2016
	£000	£000	£000	£000
Drugs	3,615	3,277	3,615	3,277
Energy	365	444	365	444
Other	5,764	5,974	5,764	5,974
Total inventories	**9,744**	**9,695**	**9,744**	**9,695**

Inventories recognised in expenses for the year were £68,133k (2015/16: £66,711k). Write-down of inventories recognised as expenses for the year were £213k (2015/16: £683k).

Note 19.1 Trade receivables and other receivables

	Group		Trust	
	2017	2016	2017	2016
	£000	£000	£000	£000
Current				
Trade receivables due from NHS bodies	18,869	11,691	17,932	11,320
Receivables due from NHS charities	185	133	185	133
Other receivables due from related parties	372	-	-	-
Provision for impaired receivables	(2,401)	(3,612)	(2,340)	(3,504)
Prepayments (non-PFI)	4,118	3,235	4,011	3,141
Accrued income	2,482	1,609	2,456	1,594
PDC dividend receivable	228	270	228	270
VAT receivable	1,456	1,820	1,456	1,820
Other receivables	5,074	5,409	5,997	5,744
Total current trade and other receivables	**30,383**	**20,555**	**29,925**	**20,518**
Non-current				
Provision for impaired receivables	(436)	(592)	(436)	(592)
Prepayments (non-PFI)	246	382	246	382
Other receivables	2,205	2,799	3,474	4,164
Total non-current trade and other receivables	**2,015**	**2,589**	**3,284**	**3,954**

Note 19.2 Provision for impairment of receivables

The Trust employes external debt collection services and formal court procedures if required to trace debtors and seek to recover overdue debt, Irrecoverable debts are written off on a quarterly basis. Debts outstanding at 31st March are reviewed, by debt category, to determine the appropriate provision to be included within the accounts.

	Group		Trust	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
At 1 April as previously stated	**4,204**	**3,305**	**4,096**	**3,150**
Increase in provision	769	2,076	769	2,389
Amounts utilised	(1,823)	(1,177)	(1,776)	(1,163)
Unused amounts reversed	(313)	-	(313)	(280)
At 31 March	**2,837**	**4,204**	**2,776**	**4,096**

Note 19.3 Analysis of financial assets

Group	**31 March 2017**		**31 March 2016**	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
Ageing of impaired receivables	£000	£000	£000	£000
0 - 30 days	26	-	1,564	-
30-60 Days	45	-	72	-
60-90 days	13	-	29	-
90- 180 days	74	-	286	-
Over 180 days	1,783	-	2,253	-
Total	**1,941**	**-**	**4,204**	**-**
Ageing of non-impaired receivables past their due date				
0 - 30 days	921	-	4,001	-
30-60 Days	5,620	-	1,127	-
60-90 days	299	-	618	-
90- 180 days	961	-	1,152	-
Over 180 days	1,027	-	1,621	-
Total	**8,828**	**-**	**8,519**	**-**

Trust	**31 March 2017**		**31 March 2016**	
	Trade and other receivables	Investments & Other financial assets	Trade and other receivables	Investments & Other financial assets
Ageing of impaired receivables	£000	£000	£000	£000
0 - 30 days	26	-	1,564	-
30-60 Days	45	-	72	-
60-90 days	13	-	29	-
90- 180 days	74	-	286	-
Over 180 days	1,722	-	2,145	-
Total	**1,880**	**-**	**4,096**	**-**
Ageing of non-impaired receivables past their due date				
0 - 30 days	921	-	2,925	-
30-60 Days	5,620	-	743	-
60-90 days	299	-	476	-
90- 180 days	961	-	1,092	-
Over 180 days	1,027	-	1,133	-
Total	**8,828**	**-**	**6,369**	**-**

Note 20 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	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
At 1 April	**3,883**	**31,515**	**3,856**	**31,295**
Net change in year	1,607	(27,632)	1,227	(27,439)
At 31 March	**5,490**	**3,883**	**5,083**	**3,856**
Broken down into:				
Cash at commercial banks and in hand	1,012	2,475	605	970
Cash with the Government Banking Service	4,478	1,408	4,478	2,886
Total cash and cash equivalents as in SoFP	**5,490**	**3,883**	**5,083**	**3,856**
Bank overdrafts (GBS and commercial banks)	-	-	-	-
Drawdown in committed facility	-	-	-	-
Total cash and cash equivalents as in SoCF	**5,490**	**3,883**	**5,083**	**3,856**

Note 20.1 Third party assets held by the NHS foundation trust

East Kent Hospitals University NHS Foundation Trust held cash and cash equivalents which relate to monies held by the the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	Group and Trust	
	31 March 2017	31 March 2016
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	**-**	**-**

