

**ANNUAL  
REPORT AND  
ACCOUNTS  
2017/18**



**Best** of care  
**Best** of people



**Medway NHS Foundation Trust  
Annual Report and Accounts 2017/18**

**Presented to Parliament Pursuant to Schedule 7,  
Paragraph 25 (4) (a) of the National Health Service Act  
2006**



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## Foreword from the Chairman

When I first took over as chairman about 12 months ago the Trust was celebrating exiting special measures, but Medway was still facing huge challenges that were affecting the experience of patients.

We immediately launched our improvement plan, Better, Best, Brilliant, improving patient flow through the hospital as our first priority. Soon more people were being seen, treated and admitted or discharged within four hours from our Emergency Department, and we began to discharge people in a more timely way, for example to community settings.

However, over the year our improvement trajectory has not been constant: there have been many setbacks such as the bad winter we have experienced. But I am proud that we have never returned to the conditions or the performance of the past.

Despite the euphoria experienced when the Trust left special measures, staff have still felt very pressurised, such is the nature of working in an acute trust, especially in the depths of the most severe weather. But they have risen to the challenge to meet demand, even struggling through the snow – the best of people delivering the best of care.

It is important that our staff feel supported to do the best for patients, even when the going is tough. We therefore have many initiatives in place to ensure our workforce can continue to improve services, from training programmes and culture change projects, to investing in technology.

Our patients benefit greatly from these investments, for example from our new hip fracture pathway and frailty programme, through to new robotic surgery delivering better outcomes for urology patients. We are fortunate to have the support of many highly committed volunteers who work alongside staff on the wards and throughout the hospital, enhancing patient experience during their stay. This is also helped by the funding received from our wonderful League of Friends who raised impressive amounts for the hospital in the last year. This is further boosted by the money raised by the hospital's own charity, and by Abigail's Footsteps which funded our gold standard bereavement suite, and the Oliver Fisher Trust which raises funds for our special care baby unit. The Trust is greatly blessed to have such dedicated supporters. I would also like to thank my fellow non-executive directors who bring so much expertise to the Board, including Adrian Ward who joined us last summer and Jan Stephens whose term of office came to end in July.

Finally, a big thank you to our Governors who freely give their time, attending meetings, engaging with staff, and acting as a bridge between the Trust and the community we serve.

I look forward to another successful 12 months in which we will aim to transform our services improving the experience for our patients and making the hospital sustainable for the future.



**Stephen Clark**  
Chairman

A handwritten signature in black ink, appearing to read 'Stephen Clark', written over a horizontal line.

Stephen Clark  
Chairman



# PERFORMANCE REPORT





## Overview

### Introduction from the Chief Executive

This year has been really important at Medway and I would like to take this opportunity to reflect on the challenges and achievements of the last 12 months.

Exiting special measures last year was significant for the Trust and our main focus in 2017/18 has been to maintain this momentum. In May we launched our Better, Best, Brilliant improvement programme. Built around our four strategic objectives – integrated health care, innovation, people and financial stability – Better, Best, Brilliant sets out our bold and ambitious plans to build on the progress already made and provide brilliant care for our community.



**Lesley Dwyer**  
Chief Executive

During the past year patient safety has continued to be a focus. We implemented a range of changes to make sure patients receive safe and compassionate treatment, and to ensure a better safety culture throughout the hospital. Integral to this is a heightened concentration on recognising and responding quickly to patients whose condition deteriorates.

These improvements have led to a significantly reduced mortality rate. We have developed an open and transparent culture throughout the organisation, where we encourage everyone to talk about patient safety, reporting incidents when they occur and ensuring that we can all learn from them. I'm delighted to say that our approach to patient safety improvement was commended by Jeremy Hunt, the Secretary of State for Health and Social Care, when he visited the Trust in September.

We continue to make strides in enhancing the experience of patients at Medway and we have focussed on trying to improve the flow of patients throughout the hospital. This is aided by the timely discharge of patients, which also benefits patients presenting at the 'front door' of the organisation – our Emergency Department – by reducing the waiting time for beds.

Getting patients home when they are ready to leave our care isn't always straightforward, but in recent months Medway has made significant improvements in the care provided to our 'stranded' patients to become one of the leaders in England.

When patients are well enough to leave us, we want to make sure they get home quickly. They will recover better and be happier at home than in hospital. But we can't send a patient home until any additional support that they need – from a community nurse, for example, or changes to their home – has been arranged.

We call the situation when a patient is clinically ready to go home but is waiting for support to be arranged a 'Delayed Transfer of Care' or DTOC. These are a big issue across the NHS – not only is a patient unable to get back to the comfort of their home, but the bed is unavailable for someone who might need it.

This year we have built on Home First, which was launched in 2016, to help patients to get home by providing a full occupational therapy assessment in their home within two hours. We have also moved more rehabilitation beds into community facilities to help focus on getting people out of hospital, back on their feet and back home.

Most recently we have increased collaboration with our colleagues in other health services with a daily teleconference, where we talk through the specific needs of every patient who is waiting to go home. We know we still have more to do but all of this work has had a fantastic impact and we now have one of the best DTOC rates in the country. That means more of our patients are being treated in the right place, which is great news for everyone!

We are committed to providing the very best of care to our patients and we want to use the very latest technology to achieve this. We were delighted to launch our da Vinci robot this year. Da Vinci is a minimally invasive surgery tool that revolutionises the care provided to patients undergoing prostate surgery. Under

the control of a highly-trained surgeon, da Vinci is able to perform complex and incredibly precise procedures. It's a perfect example of how we are embracing innovation for the good of our patients. An NHS trust cannot function in isolation and in 2017/18 we continued to work closely with our partners across Kent to look at how we can deliver services more efficiently, through the Kent and Medway Sustainability and Transformation Partnership.

The last 12 months however have not been without challenge and despite the introduction of new processes to improve flow throughout the organisation we have not made the level of consistent improvement to our national targets that we would have liked. The period immediately after Christmas and the adverse weather in February placed significant pressure on our services, impacting the Emergency Department and hospital services more widely. We remain committed to working with our partners to ensure that only patients that need to come to the hospital do so, and that patients are discharged efficiently. The redevelopment this year of our Emergency Department will aid this as will the development of an Urgent Treatment Centre made possible through an additional £1million of funding.

Our staff are our most important resource and we remain committed to ensuring that the environment that they work in is one in which they can thrive. There is no doubt that it is a challenging time to be working in the NHS. This year's staff survey has shown a reduction in positive results in NHS organisations across the country and the issues flagged in our own survey reflect this. We have identified actions to address areas for improvement. For example, an Unconference held in January, together with focus groups about our culture, has begun the conversation about what a 'brilliant Medway' culture really means. We are committed this year to building a culture that we can all be proud of.

Having the right staffing levels is important, and during the past year we have continued to work hard to recruit substantive staff and reduce our reliance on agency staff. We have had a good deal of success in this area, with a significant reduction in the number of agency staff we use. I'm also delighted to say that on average we now have more nurses joining the Trust than leaving each month.

Our other significant challenge is our financial position. The Trust has a long-standing financial deficit and we have not made enough progress in addressing the challenge. This is a serious situation and we must take steps to transform the way we provide services to reduce inefficiencies, tackle overspending on pay, and work closely with commissioners and other partners to provide services the community needs within the available budget.

We must spend NHS resources wisely and live within our means. However, this does not and never will mean compromising on patient care. We will continue to focus on our own improvements through our Better, Best, Brilliant programme. And we will continue to work closely with commissioners and other partners as this is not just about the hospital but about the healthcare system across Medway and Swale. I remain confident that we can successfully address our financial challenges. We transformed the way we deliver care for our patients so that safety and quality are now very much better. We need to do the same for our financial position.

It has been a year of steady progress against a backdrop of challenges, and we look forward to delivering sustainable and continuously improving care in 2018/19.

Recently we have begun to win a number of prestigious awards and accolades for our innovations and improvements. Not only is it fantastic to see our expert staff recognised, it should serve to give confidence to our patients that many of our services are among the best in the country, and that really is something to be proud of.



Lesley Dwyer  
Chief Executive

## About Medway NHS Foundation Trust

### Purpose, activities and history

Medway Maritime Hospital was originally a Royal Naval Hospital, opened by King Edward VII in 1905. The hospital cost £800,000 and boasted a main corridor of nearly 1,000 feet in length.

Medway NHS Foundation Trust is a public benefit corporation authorised under the National Health Service Act 2006. It is a single-site hospital based in Gillingham, Medway Maritime Hospital, which serves a population of more than 405,000 across Medway and Swale.

We provide clinical services to almost half a million patients a year, including more than 121,000 Emergency Department attendances, more than 87,000 admissions, more than 490,000 appointments and more than 5,000 babies born last year.



*The hospital as it looked in its early days*



*Our volunteers perform an important role*

As an NHS Foundation Trust, we have a 19-strong Council of Governors and over 11,000 public members. We employ around 4,400 staff, making us one of Medway's largest employers. In addition, close to 400 volunteers provide invaluable support across the League of Friends, Hospital Radio and the Voluntary Services Department.

The hospital is made up of two clinical directorates – Unplanned and Integrated Care and Planned Care – supported by corporate functions. Each clinical directorate has a dedicated leadership team comprising Director of Clinical Operations, Deputy Medical Director and Deputy Director of Nursing. The Board of directors, led by Chair Stephen Clark, comprises nine executive directors including Lesley Dwyer, Chief Executive, and seven non-executive directors including the Chair.

The Trust attained Foundation status in 2008. It was in special measures from 2013 to 2017, and with tremendous effort and dedication to improving, it was rated overall as 'Requires improvement' by the Care Quality Commission (CQC) in March 2017, with ratings of 'Good' for being caring, effective and well led. Our maternity and gynaecology services were rated as 'Outstanding' for the Caring domain in our CQC report.

In April 2017 the Trust completed its two-year formal buddying partnership with Guy's and St Thomas' NHS Foundation Trust (GSTT), who provided support for a range of programmes and activities undertaken by Medway NHS Foundation Trust.

### Our objectives

The Trust Board has reviewed its strategy during 2017/18 to ensure it meets the health needs of the local population. We have done this in the context of closer system-wide working and the Sustainability and Transformation Partnership, which has continued to evolve and develop.

Our strategic objectives, have remained constant. They are:

1. We will enable our people to give their best and achieve their best.
2. We will embrace innovation and digital technology to support the best of care.
3. We will work collaboratively with our local partners to provide the best of care and the best patient experience.
4. We will deliver financial sustainability and create value in all that we do.

## Vision and values

Our vision and values are well embedded within the Trust. Staff recognise them and we regularly remind ourselves of their relevance in all that we do.

Our values are:

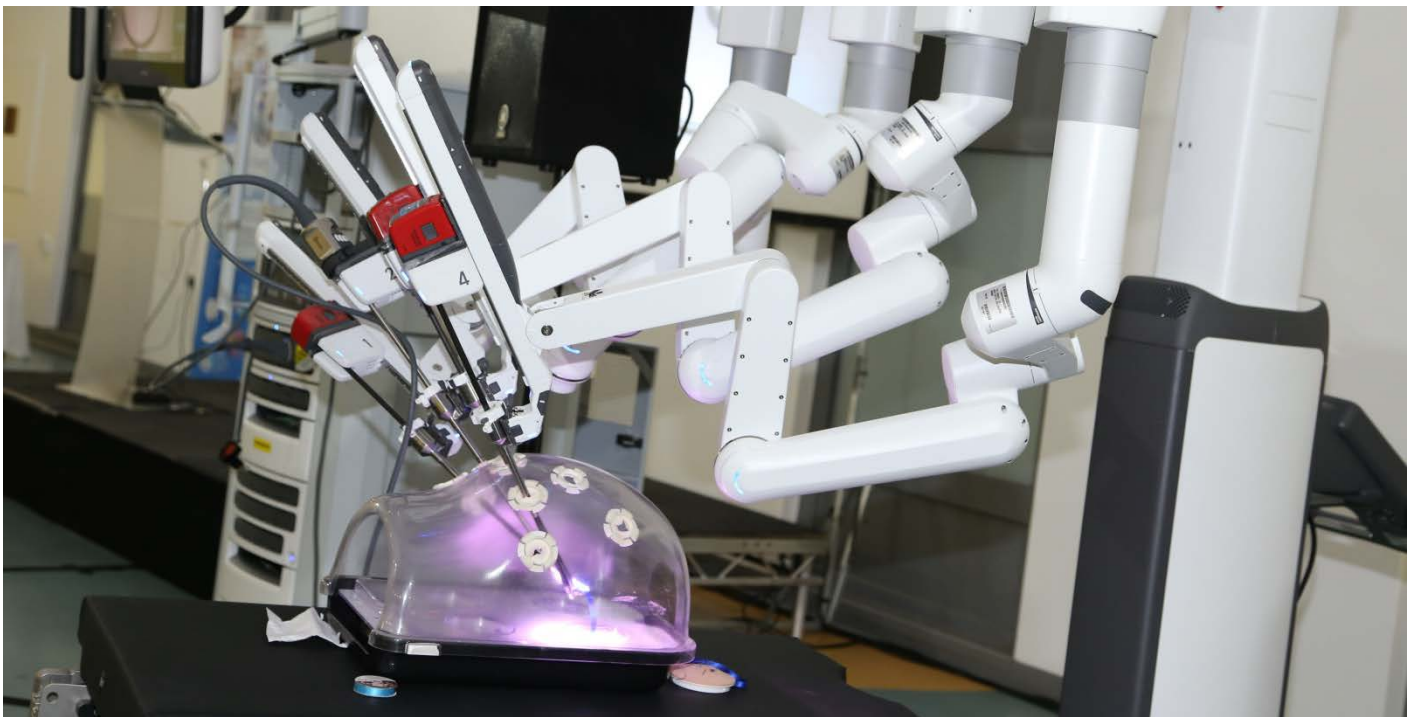
- **Bold**
- **Every** person counts
- **Sharing** and open
- **Together**

## BEST





## Key developments / achievements



This year staff across the Trust continued not only to work hard to provide good care but to innovate and develop better ways of treating and supporting patients. As well as delivering better care, many of these have also been recognised in national healthcare awards.

### Improving mental health support for mothers-to-be

The Trust obstetrics team has developed a new pathway to help provide better mental health support for women during and immediately after pregnancy. The new Perinatal Mental Health pathway identifies potential mental health issues in women who are pregnant and provides advice, medication and signposting to mental health services where required. Thanks to early intervention, management and support, overall referrals to the Mother and Infant Mental Health Service were reduced by 70 per cent. The project has been shortlisted for a BMJ (British Medical Journal) award.

### Better care for patients with fractured hips

The Trust's Emergency Department developed a new way of caring for patients with suspected hip fractures. From the moment the ambulance arrives at their home the patient will be guided through the new clinical pathway, getting 'fast tracked' into our imaging department for diagnostic tests, and is admitted straight into an orthopaedic bed. Our mortality rate for hip fractures has improved dramatically and is now one of the lowest in England. The project has been shortlisted for an HSJ (Health Service Journal) award.

### Strengthening support for bereaved patients

The surgical department developed a bereavement service for the families of patients who had died during surgery to help them to grieve and to help them to get answers about the care their loved ones received. Of those who used the service, 78 per cent reported that it had helped them obtain closure or have their concerns addressed. It was shortlisted for an HSJ Patient Safety Award.

### Further recognition of Trust staff

A variety of other projects and individuals at the Trust have been nominated for or won awards. 'Team Maia', part of the Trust's maternity team, won the Midwifery Innovation Award for work to support women whose labour needs to be induced. The breast-screening team has been nominated for a BMJ award for the significant improvements they have made to build their service into one of the best in the south east. Consultant Laparoscopic Colorectal Surgeon Neil Kukreja was one of the national finalists for Clinical Leader of the Year in the HSJ Awards in 2017.

**Da Vinci Robot**

In November 2017 the Trust unveiled its new da Vinci robot, a high-tech surgical tool that enables surgeons to perform prostate surgery in a way that reduces the physical impact on patients. The level of precision and control that the robot provides is much higher than that of human hands and supports the Trust in its role as home of the West Kent Urology Cancer Centre.

**Survey shows satisfaction level**

In the 2017 trainee survey by the General Medical Council, the regulatory body for doctors, Medway Maritime Hospital scored the highest of the trusts in Kent, Surrey and Sussex, with an overall satisfaction rating of 79.64 out of 100 – above the national average of 79.32.

**@MFT Staff app**

The MFT staff app was launched in November 2017 enabling staff to access Trust news, policies and book onto shifts through their mobile device. More than a quarter of staff are registered to use the app and it has provided an effective channel for communicating and engaging with those who do not have access to a computer. To date, more than 1,500 staff have downloaded the app.



## Risks and going concern

### Principal risks

The principal risks to delivery of the Trust's Strategic Objectives are recorded in detail in the Board Assurance Framework and the key operational risks are described in the corporate risk register, which are monitored by the Executive Group and the Board. A summary of significant risks within the Board Assurance Framework for 2017/18 is included within the Annual Governance Statement.

### Going Concern

The Trust has prepared its financial plans and cash flow forecasts on the assumption that support funding will continue to be received through the Department of Health. These funds are expected to be sufficient to prevent the Trust from failing to meet its obligations as they fall due and to continue until adequate plans are in place to achieve financial sustainability for the Trust.

The Trust incurred a deficit in the year and is forecast to incur a deficit in the forthcoming financial year, furthermore the Trust is reliant on the aforementioned funding for the foreseeable future.

While the Directors are certain that the provision of services will continue, there are material uncertainties within the Trust's financial performance that may cast significant doubt over the Trust's ability to continue as a going concern, and around the form of the Trust that delivers those services.

The going concern assessment will also be dependent on both acceptance and delivery of the financial recovery plans and continuation of support from the Department of Health. Notwithstanding the material uncertainty, the Directors have not had any communication indicating that necessary support funding will not be made available for the foreseeable future and have therefore prepared these financial statements on a going concern basis.

A full statement of the risks and concerns are included in this Annual Report.

The financial statements do not include any adjustments that would be required if the going concern basis were not appropriate. Please see note 1.1 in annual accounts.

The following factors could potentially impact the Trust's performance and position:

- The delivery of the efficiency programme built into the 2018/19 budget
- Commissioner's ability to pay for increasing demand for services;
- Unplanned capital investment required to maintain the Trust's estate and infrastructure;
- Ability to attract and retain highly skilled staff.
- Access to support funding.

## Performance analysis

### Operational performance



Working in partnership with other health and social care agencies, our teams have focused on providing consistently high-quality services to the people it was our privilege to care for in 2017/18.

It has been a challenging year for the clinical teams as we have seen more people accessing care through the Emergency Department (ED). The increase in attendances has put pressure on the Trust's bed capacity, elective services, clinics, diagnostic and clinical support services.

To meet this rising demand for our services we have accelerated some of the multi-agency sector plans to deliver care closer to patients' homes in an effort to ensure that only those requiring acute in-patient care are admitted to hospital.

Tremendous work by Medway and Swale partner agencies has seen us record one of the lowest national rates for patients being delayed in hospital before moving to a more appropriate care setting. We have also worked hard to ensure that urgent local care is in place as an alternative to accessing care through the ED. As a result, up to a quarter of people attending the ED can now access urgent services through primary care as a more suitable alternative care setting.

The Trust's front-door therapy-led team has been operating a seven-day service during the year which has gone from strength to strength by delivering rapid assessment and treatment pathways for patients within the ED. This innovative service has ensured that patients who may have previously been admitted for in-patient care are now able to return to their place of residence on the same day.

#### The four-hour target

The four-hour standard has been a significant national challenge. In 2017/18, 83.3 per cent of our patients were diagnosed, treated and discharged or admitted from the Emergency Department within four hours of arrival.

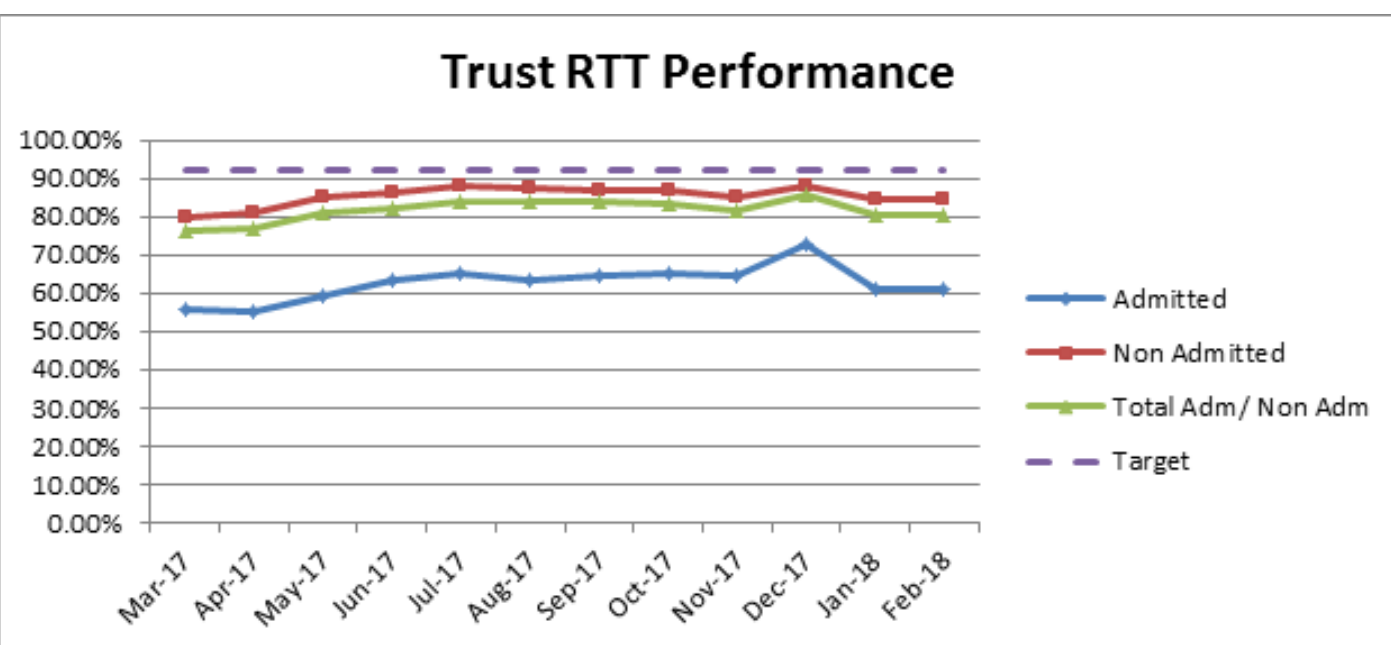
While we recognise that this fell short of the national target of 95 per cent and of our expected standards, we know that the vast majority of trusts in England have not achieved the national standard. We are however pleased to note that we have improved our performance by just over five per cent compared to the previous year. In real terms this means that we treated or admitted 5,000 more people within four hours of arrival at the Emergency Department in 2017/18 than we did in 2016/17.

When we look at all the facilities within our local community where Urgent and Emergency Care can be accessed (and not just the ED) the number of patients being treated and discharged within four hours rises to 86.14 per cent.

## Referral to Treatment Target

There has been an improvement in Referral to Treatment Target (RTT) performance since the return to reporting (following a period of not reporting our performance) and as a result more patients have been treated within 18 weeks than in previous years. Improvements have been made in most specialties due to having weekly RTT meetings with senior programme leaders and a focus on reducing pathways so that the number of steps to see a clinician has been reduced or improved, supported by a series of validation processes. We have made use of insourcing and outsourcing to help improve our performance. Lastly an agreed trajectory, which was set up with the support of NHS Improvement, projected compliance for RTT before the end of February 2018.

Unfortunately, due to winter pressures the Trust has been unable to return to elective activity since late December 2017. As such we ended the year at 79.8 per cent from a high of 85 per cent in December 2017.



## Diagnostics



Diagnostic services remain an integral part of our clinical operations. The past 12 months has seen the introduction of more intelligent waiting time monitoring supported, by the Business Intelligence team who have been working in close collaboration with the diagnostic clinical teams. The teams continue to refine their processes in order to meet the rising demands on the services while maintaining quality of care to our patients.