Note 21 Non-current assets for sale and assets in disposal groups

	2016/17		2015/16
	Most recently held as:		
Group (Note: all assets held for sale are Trust Assets)	**Property, plant & equipment**	**Total**	**Total**
	£000	£000	£000
disposal groups at 1 April	**550**	**550**	**-**
Prior period adjustment	-	-	-
disposal groups at 1 April - restated	**550**	**550**	**-**
At start of period for new FTs	**-**	**-**	**-**
Transfers by absorption	-	-	-
Plus assets classified as available for sale in the year	-	-	**550**
Less assets sold in year	(255)	**(255)**	-
Less impairment of assets held for sale	(145)	**(145)**	-
Plus reversal of impairment of assets held for sale	-	-	-
reasons other than disposal by sale	(150)	**(150)**	-
disposal groups at 31 March	**-**	**-**	**550**

A small parcel of land at the WHH is no longer being actively marketed and has been reclassified as Property plant and equipment £150k

Note 22 Trade and other payables

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Current				
NHS trade payables	3,822	5,092	4,412	5,092
Other trade payables	20,069	15,525	18,841	15,804
Capital payables	2,077	1,678	2,077	1,678
Social security costs	3,649	3,083	3,649	3,019
Other taxes payable	3,175	3,067	3,096	3,032
Other payables	4,321	5,151	4,237	4,326
Accruals	18,230	17,657	18,018	17,854
Total current trade and other payables	**55,343**	**51,253**	**54,330**	**50,805**
Non-current				
Accruals	1	-	1	-
Total non-current trade and other payables	**1**	**-**	**1**	**-**

Note 23 Other liabilities

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Current				
Deferred goods and services income	7,596	5,075	7,596	5,067
Total other current liabilities	**7,596**	**5,075**	**7,596**	**5,067**

Note 24 Borrowings

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Current				
Obligations under finance leases	36	14	-	-
Total current borrowings	**36**	**14**	**-**	**-**
Non-current				
Loans from the Department of Health	22,736	-	22,736	-
Obligations under finance leases	39	35	-	-
Total non-current borrowings	**22,775**	**35**	**22,736**	**-**

Note 25 Other financial liabilities

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Current				
Derivatives and embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**
Non-current				
Derivatives and embedded derivatives held at 'fair value through income and expenditure'	-	-	-	-
Other financial liabilities	104	107	-	-
Total	**104**	**107**	**-**	**-**

Note 26 Finance leases

Note 26.1 East Kent Hospitals University NHS Foundation Trust as a lessor

Future lease receipts due under finance lease agreements where East Kent Hospitals University NHS Foundation Trust is the lessor:

The Trust has no arrangements

Note 26.2 East Kent Hospitals University NHS Foundation Trust as a lessee

Obligations under finance leases where East Kent Hospitals University NHS Foundation Trust is the lessee.

All finance lease arrangements relate to the Subsidiary

	Group	
	31 March 2017	31 March 2016
	£000	£000
Gross lease liabilities	**75**	**49**
of which liabilities are due:		
- not later than one year;	36	14
- later than one year and not later than five years;	39	35
- later than five years.	-	-
Finance charges allocated to future periods	-	-
Net lease liabilities	**75**	**49**
of which payable:		
- not later than one year;	36	14
- later than one year and not later than five years;	39	35
- later than five years.	-	-
Total of future minimum sublease payments to be received at the SoFP date	-	-
Contingent rent recognised as an expense in the period	-	-

Note 27.1 Provisions for liabilities and charges analysis

Group (all provisions relate to Trust only)	Pensions - early departure costs	Other legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2016	**2,742**	**199**	**68**	**65**	**3,074**
Change in the discount rate	415	-	-	-	**415**
Arising during the year	51	122	-	-	**173**
Utilised during the year	(141)	(77)	-	-	**(218)**
Reversed unused	-	(41)	(68)	(65)	**(174)**
Unwinding of discount	38	-	-	-	**38**
At 31 March 2017	**3,105**	**203**	**-**	**-**	**3,308**
Expected timing of cash flows:					
- not later than one year;	138	203	-	-	**341**
- later than one year and not later than five years;	553	-	-	-	**553**
- later than five years.	2,414	-	-	-	**2,414**
Total	**3,105**	**203**	**-**	**-**	**3,308**

Pension costs relate to Injury benefits for former employees, assessed & paid by NHS Pensions agency and recharged to the Trust. Other 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 27.2 Clinical negligence liabilities

At 31 March 2017, £231,673k was included in provisions of the NHSLA in respect of clinical negligence liabilities of East Kent Hospitals University NHS Foundation Trust (31 March 2016: £224,133k).

Note 28 Contingent assets and liabilities

Contingent Assets

The Trust has no contingent assets to disclose for 2016/17

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Value of contingent liabilities				
NHS Litigation Authority legal claims	(91)	(57)	(91)	(57)
Employment tribunal and other employee related litigation	(40)	-	(40)	-
Redundancy	-	-	-	-
Other	(1,043)	(1,000)	(1,043)	(1,000)
Gross value of contingent liabilities	**(1,174)**	**(1,057)**	**(1,174)**	**(1,057)**
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	**(1,174)**	**(1,057)**	**(1,174)**	**(1,057)**
Net value of contingent assets				

Other Contingent liabilities relates to potential HR clains with high levels of uncertainty in respect of timing or volume of cases

Note 29 Contractual capital commitments

	Group		Trust	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Property, plant and equipment	3,644	3,937	3,644	3,937
Intangible assets	-	10	-	10
Total	**3,644**	**3,947**	**3,644**	**3,947**

Note 30 Financial instruments

Note 30.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. Therefore the Trust has low exposure to currency rate fluctuations.

Interest rate risk

Most of the Trust's financial assets and liabilities carry nil or fixed rates of interest. Cash deposits at 31st March 2017 were mainly held in Government Banking Service accounts with a floating interest rate. The Trust did not take out any loans during the period. Trade and other receivables for the Trust include a loan to the subsidiary, Healthex Limited. These carry market rates of interest and are eliminated on consolidation.

During the year, limited amounts of cash were held within commercial bank accounts (at fixed rates or linked to the bank base rate). Therefore, the Trust is not exposed to significant interest rate risk.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has relatively low exposure to credit risk. The maximum exposure as at 31 March 2017 is in receivables from customers. However, the Trust utilises external tracing and debt collection agencies, and court procedures, to pursue overdue debt.

Liquidity risk

The majority of the Trust's operating costs are incurred under contract with commissioners, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally-generated resources. The Trust is not, therefore, exposed to significant liquidity risks.

Note 30.2 Financial assets

Group	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2017					
Trade and other receivables excluding non financial assets	22,158	-	-	-	22,158
Cash and cash equivalents at bank and in hand	5,490	-	-	-	5,490
Total at 31 March 2017	27,648	-	-	-	27,648

Group	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2016					
Trade and other receivables excluding non financial assets	13,701	-	-	-	13,701
Cash and cash equivalents at bank and in hand	3,883	-	-	-	3,883
Total at 31 March 2016	17,584	-	-	-	17,584

Trust	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2017					
Trade and other receivables excluding non financial assets	21,807	-	-	-	21,807
Other investments	48	-	-	-	48
Cash and cash equivalents at bank and in hand	5,083	-	-	-	5,083
Total at 31 March 2017	26,938	-	-	-	26,938

Trust	Loans and receivables	Assets at fair value through the I&E	Held to maturity	Available-for-sale	Total
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2016					
Trade and other receivables excluding non financial assets	15,108	-	-	-	15,108
Other investments	48	-	-	-	48
Cash and cash equivalents at bank and in hand	3,856	-	-	-	3,856
Total at 31 March 2016	19,012	-	-	-	19,012

Note 30.3 Financial liabilities

Group	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	22,736	-	22,736
Obligations under finance leases	75	-	75
Trade and other payables excluding non financial liabilities	48,519	-	48,519
Total at 31 March 2017	71,330	-	71,330

Group	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2016			
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	49	-	49
Trade and other payables excluding non financial liabilities	45,103	-	45,103
Total at 31 March 2016	45,152	-	45,152

Trust	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	22,736	-	22,736
Obligations under finance leases	-	-	-
Trade and other payables excluding non financial liabilities	49,096	-	49,096
Total at 31 March 2017	71,832	-	71,832

Trust	Other financial liabilities	Liabilities at fair value through the I&E	Total
	£000	£000	£000
Liabilities as per SoFP as at 31 March 2016			
Borrowings excluding finance lease and PFI liabilities	-	-	-
Obligations under finance leases	-	-	-
Trade and other payables excluding non financial liabilities	44,754	-	44,754
Total at 31 March 2016	44,754	-	44,754

Note 30.4 Maturity of financial liabilities

	Group		Trust	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£000	£000	£000	£000
In one year or less	48,555	45,117	49,096	44,754
In more than one year but not more than two years	39	35	-	-
In more than two years but not more than five years	22,736	-	22,736	-
In more than five years	-	-	-	-
Total	71,330	45,152	71,832	44,754