It is fantastic to see that during the year the clinical team improved performance by four per cent, which meant that 96 per cent of all patients waited less than six weeks for a diagnostic test.

### **Cancer waiting times target**

The Trust's quarterly and annual performance against the national cancer waiting times standards for 2017/18 is shown in the table below.

#### **2017/18 Cancer Waiting Times Performance**

Indicator 2017/18	Target	Achievement			
		Q1	Q2	Q3	Q4
<b>2 week wait – all cancer</b>	93%	77.0%	92.0%	95.2%	97.3%
<b>2 week wait – symptomatic breast</b>	93%	85.9%	91.2%	89.6%	93.3%
<b>31 day wait – first treatment</b>	96%	97.1%	95.9%	99.7%	98.9%
<b>31 day wait – subsequent treatment (surgery)</b>	94%	96.3%	97.3%	100.0%	100.0%
<b>31 day wait – subsequent treatment (drug treatment)</b>	98%	94.6%	98.5%	100.0%	100.0%
<b>62 day wait – from urgent GP referral</b>	85%	78.3%	78.1%	79.2%	88.9%
<b>62 day wait from screening service</b>	90%	82.7%	88.0%	88.1%	85.0%
<b>62 day wait from consultant upgrade</b>	No target	87.5%	70.6%	79.1%	76.7%
<b>March figures are excluded from Q4.</b>					

The introduction of the Lead Cancer and Chemotherapy Nurses, alongside the Cancer Services team in 2016/17 has been pivotal to the Trust's 2017/18 cancer services improvement plan. The clinically-led monthly Cancer Board is another key factor to our continued improvement as the clinicians delivering the service work in close collaboration with commissioners as well as the management teams. This allows greater decision-making about services closer to where the care is delivered to our patients.

This year has seen the introduction of the annual cancer summit which was led by clinicians and focused on the great work that has been done in all of the clinical groups. This summit also set the high level improvement plans for the next two years.

The 62-day GP standard has been a focus for improvement work to ensure that those patients being sent for diagnosis and treatment by their GP are being seen in a timely manner. This area of cancer care has seen various challenges throughout the year but in the last three months has started to meet the national standard. We achieved one of the best performances in the south of England in January 2018 which is testament to the brilliant work that is currently happening within cancer services at the Trust.



## Overview of financial performance

The NHS nationally and locally continues to respond to the changes in the political, economic and social landscape. In the period ending 31 March 2018 Medway NHS Foundation Trust has faced another year of significant financial challenge, with continued increases in demand for services within a constrained financial allocation to the organisation. This follows a number of years of financial deficit at the Trust which has had an impact on the Trust's reserves and resulted in significant levels of loans from the Department of Health.

At the start of the year the Trust agreed a control total with NHS Improvement to achieve a £46.8million deficit before Sustainability and Transformation Funding (STF). The plan is also calculated before accounting for revaluation and impairments, profit or loss on disposal of assets, and capital donations. The operational financial position for 2017/18 was a deficit of £66.4million (excluding STF), which was adverse to the control total by £19.5million, largely driven by underperformance on income.

During the year, the Trust delivered £7million out of a planned £12.6 million of cost improvements and developed the Better, Best, Brilliant programme to improve quality, safety and efficiency. However these savings were not sufficient to enable us to deliver our plan as intended.

Further, the financial plan included £9million Sustainability and Transformation Funding. This funding is dependent upon achieving performance targets in the Emergency Department, as well as delivery of the financial position and therefore the Trust was only able to earn £4.8million of the available funds. The combined effect of the adverse operational position and loss of STF funding has resulted in an overall deficit of £62.1million against a plan of £37.8million which is an adverse variance of £24.3million.

The Trust received cash support for revenue purposes of £76.4 million in year to ensure that obligations of payments to creditors and salaries to staff could be met.

	Plan	Actual	Variance
	£000	£000	£000
<b>Income</b>	283,230	266,481	-16,749
<b>Expenditure</b>	-317,083	-320,521	-3,438
<b>EBITDA</b>	-33,853	-54,040	-20,187
<b>Depreciation</b>	-9,693	-9,797	-104
<b>PDC dividend</b>	-82	0	82
<b>Other non operating expenses</b>	-3,225	-2,531	694
<b>Deficit excluding STF</b>	-46,853	-66,368	-19,515
<b>STF Income</b>	9,006	4,251	-4,755
<b>Deficit Including STF</b>	-37,847	-62,117	-24,270

### Income

The majority of the Trust's income is directly related to patient care from commissioning organisations such as Clinical Commissioning Groups (CCGs) and NHS England. This equates to 89 per cent of the total Trust income but was adverse to plan by £16.7million. The clinical income position reflects the outcome of an Expert Determination process which was undertaken to resolve a range of contractual uncertainties with the CCGs. An agreed financial position for the year has been achieved with the North Kent CCGs, following the Expert Determination, and this is reflected in the Trust's reported income position.

Other operating income including STF equates to 11 per cent of the Trust total income and includes education and training, non-patient services to other bodies, research and development, parking, and facilities charges to other Trusts. Other operating income was £5million adverse to plan, mainly in relation to reduced entitlement to STF, due to not meeting the performance and financial targets.

## Expenditure

Overall expenditure was slightly higher than the previous year, however, after accounting for inflation and increase in clinical negligence insurance, there was a real terms reduction in operating expenses.

Pay costs have increased slightly, however the Trust has had considerable success in reducing its reliance upon agency staff through recruitment to substantive roles and the staff bank. Despite the reduction in agency premium, pay costs have increased as the shift fill rate has improved over the period.

Trust non-pay expenditure has increased when compared to the previous year with drug costs and clinical negligence insurance premium being the key drivers. Expenditure on outsourcing also increased as the Trust's non-elective activity has increased, using all available capacity, particularly over the winter period.

## Capital expenditure plan

During the financial year 2017/18, the Trust invested just over £17.6million in capital projects. This is similar to the investment made in the last financial year but £14.2million lower than the original capital plan submitted in December 2016. The plan was scaled back to £21million early in the year to reflect the available funds, and the underspend against the revised plan is mainly in relation to the redevelopment of the Emergency Department which has been phased over a longer period.

Significant in-year programmes included spends on:

- Estates and site infrastructure – £3.3million
- Information management and technology – £2.5million
- Medical and surgical equipment – £2.3million
- Smaller value business cases – £1.1million
- Redevelopment of the Emergency Department – £8.2million

Re-development of the Emergency Department (ED) has continued throughout the year and equates to £8.2million, 47 per cent of capital expenditure in the period.

To date more than £20million has been spent on this project. Following delays in the first phase, it is now due to complete in spring 2019 and will require a further £4.6million of expenditure.

The ED refurbishment scheme is a cornerstone project in the transformation of care at Medway and will not only improve emergency facilities, but will also enable a better flow into and through the hospital for all Medway patients. The overall aim of the project is to provide the best possible emergency facilities for Medway patients that will last into the future.

## Cash flow and balance sheet

The Trust has received cash support for revenue purposes of £76.4million in year to ensure that obligations of payments to creditors and salaries to staff could be met. The revenue cash support was all through the Department of Health at an interest rate of 1.5 per cent per annum, repayable in 2020/21.

The Trust ended the year with £9.8million cash in the bank which is higher than originally planned, but is necessary due to the change in contractual payment dates in April 2018 from the lead commissioners. Contractual payments are now received on or around the 15th of every month rather than the 1st, meaning that the Trust must holdover sufficient funds to meet its obligations until the contractual payment is received.

The balance sheet is in negative equity (£9.5m net liabilities) at Month 12 due to the high level of loans which now stand at £217m and will need to increase in line with the deficits for the foreseeable future. The borrowings are through the Department of Health at low rates of interest and with an expectation that further loans or extensions will be made available when repayment is due until such a time as is affordable through the Trusts own reserves.



## Financial outlook

2018/19 will be another challenging year for the Trust. Expenditure will continue to substantially exceed income levels even with a stretching Cost Improvement Plan of £21million in place. A block contract has been agreed with the host CCG which provides considerable certainty over the income plan, and enables the Trust and CCG to work collaboratively on system transformation. The 2018-19 financial plan is for a £46.8million deficit, and there is a significant capital programme with Department of Health funding approved for £14million in addition to the Trust's internally generated funds.

The key financial risks will be;

- Delivery of a significant £21million Cost Improvement Programme (CIP);
- CCG Quality, Innovation, Productivity and Prevention (QIPP) plans;
- Controlling activity levels within the block contract arrangement with the North Kent CCGs;
- Controlling expenditure in line with budgets;
- Recruitment and Retention of workforce to reduce reliance on premium cost temporary staff;
- Management of working capital;
- Delivery of a significant capital programme.

The Trust is working with partners in the Sustainability and Transformation Partnership to ensure that there is a system approach to improving care and delivering financial efficiencies in order to move the Trust and the local health economy to a financially sustainable footing. There are a large number of productivity projects which will support the Trust and CCGs in the delivery of their CIP and QIPP programmes.

## Environmental performance



As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both immediately and in the long-term, even with the rising cost of natural resources. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met. We acknowledge this responsibility to our patients, local communities and the environment by working hard to minimise our footprint.

Medway NHS Foundation Trust is committed to reducing the impact on the environment from its daily activities wherever possible while improving the quality of care to its patients and services. The environmental impact ranges from the energy use on site to carbon emissions, waste and transport issues. As a part of the NHS, public health and social care system, it is our duty to contribute towards the aim set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34 per cent (from a 1990 baseline) by 2020, which is equivalent to a 28 per cent reduction from a 2013 baseline.

### Policies

To embed sustainability within our business it is important to explain whereabouts in our process and procedures sustainability features.

### Areas of sustainability

Area	Is sustainability considered?
Travel	No
Business cases	No
Procurement (environmental)	Yes
Procurement (social impact)	Yes
Suppliers' impact	Yes

Table 1: Sustainability within our business

One of the ways in which an organisation can embed sustainability is through the use of a Sustainable Development Management Plan (SDMP). Our plan is currently being reviewed and will be updated this calendar year. It will comprehensively detail our sustainability action plans and strategies. As an organisation we acknowledge our responsibility towards creating a sustainable future and we aim to achieve this through energy-saving schemes and behavioural change. The effectiveness of running awareness campaigns that promote the benefits of sustainability to our staff is yet to be measured. Climate change brings new challenges to our business both in direct effects to healthcare and estates, but also to patient health. Examples of recent years include the effects of heat waves and extreme temperatures, prolonged periods of cold, floods and droughts.

## Partnerships

The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner. Crucially for us as a provider, evidence of this commitment will need to be provided through contracting mechanisms. Currently we do not have any established strategic partnerships although potential for this exists for commissioned services. Here is the sustainability comparator for our CCGs:

Organisation Name	SDMP	CCG	SD Reporting Score
NHS Medway CCG	Yes	No	Minimum
NHS Swale CCG	Yes	No	Excellent

Table 2: Sustainability comparator for CCGs

More information on these measures is available here: [www.sduhealth.org.uk/policy-strategy/reporting/organisational-summaries.aspx](http://www.sduhealth.org.uk/policy-strategy/reporting/organisational-summaries.aspx)

## Organisation

Since the 2007 baseline year, the NHS has undergone a significant restructuring process that is on-going. In order to provide some organisational context, the following table may help explain how both the organisation and its performance on sustainability has changed.

Context Info	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/18
Floor Space (m2)	76,605	84,867	94,818	96,275	96,194.51
Number of Staff	3,879	4,155	4,354	4,472	4,425

Table 3: Trust floor space/number of staff

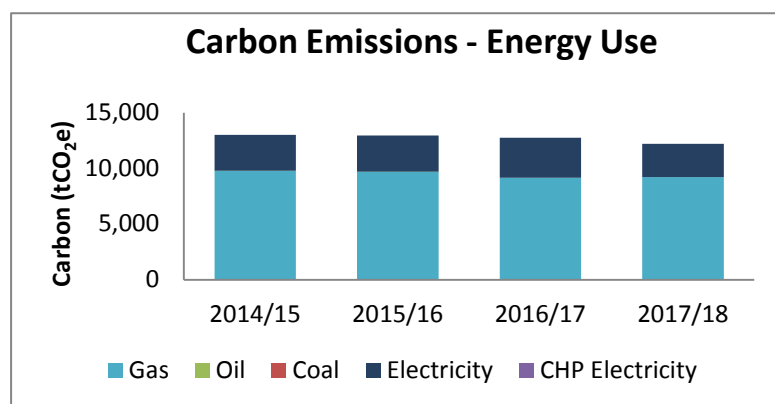
## Trust floor space/number of staff

In 2014 the Sustainable Development Strategy outlined an ambition to reduce the carbon footprint of the NHS by 28 per cent (from a 2013 baseline) by 2020. Our commitment to this is shown in the next paragraph.

## Energy

Medway NHS Foundation Trust spent a significant amount on energy consumptions as detailed in table 4. This level of energy consumption is directly proportionate to the carbon emissions on site. Our aim is to reduce energy consumption and carbon emissions respectively.

## Energy use v carbon emissions 2017/18



## Energy performance analysis

Resource		2014/15*	2015/16*	2016/17*	2017/18**
<b>Gas</b>	Use (kWh)	46,646,820	46,381,603	43,911,636	43,539,656
	tCO <sub>2</sub> e	9,787	9,707	9,177	9,231
<b>Oil</b>	Use (kWh)	49,098	134	0	0
	tCO <sub>2</sub> e	16	0	0	0
<b>Coal</b>	Use (kWh)	0	0	0	0
	tCO <sub>2</sub> e	0	0	0	0
<b>Electricity</b>	Use (kWh)	5,193,376	5,661,772	6,922,592	6,712,074
	tCO <sub>2</sub> e	3,216	3,255	3,578	2,992
<b>Green electricity</b>	Use (kWh)	NA	8,228,088	7,336,840	7,777,996
	tCO <sub>2</sub> e	0	0	0	0
<b>Total energy CO<sub>2</sub>e</b>		13,019	12,962	12,755	12,223
<b>Total energy Spend</b>		£ 1,977,119	£ 1,916,265	£ 1,713,182	£ 1,805,721

Table 4: Energy Use

\*Revised data post original submission

\*\* For the purpose of the annual report our 2017/18 figures are pro-rata. Final figures will be confirmed in June 2018 and submitted within ERIC.

## Energy performance analysis

### Performance

The Trust has seen a steady decrease in the Total Energy CO<sub>2</sub>e year on year. This is an indication of the implemented the principles of ISO 50001:2011 energy management standard across the Trust. Examples are the boiler control optimisation, Heat Exchanger upgrade and CHP generation. At this time the main site electricity is not supplied from renewable sources however, our on-site CHP (combined heat and power generator) allows the trust to generate electricity and reduce our carbon footprint. Electricity used at Stirling Park is from a renewable energy contract.

### Commentary

We are working with the University of Greenwich to study how changes in behaviour can drive energy reduction to reduce costs and carbon emissions as well as promoting health and wellbeing. This project is being developed to address energy use behaviours across the Trust.

## Proposed Energy Savings:

The following evaluations will provide information on potential opportunities for savings and reduce our carbon footprint.

1. LED light upgrade
2. Heat-loss survey including windows and building insulation
3. Pipework and plant insulation

Any proposed savings and carbon footprint reduction as a result of these projects will have its business case examined for investment.

## Travel

Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors and are caused by cars, as well as other forms of transport.

We encourage improvements to local air quality and the health of our community by promoting active travel to our staff and to the patients and public that use our services.

We encourage the use of buses and trains and will be investigating methods to increase uptake and to support staff to use these methods for travel. The cycle to work scheme is available.

Category	Mode	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Staff commute</b>	miles	3,561,416	3,991,366	4,182,529	4,295,882	4,250,733
	tCO <sub>2</sub> e	1,315.85	1,466.54	1,512.55	1,552.58	1,514.64

Table 5: Staff Travel

## Waste

The Trust continues its focus on sustainable waste management and works with its contractors and partners in the South East Total Waste Management consortium to drive both service and environmental improvements.

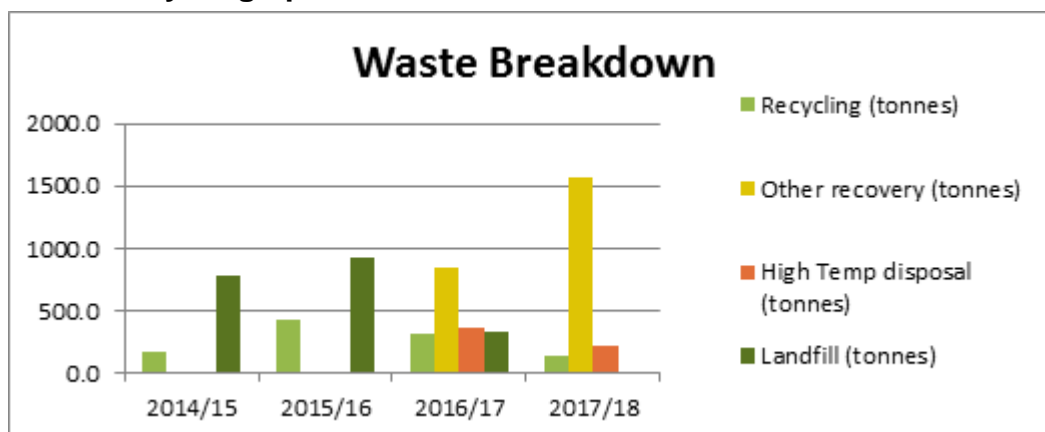
### Waste disposal analysis

Waste		2014/15	2015/16	2016/17	2017/18
<b>Recycling</b>	(tonnes)	169.00	421.48	318.18	145.88
	tCO <sub>2</sub> e	3.55	8.43	6.68	3.17
<b>Other recovery</b>	(tonnes)	0.00	0.00	839.00	1569.89
	tCO <sub>2</sub> e	0.00	0.00	17.62	34.16
<b>High Temp disposal</b>	(tonnes)	0.00	0.00	364.83	217.28
	tCO <sub>2</sub> e	0.00	0.00	80.26	47.80
<b>Landfill</b>	(tonnes)	784.00	923.00	326.98	0.00
	tCO <sub>2</sub> e	191.62	225.60	101.36	0.00
<b>Total Waste (tonnes)</b>		953.00	1344.48	1848.99	1933.05
<b>Total Waste tCO<sub>2</sub>e</b>		195.17	234.03	205.93	85.14

Table 6: Waste usage

\* For the purpose of the annual report our 2017/18 figures are pro-rata. Final figures will be confirmed in June 2018 and submitted within ERIC

## Waste recycling update



## Performance

In the 2017-18 financial year, the Trust achieved 'Zero Waste to Landfill' for the first time and this was sustained throughout the year across all waste streams. The Trust has also reduced the number of its domestic waste collections, reducing both our costs and the carbon emissions from transport.

In 2018-19 we are planning a trial with the aim of introducing a reusable sharps (eg needles) system and a furniture re-use scheme.

## Commentary

We have introduced recycling collections in administration and selected clinical offices.

## Finite resource use – water

Water		2013/14	2014/15	2015/16	2016/17	2017/18
Mains	m3	141,491	142,233	196,489	191,039	191,293
	tCO <sub>2</sub> e	149	150	207	196	198
Water & Sewage Spend (£)		372,416	355,103	515,185	516,191	527,383

Table 7: Water Usage

## Performance

The Trust monitors water leakage. There is on-site active water use reduction for public areas such as controlled cistern flow, self-closing and touchless basin taps.

## Commentary

Our incoming water meter is used to identify discrepancies in consumption, but this can be improved with automated meter reading and ongoing leak detection audits.

## Modelled Carbon Footprint

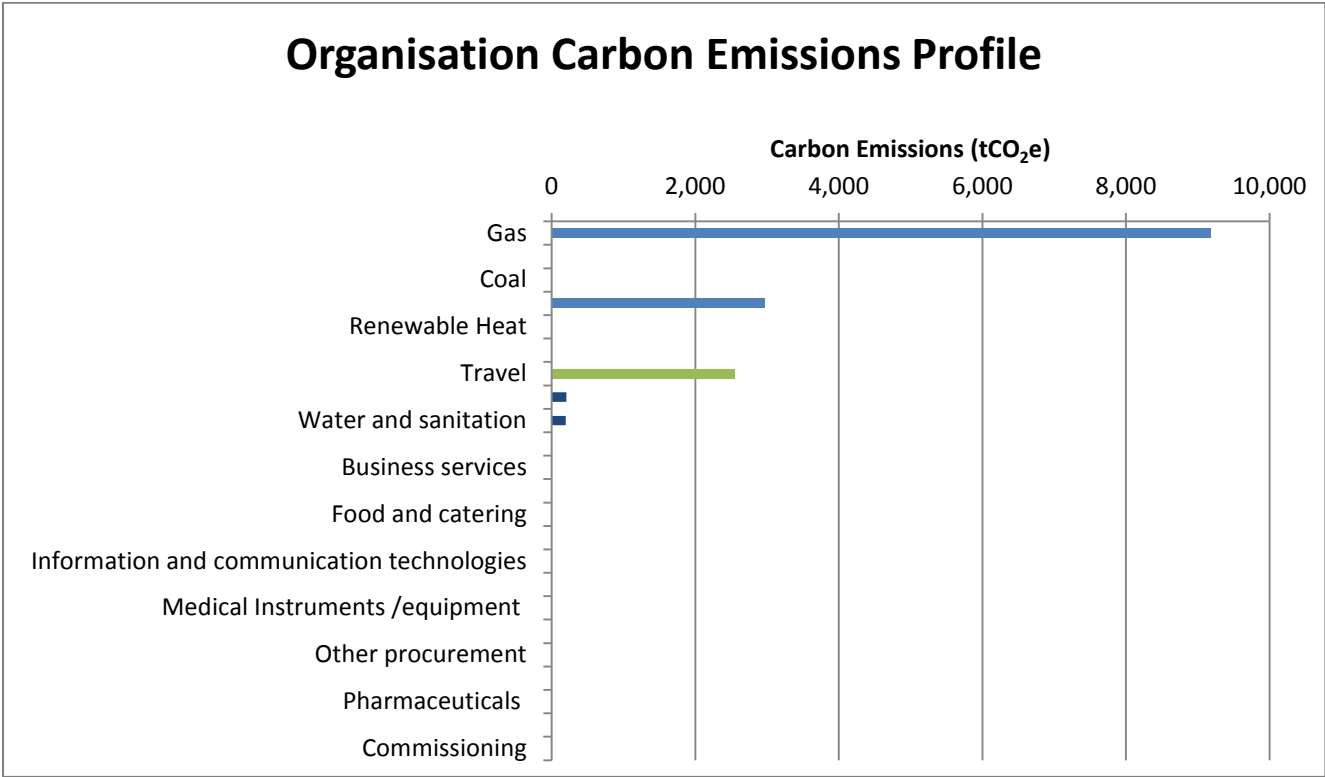
The information provided in the previous sections of this sustainability report uses the ERIC returns as its data source. However, we are aware that this does not reflect our entire carbon footprint. Therefore, the following information uses a scaled model based on work performed by the Sustainable Development Unit (SDU) in 2009/10. More information available is available at:

<https://www.sduhealth.org.uk/policy-strategy/reporting/nhs-carbon-footprint.aspx>

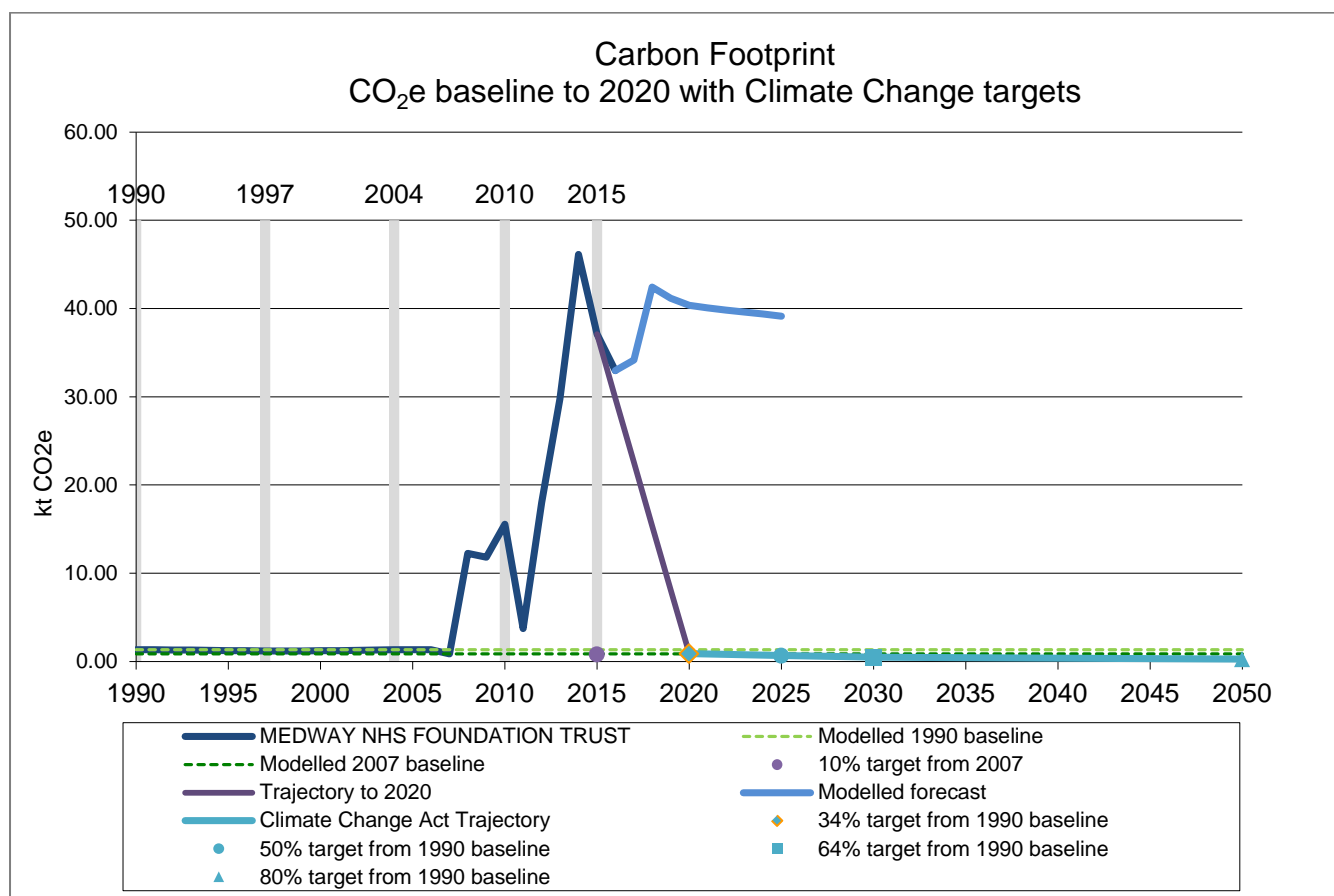
This results in an estimated total carbon footprint of 13,157 tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e) as per the baseline set by SDU as from 2014/15. Our carbon intensity per pound is very negligible in grams of carbon dioxide equivalent emissions per pound of operating expenditure (gCO<sub>2</sub>e/£).



Category	% CO <sub>2</sub> e
Energy	80%
Travel	17%
Procurement	3%
Commissioning	0%



The above chart shows the yearly carbon emission of various activities on site.



## Summary;-

## Sustainability in action:

- The Trust is in the process of commissioning a Traffic Management Survey to highlight opportunities for sustainability and improve transport for patients, visitors and staff.
- We will evaluate the use of offsite office accommodation for non-clinical staff and accessibility to home working.
- The use of buses and trains by staff will be encouraged by exploring season ticket loans, engagement and partnerships with public transport providers.
- The Trust's Energy Research project will evaluate energy and carbon emission reduction by influencing changes in behaviour.
- The effective and sustainable use of resources has been encouraged to reduce waste.
- Boiler efficiency has been optimised, leading to a reduction in energy costs and carbon emissions.
- The Trust's Energy Team promotes an annual sustainability calendar that focuses on delivering events and campaigns that support national and local sustainability initiatives.
- Replacement LED lighting is being installed using the latest LED technology to reduce costs and carbon emissions.
- A heat-loss survey of building and plant insulation, as well as windows, continues to produce improvements.

## Community Engagement



Our Governors regularly engage with patients and public

Our community engagement strategy is focused on listening to the people who use and care about our services. We want to understand their diverse health needs better, respond to what matters to them, and by harnessing their views, design and deliver improved services for a better patient experience.

In 2017/18 our Community Engagement Officer and Governors have proactively engaged with our local community. Through this work we have been able to build strong trusting relationships and engage regularly with charitable and voluntary sector organisations, youth and carer groups, schools, as well as with Black, Asian and Minority Ethnic communities.

Our commitment to listen has been acknowledged through feedback, such as following our Governors' engagement sessions with the local community, with comments such as: *'Medway Hospital is interested in helping local people and wants to deliver a good experience and is ready to listen'*.

Our community has been able to appraise the impact of our extensive engagement activities through a survey, with 86 per cent of respondents stating they had seen an improvement in the way the hospital engaged and communicated with the local community. In addition, 79 per cent of people said they felt more informed about the Trust than they did a year ago, while 64 per cent confirmed they knew how to find out more and have a say in the Trust and future improvements.

Promotion of good health and wellbeing within our local population is a pivotal part of our engagement strategy. In the past year we have sought the views of our community and at their request given presentations on breast screening and wellbeing, and on how the elderly can prevent falls.

Working directly with communities and patients to ensure their concerns and aspirations are consistently understood and considered is central to ensuring services are developed in the most effective way. To understand their experiences and to gain insights into their patient journeys we have held focus groups linked to specific services.

We have been keen to involve young people and have formed good links with Medway Youth Council and My Trust, attending their workshops and meetings. We continue to develop productive relationships with schools through the promotion of volunteering and work experience within the Trust. Our clinicians have been invited to give presentations to parents and carers of students, as well as students themselves. As a collaborative member of the NHS Youth Forum steering group, we have promoted the Forum to organisations and have encouraged young people to join this online community to share their experience of the NHS.

## Future developments



In 2018, we are continuing our improvement journey to provide brilliant care for our patients, building on the plans already put in place for phase three of our Better, Best, Brilliant improvement programme. Our plans remain focused on the following:

- Patient flow
- Estates and finance
- Digital
- Workforce
- Development.

We recognise that challenges remain in both consistent performance and being a sustainable organisation, and we will continue to work hard to find ways to become more efficient, while improving patient care. In 2018 there will be a focus on work to reduce our significant deficit and we expect to see results from changes we have made to increase our productivity and efficiency.

Our staff are our biggest asset and we are working hard to develop a culture in which they can thrive and be happy. This began with an Unconference and focus groups in January and will continue throughout the year.

After many months of construction, we are anticipating the completion of the first phase of our extended Emergency Department building in early summer. This new building will give the department extra bays for providing treatment and be a brighter, more comfortable environment for both patients and staff.

The next phase of the development will see the refurbishment of the remainder of the existing Emergency Department area to bring the whole facility up to date and produce a modern, 21st-century space to provide brilliant emergency care.

## Overseas operations

The Trust does not have any overseas operations.

As Accounting Officer, I am satisfied that this performance report provides a true and accurate summary of the performance of the Trust during the year 2017/18.

Signed

A handwritten signature in black ink, appearing to be 'LDwyer', with a long, sweeping horizontal stroke extending to the right.

Lesley Dwyer  
Chief Executive  
May 2018



# ACCOUNTABILITY REPORT





## Directors' Report

### Board of Directors

Medway NHS Foundation Trust is run by a Board of Directors, comprising a non-executive chairman, up to six other non-executive directors and up to five executive directors. The chief executive leads the executive team<sup>1</sup> and is accountable to the Board for the operational delivery of the Trust. The non-executive directors scrutinise the performance of the executive management team in meeting agreed goals and objectives and monitor performance. However, the Board is collectively responsible for the performance of the Trust. The Board meets bi-monthly with the intervening months utilised as development sessions. The Board's role is to determine the overall corporate and strategic direction of the Trust and ensure the delivery of the Trust's goals and targets.

The Board of Directors has reserved powers to itself covering:

- Regulation and control
- The determination of board committees and their membership
- Strategy, plans and budgets
- Policy determination
- Audit
- Annual Report and Accounts
- Performance monitoring.

As far as the directors are aware, there is no relevant audit information of which the NHS foundation trust's auditor is unaware.

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information.

The directors have taken all the steps that they ought to have taken as directors in order to do the things mentioned above, and:

- made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and
- taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the company to exercise reasonable care, skill and diligence.

The Board has an approved Scheme of Delegation which includes a schedule of items reserved to the Board. In turn the Board delegates some of its powers to its committees all of which have a non-executive Chair. The arrangements for delegation are set out in the Trust's Standing Orders and Scheme of Delegation. The Trust's Constitution and terms of reference of these committees and their specific powers are approved by the Board of Directors. The Board committees are all assurance committees with the exception of the Nominations and Remuneration Committee. The Board approves the appointments to each of these committees which it has formally constituted.

### Decisions delegated to the Executive Group

The Executive Group consists of directors of Clinical Operations and executive directors meeting monthly and is chaired by the chief executive. Its purpose is to ensure that the objectives agreed by the Board are delivered and to analyse the activity and performance of the Trust against the business plan to ensure that duties are appropriately delegated to the senior management team and actions monitored. It also ensures that the key information from external bodies is discussed, actions identified and messages disseminated appropriately across the organisation.

Directors of Medway NHS Foundation Trust 2017/18

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The Director of Corporate Compliance and Legal Services, Director of Communications and Engagement and Directors of Clinical Operations are full members of the executive team but are not voting members of the Board.

## Current and past directors

Stephen Clark <sup>1</sup>	Non-Executive Director and Chairman
Joanne Palmer <sup>2</sup>	Non-Executive Director, Deputy Chairman and Senior Independent Director (SID)
Ewan Carmichael	Non-Executive Director
Tony Moore	Non-Executive Director
Jan Stephens <sup>3</sup>	Non-Executive Director
Mark Spragg <sup>4</sup>	Non-Executive Director
Jon Billings <sup>5</sup>	Non-Executive Director
Adrian Ward <sup>6</sup>	Non-Executive Director
Lesley Dwyer	Chief Executive
Dr Diana Hamilton-Fairley	Medical Director
Karen Rule	Director of Nursing
Darren Cattell <sup>7</sup>	Interim Director of Finance
Tracey Cotterill <sup>8</sup>	Director of Finance and Business Services
James Devine <sup>9</sup>	Deputy CEO and Executive Director of HR and Organisational Development

<sup>1</sup> Stephen Clark, non-executive director and Chairman was appointed as Chairman with effect from 1 April, 2017

<sup>2</sup> Joanne Palmer, non-executive director, was appointed Senior Independent Director and Deputy Chairman with effect from 1 April 2017

<sup>3</sup> Jan Stephens completed her term of office and left the Trust on 31 July 2017

<sup>4</sup> Mark Spragg was appointed as Non-Executive Director with effect from 1 April, 2017

<sup>5</sup> Jon Billings was appointed as Non-Executive Director with effect from 1 April, 2017

<sup>6</sup> Adrian Ward was appointed as Non-Executive Director with effect from 1 August, 2017

<sup>7</sup> Darren Cattell was appointed as Interim Director of Finance in January 2016 and left July 2017

<sup>8</sup> Tracey Cotterill was appointed as Director of Finance and Business Services with effect from 2 May 2017

<sup>9</sup> James Devine Executive Director of Human Resources and Organisational Development was appointed as Deputy CEO with effect from November 2017

## Executive team

In compliance with NHS Improvement's Code of Governance, no executive director holds more than one non-executive directorship of an NHS Foundation Trust or other organisation of comparable size and complexity.

During the last 12 months there has been stability in the Board of Directors, with interim appointments being replaced by permanent directors. The Board has given careful consideration to the range of experience and the skills required to run an NHS Foundation Trust. Stephen Clark was appointed as Chairman along with two other non-executive directors in April 2017. A further non-executive director was appointed in August 2017. An independent consultant was commissioned to do a Well Led Governance Review in 2017, in accordance with NHS Improvement guidance. A succession plan for the role of chief executive was recommended and implemented with the role of deputy chief executive introduced in November 2017. The appointment of James Devine was considered and approved by the Nominations and Remuneration Committee in November 2017.

## Non-Executive Directors

Non-executive directors are appointed for a period of three years and can be appointed for a further period of three years.

Arrangements for the appointment and termination of appointment of non-executive directors are set out in the Trust's Constitution. The Constitution states that the Council of Governors has the power to appoint and remove the Chairman of the Trust and other non-executive directors if three quarters of the Council of Governors members approve the motion.

All non-executive directors are considered to be independent by the Board of Directors as per NHS Improvement's Code of Governance for NHS Foundation Trusts.

The Senior Independent Director is responsible for appraising the Chair's performance and it is for the Council of Governors to agree the process by which the appraisal is undertaken.

## Board Directors in post on 31 March 2018

### Stephen Clark, Chairman

Stephen Clark was appointed as a non-executive director on 1 January 2016 and became the Trust Chairman on 1 April 2017.

Stephen has more than 40 years' experience in wealth management, investment banking, stockbroking and fund management. He has been Chief Executive of three significant financial institutions where he became Chairman.



He is a non-executive director of Nutmeg, the online investment management business. Stephen is an Honours Graduate in Financial Services from University of Manchester Institute of Science and Technology (UMIST), a former Visiting Fellow at Manchester Business School, as well as a qualified banker and Chartered Fellow of the Chartered Institute for Securities and Investment.

His activities include Chairman, Marshalls Charity (Church of England), Chairman, 3H Fund, and Senior Advisor and Chairman of the Disciplinary Panel, Chartered Institute for Securities & Investment. Stephen is also a member of Henley Business School Strategy Board and acts as a business mentor under the London First Leadership Exchange scheme.

Membership of committees:

Finance Committee,  
Nominations and Remuneration Committee.

### Joanne Palmer Non-Executive Director

Jo Palmer was appointed a non-executive director on 1 September 2015, Senior Independent Director with effect from 22 December 2016, and Deputy Chair with effect from 1 April 2017.

Jo has more than 25 years' experience in banking and financial services across a range of disciplines.

Since joining Lloyds Banking Group in 2000, Jo has held a number of senior executive positions covering major transformation, acquisition, integration programmes and large-scale operations.



She was part of the management team that recommended and delivered the sale and carve-out of the Lloyds TSB Registrars business into private equity ownership in 2007. Jo transferred with the business as Chief Operating Officer for Equiniti Group, returning to Lloyds Banking Group in 2009.

Jo currently has executive accountability for divested businesses including the ongoing service provision for Sainsbury's Bank and the newest UK Bank, TSB. She is leading the design of the service provision arrangements for the new ring-fenced banking and resolution regulations. She also has executive accountability for all aspects of the Group's extensive property portfolio including head offices, branch network, data centres and other critical facilities.

Jo is the Executive Sponsor for emerging talent across the 20,000 colleagues within Lloyds Banking Group Operations, and is a member of the national committee for the Group's women's network, Breakthrough. She is also an active executive sponsor of inclusion and diversity activities across Lloyds Banking Group.

Membership of committees:

Nominations and Remuneration Committee (Chair),  
Integrated Audit Committee.

## **Tony Moore, Non-Executive Director**

Tony Moore was appointed a designate non-executive director on 1 December 2013, and formally appointed to the Board on 1 April 2014. Tony was re-appointed as a non-executive director for a further three-year term from 1 April 2017.

Tony is a qualified chartered accountant. In April 2013, he relinquished his full-time position as vice-president Europe, Middle East and Africa with Kimberly-Clark Corporation. Tony has undertaken a wide range of operational and strategic leadership roles during his 35-year career across a range of manufacturing industries.

Additionally, Tony was Director and Chairman of Kimberly-Clark Pension Trust Limited for eight years, and has served as a Director of the Valley Invicta Academy Trust based in Maidstone, Kent.

Membership of committees  
Finance Committee (Chairman), Charitable Funds Committee,  
Integrated Audit Committee,  
Nominations and Remuneration Committee.



## **Ewan Carmichael, CBE Non-Executive Director**

Ewan Carmichael was appointed as a non-executive director on 1 September 2015.

Ewan is a retired dental surgeon and regular Army officer. As Director General Army Medical Services, he led those services until the end of combat operations in Afghanistan, when they achieved their best operational casualty survival rate in recorded history-halving the operational death rate. He previously founded and led the Air Assault Medical Regiment on operations. He commanded 2 Medical Brigade, directing the Army's Field Hospitals for service in Iraq and Afghanistan, and the Army Medical Services Training Centre, which was recognised as 'the world leader' of its kind.



A graduate of the Army Staff College, he holds an MA in Strategy from King's College, London. Formerly Queen's Honorary Dental Surgeon and a Commissioner of the Royal Hospital Chelsea, he is an Honorary Fellow in Dental Surgery of the Royal College of Physicians and Surgeons of Glasgow and a Fellow of the Institute of Healthcare Management. Before his CBE, he was awarded an MBE for Squadron leadership in the first Gulf War, appointed as an Officer of the Order of St John for work in Bosnia, and awarded the Cross of Merit by the Czech Republic for services to that nation.

Membership of committees:  
Charitable Funds Committee (Chairman),  
Quality Assurance Committee Nominations and Remuneration Committee.



## Mark Spragg, Non-Executive Director

Mark Spragg was appointed as a non-executive director in April 2017. He is a qualified solicitor with more than 30 years' experience. Mark is both a civil and criminal litigation specialist with expertise in the area of Financial Services and has been involved in a number of notable cases.

Mark is involved in charity work.

Membership of committees:

Integrated Audit Committee (Chairman), Finance Committee, Nominations and Remuneration Committee.



## Jon Billings, Non-Executive Director

Jon was appointed as a non-executive director on 1 April 2017. During a 20-year career in the NHS, Jon was initially a diagnostic radiographer, then a communication manager, and subsequently managed a succession of clinical services including head and neck surgery, acute and specialty medicine and services for older people.

Since the early 2000s, Jon has held various senior roles in healthcare regulatory bodies, including the Audit Commission and the Healthcare Commission where he was head of operations in London and the south east, overseeing inspection of NHS and independent sector providers. Later, Jon was appointed as national lead for the Healthcare Commission on independent healthcare sector affairs.



Jon was a founding director of the Irish health and social care regulator - the equivalent of CQC in England. While in Ireland, Jon ran various hospital inspection programmes and led several high-profile statutory investigations into serious patient-care concerns. He also developed Ireland's first national standards for healthcare quality and safety.

Jon joined the General Medical Council in 2011, where he led work to develop and introduce medical revalidation. He was Director of Strategy at the Nursing and Midwifery Council and was closely involved in preparation for introducing revalidation for nurses and midwives, as well as revision of their Code of Practice and Behaviour. Since 2016 Jon has been freelance and worked on various national and local projects in the health arena.

Membership of committees:

Quality Assurance Committee (Chairman), Nominations and Remuneration Committee

## Adrian Ward, Non-Executive Director

Adrian Ward was appointed as a non-executive director on 1 August 2017. Adrian graduated from the Royal Veterinary College in 1996 and spent a number of years working as a small animal vet in the south of England. After leaving general practice in 2011, he worked for a pharmaceutical company as a veterinary advisor and developed an interest in the development of antimicrobial resistance and the strategies that can be used to slow this process.

A passionate advocate of responsible antimicrobial use, Adrian spent several years presenting on the subject and worked with professional bodies and key opinion leaders in order to develop educational materials on the subject.



Following the birth of his son in 2014, Adrian returned to small animal practice as a locum and began work as a case examiner for the Royal College of Veterinary Surgeons in their professional conduct department, later being appointed as a Chair (Fitness to Practice Panel) for the Nursing and Midwifery Council in 2017.



He continues to promote responsible antibiotic use and infection control strategies through his work with the British Small Animal Veterinary Association and Bella Moss Foundation.

Membership of committees:

Quality Assurance Committee, Nominations and Remuneration Committee.

### **Lesley Dwyer, Chief Executive**

Lesley Dwyer was appointed as Chief Executive in May 2015. Lesley is a highly experienced executive manager with more than 30 years' experience across the public health system.

Prior to taking up the role as Chief Executive, Lesley held senior executive roles in government and health services within the Australian Health System.

Lesley has worked in a number of roles at times of reform and challenge in large multi-site tertiary and quaternary organisations, including Victoria, South Australia.

Lesley's most recent role in Australia was Chief Executive of West Moreton Hospital and Health Service in Queensland. It is here where Lesley led the turnaround of a failing health service to that of a high performing integrated health system.

Through these roles, Lesley has gained a complete understanding and experience of public sector accountabilities, effective governance and performance frameworks, which have ensured the effectiveness and quality of services delivered.

Lesley has extensive experience and knowledge gained within primary, community and tertiary healthcare settings, working collaboratively across agencies and jurisdictions. She has led multi-faceted change and improvement programmes aimed at raising organisational performance, and integrating service delivery across entire healthcare systems.

Lesley's clinical background is in nursing. She has tertiary qualifications in health management, as well as being a Member of the Australian Institute of Company Directors.



### **James Devine, Deputy Chief Executive and Executive Director of Human Resources and Organisational Development**

James was appointed as Executive Director of Human Resources and Organisational Development (HR & OD) in October 2016 and in November 2017, James was appointed to the post of Deputy Chief Executive retaining executive oversight of the HR, OD and improvement agenda.

James returned to Medway having started his career here as an apprentice in 1996. James joined the Trust from Great Ormond Street Hospital for Children where he held the position of Deputy Director of HR & OD. He has also worked at other London hospitals in senior HR roles, and until recently, was the Chair of the Association of UK University Hospitals (AUKUH) Deputy HR Director Network. James is also a member of the London Board for the Healthcare People Management Association (HPMA).

He is a Chartered Member of the Chartered Institute of Personnel and Development and holds an MSc, and has also undertaken periods of study in the field of psychology with the Open University and the University of Cambridge.



On behalf of the Chief Executive, James has responsibility for the performance and operational management of the Trust, ensuring that a robust performance framework is in place and that our effectiveness to deliver high quality and lean services is enhanced; including working with the Directors of Clinical Operations, provide assurance to the Chief Executive of compliance with regard to all constitutional targets.

### **Tracey Cotterill, Executive Director of Finance and Business Services**

Tracey was appointed Director of Finance and Business Services on 2 May 2017. Tracey has worked for a variety of NHS provider bodies and has gained experience in community services, mental health and acute settings. Tracey joined us from Black Country Partnership NHS FT where she served as Director of Finance and Deputy Chief Executive.

She has been a member of the Chartered Institute of Management Accountants since 1993 and has a Masters degree in Business Administration. Tracey also became a member of the Chartered Management Institute in 2013.

Tracey has more than 25 years' financial experience including delivery of operational and strategic change. Her interests lie in ensuring the long-term sustainability of the NHS through innovation and technology.



### **Dr Diana Hamilton-Fairley, Executive Medical Director**

Diana Hamilton-Fairley was appointed Interim Medical Director on 19 October 2015, as part of the Trust's budding agreement with Guy's and St Thomas' NHS Foundation Trust (GSTT). With effect from 17 December 2016 Diana was appointed as permanent Medical Director.

Diana was a Consultant Obstetrician and Gynaecologist at Guy's and St Thomas' NHS Foundation Trust (GSTT) since 1996, and served as Director of Education Transformation.

Diana was Clinical Director for Women's Services and Deputy Acting Medical Director at GSTT between 2004 and 2011, and Head of the London School for Obstetrics and Gynaecology between 2008 and 2011.

Diana was previously joint Director of Quality and Education for Health Education South London (South London LETB) between 2013 and 2014.

As Dean of secondary care specialities at the London Deanery from 2011 to 2013, Diana led on commissioning and quality management of commissioned and non-commissioned postgraduate medical education.

Diana was elected as the London Fellows' representative for the Council of The Royal College of Obstetricians and Gynaecologists (RCOG) in July 2011. She is an appointed member of the London Clinical Senate Council.

Through the budding agreement with GSTT, Diana is aware of how hard staff work and their dedication to patient care. Diana continues to work with staff and patients at Medway Maritime Hospital to improve patient outcomes and experience.