Note 31 Losses and special payments

Group and Trust	2016/17 Total number of cases Number	2016/17 Total value of cases £000	2015/16 Total number of cases Number	2015/16 Total value of cases £000
Losses				
Cash losses	48	156	61	180
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	211	51	236	67
Stores losses and damage to property	22	3	48	442
Total losses	**281**	**210**	**345**	**689**
Special payments				
Extra-contractual payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Compensation payments	-	-	-	-
Special severence payments	-	-	-	-
Ex-gratia payments	173	190	132	420
Total special payments	**173**	**190**	**132**	**420**
Total losses and special payments	**454**	**400**	**477**	**1,109**
Compensation payments received		44		66

For 2015/16 Ex-gratia payments included a payment of £344k made to a former employee of the Trust diagnosed with mesothelioma

Note 32 Related parties

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

For 2016/17 the East Kent Hospitals Charity, whose Corporate Trustee is the Trust Board, has not been consolidated and is therefore disclosed as a related party.

A number of Directors of the Trust are also directors of Healthex Limited or their subsidiary East Kent Medical Services Limited. The Trust received £2,005k revenue and incurred £2,445k expenditure with the subsidiary during the year. As at 31st March 2017 the Trust was owed £2,402k by the subsidiary and owed £447k. These transactions and balances have been removed on consolidation.

	Receivables		Payables	
	31 March 2017	2016	2017	2016
	£000	£000	£000	£000
Health Education England	**0**	465	**195**	754
Kent and Medway NHS and Social Care Partnership NHS Trust	**182**	612	**1**	13
Kent Community Health NHS Foundation Trust	**1,157**	751	**220**	382
Maidstone and Tunbridge Wells NHS Trust	**861**	1,545	**691**	2,520
Medway NHS Foundation Trust	**411**	346	**425**	970
NHS Ashford CCG	**788**	748	**411**	469
NHS Canterbury and Coastal CCG	**1,678**	1,151	**487**	598
NHS Litigation Authority	**0**	0	**0**	3
NHS Medway CCG	**0**	17	**92**	1
NHS South Kent Coast CCG	**2,507**	1,037	**704**	627
NHS Swale CCG	**218**	52	**3**	10
NHS Thanet CCG	**0**	1,214	**1,757**	483
NHS West Kent CCG	**158**	44	**9**	17
Royal Surrey County Hospital NHS Foundation Trust	**0**	111	**0**	0
NHS England - Wessex Specialised Commissioning Hub	**565**	1	**0**	124
NHS England - South East Local Office	**0**	1,798	**98**	0
NHS Blood and Transplant	**0**	183	**84**	0
NHS England - Core	**0**	0	**2,137**	11
NHS England - South East Specialised Commissioning Hub	**7,112**	1	**0**	124
Local Government bodies	**48**	0	**0**	27
Other government departments	**1,465**	1,836	**6,911**	6,172
Other NHS Bodies	**3,454**	3,027	**539**	780
East Kent Hospital Charity	**155**	110	**0**	0
Total	**20,759**	15,049	**14,764**	14,085

	Income		Expenditure	
	2016/17	2015/16	2016/17	2015/16
	£000	£000	£000	£000
Health Education England	**16,928**	13,847	**26**	4
Kent and Medway NHS and Social Care Partnership NHS Trust	**1,216**	1,181	**15**	39
Kent Community Health NHS Foundation Trust	**2,700**	2,986	**1,764**	2,132
Maidstone and Tunbridge Wells NHS Trust	**1,968**	2,101	**3,915**	3,499
Medway NHS Foundation Trust	**648**	635	**2,193**	2,223
NHS Ashford CCG	**65,624**	60,943	**0**	57
NHS Canterbury and Coastal CCG	**110,933**	104,678	**0**	84
NHS Litigation Authority	**0**	0	**18,777**	16,666
NHS Medway CCG	**1,874**	1,763	**0**	0
NHS South Kent Coast CCG	**124,554**	116,556	**142**	54
NHS Swale CCG	**4,014**	3,683	**0**	0
NHS Thanet CCG	**93,056**	88,684	**80**	4
NHS West Kent CCG	**5,120**	4,345	**0**	0
Royal Surrey County Hospital NHS Foundation Trust	**1,068**	1,327	**0**	0
NHS England - Wessex Specialised Commissioning Hub	**4,907**	6,602	**0**	0
NHS England - South East Local Office	**12,398**	12,400	**0**	0
NHS Blood and Transplant	**80**	76	**2,276**	2,398
NHS England - Core	**4,508**	1,075	**38**	39
NHS England - South East Specialised Commissioning Hub	**83,862**	76,161	**0**	0
Local Government bodies	**0**	1,138	**765**	613
Other government departments	**246**	248	**57,171**	51,280
Other NHS Bodies	**7,240**	10,950	**739**	147
East Kent Hospital Charity	**1,106**	770	**0**	0
Total	**544,050**	512,149	**87,901**	79,239