## Karen Rule, Executive Director of Nursing

Karen Rule was appointed as Deputy Chief Nurse in October 2014. She was appointed Interim Director of Nursing in October 2015 and with effect from 1 November 2016 was appointed permanent Director of Nursing.

Karen possesses a wealth of experience in a variety of challenging nursing roles, predominantly in acute medicine. Karen trained as a registered nurse at Guy's Hospital, qualifying in 1985. Before Karen arrived at Medway NHS Foundation Trust, she was the Directorate Head of Nursing for Ambulatory Care Services at Guy's and St Thomas' NHS Foundation Trust.



As part of this role, Karen led a successful clinical and non-clinical workforce and service implementation of a seven-day service in sexual health.

In her current role, Karen provides professional leadership to nurses and midwives in the Trust, and works closely with the Medical Director to deliver the Trust's Quality Strategy. This ensures the Trust provides, and will continue to provide, safe, effective and compassionate patient care.

Board Appointments - Directors who left the Trust during 2017/18

Jan Stephens – Non Executive Director

(left the Trust on 31 July 2017)

Darren Cattell – Interim Director of Finance

(left the Trust on 31 July 2017)

## Attendance at Board of Directors meetings in 2017/18

Member	Total
Stephen Clark	8 of 8
Lesley Dwyer	8 of 8
Ewan Carmichael	7 of 8
Joanne Palmer	7 of 8
James Devine	8 of 8
Jan Stephens	3 of 4
Darren Cattell	2 of 3
Tony Moore	7 of 8
Dr Diana Hamilton-Fairley	5 of 8
Karen Rule	6 of 8
Mark Spragg	8 of 8
Tracey Cotterill	7 of 7
Jon Billings	8 of 8
Adrian Ward	1 of 4

During 2017/18, the frequency of Board meetings became bi-monthly from September and there were eight Board meetings. From October 2017, alternate months were used for Board development sessions. This was as a result of a key recommendation identified following the Independent Well Led Governance Review undertaken in July 2017, in accordance with NHS Improvement guidance.

## Board of Directors' Register of Interests

Under the terms of the Trust's Constitution, the Board of Directors are individually required to declare any interest, as soon as they become aware of it, which may under the terms of the constitution, conflict with their appointment as a director of Medway NHS Foundation Trust.

A register of the directors' interests is available to the public on the Trust's website [www.medway.nhs.uk](http://www.medway.nhs.uk) or on request from the Trust Secretary, Medway NHS Foundation Trust, Medway Maritime Hospital, Windmill Road, Gillingham, Kent ME7 5NY. Details are also set out in the biographies within this report.

## Development of working relationships with the Council of Governors

The Board of Directors and the Council of Governors have development/discussion sessions to examine particular areas of interest and concern. With the challenges facing the Trust, these sessions enable the views of both the Board of Directors and Council of Governors to be shared and are considered invaluable to all concerned.

## Committees of the Trust Board

### Integrated Audit Committee

Members	Committee role	Attendance
Mark Spragg (Non-Executive Director)	Chairman from May 2017	5 of 6
Tony Moore (Non-Executive Director)	Member	5 of 6
Jo Palmer (Non-Executive Director)	Member	5 of 6

The Integrated Audit Committee (IAC), which has not less than three non-executive directors of the Trust, must meet at least four times a year and provides the Board with an independent and objective view on its financial and non-financial information and compliance with laws, guidance and regulations governing the NHS. Four meetings were scheduled in order to provide adequate assurance to the Board. The IAC provided a report to the Board after every meeting and an update to the Council of Governors.

The Committee's main responsibility is to provide the Board with assurances in respect of governance, risk management and internal control and effectiveness of systems across the whole of the organisation's activities (both clinical and non-clinical) that support the achievement of the organisation's objectives. The Committee considered significant issues in relation to financial statements, operations and compliance, as well as how to address these matters. The effectiveness of the external audit process is within the remit of the Committee.

Internal Auditors report to every meeting of the IAC to provide relevant assurances regarding the adequacy and effectiveness of internal controls. The IAC carries out an annual review of the adequacy of internal audit. External auditors attend every meeting of the IAC to provide progress reports and actions taken as part of the annual audit plan. They also contribute to discussions on systems and processes. Counter fraud specialists report to every meeting of the IAC to provide relevant assurances regarding the adequacy and effectiveness of internal controls relating to fraud and an update on current or new fraud cases and actions taken as a result of those cases.

As is normal practice, during 2017/18 the AC signed off the Annual Audit plan for Internal Audit, Counter Fraud and the proposed External Audit work plan. Regular progress reports against these plans were presented to each meeting of the Committee.

The Integrated Audit Committee also received Internal Audit reports in the following areas:

- Temporary staffing
- Serious incidents
- Financial management
- Cyber Security
- Business Continuity
- Information Governance.

The reports provided some degree of assurance and identified recommendations for improvement that have been accepted by the Executive. The IAC was assured that the actions identified would lead to the required improvements.

The IAC also received the Annual Internal Audit report, the Head of Internal Audit Opinion, the Annual Governance Statement, the Annual Counter Fraud report and the External Audit Opinions on the Financial Accounts and the Quality Account and recommended acceptance to the Trust Board.

## Quality Assurance Committee

Members	Committee role	Attendance
Jon Billings (Non-Executive Director)	Chairman from October	6 of 6
Jan Stephens (Non-Executive Director)	Member to July 2017	4 of 4
Karen Rule (Director of Nursing)	Member	6 of 8
Diana Hamilton-Fairley (Medical Director)	Member	6 of 8
Ewan Carmichael (Non-Executive Director)	Chairman to August	8 of 8
Adrian Ward(Non-Executive Director)	Member	3 of 4

During 2017/18, the frequency of meetings became bi-monthly from October 2017 and there were eight meetings. Alternate months were used for development sessions starting from November mirroring Board. The Quality Assurance Committee which consists of no less than three non-executive directors of the Trust, one as Chair, the Medical Director and the Director of Nursing. It is also regularly attended by the Chief Executive, directors of clinical operations and deputy directors of nursing.

The committee ensures an integrated and co-ordinated approach to the development and monitoring of the quality metrics (patient safety, patient experience and clinical effectiveness) at a corporate level, it leads on the monitoring of quality systems within the Trust to ensure that quality is a key component of all activities within the Trust, and ensures compliance with regulatory requirements and best practice with patient safety, patient experience and clinical effectiveness. The committee regularly receives assurance and seeks further guidance or actions on:

- Reports on serious incidents
- Infection prevention and control
- Outcomes from Clinical Audit
- Reports on complaints and other matters relating to the experience of our patients.
- Reports on Safeguarding.

The Quality Assurance Committee provides a report to the Board of Directors after every meeting on its activities which includes reports on infection control.

## Finance Committee

Members	Committee role	Attendance
Tony Moore (Non-Executive Director)	Chairman	9 of 10
Mark Spragg (Non-Executive Director)	Member	6 of 9
Tracey Cotterill	Member from May 2017	9 of 9
Darren Cattell	Member to July 2017	1 of 1
Glynis Alexander	Member	9 of 10
James Devine	Member	9 of 10
Karen Rule	Member from August 2017	4 of 7

The Finance Committee's membership consists of no less than two non-executive directors, one as Chair, the Finance and Business Services Director, Executive Director of HR and OD, Director of Communications and the Director of Nursing. It is also regularly attended by the Chairman, Chief Executive and Directors of Clinical Operations. The Committee met 10 times during the year and provides assurance that the Trust strategy, financial forecasts, plans and operational performance are being considered in detail, monitors the financial recovery plan and provides independent and objective assurance to the Trust Board regarding investments and significant contracts before their approval by the Trust Board.



## Nominations and Remuneration Committee

Members	Committee role	Attendance
Jo Palmer (Senior Independent Director)	Chairman	3 of 3
Stephen Clark (Chairman)	Member	3 of 3
Ewan Carmichael (Non-Executive Director)	Member	2 of 3
Tony Moore (Non-Executive Director)	Member	2 of 3
Jan Stephens (Non-Executive Director)	Member to July 2017	0 of 1
Mark Spragg (Non-Executive Director)	Member from April 2017	2 of 3
Jon Billings (Non-Executive Director)	Member from April 2017	3 of 3
Adrian Ward (Non-Executive Director)	Member from August 2017	2 of 2

The Nominations and Remuneration Committee membership consists of the Trust's chair and non-executives. It is chaired by the Trust Senior Independent Director and Deputy Chairman.

The Committee is responsible for reviewing and making recommendations to the Trust Board on the composition, balance, skill mix and succession planning of the Trust Board, the appointment of the executive directors, and monitoring the level and structure of other senior managers reporting directly to the Chief Executive. The committee also reviews the annual Board Self Certification submission, in accordance with the requirements of NHS Improvement.

It is also responsible for reviewing the size, structure and composition of the Board on an annual basis and makes recommendations to the Board. Directors have individual appraisals and professional development reviews.

## Governors' report

### Council of Governors

The Council is made up of elected and appointed governors who provide an important link between the Trust, local people and key stakeholder organisations. They share information and views that can influence and shape the way that services are provided by the Trust and they work together with the Board of Directors to ensure that the Trust delivers a high quality of healthcare within a strict framework of governance while achieving financial balance and planning for the future.

There are 25 seats on the Council of Governors, 19 of which are elected public and staff member representatives and six are appointed by the partner organisations. A full breakdown of the Council of Governors is detailed later in the report.

All public and staff governors are elected for a maximum term of three years and are able to seek re-election for a further term.

The public governors each represent a constituency. Medway Constituency has nine public governors; Swale Constituency has four; Rest of England and Wales has one.

There are five staff governors.

Partner governors are nominated by their organisation and serve a term of office of three years. These governors can be replaced by their organisation during this time and existing representatives can be nominated to serve a further term of three years.

Governors are required to attend regular meetings of the Council of Governors – there are normally at least five a year, including the Annual Members' Meeting. Extraordinary meetings are also held from time to time when an urgent decision is required outside of the normal schedule of meetings.

The governors have specific statutory requirements to fulfil. These include to:

- hold the non-executive directors individually and collectively to account for the performance of the board of directors
- represent the interests of the members of the Trust as a whole and the interests of the public
- appoint and, if appropriate, remove the chairman and non-executive directors
- approve (or not) the appointment of any new chief executive
- decide on remuneration and allowances and other terms and conditions of office of the Chairman and non-executive directors
- receive the annual accounts, any report of the auditor, and the annual report at a general meeting of the Council of Governors
- appoint and, if appropriate, remove the foundation trust's auditor
- approve 'significant transactions'
- approve an application by the Trust to enter into a merger, acquisition, separation or dissolution
- decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services for the health service in England, or performing its other functions
- and approve amendments to the Trust's constitution.

The council has one committee, which is the Governors' Nominations and Remuneration Committee. The committee has a number of responsibilities, including to review the remuneration of the non-executive directors each year; to be involved in the nomination process for all non-executive directors including the Chairman; and to receive confirmation that appraisals have been carried out for the Chairman and non-executive directors.

Attendance of committee members is detailed below:

Attendee	Attendance
Stephen Clark, Chairman	1 out of 1
Joanne Palmer, Senior Independent Director	1 out of 1
Stella Dick, Lead Governor	1 out of 1
Ruth Jenner, Swale Governor	0 out of 1
Doreen King, Medway Governor	1 out of 1
Margaret Ratcliffe, Medway Governor	0 out of 1
Ann Richmond, Medway Governor	1 out of 1
David Brake, Partner Governor	1 out of 1
Tim Cowell, Staff Governor	1 out of 1

### Attendance at Council of Governors' meetings

The information below outlines details of all governors on the council during 2017/18, together with their record of attendance, including the four scheduled Council of Governor meetings, one extraordinary Council of Governors meeting and the Annual Members' Meeting:

Name	Constituency	Term of office	Attendance
Glyn Allen	Medway	Elected 2015 for 2 years 8 months effect from 1 September 2015	6 out of 6
Vivien Bouttell	Medway	Elected 2010. Re-elected June 2017 for 3 years	6 out of 6
Renee Coussens	Medway	Elected 2008. Re-elected June 2011. Re-elected March 2014 for 1 year and 6 months. Re-elected July 2015 for 3 years.	3 out of 6
Stella Dick	Medway	Elected 2014. Re-elected June 2016 for 3 years with effect from 1 July 2016	6 out of 6
Matt Durcan	Medway	Elected June 2017 for 3 years	0 out of 5
Craig Kennett	Medway	Elected 2015 for 3 years with effect from 1 July 2015	1 out of 5
Doreen King	Medway	Elected 2015 for 3 years with effect from 1 July 2015	6 out of 6
Paul Walker	Medway	Elected 2015 for 2 years with effect from 1 July 2015	4 out of 6
Lyn Gallimore	Swale	Elected 2015 for 2 years with effect from 1 July 2015	5 out of 6
Silvia Marin	Swale	Elected 2015 for 3 years with effect from 1 July 2015	4 out of 6
Alastair Harding	Rest of England and Wales	Elected 2016 for 3 years.	4 out of 6
Ann Bushnell	Staff:	Elected 2015 for 3 years with effect from 1 July 2015	2 out of 6
Tim Cowell	Staff:	Elected 2015 for 3 years with effect from 1 July 2015	2 out of 6
Cllr David Brake	Medway Council	Appointed June 2010 for 3 years and re-elected in 2013 for a further 3 years. Re-elected 2016 for a further 3 years.	3 out of 6
Cllr John Wright	Kent County	Appointed June 2017 for 3 years	5 out of 5

Name	Constituency	Term of office	Attendance
	Council		
Mandy Stevenson	Greenwich University representing Medway Universities	Appointed February 2016 for 3 years	2 out of 6
Claire Thurgate	Canterbury Christ Church University	Appointed February 2016 for 3 years	3 out of 6
Christine Harvey	Medway League of Friends representing Charities	Appointed July 2015 for 3 years	2 out of 6

Former Governors during 2017/18			Attendance
Hazel Morton*	Medway	Removed July 2017	1 out of 1
Margaret Ratcliffe	Medway	Was not re-elected June 2017	1 out of 2
Ann Richmond	Medway	Stepped down June 2017	1 out of 1
Leslie Hallybone	Swale	Stepped down January 2018	2 out of 4
Ruth Jenner	Swale	Stepped down September 2017	1 out of 2
Adrian Crowther	Kent County Council	Stepped down June 2017	1 out of 1

\*On clarification with the election provider it was identified that Ms Morton was not eligible for the Medway constituency

A register of Governors' interests is held at the Trust and can be obtained by contacting the Trust Secretary, Executive Corridor, Blue Zone, Level 2, Medway NHS Foundation Trust, Windmill Road, Gillingham, Kent, ME7 5NY, or email [met-tr.members-medway@nhs.net](mailto:met-tr.members-medway@nhs.net)

## Governor elections

The 2017 elections took place in June 2017. There were seven seats up for election: four Medway seats, and three staff seats.

## Membership

Anyone aged 16 and over and who is not employed by the Trust can become a public member. Every member of staff automatically becomes a member unless they choose to opt out.

As at 31 March 2018, the Trust had 10,683 public members and 4,452 staff members which gives a total of 15,135 members. The breakdown of our public membership base per constituency is listed below.

Constituency Total	Medway
Medway	6,666
Swale	1,769
Rest of England and Wales	2,248
Membership Total	10,683

A programme of eight members' events took place during 2017/18. One event sought feedback from members and governors regarding the priorities to be included in the Trust's Annual Plan and Quality Account and another was the Trust's Annual Members' Meeting.

Members received bi-monthly e-bulletins and receive the Trust's News@Medway newspaper by email, which is also available for collection from various points around the hospital.

The Council of Governors is chaired by the Chairman of the Trust and its meetings are also attended by the Chief Executive, who presents a report on performance and current issues. Other executive directors, along with the non-executive directors, also regularly attend the Council of Governors meetings to provide updates.

The Council of Governors has undertaken scrutiny of a variety of subjects during the year 2016/17, including:

- The Trust's performance against the Quality Account
- Progress of the Trust's Recovery Plan.

### **Director attendance at Council of Governors meetings (including the Annual Members' Meeting) 1 April 2017 to 31 March 2018**

<b>Current Board members during 2017/18</b>	<b>Attendance</b>
Glynis Alexander, Director of Communications	5 out of 6
Jon Billings, Non-Executive Director	4 out of 5
Ewan Carmichael, Non-Executive Director	2 out of 5
Stephen Clark, Chair	6 out of 6
Tracey Cotterill, Director of Finance	4 out of 5
James Devine, Director of HR & OD	4 out of 5
Lesley Dwyer, Chief Executive	4 out of 6
Diana Hamilton-Fairley, Medical Director	3 out of 5
Tony Moore, Non-Executive Director	2 out of 5
Sheila Murphy, Trust Secretary	5 out of 5
Joanne Palmer, Non-Executive Director	4 out of 5
Karen Rule, Director of Nursing	4 out of 5
Mark Spragg, Non-Executive Director	4 out of 5
Adrian Ward, Non-Executive Director	0 out of 3

<b>Former Board members during 2017/18</b>	<b>Attendance</b>
Jan Stephens, Non-Executive Director	2 out of 2

A governor attendee sits on various Trust Groups and Board Committees. These groups include:

- Quality Assurance Committee
- Finance Committee
- Charitable Funds Advisory Committee
- Smoke-Free Committee
- Catering Group
- Equality and Diversity Group
- Fire, Health and Safety Group
- Organ Donation Group

One representative from the Council of Governors regularly attends the Trust Board meetings to observe proceedings, and raise questions and concerns relating to the agenda directly with the Board. This representative then reports back at each Council of Governors meeting on their observations.



## Dispute Resolution Process

In the event of disputes between the Council of Governors and the Board of Directors, the following Dispute Resolution Procedure shall apply:

- In the first instance the Chair on the advice of the Trust Secretary, and such other advice as the Chair may see fit to obtain, shall seek to resolve the dispute;
- If the Chair is unable to resolve the dispute the individual shall refer the dispute to the Trust Secretary who shall appoint a joint special committee constituted as a committee of the Board of Directors and a committee of the Council of Governors, both comprising equal numbers, to consider the circumstances and to make recommendations to the Council of Governors and the Board of Directors with a view to resolving the dispute;
- If the recommendations (if any) of the joint special committee are unsuccessful in resolving the dispute, the Chair may refer the dispute back to the Board of Directors who shall make the final decision.

This dispute resolution procedure is set out in the Trust's Constitution which is available on the Trust's website.

Members may contact governors or Board members through the membership office by telephone on 01634 825292, by email to [met-tr.members-medway@nhs.net](mailto:met-tr.members-medway@nhs.net), in writing to Executive Corridor, Level 2, Blue Zone, Medway Maritime Hospital, Medway NHS Foundation Trust, Windmill Road, Gillingham, Kent, ME7 5NY, or via our website [www.medway.nhs.uk](http://www.medway.nhs.uk)

## Remuneration report

### Nominations and Remuneration Committee

The Nominations and Remuneration Committee is a sub-committee of the Board, responsible for reviewing and advising the Board of Directors on the composition of the Board of Directors and appointing and setting the remuneration of the executive directors and all very senior manager appointments. Further details of the committee can be found within the Directors' Report section of this document.

We have recruited on a substantive basis to senior leadership roles. Newly appointed executive directors have a notice period of six months. All Board Directors have been appointed to permanently with no interim positions.

### Executive Remuneration Policy

The Trust has a Senior Remuneration policy agreed by the Nominations and Remuneration Committee. The Trust recognises that in order to ensure optimum performance it is necessary to have a competitive pay and benefits structure. The objective of the committee's strategy for the remuneration of executive directors and very senior managers is to attract and retain suitably skilled and qualified individuals of high calibre, providing sufficient resources and strength and maintaining stability throughout the senior management team. Remuneration is therefore set and maintained to be competitive. The Nominations and Remuneration Committee reviews salaries each year. In 2017/18 a 1% cost of living award was made to executive directors and very senior managers, excluding the Chief Executive Officer—mirroring national Agenda for Change awards.

Director salaries were within benchmarked salary ranges. When new appointments are made the salary is determined by reference to the Foundation Trust Network (FTN) and NHS Improvement benchmarking of CEO and executive director salaries, current market rates and internal relativities with executive directors/very senior managers.

The only non-cash elements of executive remuneration packages are pension related benefits accrued under the NHS Pensions Scheme. Contributions are made by both the employer and employee in accordance with the rules of the national scheme, which applies to all NHS staff under the scheme.

### Salary and pension entitlements of senior managers

#### Remuneration

Name and title	2017/18 Salary  (bands of £5000) £000s	Life Time Pension Related Benefits, Increase in year (bands of £5000) £000s	Total £000s	2016/17 Salary  (bands of £5000) £000s	Life Time Pension Related Benefits, Increase in year (bands of £5000) £000s	Total £000s
Ms S Winning, Chair/Non-Executive Director	-	-	-	30-35	-	30-35
Mr M Jamieson, Non-Executive Director	-	-	-	10-15	-	10-15
Ms J Stephens, Non-Executive Director	0-5	-	0-5	10-15	-	10-15
Mr T Moore, Non-Executive Director	15-20	-	15-20	10-15	-	10-15
Mr S Clark, Chair/Non-Executive Director	45-50	-	45-50	10-15	-	10-15
Ms J Palmer, Non-Executive Director	20-25	-	20-25	10-15	-	10-15
Mr E Carmichael, Non-Executive Director	10-15	-	10-15	10-15	-	10-15
Mr P Carter, Chair/Non-Executive Director	-	-	-	35-40	-	35-40
Mr J Billings, Non-Executive Director	10-15	-	10-15	-	-	-

Name and title	2017/18 Salary  (bands of £5000) £000s	Life Time Pension Related Benefits, Increase in year (bands of £5000) £000s	Total  £000s	2016/17 Salary  (bands of £5000) £000s	Life Time Pension Related Benefits, Increase in year (bands of £5000) £000s	Total  £000s
Mr M Spragg, Non-Executive Director	15-20	-	15-20	-	-	-
Mr A Ward, Non-Executive Director	5-10	-	5-10	-	-	-
Ms L Dwyer, Chief Executive	220-225	-	220-225	220-225	50-55	270-275
Mr D Cattell, Interim Director of Finance, on payroll from 01/02/17	80-85	-	80-85	260-265	-	260-265
Mrs R Bradd, Acting Director of Workforce	-	-	-	85-90	-	85-90
Mrs K Rule, Director of Nursing	125-130	130-135	255-260	105-110	205-210	310-315
Dr D Hamilton-Fairley, Medical Director	155-160	-	155-160	185-190	-	185-190
Ms P Bain, Chief Quality Officer	-	-	-	115-120	-	115-120
Mr J Devine, Executive Director of HR and Organisational Development*	130-135	-	130-135	45-50	-	45-50
Ms T Cotterill, Director of Finance	120-125	50-55	170-175	-	-	-
Band of Highest Paid Director's Total Remuneration (£'000)		220-225			220-225	
Median Total Remuneration (£'000)		22,683			22,236	
Ratio		9.9			10.1	

- \*Appointed Deputy Chief Executive November 2017

The figures in the above table relate to the amounts received during the financial year.

For 2017/18 there were no annual or long-term performance bonuses. Taxable benefits for the year are as set out in the table below. For 2016/17, there were no taxable benefits or annual or long-term performance-related bonuses.

Median remuneration is based on total permanent staff and full time annual salaries

Name and title	2017/18 All taxable benefits (nearest £100) £0	2016/17 All taxable benefits (nearest £100) £0
Ms S Winning, Chair/Non-executive Director	0	14,600
Mr M Jamieson, Non-executive Director	0	400
Ms J Stephens, Non-executive Director	200	100
Mr T Moore, Non-executive Director	500	500
Mr S Clark, Non-executive Director	3,100	1,400
Ms J Palmer, Non-executive Director	0	900
Mr E Carmichael, Non-executive Director	0	1,800
Mrs R Bradd, Acting Director of Workforce	0	200
Mr M Spragg, Non-executive Director	1,400	0

## Pension benefits

Name and title	Real increase in pension and related lump sum at pension age  (bands of £2500) £000s	Total accrued pension and related lump sum at pension age at 31 March 2018 (bands of £2500) £000s	Cash Equivalent Transfer Value at 31 March 2018 £000s	Cash Equivalent Transfer Value at 31 March 2017 £000s	Real Increase in Cash Equivalent Transfer £000s
Ms L Dwyer, Chief Executive	-	-	-	106	-
Mrs K Rule, Director of Nursing	5.0-7.5	50-52.5	1032	848	184
Mrs T Cotterill, Director of Finance	2.5-5.0	17.5-20	374	193	181

The table above excludes directors who are paid via off-payroll arrangements, on another organisation's payroll and those who have drawn their pension.

## Loss of office

There were no Directors who had loss of office in 2017/18.

## Expenses of Governors and Directors

The directors and governors receive reimbursement of travel and incidental expenses incurred as a result of their duties to the Trust.

	Number in receipt of expenses 2017/18	Aggregate sum of expenses paid 2017/18	Aggregate sum of expenses paid 2017/18
<b>Directors</b>	4	5,229.72	19,927.59



Lesley Dwyer  
Chief Executive  
May 2018

## Staff report

### Average staff numbers

	Voting Board Directors	Other Senior Managers	All Staff
Male	7	18	846
Female	5	28	3523
TOTAL	12	46	4369

The table above shows the numbers of male and female staff as at March 2018.

### Average number of persons employed

	2017/18			2016/17		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
Medical and dental	626	587	39	578	503	75
Administration and estates	1470	1440	30	1416	1328	88
Healthcare assistants and other support staff	693	675	18	626	585	41
Nursing, midwifery and health visiting staff	1380	1227	153	1440	1159	281
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	474	440	34	515	466	49
Total	4644	4369	275	4575	4041	534

As part of the Trust's Workforce Strategy, the hospital is now using fewer agency workers and has increased the number of substantive staff. The Trust continues to build upon its annual recruitment plan in order to focus our recruitment activities across three main strands:

- Local/national recruitment – following a successful year of recruiting significant numbers of nurses, the Trust continues to raise the Trust's profile through a multimedia approach to advertising by building on our 'Put yourself in the picture' and 'This is my Medway, This is your future' campaigns. The Trust will continue to run regular recruitment campaigns throughout 2018/19 and attend national conferences and recruitment fairs with the aim of attracting the best candidates and promoting the Trust as an employer of choice both locally and nationally. There will be a focus on ensuring that business critical front-line clinical positions are recruited to and supporting newly-qualified nurses into posts. Recruiting apprentices continues across all staff groups, as does recruiting to new roles including Physicians' Associate, Advanced Clinical Practitioners and Doctors' Assistants.
- International – the Trust has partnered with international agency providers to carry out nurse recruitment campaigns across multiple countries, with more than 65 individuals commencing this year.
- Temporary staff – the Trust has achieved its NHS Improvement agency spend ceiling for the financial year. Additionally, the Trust has worked with agency providers to reduce the rate they are charging to comply with NHS Improvement agency directives; accordingly, agency price cap breaches have fallen by more than 80 per cent.



The Trust is entering its second year of the two-year Workforce Strategy that aims to better align workforce to operational and financial challenges across the organisation. The strategy seeks to ensure the Trust's workforce can adapt quickly to emerging priorities while ensuring long-term workforce sustainability to provide the best of care.

### Sickness absence data

	March 2017	March 2018
Additional Professional, Scientific and Technical	2.60%	2.36%
Additional Clinical Services	6.18%	6.00%
Administrative and Clerical	3.59%	3.89%
Allied Health Professionals	3.01%	4.09%
Estates and Ancillary	6.86%	5.40%
Healthcare Scientists	1.55%	0.82%
Medical and Dental	0.58%	0.55%
Nursing and Midwifery Registered	3.94%	3.88%
Students	0.00%	0.00%

The table above sets out the Trust's sickness absence for March 2018, compared with March 2017. The overall sickness rate has decreased over the last 12-months. The Trust is proactively managing sickness with improved reporting for managers, a revised policy to support and manage individuals with high sickness levels.

As part of keeping staff healthy and patients safe, the Trust achieved a staff flu vaccination rate of more than 71.5 per cent in 2017/18.

### Staff policies and actions

Policies and actions applied during the financial year are set out in the table below.

<b>Policies applied for giving full and fair consideration for employment made by disabled persons.</b>	The Trust has a recruitment and selection policy that sets out how the Trust ensures fair recruitment of candidates. This is reviewed through the Trust's electronic tracking 'TRAC' recruitment system.
<b>Policies for continuing the employment of, and for arranging training for, employees who have become disabled persons during the period.</b>	The Trust adheres to the Equality Act 2010 and line managers make reasonable adjustments and use referrals to the Occupational Health team to ensure the continued employment of employees who become disabled persons. In addition, the HR team provided direct support to staff affected and their managers.
<b>Policies for the training, career development and promotion of disabled employees</b>	There is equity of access to training for all staff. The Trust has implemented regular people management training which is accessible to all levels of line managers.
<b>Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees</b>	The trust has thorough internal communications and staff engagement processes, using face-to-face opportunities, electronic channels and printed materials. These were reviewed and surveyed during the year to ensure they were effective.

<p><b>Actions taken during the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests.</b></p>	<p>The Trust has regular meetings of its Joint Staff Committee and Joint Local Negotiating Committee for formal discussions in relation to staffing issues. We also have a recognition agreement in place. As stipulated within the organisational change policy, collective consultations would be enacted where there are more specific issues affecting employees, for example restructures. In addition, informal engagement with staff took place to inform various key initiatives, such as the introduction of the new vision and values.</p>
<p><b>Actions taken in the financial year to encourage the involvement of employees in the NHS Foundation Trust's performance</b></p>	<p>The CEO publishes a weekly message that is sent to all staff within the Trust. She also holds regular open sessions within the Trust for staff to ask questions.</p>
<p><b>Information on health and safety performance</b> <b>Occupational health</b></p>	<p>Health and Safety - Policies and SOP's 2017/18 During 2017/2018, the Health and Safety Team conducted a full review of all Health and Safety related policies and Standard Operating Procedures (SOP's).</p> <p>Health and Safety Training Board members are to attain the Institute of Occupational Safety and Health training or similar, to ensure the Trust Board is able to offer the required assurance, competencies and corporate oversight in relation to Health and Safety. Managers and supervisors are to attend the Health and Safety/Risk Management Training, which is a two yearly mandatory requirement.</p> <p>The Trust supports a wide range of Health and Safety training, available to staff via the MOLLIE online training platform. The Health and Safety Department has worked diligently throughout 2017/18, to facilitate a full review of all training modules to ensure that the content is meaningful, fit for purpose and relevant to all staff groups.</p> <p>The Health and Safety Team is committed to raising safety awareness and to ensuring that training sessions are accessible to all staff by adopting a very flexible approach, such as delivering weekend training sessions. This flexibility coupled with a proactive strategy is producing positive results and excellent engagement. The ultimate aim is to raise the profile of Health and Safety, ensuring and promoting safe systems of work and safe people. The corporate welcome is held every week and includes comprehensive Statutory and Mandatory Health and Safety training for all new starters. Health and Safety Training Compliance as at 18 February, stands at 86 per cent, however we have yet to conclude statistics for year end. Health and Safety Management Framework 2017/18, HSG65 The Health and Safety Department last year</p>

introduced a Health and Safety Management Framework to be embedded across the Trust, known as HSG65, Plan, Do, Check, Act. It is essential that the Trust is able to adopt a structured approach to the management of Health and Safety and through the acknowledgment and requirement for recognised processes and procedures. HSG65 is the first step towards adopting a more sophisticated framework such as the International Standard (ISO 4500), 2018. This should be the aim as we work towards continual improvement in Occupation Safety and Health.

Health and Safety Audit programme 2017/18, saw the launch of a new Trust-wide formal Health and Safety Audit programme. It is anticipated that the programme will run for at least 12 months due to the scope of Trust Services. The programme is to become an annual compliance requirement.

**Information on policies and procedures with respect to countering fraud and corruption**

The Trust has a Raising Concerns policy in place which also covers fraud.

## Staff engagement

To provide the Best of Care to our patients, Medway NHS Foundation Trust is committed to engaging its workforce and this ethos is a core element of the Trust's Workforce strategy. Listening to feedback and working in partnership with all with our staff is fundamental to having an engaged workforce. To meet this objective the Trust has mechanisms in place to obtain staff views and opinions. These include:

- Weekly Chief Executive email and video message to all staff
- All staff open forums with the Chief Executive
- Actively engaging with new starters to receive feedback
- National NHS Staff Survey
- Quarterly Staff Friends and Family test
- A monthly hospital newspaper entitled "News@Medway" for all staff to share their stories.

### Summary of performance – National NHS Staff Survey 2017

The National NHS Staff Survey is a key measure of the Trusts levels of staff engagement. It provides important information about how staff are feeling, the experience of working here, and where the Trust should focus initiatives for improvement.

The Trust's results are compared against other NHS acute Trusts across the UK (as a national average) and against the Trust's own results from the previous year. This provides not only an opportunity to learn from our own staff but also how we compare to the national picture.

The Trust's survey results largely echo the national and local 2017 survey results in terms of trend and direction from the 2016 results, but continue to build upon the 2015 results. The Trust will now focus on initiatives to build a positive organisational culture through improvement 'taskforces' formed of representatives across the Trust, together with the Chair of Staff Side. The focus of this group is to take an organisational wide approach, build on the work generated from the Culture and Engagement strand of the Better, Best, Brilliant programme and focus on improvements which should positively impact on the wider organisation. Work will also continue to improve staff health and wellbeing; further embed the Trust vision; values and behaviours; develop our leadership capability; formalise our Talent Management scheme and increase opportunities for professional development.

### Staff survey response rate

	2016		2017	
Response Rate	Trust	National Average	Trust	National Average
	49.5%	39.9%	40%	44%

### Overall staff engagement

Trust Score 2016	Trust Score 2017	Trust Improvement	National Average (Acute Trusts) 2016	Trust Score compared to the National Average
3.76	3.66	-0.10	3.79	- 0.13

### Largest local changes since 2016 survey

Key Findings (KF)	2015	2016	National Average
KF21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	86%	78%	85%
KF31. Staff confidence and security in reporting unsafe clinical practice	3.64	3.51	3.65
KF2. Staff satisfaction with the quality of work and care they are able to deliver	3.99	3.85	3.91
KF8. Staff satisfaction with level of responsibility and involvement	3.91	3.83	3.91
KF15. Percentage of staff satisfied with the opportunities for flexible working patterns	51%	46%	51%

### Top 5 Ranking Scores

The five key findings for which Medway NHS Foundation Trust compares most favourably with other acute trusts in England.

Key Findings (KF)	2016	2017	National Average
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	43%	47%	45%
KF12. Quality of appraisals	3.25	3.15	3.11
KF24. Percentage of staff / colleagues reporting most recent experience of violence	66%	68%	66%
KF22. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	16%	15%	15%
KF17. Percentage of staff feeling unwell due to work related stress in the last 12 months	34%	37%	36%

### Bottom 5 Ranking Scores

The five key findings for which Medway NHS Foundation Trust compares least favourably with other acute trusts in England.

Key Findings (KF)	2016	2017	National Average
KF31. Staff confidence and security in reporting unsafe clinical practice	3.64	3.51	3.65
KF21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	86%	78%	85%
KF3. Percentage of staff agreeing that their role makes a difference to patients / service users	89%	87%	90%
KF15. Percentage of staff satisfied with the opportunities for flexible working patterns	51%	46%	51%
KF7. Percentage of staff able to contribute towards improvements at work	69%	66%	70%



## Improvement aims for 2018

The trend information from the 2015 National NHS Surveys shows that Medway NHS Foundation Trust has made significant improvements in the majority of areas reported on. However, there are still developments we can make and opportunities we can take that will allow us to work in partnership with our staff to further improve their experience of working here.

The 2017 Staff Survey results have enabled us to identify priority areas for improvement and we have an iterative plan which builds upon previous achievements and allows us to introduce new initiatives.

Examples of our actions for 2018 are:

- Develop the Health and Wellbeing agenda and support staff to ensure they take appropriate rest if unwell;
- Strengthen the anti-bullying campaign and build on the work started in 2016 and further development of workplace listeners;
- Promote the Trust's vision, values and behaviours as part of a culture programme;
- Develop our leadership capability, focusing on improving staff communication and relationships with leaders and managers across the Trust through the continued development of leadership programmes;
- Increase opportunities for professional development;
- Introduce effective conflict resolution training for staff and communicate the Trust policy on zero tolerance of violence;
- Devise an improved system for reporting errors, near misses and incidents;
- Ensure all internal developmental and educational opportunities are advertised openly for all.

## Performance against priority areas

Priority	Key Finding (KF)	2015	2016	2017
<b>Health and wellbeing</b>	KF17. Staff feeling unwell due to work related stress in the last 12 months	38%	34%	37%
	KF18. Staff attending work in the last three months despite feeling unwell because they felt pressure from their manager, colleagues or themselves	61%	63%	54%
	KF19. Organisation and management interest in and action on health and wellbeing	3.34	3.57	3.46
<b>Anti-bullying and harassment</b>	KF26. Staff experiencing harassment, bullying or abuse from staff in last 12 months	30%	28%	30%
	KF27. Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse	29%	43%	47%
<b>Vision, values and behaviours</b>	KF12. Quality of appraisals	3.10	3.25	3.15
<b>Leadership and management capability</b>	KF2. Staff satisfaction with the quality of work and care they are able to deliver	3.86	3.99	3.85
	KF5. Recognition and value of staff by managers and the organisation	3.27	3.43	3.34
<b>Other</b>	KF9. Effective team working	3.71	3.79	3.71
	KF30. Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.51	3.65	3.59

## Monitoring arrangements

The Trust has set up a Staff Engagement Group to focus on organisation-wide priorities. Directorate priorities are more detailed and the Human Resources and Organisational Development team will work with staff, and managers from the directorates to make improvements. The Staff Engagement Group will report to the Executive with the aim of using the six months between the publication of the results and the start of the next survey to show a change for the better.

## Future priorities and measurements

The Staff Engagement Group has put the areas of focus for improvement into the following work streams;

- Health and wellbeing;
- Anti-bullying and harassment;
- Equality, inclusion and diversity;
- Job satisfaction and opportunities for development; and
- Management and leadership capability.

Improvements against these themes will be measured through the Medway Observations Pulse survey, increased retention figures, sickness absence rate reduction and other Trust metrics.

## Expenditure on consultancy

In 2017/18 the expenditure on consultancy was £1.411 million, compared to 2016/17, when the spend was £0.450 million.

## Off payroll engagement

As part of the review of Tax Arrangements of Public Sector Appointees, first published by the Chief Secretary to the Treasury in May 2012, public departments are now required to publish information relating to the number of off payroll engagements within the following tables.

All off-payroll engagements as of 31 March 2018, for more than £220 per day and that last for longer than six months

Number of existing engagements as of 31 March 2018	Nil
Of which	
Number that have existed for less than one year at the time of reporting	Nil
Number that have existed for between one and two years at the time of reporting	Nil
Number that have existed for between two and three years at the time of reporting	Nil
Number that have existed for between three and four years at the time of reporting	Nil
Number that have existed for four or more years at the time of reporting	Nil

Each of the above appointees have or are being subject to a risk-based assessment programme as to whether the individuals are paying the right amount of tax.

Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018.

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

## Exit packages

2017/18						
	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
Exit package cost band	Number	£000s	Number	£000s	Number	£000s
<£10,000	1	6	5	28	6	34
£10,001 - £25,000	0	0	7	113	7	113
£25,001 - 50,000	0	0	4	147	4	147
£50,001 - £100,000	0	0	1	80	1	80
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>6</b>	<b>17</b>	<b>368</b>	<b>18</b>	<b>374</b>

2016/17						
	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
Exit package cost band	Number	£000s	Number	£000s	Number	£000s
<£10,000	0	0	1	3	1	3
£10,001 - £25,000	0	0	1	25	1	25
£25,001 - 50,000	1	34	0	0	1	34
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	1	158	0	0	1	158
>£200,001	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>192</b>	<b>2</b>	<b>28</b>	<b>4</b>	<b>220</b>

There have been no (2016/17: none) departures where special payments have been made.

## Governance Disclosures

### Disclosures and annual reporting requirements

NHS Improvement's NHS Foundation Trust Code of Governance (the Code) brings together best practices from both the public and private sector in order to help NHS Foundation Trust Boards maintain good quality corporate governance. Although the Code is best practice advice, certain disclosures are required to be reported in the Trust's Annual Report, along with additional requirements as stated in the Annual Reporting Manual 2017/18. The Trust's compliance is stated below with these requirements.

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
<b>Disclose</b>	Board and Council of Governors		<p>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.</p> <p>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.</p>	<p>Directors' report – Board section and Council of Governors section.</p> <p>There were no disagreements between the council of governors and the board of directors. A dispute resolution process has been included in the Directors report along with a statement on working relationships.</p> <p>Directors' report – Board section and Council of Governors section</p>
<b>Disclose</b>	Board,	A12	The annual report	Directors' Report –

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
	Nomination, Audit, Remuneration Committees		should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	throughout the report
<b>Disclose</b>	Council of Governors	A5.3	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	Directors' Report – Council of Governors section
<b>Additional requirement of FT ARM</b>	Council of Governors		The annual report should include a statement about the number of meetings of the Council of Governors and individual attendance by governors and directors.	Directors' Report – Council of Governors section
<b>Disclose</b>	Board	B.1.1	The Board of Directors should identify in the	Directors' Report All non-executive directors are



Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			annual report each non-executive director it considers to be independent, with reasons where necessary	independent as per the definition in Code Provision B.1.1.
<b>Disclose</b>	Board	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.	Directors' Report – Biographies and Board section
<b>Additional requirement of FT ARM</b>	Board	N/A	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated	Directors' Report
<b>Disclose</b>	Nominations Committees	B.2.10	A separate section of the annual report should describe the work of the nominations committees, including the process it has used in relation to board appointments.	Directors' Report
<b>Additional requirement of FT ARM</b>	Nominations Committees	N/A	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the	An external search consultancy was used for the Chair and non - executive director recruitment during the year.

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			appointment of a chair or non-executive director.	
<b>Disclose</b>	Chair / Council of Governors	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.	As part of the appointment process the Governors were made aware of the chairperson's professional commitments at the time and an up to date declaration of interests is detailed on the Trust website <a href="http://www.medway.nhs.uk/about-the-trust/freedom-of-information/publication-scheme/lists-and-registers/">http://www.medway.nhs.uk/about-the-trust/freedom-of-information/publication-scheme/lists-and-registers/</a>
<b>Disclose</b>	Council of Governors	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.	Directors' Report – Council of Governors section
<b>Additional requirement of FT ARM</b>	Council of Governors	N/A	If, during the financial year, the Governors have exercised their	This power has not been exercised by the Council of Governors

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			power <sup>2</sup> under paragraph 10C2 of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.	
<b>Disclose</b>	Board	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.	Directors Report
<b>Disclose</b>	Board	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.	External evaluation of the Board was undertaken by G.K. Finnamore
<b>Disclose</b>	Board	C.1.1	The directors should explain in the annual report their responsibility	Stated in the "Statement of the chief executive's responsibilities as the

<sup>2</sup> Power 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 (and deciding whether to propose a vote on the foundation trust's or directors' performance). (As inserted by section 151 (6) of the Health and Social Care Act 2012)).

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			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.	accounting officer of Medway NHS Foundation Trust.”  Quality Governance is included in the Annual Governance Statement
			Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	
<b>Disclose</b>	Board	C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement  Directors' Report – Committees section.
<b>Disclose</b>	Audit Committee / control environment	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	The Trust does not have its own internal audit department. Internal audit services are provided by KPMG, an external provider.  KPMG agrees an audit plan with the Trust and provides reports to the Integrated Audit Committee and reports on progress made by the Trust in implementing the

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			continually improving the effectiveness of its risk management and internal control processes	actions required to improve controls
<b>Disclose</b>	Audit Committee / Council of Governors	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.	The Council of Governors approved the appointment of Deloitte LLP as the Trust's external auditor for an initial contract period of three years commencing in 2014/15 with an option to extend for a further period of up to two years.
<b>Disclose</b>	Audit Committee	C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> <li>■ the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;</li> <li>■ an explanation of how it has assessed the effectiveness of the</li> </ul>	Directors' Report – Committee section



Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			<p>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</p> <p>■ 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</p>	
<b>Disclose</b>	Board / Remuneration Committee	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.	None of the executive directors have been released to serve as a non-executive director elsewhere.
<b>Disclose</b>	Board	E.1.5	The Board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of	Directors' Report

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			the views of governor 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.	
<b>Disclose</b>	Board / Membership	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.	Directors' Report – Membership section
<b>Disclose</b>	Membership	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.	Directors' Report – Membership section
<b>Additional requirement of FT ARM</b>	Membership	N/A	<p>The annual report should include:</p> <ul style="list-style-type: none"> <li>■ a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership;</li> <li>■ information on the number of members and the number of</li> </ul>	Directors' Report – Membership section

Part of schedule A	Relating to	Code of Governance reference	Summary of requirement	Where located in annual report and further explanation
			<p>members in each constituency; and</p> <p>■ a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members.</p>	
<b>Additional requirement of FT ARM (based on FReM requirement)</b>	Board / Council of Governors	N/A	<p>The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS Foundation Trust. As each NHS Foundation Trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.</p>	<p>Directors' Report details how the Registers of Interests for both directors and governors can be accessed.</p>

## Comply or explain

Medway NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The 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.

## Regulatory matters

### NHS Improvement: 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 has been applicable since Quarter 3 of 2016/17. Prior to this, NHS Improvement's Risk Assessment Framework (RAF) was in place.

## Segmentation

At the time of preparing this report the Trust was placed in segment 3 which is categorised as providers receiving mandated support for significant concerns.

An organisation in special measures would be in segmentation 4. The rating of 3 recognises that the Trust has been released from quality special measures but continues to face financial challenges. The continuing significant deficit directly affects the financial sustainability and efficiency of the organisation and until this is brought under control the Trust is likely to remain in segment 3.

## 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.

The Trust Scores can be seen below and are all as planned for this financial year.

Area	Metric	Q1	Q2	Q3	Q4
<b>Financial sustainability</b>	Capital service capacity	4	4	4	4
	Liquidity	4	4	4	4
<b>Financial efficiency</b>	I&E margin	4	4	4	4
<b>Financial controls</b>	Distance form financial plan	2	2	4	4
	Agency spend	1	1	1	1
<b>Overall scoring</b>		3	3	3	3



## Statement of the Chief Executive's responsibilities as the Accounting Officer of Medway NHS Foundation Trust

It is the responsibility of directors to prepare the annual report and accounts. The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

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 Medway 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 Medway 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.



Lesley Dwyer  
Chief Executive  
May 2018

## 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 Medway NHS Foundation Trust's policies, aims and objectives, while 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 Medway NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Medway 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 Medway NHS Foundation Trust for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The Trust has a Risk Management Strategy and Policy in place which clearly sets out the accountability and reporting arrangements to the Board of Directors for risk management within the Trust.

While the overall responsibility for the management of risk lies with the Chief Executive as Accounting Officer, the Director of Corporate Governance and subsequently the Trust Secretary: Director of Corporate Compliance and Legal Services has specifically defined responsibilities for leading on the management of risk throughout the Trust and operational responsibility for the implementation of risk management has been delegated to executive and other directors within their sphere of responsibility.

Risk management is a core component of the job descriptions of senior managers within the Trust. A range of risk management training is provided to staff and there are procedures in place which describe roles and responsibilities in relation to the identification, management and control of risk, along with the Risk Management process of escalation and de-escalation to be followed. All relevant risk policies and procedures are available to staff via the Trust intranet.

The Trust learns from good practice through a range of mechanisms including clinical supervision and performance management, continuing professional development, clinical and process audit and application of evidence-based practice. At the heart of the Trust Risk Management Strategy and Policy is the desire to learn from events and situations in order to continuously improve management processes. Where necessary, and where appropriate, changes will be made to the Trust's systems to enable this to happen.

## The risk and control framework

Risk management is the key system through which strategic, clinical (quality and safety), operational, corporate and financial risks are managed by all staff to their reasonable best for the benefit of patients, staff, visitors and other stakeholders. It is through this system of internal control and accountability that the Chief Executive fulfils their responsibility as Accounting Officer and the Board fulfils its responsibility of stewardship. Key systems are being embedded at every level of the organisation to ensure compliance with current and future risk management related standards and legislation, as described in the Standard Operating Procedure for Risk Management. We also identified a number of principal risks during the year that may have had the potential to adversely affect the achievement of our strategic objectives. These risks were assigned to an executive lead and reported on the Trust Board Assurance Framework. The Board Assurance Framework is reviewed periodically by the Integrated Audit Committee and recommended to the Trust Board to provide assurance that these principal risks continue to be mitigated as far as practicable. Although the key strategic risks are identified and monitored by the Trust Board, operational risks are managed on a day-to-day basis by staff throughout the organisation.

The Risk Management Strategy and Policy and supporting procedures set out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and controlled. A risk management rating matrix is used to support a consistent approach to assessing and evaluating all clinical and non-clinical risks. The diagram below, figure 1, provides a schematic view of the risk management process for identifying, evaluating, recording, controlling, monitoring and communicating risks throughout the organisation, with clear lines of escalation from ward speciality and Programme levels, to Directorate and subsequently Executive and Board levels, with the consequent de-escalation and resolution of risk through appropriate control and actions taken.

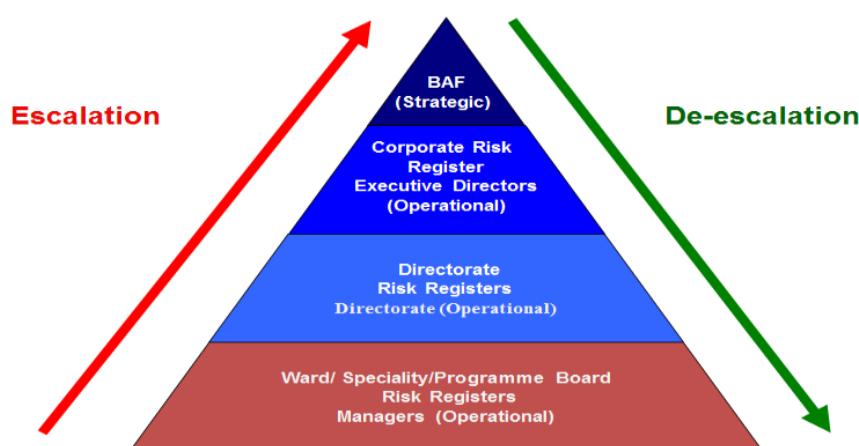


Figure 1 Schematic view of the risk management process

It is ultimately the Board that has responsibility for oversight and review of assurance that the organisation is operating effectively, however assurance must be provided at all levels within both corporate and clinical services of effective integrated governance and the effectiveness of internal controls, so that onward assurance can be provided to the Trust Board.

The Board Assurance Framework sets out the framework for assurance and identifies which of the organisation's strategic objectives are at risk of not being delivered. At the same time, it provides positive assurance where risks are being managed effectively and objectives are being delivered. This allows the Board to determine where to make most efficient use of their resources and address the issues identified in order to improve the quality and safety of care.

The process for gaining assurance adopts the three lines of defence triangulation approach. This consists of looking for three distinct sources of information and comparing them. If those three sources coincide then reasonable assurance can be taken. The most objective assurances are derived from independent reviewers; these are supplemented by internal sources such as clinical audit, internal management representations, performance management and self-assessment reports.

## **Risk Appetite**

The Trust recognises it is impossible to deliver its services and achieve positive outcomes for its stakeholders without taking risks. Indeed, only by taking risks can the Trust realise its aims. It must, however, take risks in a controlled manner, thus reducing its exposure down to a level deemed acceptable by the Board and by extension, external regulators and relevant legislation.

Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources when it is to achieve substantial benefit. In addition, the Trust may accept some high risks because the cost of controlling them is prohibitive, while ensuring minimal impact on patient care and in line with the risk tolerances set. The Board has taken a cautious view regarding the risks that it is prepared to take in terms of risks to quality, patient safety, financial controls, reputation, compliance and regulation, workforce and external stakeholders, expressing a preference for safe delivery options that have a low degree of risk and which may only have a limited potential for reward. The Risk Appetite Statement is reviewed periodically by the Trust Board outlining the risk tolerances for various areas of its operations.

## **Annual Quality Report**

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

The Executive Director of Nursing and the Executive Medical Director are joint nominated Trust Executive Leads for the Quality Report. The quality priorities have been developed in consultation with a wide range of stakeholders; membership of the Council of Governors, patients, staff, executive and non-executive members of the Trust Board and members. Delivery of the quality priorities will be monitored at the Quality Assurance Committee and by the Trust Board.

Subject to the NHS Improvement detailed requirements for external assurance for quality reports for foundation trusts for 2017/18, Medway NHS Foundation Trust are required to select one indicator which along with two mandated indicators must be subject to external audit. The local indicator selected was Elective Caesarean Section and those mandated were RTT (Referral to Treatment) Incomplete Pathways and the four hour access target. The review highlighted data quality issues associated with the indicators tested. The actions we will be taking to improve overall data quality, including these issues, is detailed in the quality report.

You can read more about our priorities and developments in the Quality Report.

## Governance Structure

### Responsibilities of directors and committees

During the year there have continued to be improvements made to the Trust's governance structure. Improvements on the reporting structure established in 2016 have assisted in the review and reporting of risks facing the Trust and in the preparation of the Annual Governance statement included in the Annual Report. The Board Assurance Framework is underpinned by a robust governance framework created by the directorates to deal with clinical matters and operational management arrangements. The financial year 2017/18 has seen significant improvements in respect of the Trust's corporate governance and risk management arrangements, led by the Director of Governance, Risk, Compliance and Legal Services and the programme of improvement will continue during 2018/19.

Improvements made in respect of clinical governance arrangements during 2017/18 include:

- An improving level of Board assurance in respect of the safety and quality of services provided to patients.
- In-depth review of the Quality Assurance Committee Terms of Reference and on-going development of a new Quality Strategy recognising the interdependence between quality and other aspects of the Trust's business.
- An improving level of Board assurance in respect of financial and operational performance.
- Succession planning arrangements for Trust Board, executives and senior management
- Maintaining executive director responsibilities and accountability.
- Maintaining senior management roles, responsibilities and accountability.
- Maintaining an appropriate scheme of delegated authority to improve decision making at all levels.
- Continuing formal processes for routine review of performance against plans, including processes for reviewing the implementation of actions to address operational risk.
- Standardising a consistent approach to clinical/quality governance and operational management across each directorate.

### Integrated Audit Committee

Integrated Audit Committee is a Board committee which meets at least four times a year. It provides the Board with an independent and objective view on the Trust's financial systems, non-financial information and compliance with laws, guidance and regulations governing the NHS.

Audit Committees play a key role in supporting the Board by critically reviewing and reporting on the relevance and robustness of the governance structures and assurance processes on which the Board places reliance. In particular, this requires the Integrated Audit Committee to understand and scrutinise the organisation's overarching framework of governance, risk and control. At the corporate level this includes risk management and performance management systems, underpinned by the assurance framework.

## Quality Assurance Committee

The Quality Assurance Committee is a Board committee which previously met monthly but since October 2017 meets bi-monthly. The Committee ensures an integrated and co-ordinated approach to the development and monitoring of the quality metrics (patient safety, patient experience and clinical effectiveness) at a corporate level, it leads on the monitoring of quality systems within the Trust to ensure that quality is a key component of all activities within the Trust, and ensures compliance with regulatory requirements and best practice with patient safety, patient experience and clinical effectiveness. The Committee provides assurance to the Board that where there are risks and issues that may jeopardise the Trust's ability to deliver excellent, safe, effective, high quality health care that these are being managed in a controlled and timely manner.

## Finance Committee

The Finance Committee is a Board committee which meets monthly and provides scrutiny and oversight on Trust finances and onward assurance or escalation to the Board. The Committee provides assurance that the Trust strategy, financial forecasts, plans and operational performance are being considered in detail, monitors the financial recovery plan and provides independent and objective assurance to the Trust Board regarding investments and significant contracts before their approval by the Trust Board.

## Executive Group

The Executive Group supports the Chief Executive and other Executive Directors and Directors of Clinical Operations in delivering the tasks delegated by the Trust Board. It is responsible for agreeing strategies and plans and reviewing performance before these are considered by the Board. Also, it is accountable for delivering the strategic and annual plans approved by the Board.

In addition, the Executive Group co-ordinates the monitoring of all Trust activity, thereby ensuring effective management of the organisation. It provides assurance to all Trust Board sub-committees (along with supporting management groups where relevant) in all aspects of the Trust management; and it ensures that new issues pertinent to the Trust are effectively managed.

## Principal risks

The key risks to delivery of the Trust's objectives are recorded in detail in the Board Assurance Framework and corporate risk register which are monitored by the Executive and the Board. A summary of significant risks is set out below.

### **Strategic Objective 1 – Integrated Health Care: We will work collaboratively with our local partners to provide the best of care and the best patient experience.**

Working strategically, as a trusted partner in the Sustainability and Transformation Partnership (STP) we will work with partner organisations and the public to transform out-of-hospital care through the integration of primary, community and social care and re-orientate elements of traditional acute hospital care into the community. We will work collaboratively and progressively, ensuring that protecting our local Trust interests does not stand in the way of achieving benefits for the wider health economy and public.

### **Strategic Risk**

There is a risk that the Trust may not be seen as an organisation to partner with. There may be a lack of confidence in the Trust by fellow STP partners and the STP may fail. The Trust may have a brand failure in that confidence may be lost in the Trust



## Assurance

- We developed a frailty pathway including a community programme for the elderly (PACE), nurse practitioner in the Emergency Department (ED), community geriatrician clinics and nursing home attendance. Monthly monitoring has shown a reduction in falls in the community; we are developing a similar model for Chronic Obstructive Pulmonary Disease (COPD).
- We have one of the lowest delayed transfer of care rates in the country. We are working closely with the STP and are leaders of the STP clinical strategy and carer delivery for Medway, North and West Kent.

## Strategic Objective 2 - Innovation: We will embrace innovation and digital technology to support the best of care

We will protect people from harm, giving them treatments that work and ensuring that they have a good experience of care. We will create an open and sharing environment where research and innovation can flourish achieving dual aims of enhancing the quality of patient care and contributing to the financial sustainability of the organisation. We will have a culture where staff are given the opportunity, training and resources to research and innovate. We will proactively develop partnerships with other organisations, underpinned by robust governance arrangements, to enable execution and exploitation of innovation projects to benefit the population that we serve.

We will do this by increasing the availability of modern technology and quality information systems. We will take a whole systems approach to implementing a digital strategy that will result in providing real time access to patient information across all providers of healthcare in Kent and Medway.

## Strategic Risk

There may be capability risks within the organisation, there may be difficulty in making appropriate decisions on requirements if the future shape of services is not clearly defined. There is a risk presented by competition from other providers.

## Assurance

- We are working with Getting it Right First Time (GIRFT) to improve efficiency and effectiveness of surgical pathways.
- We have introduced an innovative front door model streaming to primary care (MedOCC), ambulatory emergency centre and assessment areas.
- We introduced a forum for patients undergoing emergency laparotomy; virtual trauma clinic and bereavement service for relatives of surgical patients.

## Strategic Objective 3 - Financial Stability: We will deliver financial sustainability and create value in all that we do

We will maximise efficiency in service delivery and operational management. We will be outward looking, actively working in partnership with the wider health economy through the Kent and Medway Sustainability and Transformation Partnership to maximise efficiency opportunities in workforce, back-office functions, digital strategy and estates utilisation.

## Strategic Risk

The Trust's Going Concern assessment is threatened by failure to achieve its planned deficit reduction and budget for 2018/19 which could result in further licence conditions and potential regulatory action. As a result the Trust may be unable to invest and unable to establish financial sustainability. The Trust may not be able to realise efficiencies or receive income for all activity.

## Assurance

- Recovery programmes with monthly Cost Improvement Programmes (CIP) sprints are in place, keeping focus on achieving CIPs and efficiencies; improvements in procurement, grip and control, vacancy control measures.
- Agency usage has reduced, bank usage increased.
- The nationally-recognised Carter and Model Hospital initiatives have identified a potential £30million efficiency opportunity that is being reviewed and actions developed to achieve.

## Strategic Objective 4 - Our People: We will enable our people to give their best and achieve their best

We will have effective and appreciative leadership throughout the organisation, creating a high performance environment where staff have clarity about what is expected of them, receive regular feedback and understand that poor performance will be addressed. Our employees will be engaged, committed to continuous improvement and embrace change. We will be an employer of choice.

## Strategic Risk

The Trust may be unable to attract, recruit and retain high quality staff impacting on a continued dependency on temporary staff and safe staffing levels, affecting quality of care, and financial costs.

## Assurance

- The Trust has undertaken a huge recruitment drive locally, nationally and internationally. For the first time in late 2017 the Trust had more starters than leavers. We have introduced recruitment and retention incentives.
- The Trust has developed a clinical compact for all senior clinicians of all professions - forming the basis of our promoting professionalism programme.
- The Trust has undertaken a review of our governance structures and processes. The Quality Assurance Committee is developing a Quality and Safety framework that will be used from the wards to the board.

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

The Trust's deficit is significantly worse than that of last year, mainly due to shortfalls in income and not fully meeting savings targets.

The plan for 2018/19 forecasts an improvement in this position closer to 2016/17 levels, with renegotiated and agreed income levels but still with a reliance on a material level of cost savings being delivered. Consequently, the Trust Board remains dissatisfied with the overall economy, efficiency and effectiveness of the current use of resources. As a result, the Trust is taking the following steps to rectify the position:

- A challenging but realistic reduction in the overall level of deficit is planned for 2018/19.
- The level of deficit will remain significant but medium to short-term planning is in place to reduce this year-on-year to eventually reach a level of stability.
- Additional controls around key areas of expenditure have been introduced and continue to be developed to ensure that all spending is appropriate, essential and represents value for money.
- To ensure that resources are used economically, efficiently and effectively across clinical services the Trust carries out regular monitoring of clinical indicators on quality and safety.

The Integrated Audit Committee, chaired by a non-executive director and reporting directly to the Board, receives independent assurance from internal and external audit and counter-fraud specialists who support and provide regular reports. This committee also receives other external reports and findings from investigations carried out during the year.

The Integrated Audit Committee agrees an annual work plan and monitors the work undertaken by the external and internal auditors, the counter-fraud specialist and clinical audit and sets aside time with those parties in private so that any confidential items can be discussed if necessary.

Financial performance and investment business cases are overseen by the Finance Committee which is also chaired by a non-executive director. This committee reports directly to the Board and provides assurance on the financial position and commercial decisions. The Board receives an Integrated Quality and Performance Report and a Finance and Performance Report at each Board meeting which includes reviewing the Trust's operational performance relating to national targets, quality, CQUINs and efficiency. Performance is reviewed at all directorate and service level meetings as well as at team meetings. Issues are monitored and managed through the Trust's management structure, with Directors of Clinical Operations being held accountable for the performance of their care programmes. Issues are escalated to the Executive Committee and for Clinical Council discussion and resolution where appropriate.

## Information Governance

### Serious incidents requiring investigation

#### Summary of serious incidents requiring investigation involving personal data as reported to the information commissioner 2017-18

Date of Incident (month)	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification Steps
June 17	Unauthorised access/disclosure (following HR investigation)	Patient name Address Highly sensitive personal information	1	Information Commissioner's Office (ICO)
<b>Further action on information risk</b>	Dedicated communications plan to all staff in relation to accessing patient records for non-clinical purposes.			
June 2017	Lost / stolen paperwork (notebook)	Patient name Address Contact details Identity of physiotherapist and business mobile phone number	301-500	ICO
<b>Further action on information risk</b>	Dedicated communications plan to all staff in relation to secure transportation of patient details whilst within the hospital grounds			
July 2016	Disclosed in error (email)	Hospital number NHS number Age range	10,001-100,000	ICO

**Summary of serious incidents requiring investigation involving personal data as reported to the information commissioner 2017-18**

Reported to the Information Commissioner 2017-18		Description of speciality treatment		
<b>Further action on information risk</b>	Review of training for new staff within team, review and revision to practices and procedures.			
<b>Sep-17</b>	Disclosed in Error (email)	NHS number GP practice, Speciality, Routine referral	10,001-100,000	ICO only
<b>Further action on information risk</b>	Review of training for new staff within team, review and revision to practices and procedures.			
<b>Nov-17</b>	Disclosed in Error (email)	NHS number Oasis number Statistical data Date of Birth Summary diagnosis		ICO only
<b>Further action on information risk</b>	Review of training for new staff within team, review and revision to practices and procedures.			
<b>Mar-18</b>	Disclosed in Error-SD card with images	Images originating from maternity	11-50	ICO only
<b>Further action on information risk</b>	Dedicated communications plan to all staff in relation to storage of photos.			

**Summary of other personal data related incidents**

Category	Breach type	Total
<b>A</b>	Corruption or inability to recover electronic data	0
<b>B</b>	Disclosed in error	15
<b>C</b>	Lost in transit	0
<b>D</b>	Lost or stolen hardware	0
<b>E</b>	Lost or stolen paperwork	1
<b>F</b>	Non-secure Disposal – hardware	0
<b>G</b>	Non secure disposal – paperwork	3
<b>H</b>	Uploaded to website in error	0
<b>I</b>	Technical security failing (including hacking)	0
<b>J</b>	Unauthorised access / disclosure	3
<b>K</b>	Other	52
<b>Total Information Governance/ Data Security and Protection breaches</b>		<b>74</b>

The Information Governance team review all incidents reported via datix. Trends are analysed and bespoke training and guidance is created for the Trust when problem areas are identified. The team now use the National NHS Digital Data Security and awareness training level 1 for all staff which is available on-line or via one of our classroom based sessions.

## Compliance with the Trust's licence

The Trust has not confirmed compliance with one of its Licence conditions as follows:

- Condition FT4 – NHS Foundation Trust governance arrangements, specifically FT4(5)(a).

## Equality impact assessments

The Trust is required to meet its obligations in respect of the general duties under the Equality Act (2010), including the Public Sector Equality Duty.

All aspects of Trust business, particularly in respect of its plans, and the development and reconfiguration of clinical services, must be informed by equality analysis, and this is chiefly through equality impact assessments. The Trust is currently reviewing the governance of equality analysis (for example, how it manages and organises analyses) to strengthen decision-making.

## Stakeholder Involvement

The Trust increasingly seeks to involve patients and public in the life of the hospital, from acting on patient experience feedback, to listening to the views of patients' and carers about how services could be improved.

We invite patients and members of the public, as well as representatives of stakeholder organisations and community groups, to take part in surveys and to attend meetings to hear updates and have their say. A good example of this over the past 12 months has been the review of urgent stroke services, where we worked with other health partners to encourage people to complete a survey and attend engagement events.

At service level we welcome the views of patients and carers, and facilitate focus groups where appropriate. Recently these have included a group who discussed the COPD pathway, and another looking at cancer recovery packages.

Non-Executive Directors and Governors take part in departmental visits throughout the hospital to listen to the views of patients and their relatives or carers about their experiences of care so that any issues identified can be responded to and addressed.

Every public Trust board meeting begins with a patient story describing how we can learn from experiences that have fallen short in some way, as well as capturing examples of best practice.

Our community engagement officer, appointed in March 2017, has developed a network of community groups through whom she engages, often supported by Governors. People we engage with through community groups are invited to attend events and become more directly involved with the Trust. We also respond to requests from speakers to attend meetings across Medway on a range of specialisms.

## Corporate Governance Statement

The Trust has considered the validity of its Corporate Governance Statement through the following assurances:

As previously described in the Governance Structure section, the Trust has a Governance Framework which is a 'blueprint' of how governance is structured in the organisation. Alongside this Framework, the Trust has its Standing Orders and Standing Financial Instructions. During the course of the year there has been a continued improvement in the Trust's governance structure including the approval of a Board Assurance Framework and associated Operating Procedure which has provided an improved reporting structure. Notwithstanding these, the Trust recognises that it has to further develop and embed more robust corporate governance and risk management arrangements.

The Trust has regard to the Code of Governance and compliance against the Code has been described in the Code of Governance Compliance section of this Annual Report. The Trust Board and its committees have annual programmes of work which ensures that they see sight of relevant information throughout the year allowing for scrutiny of the Trust's performance in an orderly, structured manner. The Board is particularly focused on the quality of care and makes sure that it gives sufficient time to reviewing the performance in this area.

As previously stated, the Integrated Audit Committee provides assurance on the systems and processes of internal control as well as receiving reports from both internal and external auditors stating where improvements are required to be made.

The Finance Committee provides scrutiny and oversight on the Trust's financial performance and reviews major investment proposals. There is clearly defined accountability for the quality of care and an overarching Quality Strategy is in place.

The Trust is working hard to make the necessary improvements to continue to progress, and is making steady progress in sustaining improvement.

Trust Board member capability is reviewed by two Nominations and Remuneration Committees – one is a non-executive committee that considers executive performance and capability and the other is a Council of Governors-led committee which considers non-executive performance.

In respect of Trust Board effectiveness, the Trust Board commissioned an independent external review by G.K. Finnamore which identified actions some of which have been implemented and others which are being implemented over a period of time.



## Statements of compliance

### Pension schemes

As an employer with staff entitled to membership of the NHS Pension Scheme, or auto-enrol into an alternative qualifying 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, employers' 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, diversity and human rights

Control measures are in place to ensure that the organisation's obligations under equality and human rights legislation are complied with. The Trust employs a Head of Equality and Inclusion to provide strategic and practical professional guidance and advice to the Trust. The Trust's strategic approach to equality and diversity is managed through the Equality Delivery Scheme (EDS2). A baseline assessment of EDS2 was completed in 2017, which identified equality objectives for 2017 to 2020. EDS2 assessments will be completed at least annually, along with existing mandatory equality metrics, such as the Gender Pay Gap and Workforce Race Equality Standard. These metrics enable the Trust to benchmark with other NHS organisations and partners, to produce and maintain action plans, and review and improve its performance for people with characteristics protected by the Equality Act 2010. Training on Equality and Human Rights is mandatory for all staff, and management programmes have been developed to improve the Trust's leadership skills around equality, diversity and human rights. The Trust is committed to going beyond that which is mandated and make equality and inclusion an integral part of everything it does for staff, patients and the local community.

### Carbon reduction delivery plans

The Trust is developing a Sustainable Development Management Plan (SDMP) and Action Plan for Board approval in order to meet the compliance requirement within the NHS Standard Contract (Service Condition 18). The SDMP will demonstrate its progress on climate change adaptation, mitigation and sustainable development, including identifying carbon reduction delivery plans and performance. The annual summary will provide an update of that progress.

### EPRR Statement

The Trust is a Category One responder under the Civil Contingencies Act (2004). Within the Act the Trust has specific statutory duties in relation to maintaining a resilient organisation that is able to work in partnership with other responders in response and recovery from major and business continuity incidents. In order to demonstrate compliance the Trust is aligned to the National Emergency Preparedness, Resilience and Response Framework (2015).

NHS England nationally issue annual core standards against which each Trust undertakes a self-assessment and are then audited by their Commissioner. The Trust was awarded Full Compliance against the 2017 NHS England Emergency Preparedness, Resilience and Response Core Standards by Medway Clinical Commissioning Group. This has been reported via the Local Health Resilience Partnership Executive Group for Kent and Medway to NHS England.

## 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 NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this Annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and a plan to address weaknesses ensuring continuous improvement of the system is in place.

The effectiveness of the system of internal control is monitored through:

- bi-monthly financial and operational performance reporting to the Trust Board.
- input into the controls and risk management processes from executive directors, senior managers and clinicians.
- review of the Corporate Risk Register and Board Assurance Framework by the Integrated Audit Committee and thereafter to the Trust Board.
- review of the Board Assurance Framework by the Trust Board.
- internal and external audit reviews; and
- comment on the system of Internal Control from the Head of Internal Audit in the annual report.

## Conclusion

The Trust has continued to experience significant challenges and internal control issues during 2017/18. To address these we will focus on:

- Achieving an improved financial position and eliminating the deficit by development of a financial recovery plan which aims to deliver a sustainable financial or break even position.
- Building upon existing improvements to ensure optimum operational performance.
- Ensuring the sustainability of improvement having exited special measures.
- Prioritisation of recruitment of permanent staff to reduce dependency upon agency workers and increase efficiency of our services

Signed



Lesley Dwyer  
Chief Executive  
May 2018

# QUALITY REPORT





## Quality Report Contents

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## About the Quality Report

Quality Reports enable NHS Foundation Trusts to be held to account by the public, as well as providing useful information for current and future patients.

Providing our patients with the Best of Care is our top priority. That is why we are continually implementing quality improvement initiatives that further enhance the safety, experience and clinical outcomes for all our patients. This Quality Report is an attempt to convey an honest, open and accurate assessment of the quality of care patients received during 2016-17. It provides a summary of our performance and improvements against the quality priorities and objectives we set ourselves for 2017/18 and sets out our quality priorities and objectives for 2018/19.

It is our hope that the report goes some way to reassure our patients and the public of our commitment to deliver safe, effective and high quality care.

## Part 1: Statement on quality from the chief executive



This year has been really important at Medway and I would like to take this opportunity to reflect on the challenges and achievements of the last 12 months.

Exiting special measures last year was significant for the Trust and our main focus in 2017/18 has been to maintain this momentum. In May we launched our Better, Best, Brilliant Improvement Programme. Built around our four strategic objectives – integrated healthcare, innovation, people and financial stability – Better, Best, Brilliant sets out our bold and ambitious plans to build on the progress already made and provide brilliant care for our community.

During the past year patient safety has continued to be a focus, with a wide range of changes implemented to make sure patients receive safe and compassionate treatment, and a better safety culture throughout the hospital. Integral to this is a heightened concentration on recognising and responding quickly to patients whose conditions deteriorate. These improvements have led to a significantly reduced mortality rate.

We have developed an open and transparent culture throughout the organisation, where we encourage everyone to talk about patient safety, reporting incidents when they occur and ensuring that we can all learn from them. I'm delighted to say that our approach to patient safety improvement was commended by Jeremy Hunt, the Secretary of State for Health and Social Care, when he visited the Trust in September 2017.

We continue to make strides in enhancing the experience of patients at Medway and we have focused on trying to improve the flow of patients throughout the hospital. Flow is aided by timely discharge of patients, which also benefits patients presenting at the 'front door' of the organisation – our Emergency Department – by reducing unnecessary waits for beds. Getting patients home when they are ready to leave our care isn't always straightforward, but in recent months Medway has made significant improvements in the care provided to our 'stranded' patients to become one of the leaders in England.

When patients are well enough to leave us, we want to make sure they get home quickly. They will recover better and be happier at home rather than in hospital. But we can't send a patient home until any additional support that they need – from a community nurse, for example, or changes that need to be made to their home – has been arranged.





We call the situation when a patient is clinically ready to go home but is waiting for support to be arranged a 'Delayed Transfer of Care' or DTOC. This is a big issue across the NHS – not only is a patient unable to get back to the comfort of their home, but the bed is unavailable for someone who might need it.

This year we have built on Home First, which was launched in 2016, to support patients to get home by providing a full occupational therapy assessment in their home within two hours. We have also moved more rehabilitation beds into community facilities to help focus on getting people out of hospital, back on their feet and back home.

Most recently we have stepped up joint working with our colleagues in other health services with a daily teleconference, where we talk through the specific needs of every patient who is waiting to go home.

We know we still have more to do but all of this work has had a fantastic impact and we now have one of the best DTOC rates in the country. That means more of our patients are being treated in the right place, which is great news for everyone!

We are absolutely committed to providing the very best of care to our patients and we want to use the very latest technology to achieve this. We were delighted to launch our da Vinci robot this year. Da Vinci is a minimally invasive surgery tool that revolutionises the care provided to patients undergoing prostate surgery. Under the control of a highly-trained surgeon, da Vinci is able to perform complex and incredibly precise procedures. It's a perfect example of how we are embracing innovation for the good of our patients.

An NHS Trust cannot function in isolation and in 2017/18 we have continued to work closely with our partners across Kent to look at how we can deliver services more efficiently, through the Kent and Medway Sustainability and Transformation Partnership.

The last 12 months however have not been without challenge and despite the introduction of a number of new processes to improve flow throughout the organisation, we have not made the level of consistent improvement to our national targets that we would have liked. The period immediately after Christmas and the adverse weather in February placed significant pressure on our services, impacting the Emergency Department and hospital services more widely.



We remain committed to working with our partners to ensure that only patients that need to come to the hospital do so, and that patients are discharged efficiently. The redevelopment this year of our Emergency Department will aid this, as will the development of an Urgent Treatment Centre – made possible through an additional £1million of funding.

Our staff are our most important resource and we are committed to ensuring that the environment that they work in is one in which they can thrive. There is no doubt that it is a challenging time to be working in the NHS. This year's staff survey has shown a reduction in positive results in NHS organisations across the country and the issues flagged in our own survey reflect this. We have identified actions to address areas for improvement. For example, an Unconference held in January 2018 – together with focus groups – has begun the conversation about what a 'brilliant Medway' culture really means. Building a culture that we can all be proud of will be a key commitment for us in 2018/19.

Having the right staffing levels is important, and during the past year we have continued to work hard to recruit substantive staff and reduce our reliance on agency staff. We have had a good deal of success in this area, with a significant reduction in the number of agency staff we employ. I'm also delighted to say that we now have more nurses joining the Trust than leaving each month.

Our other significant challenge is our financial position. The Trust has a long-standing financial deficit and we have not made enough progress in addressing the challenge. This is a serious situation and we must take steps to transform the way we provide services to reduce inefficiencies, tackle overspending on pay and work closely with commissioners and other partners to provide services the community needs within the available budget. We must spend NHS resources wisely and live within our means. However, this does not, and never will, mean compromising on patient care. We will continue to focus on our own improvements through our Better, Best, Brilliant programme. And we will continue to work closely with commissioners and other partners as this is not just about the hospital, but about the healthcare system across Medway and Swale.

I remain confident that we can successfully address our financial challenges. We transformed the way we deliver care for our patients so that safety and quality are now very much better. We need to do the same for our financial position.

It has been a year of steady progress against a backdrop of challenges, and we look forward to delivering sustainable and continuously improving care in 2018/19.

Recently we have begun to win a number of prestigious awards and accolades for our innovations and improvements. Not only is it fantastic to see our expert staff recognised, it should serve to give confidence to our patients that many of our services are among the best in the country, and that really is something to be proud of.

A handwritten signature in black ink, appearing to read 'LDwyer', with a large, stylized loop at the end.

Lesley Dwyer  
Chief Executive

## Part 2: Priorities for improvement and statements of assurance from the board

We aim to provide the best of care and the best patient experience. This ambition is reflected in our strategic objectives. As a Trust we have considered carefully which quality improvement priorities we should adopt in 2018/2019 and which will support this ambition. The priorities have been developed in collaboration with Trust governors, staff, members and patient group representatives.

The quality priorities we are taking forward for 2018/2019 span all three domains of healthcare quality

- Patient safety – keeping patients safe from harm
- Clinical effectiveness – how successful is the care provided?
- Patient experience – how patients experience the care they receive.

### 2.1 Priorities for improvement

Quality domain	Our quality priority	What success will look like
Patient Safety	We will ensure all patients with sepsis are identified and treated in accordance with national recommendations.	We will achieve the national CQUIN target for the identification and treatment of sepsis.
Patient Safety	We will reduce the number of incidents where delay in reporting or reviewing of test results may have contributed to a delay in diagnosis or treatment for a patient regardless of level of harm.	We will achieve a 50% reduction in incidents related to delay in reporting or reviewing of test results.
Patient Safety	We will ensure that patients whose condition deteriorates are recognised, reported and responded to in a timely and appropriate way.	We will achieve <ul style="list-style-type: none"> <li>• 100% compliance with NEWS2</li> <li>• 100% compliance with the Trust escalation protocol</li> </ul>
Patient Experience	We will ensure our staff consistently behave in accordance with the Trust's values as described in the clinical compact	We will achieve <ul style="list-style-type: none"> <li>• 80% of staff undertaking customer service training.</li> <li>• More than 90% of our patients "would recommend" the Trust as reported by the Friends and Family test.</li> </ul>
Patient Experience	We will improve patient satisfaction with waiting times for discharge and outpatient medicines	We will achieve <ul style="list-style-type: none"> <li>• 80% of discharge medicines dispensed within 90 minutes of being prescribed</li> <li>• A waiting time for outpatient prescription of &lt;30 minutes.</li> </ul>
Patient Experience	We will improving patients experience of care by reducing the number of mixed sex accommodation breaches	We will achieve an 80% reduction in mixed sex accommodation breaches
Clinical Effectiveness	We will comply with the National standards for Learning from	We will report to the Trust Board the National Mortality Dashboard

Quality domain	Our quality priority	What success will look like
	Deaths and use the learning to improve patient care	every quarter and demonstrate completion of structured mortality reviews that lead to learning and improvements in patient care as appropriate.
Clinical Effectiveness	We will improve the timeliness of our communications with GPs	<ul style="list-style-type: none"> <li>We will achieve 100% notification of patient death to GPs within 5 days</li> <li>100% of clinic letters will be sent to GP within 5 working days</li> </ul>
Clinical Effectiveness	We will be open and honest with patients and their families when things go wrong.	We will achieve 100% compliance with Duty of Candour.

## 2.2 Statements of assurance from the board

### Review of Services

During 2017/2018 Medway NHS Foundation Trust provided and/or sub-contracted 56 relevant health services.

Medway NHS Foundation Trust has reviewed all the data available to them on the quality of care in those relevant health services.

The income generated by the relevant health services reviewed in 2017/2018 represents 100 per cent of the total income generated from the provision of relevant health services by Medway NHS Foundation Trust for 2017/2018.

### Participation in Clinical Audits 2017/18

During 2017/2018 36 national clinical audits and six national confidential enquiries covered relevant health services that Medway NHS Foundation Trust provides.

During that period, Medway NHS Foundation Trust participated in 94 per cent of the national clinical audits and 100 per cent of the national confidential enquires for which it was eligible.

The national clinical audits and national confidential enquiries that Medway NHS Foundation Trust participated in, and for which data collection was completed during 2017/2018, are listed below alongside the number of cases submitted to each audit or enquiry, and the percentage of the cases submitted against the requirements of that audit or enquiry.

	National Clinical Audit	Eligible	Participation Yes / No	Number of cases submitted	Case ascertainment <sup>3</sup>
1.	Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	Yes	Yes	530	Ascertainment rate not available
2.	BAUS Urology Audits Cystectomy Nephrectomy Radical prostatectomy Female stress urinary incontinence	Yes Yes Yes Yes	Yes Yes Yes Yes		Ascertainment rate not available
3.	Bowel Cancer (NBOCAP)	Yes	Yes	174	93%+
4.	Cardiac Rhythm Management	Yes	Yes	318	Ascertainment rate not available
5.	Case Mix Programme	Yes	Yes		Ascertainment rate not available
6.	Coronary Heart Disease / National Audit of Percutaneous Coronary Intervention (PCI)	Yes	Yes		Ascertainment rate not available
7.	Diabetes (Paediatric) NPDA	Yes	Yes		Ascertainment rate not available
8.	Elective Surgery (National PROMS Programme)	Yes	Yes	N/A <sup>4</sup>	Ascertainment rate not available
9.	Endocrine and Thyroid National Audit	Yes	Yes		Ascertainment rate not available
10.	Falls and Fragility Fractures Audit Programme (FFFAP) National Audit of Inpatient Falls National Hip Fracture Database Fracture Liaison Service Database	Yes Yes Yes	Yes Yes Yes	50 91 1083	100% 94%* 56%*
11.	Fractured Neck of Femur	Yes	Yes	100	N/A
12.	Learning Disability Mortality Review Programme (LeDER)	Yes	Yes		N/A
13.	Major Trauma Audit	Yes	Yes	377	Ascertainment rate not available
14.	National Audit of Breast Cancer in Older Patients	Yes	Yes	Data linkage project	Ascertainment rate not available

<sup>3</sup> We have provided the case ascertainment as detailed in the most recently published national report; this does not necessarily relate to 2017/18 data. Where this is the case, the origin of the data is indicated thus: \*2016/17; +2015/16; ^2014/15

<sup>4</sup> Please see Section 2.3 for more information regarding the Trust's participation in the National PROMS programme



	National Clinical Audit	Eligible	Participation Yes / No	Number of cases submitted	Case ascertainment 3
15.	National Audit of Dementia	Yes	Yes	20	100%
16.	National Cardiac Arrest Audit	Yes	Yes	174	Ascertainment rate not available
17.	National Chronic Obstructive Pulmonary Disease Audit Programme	Yes	Yes	640	Ascertainment rate not available
18.	National Comparative Audit of Blood Transfusion Programme Transfusion Associated Circulation Overload	Yes	Yes	26	Ascertainment rate not available
19.	National Diabetes Audit – Adults	Yes	Yes	1879	Ascertainment rate not available
	National Diabetes Audit	Yes	Yes	92	
	National Diabetes Inpatient Audit				
20.	National Emergency Laparotomy Audit	Yes	Yes	205	Ascertainment rate not available
21.	National Heart Failure Audit	Yes	Yes	368	Ascertainment rate not available
22.	National Joint Registry	Yes	Yes	364	Ascertainment rate not available
23.	National Lung Cancer Audit	Yes	Yes	Data linkage project	Ascertainment rate not available
24.	National Maternity and Perinatal Audit	Yes	Yes	5104	Ascertainment rate not available
25.	National Neonatal Audit Programme (NNAP) (Neonatal Intensive and Special Care)	Yes	Yes		Ascertainment rate not available
26.	National Vascular Registry	Yes	Yes	164	Ascertainment rate not available
27.	Oesophago-gastric Cancer (NAOGC)	Yes	Yes	36	81-90%
29.	Pain in Children	Yes	Yes	96	N/A
30.	Procedural Sedation in Adults (care in emergency departments)	Yes	Yes	55	N/A
31.	Prostate Cancer	Yes	Yes	Data linkage project	Ascertainment rate not available
32.	Sentinel Stroke National Audit programme (SSNAP)	Yes	Yes	289	Ascertainment rate not available
33.	Serious Hazards of Transfusion (SHOT): UK National haemovigilance scheme	Yes	Yes	10	Ascertainment rate not available
34.	UK Parkinson's Audit	Yes	Yes	20	100%

	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Eligible	Participation Yes/No?	If yes, % of cases submitted
1.	Chronic Neurodisability	Yes	Yes	100%
2.	Young People's Mental Health	Yes	Yes	100%
3.	Cancer in Children, Teens and Young Adults	Yes	Yes	100%
4.	Acute Heart Failure	Yes	Yes	100%
5.	Perioperative Diabetes	Yes	Yes	In progress
6.	MBRRACE-UK	Yes	Yes	Case ascertainment not available

The reports of 24 national clinical audits were reviewed by the provider in 2017/18 and Medway NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided in those national clinical audits from which we have received feedback to date:

	Audit Title	Actions
1.	National Audit of Dementia	Suggest including the 4AT as the initial clerking assessment Initiate a delirium action group with a specific view to raising awareness of delirium Arrange training sessions on pain in dementia across the Trust Conduct an audit looking at the use of 'This is Me' documentation on the wards Include carer support in the dementia strategy
2.	Myocardial Ischaemia National Audit Project (MINAP)	Liaise with lipid specialist regarding automatically measuring lipids on admission with Acute Coronary Syndrome Conduct an information campaign in ED to highlight the need to measure the blood sugar of patients who have a possible diagnosis of Acute Coronary Syndrome Develop a dashboard to review key performance indicators on a monthly basis
3.	National Heart Failure Audit	Consider developing a business plan to expand the Heart Failure service.
4.	National Joint Registry	Improve the quality of data submitted to the NJR by participating in the data quality audit
5.	National Vascular Registry	Reduce waiting times for CT angiograms to prevent 56 day breaches for elective AAA repair Continue to work on reconfiguration of vascular services with NHS England and other local providers Introduce a carotid hot clinic with next day consultant vascular surgeon review, same day CT angiogram and rapid access to surgery
6.	Fracture Liaison Service Database	Work with the CCG to develop a business case for commissioning the Fracture Liaison Service
7.	National Pregnancy in	Send information to primary care for further action

Audit Title	Actions
Diabetes Audit	regarding pre-natal risk reduction, especially for type 2 diabetics Offer education to primary care providers – both specialist midwife and consultant-led education meetings to be offered Work with the Local Maternity System and Public Health to identify strategies to improve pre-conceptual care Involve local support groups and charities in raising awareness
8. National Neonatal Audit Programme - Neonatal Intensive and Special Care (NNAP)	Set up Infection Control group to review rate of central line associated blood stream infections Participate in ARCTIC trial to see if change in antiseptic will reduce the incidence of sepsis

## Local Audits

The reports of 41 local audits were reviewed by the provider in 2017/18 and Medway NHS Foundation Trust intends to take the following actions to improve the quality of the healthcare provided:

All completed audits have an audit summary which includes details of compliance levels with the audit standards and actions required for improvement including the names of the clinical leads responsible for implementing these actions.

Acute Medicine Programme - Audit Title and Actions
<b>Hand Injury Management in the Paediatric Emergency Department</b> <ul style="list-style-type: none"> <li><i>New guidelines introduced, all radiographs with a fracture should have a lateral radiograph</i></li> </ul>
<b>Management of croup in the children's emergency department at Medway Maritime Hospital</b> <ul style="list-style-type: none"> <li><i>New proforma introduced providing clear documented proof of severity of croup</i></li> </ul>
<b>Adult Trauma Call Documentation Audit</b> <ul style="list-style-type: none"> <li><i>Introduce SELKaM trauma booklet as a clerking proforma for the admitting team to improve the detail of documentation</i></li> </ul>
<b>Parkinsonism – non motor manifestations</b> <ul style="list-style-type: none"> <li><i>Nurse training completed</i></li> </ul>
<b>Acutely Ill Patients in The Hospital Setting – re audit</b> <ul style="list-style-type: none"> <li><i>ICU/HDU team outcome sticker produced</i></li> </ul>
<b>Evaluation of the Electronic Discharge Outcomes of Emergency Department patients</b> <ul style="list-style-type: none"> <li><i>Update of discharge letter template in order to comply with RCP guidelines</i></li> </ul>
<b>Evaluating compliance with seating and postural advice for stroke patients</b> <ul style="list-style-type: none"> <li><i>Clinical staff to attend regular teaching sessions</i></li> <li><i>Develop a 'how to' guide on positioning for patient bed spaces</i></li> </ul>
<b>Improving the diagnosis and management of headaches encountered in Ambulatory Emergency Care</b> <ul style="list-style-type: none"> <li><i>Make guideline for evaluation of headache available on the Trust intranet</i></li> </ul>
<b>Falls Alarm and Sensor Pad Audit</b> <ul style="list-style-type: none"> <li><i>Poster for use of sensor pads to be laminated and filed in each ward medical equipment training folder</i></li> </ul>
<b>Cervical Spine Injury: Assessment and initial management in adults</b> <ul style="list-style-type: none"> <li><i>Assessment and initial management poster displayed in Emergency Department</i></li> <li><i>Include assessment and initial management in adults flow chart in Medway's</i></li> </ul>

### Acute Medicine Programme - Audit Title and Actions

*Green Book*

#### Recognition and management of adults with severe sepsis and septic shock

- *Ensure sepsis 6 pathway completed fully*

#### Management of patients presenting with a paracetamol overdose in ED

- *Information leaflet to be given to patients attending ED: Risks of further paracetamol overdoses*
- *Teaching sessions on management of paracetamol overdoses included in induction programme in ED*
- *Proforma on management of paracetamol overdoses to be published by ED accessible to all staff members in ED*

### Specialist Medicine Programme - Audit Title and Actions

#### Audit of Oxygen Prescription

- *Teaching delivered to acute/general medical doctors*
- *Poster created and placed in ED, Lister, MAU, AEC, Acute, Cardiology and Respiratory Ward*

#### The Prevalence of Insulin Omission Among Inpatient Insulin-Treated Diabetes at Medway Hospital

- *Mandatory training through MOLLIE*
- *Competency training every three years for Pharmacist for insulin use and safety*
- *Introduction of e-learning packages for nurses.*

#### Smoking Cessation 2017 (NICE guideline PH48)

- *Improve doctors knowledge of policy and how to prescribe NRT*
- *Produce stop smoking service leaflets and trust policy on prescribing NRT*
- *Design poster for acute wards doctors' offices describing how to prescribe NRT*
- *'Shout out' at F1 teaching and CMT teaching to inform doctors of policy and give out prescribing guide/leaflets*

#### Apremilast in Psoriatic Arthropathy

- *Patient leaflet to be designed for understanding of side effects of Apremilast*

### Cancer and Clinical Support Services Programme – Audit Title and Actions

#### Neutropenic sepsis audit – 1 hr from presentation to receiving appropriate antibiotics

- *Improve communication with ED: accepting ED doctor and nurse name to be documented in KOMS*
- *Agreed pathway to be followed for suspected neutropenic sepsis*

#### ITU Diaries: Use of patient diaries to assist recovery

- *Consider launching diaries in other specialty areas*

### Critical Care and Peri-operative Programme – Audit Title and Actions

#### Pre-operative fasting

- *Patient brochure and booklet has been updated*
- *POCU ward staff conducted a small snapshot audit to find out the compliance with the current fasting policy, results escalated to theatre management, governance and clinical leads.*
- *Updated new practice discussed at Audit and Divisional meeting – proposal presented to start a Water Comfort Rounds has been included in a new fasting policy which was sent to Governance team and Clinical leads for approval*
- *Electronic monitoring will be looked into by the Galaxy team*

Critical Care and Peri-operative Programme – Audit Title and Actions
<b>Treatment Escalation Plan and Do Not Resuscitate Audits</b> <ul style="list-style-type: none"> <li>Poster created for new TEP form for clinical areas together with accompanying communications campaign</li> </ul>
<b>Perioperative Analgesia in Major Lower Limb Amputees</b> <ul style="list-style-type: none"> <li>Standard operating procedure to be developed</li> </ul>
<b>Post-ICU in hospital deaths</b> <ul style="list-style-type: none"> <li>TEP form introduced</li> <li>Working group established to minimise glucose derangement</li> </ul>
<b>ICU Admissions following in-hospital cardiac arrest</b> <ul style="list-style-type: none"> <li>Consider mandating completion of TEP form before referring patients to ICU</li> </ul>
<b>VTE Assessment in Critical Care</b> <ul style="list-style-type: none"> <li>Clerking doctor to fully complete initial assessment</li> <li>Senior doctor to ensure 24hr assessment is complete</li> </ul>
<b>Assessment of Allergy Box in Drug Charts</b> <ul style="list-style-type: none"> <li>Mandatory box to be added to the admission form in Metavision to ensure the allergy box has been completed</li> </ul>
<b>Pain agitation and delirium audit</b> <ul style="list-style-type: none"> <li>Development of a sedation hold 'checklist' as per airway care bundles implemented in intensive care</li> <li>A better defined criteria / RASS score to minimise subjective scoring</li> <li>Implementation of 'required fields' on MetaVision for sedation holding</li> <li>Clear communication between ITU staff on sedation holds to ensure knowledge among teams</li> </ul>

Surgical Services Programme – Audit Title and Actions
<b>Think handover (Urology)</b> <ul style="list-style-type: none"> <li>Safe handover poster designed and displayed in clinical areas to stress required contents of written handover materials</li> </ul>
<b>Orthodontic model box</b> <ul style="list-style-type: none"> <li>Lab sheets and MDA forms to be filed in patient notes</li> <li>Clinicians to discard any models not required at the end of treatment</li> </ul>
<b>Quality of dental radiographs</b> <ul style="list-style-type: none"> <li>Use of film holders to reduce positioning errors when taking peri-apical radiographs</li> <li>Refine technique when taking lower occlusals</li> <li>Use of a rectangular collimator when taking radiographs except in exceptional circumstances</li> </ul>
<b>Improving quality of consenting for urology procedures</b> <ul style="list-style-type: none"> <li>Standardise consenting protocol for circumcision</li> <li>Standardise complications labels on consent forms</li> <li>Department to agree which complications are to be discussed routinely</li> </ul>
<b>Introducing a pathway for the management of Crohn's disease</b> <ul style="list-style-type: none"> <li>Expand the service to include Ulcerative Colitis patients</li> </ul>
<b>Enhancing trauma theatre flow</b> <ul style="list-style-type: none"> <li>The Golden Patient Proforma (GPP) is incorporated into SOP and is in daily use</li> <li>Introduction of new Theatre User Group for prioritising trauma patients</li> </ul>
<b>Development of a Surgical Bereavement Service</b> <ul style="list-style-type: none"> <li>Expand the service to Acute Medicine and ED</li> </ul>
<b>Virtual Fracture Clinic Implementation – patient satisfaction</b> <ul style="list-style-type: none"> <li>Design further patient information leaflet</li> <li>Introduce a telephone helpline</li> </ul>

### Surgical Services Programme – Audit Title and Actions

#### Are we achieving optimal care of NOF fractures

- *Ensure post operative XR saved*
- *Poster to be designed for the Hasbury room and trauma theatre*

### Children's and Women's Health Programme – Audit Title and Actions

#### Vitamin D Deficiency in children

- *Include patient's sticker in record book/electronic records*
- *Inform team of results to increase awareness to testing vitamin D levels in the high-risk group*
- *Improvement in staff training and education to identify 'at risk' groups*

#### Investigation of suspected urinary tract infections (UTI) in children

- *UTI guideline wording to be updated*

#### SANDS audit – Caring for patients whose baby has died

- *Explore bereavement training opportunities for all staff (to be employed in house)*
- *Explore clinical psychologist to be available for all staff (shared within directorate)*
- *Explore training for staff working with interpreters*  
*Explore feasibility of a dedicated room for bereaved parents with cool cot facility*
- *Offer all parents information regarding financial help following a death*
- *Renew efforts to gauge views of bereaved parents*

#### Antibiotic prescription on labour ward

- *Antibiotic guideline developed for labour ward*
- *Information included in department induction day*
- *Chart added to anaesthetic machine to remind doctors to record drugs in the drugs chart*

#### Clomid prescription for induction of ovulation

- *Patient information leaflet produced awaiting Governance approval*
- *Induction of Ovulation pathway updated*

#### Caesarean section: indication procedure and outcomes

- *Roll out of new Cardiotocography (CTG) interpretation guidelines based on updated International Federation of Gynaecology and Obstetrics (FIGO) guidelines*
- *Dedicated team lead by Intrapartum lead to educate, promote and review cases*

### Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by Medway NHS Foundation Trust from 1 April 2017 to 31 March 2018 that were recruited during that period to participate in research approved by the Health Research Authority was 5,313, which includes not-portfolio (non-HIHR studies).

The Trust is actively involved in research supported by the National Institute for Health Research (NIHR) and has adopted studies over the past five years.



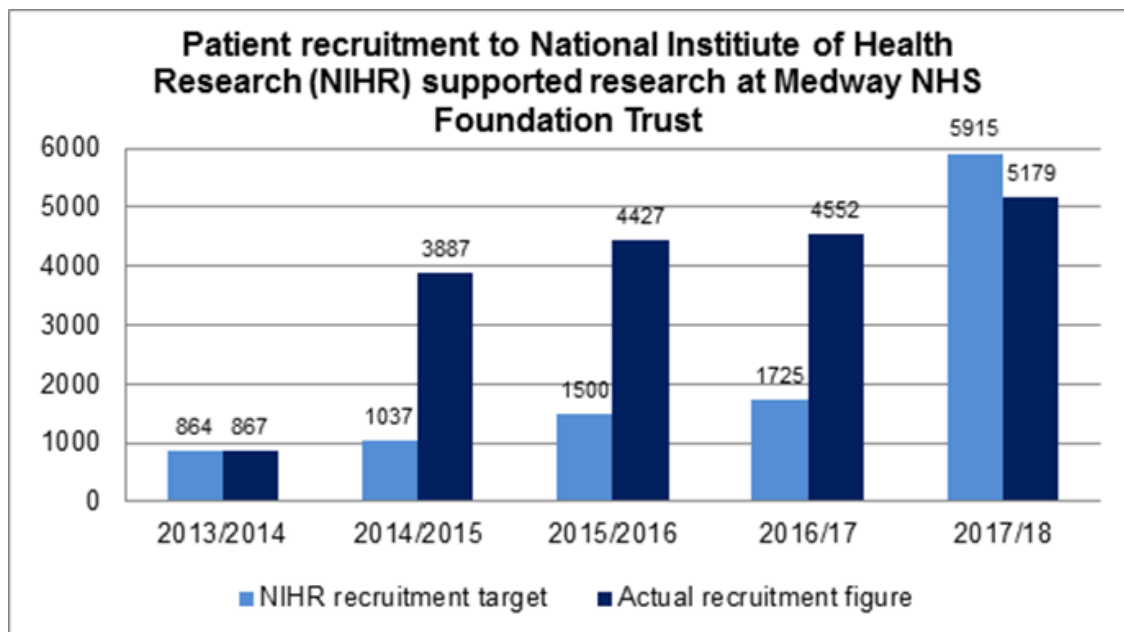


Figure 1 shows the annual recruitment target and the actual number of patients recruited. The figure of 5179 is the total in NIHR portfolio studies

Participation in clinical research demonstrates the Trust's commitment to improving the quality of care we offer to patients and to making a contribution to improving healthcare services. Our clinical staff stay abreast of the latest treatment possibilities through active participation in many different types of research that lead to successful patient outcomes.

There were 111 research studies conducted at Medway NHS Foundation Trust from 1 April 2017 to 31 March 2018, including staff undertaking MSc final year dissertations.

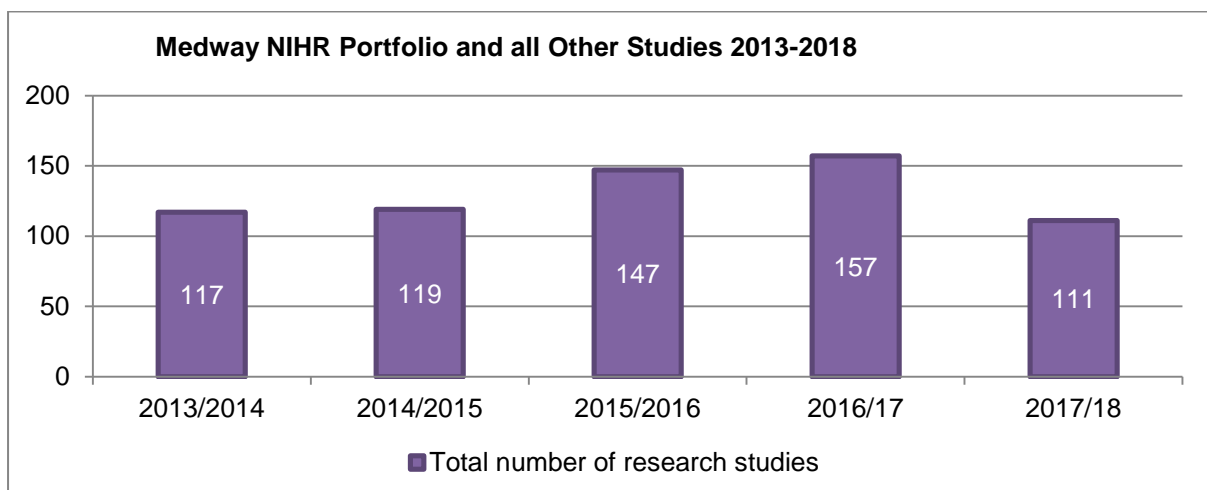
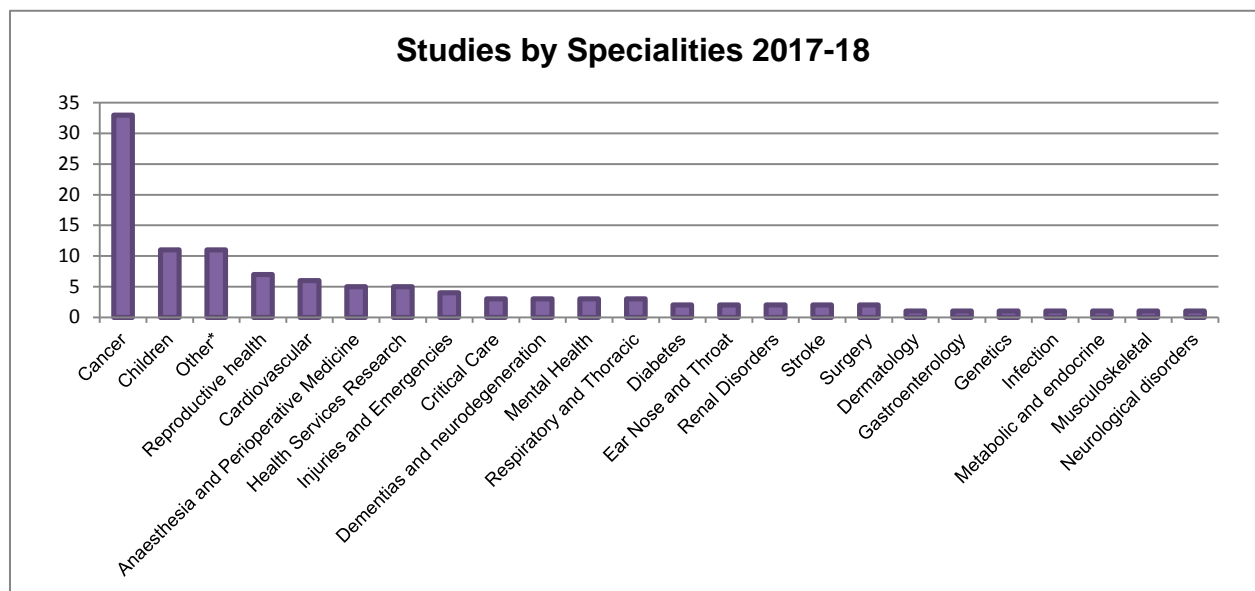


Figure 2 presents the number of studies that Medway NHS Foundation Trust conducted in the five years from 1 April 2013 to 31 March 2018

Staff participating in research cover 22 disease areas as well as studies looking into Health Services Research and other areas of study.



NB \*Studies outside of clinical specialty for example education studies or research into overall patient experience.

The improvement in patient health outcomes in the Trust demonstrates that a commitment to clinical research leads to better treatments for patients. Continual growth in research activity indicates our commitment to work in successful partnership to provide flexible, first class healthcare to local people and our desire to improve patient outcomes and experience across the NHS.

Intent/rationale for five studies undertaken between 1 April 2017 and 31 March 2018.

Study Name / Acronym	Rationale
<b>Heartbeat Study</b>	<p>Improving early decisions in neonatal encephalopathy by monitoring heart beat variability</p> <p>Cooling therapy reduces brain injury and improves outcomes after birth asphyxia. It is difficult to identify all babies who need this treatment, soon after birth. Even when those needing this treatment are correctly identified, the treatment becomes ineffective if the baby is stressed.</p> <p>Minimising stress may be possible with skilled nursing care or sedation, but there are no effective ways of real-time stress monitoring in babies at present. The main aim of this study will find out if analysis of minute changes in heart trace in babies with brain injury, can inform treatment decisions and monitor stress levels in real time</p>
<b>Stampede</b>	<p>Systemic therapy in Advancing or Metastatic Cancer: Evaluation of drug efficacy</p> <p>This study aims to improve the way prostate cancer is managed. Hormone treatment is usually successful in stopping the cancer growing for a period, but the cancer will begin to grow again in most men.</p> <p>There are increasingly more treatments available for advanced prostate cancer. This study aims to assess some of these treatments given earlier in the course of the disease, in combination with the hormone therapy.</p> <p>So far, the trial has shown significant benefit with some of the treatments which has led to a change in clinical practice.</p>
<b>Events</b>	<p>Early Vaginal Progesterone for the prevention of spontaneous preterm birth in twins</p> <p>Twin pregnancies are at increased risk of preterm delivery. The foetal consequences of preterm delivery are usually minor if it happens after 32 weeks but can be very significant or even fatal if it happens before 32 weeks. Progesterone has been shown to be effective in reducing the rates of preterm delivery in women with a singleton pregnancy. To date, Progesterone has not shown to be effective in twin pregnancies.</p> <p>This study aims to show that introducing a higher dose of Progesterone early in the pregnancy will significantly reduce the chances of premature delivery in twins</p>
<b>Test it</b>	<p>Point of care testing for sepsis: A diagnostic accuracy study</p> <p>Many different microbes can cause sepsis. One of the most important ways to treat sepsis is to give effective antibiotics as soon as possible. Currently, the usual way to confirm which microbe to target in a patient is to take a sample of blood, or other samples, and grow it in a laboratory. It takes at least 24-48 hours for it to grow and doctors choose 'best guess' antibiotics and these are not always the most effective.</p> <p>The aim of this study is to test a new bedside device that is able to identify the microbes in patients' blood within just one hour. This will allow treatments to be better targeted from a much earlier stage.</p>
<b>ExPEC</b>	<p>Prospective evaluation of the Incidence of Extraintestinal Pathogenic Escherichia coli (ExPEC) disease following Transrectal Ultrasound Guided Prostate Needle Biopsy (TRUS-PNB).</p> <p>Transrectal ultrasound-guided prostate needle biopsy (TRUS-PNB) is a commonly performed procedure used to obtain tissue to make a diagnosis of prostate cancer. During this procedure, small samples of tissue (biopsy cores) are taken via a biopsy needle from up to 12 areas of the prostate gland in conjunction with a transrectal ultrasound to guide the biopsy needle through the wall of the rectum into the prostate. Consequently, pathogenic bacteria residing in the intestines may invade other normally sterile body sites (for example, the prostate gland, urinary tract or bloodstream) causing extraintestinal infections.</p> <p>Antibiotic prophylaxis is recommended for patients undergoing the TRUS-PNB procedure. However, in recent years we have seen a rising trend of</p>

Study Name / Acronym	Rationale
	antibiotic resistance among E. coli strains worldwide. This observational study is intended to estimate the incidence of invasive ExPEC disease in patients undergoing TRUS-PNB in order to support the design of a Phase 3 clinical development programme.

Conducting research requires commitment from staff and approximately 90 clinical staff are currently participating in research approved by the Health Research Authority at Medway NHS Foundation Trust. This covers the period 1 April 2017 to 31 March 2018. In the same period the investigators at Medway NHS Foundation Trust published 90 articles, in various medical journals.

### Commissioning for Quality and Innovation (CQUIN)

A proportion of Medway NHS Foundation Trust's income in 2017/2018 was conditional on achieving quality improvement and innovation goals agreed between Medway NHS Foundation Trust and any person or body with whom it entered into a contract, agreement or arrangement for the provision of relevant health services through the Commissioning for Quality and Innovation payment framework.

National schemes have been agreed on:

- Improving health and wellbeing of staff
- Healthy food for NHSE staff, visitors and patients
- Improving the update of flu vaccinations for front line staff within providers
- Timely identification of sepsis in ED and acute inpatient settings
- Timely treatment for sepsis in ED and acute inpatient settings
- Antibiotic review
- Reduction in antibiotic consumption per 1,000 admissions
- Improving services for people with mental health needs who present to A&E
- Offering advice and guidance (non-emergency A&G)
- NHS e-referrals
- Supporting proactive and safe discharge
- Hospital medicines optimisation
- School age immunisations.

Details of the agreed goals for 2017/18 and for the following 12 months are available electronically at <https://www.medway.nhs.uk/about-us/publications/board-papers.htm>

### Care Quality Commission (CQC)

Medway NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is 'requires improvement'. The Care Quality Commission has not taken enforcement action against Medway NHS Foundation Trust during 2017/18.

The following diagram represents the outcome of our latest CQC report which was published in March 2017.

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Requires Improvement	Good	Good	Requires Improvement	Good	Requires Improvement
Medical care	Good	Good	Good	Requires Improvement	Good	Good
Surgery	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement	Requires Improvement
Critical care	Requires Improvement	Good	Good	Requires Improvement	Requires Improvement	Requires Improvement
Maternity and gynaecology	Good	Good	Outstanding	Good	Good	Good
Services for children and young people	Requires Improvement	Good	Good	Good	Good	Good
End of life care	Good	Good	Good	Requires Improvement	Requires Improvement	Requires Improvement
Outpatients and diagnostic imaging	Good	Not rated	Good	Requires Improvement	Requires Improvement	Requires Improvement
Overall	Requires Improvement	Good	Good	Requires Improvement	Requires Improvement	Requires Improvement

### Our ratings for Medway NHS Foundation Trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Overall	Requires Improvement	Good	Good	Requires Improvement	Good	Requires Improvement

Medway NHS Foundation Trust has not been inspected by the CQC during 2017/18, however the Trust has been working hard to continue to make positive changes across the hospital and prepare for the next inspection in early April 2018.

The Trust submitted the Routine Provider Information Request (RPIR) in January 2018; this included an update on all the 'must do' and 'should do' actions from previous inspections. In preparation for the April 2018 inspection the Trust has used the Agile Burndown process, engagement has been good and the process of quality assuring the evidence has commenced, the CQC – Key Lines of Enquires (KLOE) Self-Assessments were completed and the results were collated and reviewed in conjunction with the CQC Improvement plan. The inspection provides staff with a great opportunity to promote the improvements that we have made this year and which help deliver better care for our patients. Some of our achievements include:

- Da Vinci Robot: Da Vinci is a minimally invasive surgery tool that revolutionises the care provided to patients undergoing prostate surgery.
- Hip Fracture Pathway: The introduction of an advanced nursing support role in ED has contributed to a fall in mortality rates among the most vulnerable older patients.
- GMC 2017 Trainee Survey: Medway scored the highest of the trusts in Kent, Surrey and Sussex with an overall satisfaction rating of 79.64.
- Perinatal Mental Health Pathway: We designed and implemented a new integrated obstetric perinatal health antenatal service. The service provided an obstetric and mental health assessment to women at their initial antenatal appointment.

## Reporting to Secondary Uses Service (SUS)

Medway NHS Foundation Trust submitted records during 2017/2018 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 was:

- 99 per cent for admitted patient care
- 99.3 per cent for outpatient care
- 96.8 per cent for accident and emergency care

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

- 99.6 per cent for admitted patient care
- 92.6 per cent for outpatient care
- 98.9 per cent for accident and emergency care

## Information Governance Toolkit (IGT)

Medway NHS Foundation Trust's Information Governance Assessment Report overall score for 2017/18 was 68 per cent and was graded Satisfactory.

Information governance ensures that the necessary safeguards are in place for the protection and appropriate use of patient and personal information. The IG toolkit is an online system that allows NHS organisations to assess themselves against information governance policies and standards. It also allows the public to view the summary assessments of participating organisations. The ultimate aim is to demonstrate that the organisation can be trusted to maintain the confidentiality and security of personal information.

The score and progress towards completion of the IGT is monitored at each meeting of the internal Information Governance Group, which currently reports to the Executive Group every six months through a Senior Information Risk Owner (SIRO) report.

## Clinical Coding

Medway NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2017/2018.

Medway NHS Foundation Trust was subject to an Information Governance clinical coding audit during the reporting period by a Terminology and Classifications Delivery Service Approved Clinical Coding Auditor. The figures for primary diagnosis and primary procedure meet the 90% recommendation given for Information Governance Toolkit Requirement 505 attainment level 2. The figures for secondary diagnoses and secondary procedures have attained the 80 per cent level 2 recommendations.

## Data Quality (DQ)

Medway NHS Foundation Trust is taking the following actions to improve data quality:

- Development and review of the existing Data Quality Strategy with trusts across Kent to align approaches and adopt best practices.
- The Trust has implemented a Data Assurance Framework which will enable deep dive reviews of datasets and metrics across the organisation. These will facilitate targeted training, audits and robust reporting to support members of the Trust being accountable for data quality. This process has been developed with subject matter experts and is due to be reviewed by external auditors to ensure it meets



the requirements and scrutiny needed to deliver data quality and assurance improvements.

- Establishment of two routine data quality groups; one with a strategic focus and one user-focused. These feed in to the Audit Committee and will provide detailed papers on findings and recommendations from the Data Assurance Framework.
- In 2017/18 the Data Quality team has led audits on the Cancer patient tracking list, Diagnostics (DM01) patient tracking list, maternity reporting, NHS number capture and on-going reviews of 18 Weeks RTT. As part of these audits the Data Quality team has implemented bespoke training to teams across the organisation and led focus groups to identify challenges.
- On-going development of data quality reports to address data quality issues. In May 2018 members of the team will receive specialist reporting training provided by NHS South-East.
- DQ key performance indicators into the Trust Board papers, bi-monthly provide assurance on progress for the Trust's access targets (Cancer, RTT and A&E)
- Ensuring DQ ratings are transparent and visible against all key performance indicators in the Board report, these will continue to be reviewed and monitored. These will also be underpinned by the work carried out on the Data Assurance Framework.
- Data Quality and Business Intelligence teams provide a rounded approach to data entry and reporting issues. This will ensure that the Trust reports a true reflection of performance.
- In 2018/19 the Trust will implement a new Integrated Quality and Performance Report following a review of best practice. This will give the Trust greater insight in to improvements and challenges with a Ward to Board structure of reporting. Each of the metrics will include a Data Assurance Score to be reviewed annually.

## Learning from Deaths

From 1 April 2017 to 31 March 2018, 1536 Medway Foundation Trust patients died.

	Q1 Apr – Jun 2017	Q2 Jul – Sep 2017	Q3 Oct – Dec 2017	Q4 Jan – Mar 2018	Total
<b>Number of deaths</b>	340	311	416	469	1,536

By April 2018, 260 case record reviews and 39 investigations had been carried out, relating to 294 of the deaths.

	Q1 Apr – Jun 2017	Q2 Jul – Sep 2017	Q3 Oct – Dec 2017	Q4 Jan – Mar 2018	Total
<b>Number of case record reviews carried out</b>	64	115	74	2	255
<b>Number of investigations carried out</b>	12	4	8	10	34
<b>The number of deaths in which both a case record review and an investigation was carried out</b>	2	1	1	1	5
<b>TOTAL</b>	78	120	83	13	294

16 (1 per cent) of the patient deaths during the reporting period were judged to be more likely than not to have been due to problems in the care provided to the patient.

	Qrt.1 Apr –Jun 2017	Qrt.2 Jul – Sep 2017	Qrt3. Oct – Dec 2017	Qrt4. Jan – Mar 2018	Total
<b>SJR outcome</b>	0.6% (2)	2.6 (8)	1.2% (5)	0.2% (1)	16

These numbers have been estimated based on the Royal College of Physicians Structured Judgement Review (SJR) process. Clinicians reviewing cases are asked to judge whether there have been any problems with the care of the patient leading to harm; any patient where harm was classified as being 'probably' or 'definitely' due to a problem in care was included in this estimate. A low score for quality of care is not always indicative of causation. From April 2018 the question 'Was the patient's death more likely than not to have been due to problems in the care provided to the patient' will be included on Mortality Review forms for a more accurate estimate.

The Trust has identified areas of learning from case record reviews, and has taken actions to address these; key learning and action points are detailed below.

Patients who are declared medically fit for discharge, but remain in hospital due to issues with ongoing care in the community are at risk of subsequent deterioration due to prolonged – and unnecessary – hospitalisation.

- The Trust has recognised that this is an issue and is working with our community partners to ensure that any barriers to discharge are addressed in a timely manner. The Delayed Transfer of Care (DTC) project has proven to be effective at reducing the number of 'stranded patients'. The trust now generally has fewer than 10 DTC patients at any one time (and often fewer than five). This is one of the best positions in the country and our Executive Director of Operations has spoken about our approach to this at a national conference.

All patients admitted to hospital should have a treatment escalation plan completed and, where appropriate, a Do Not Attempt Cardiopulmonary Resuscitation (DNACPR) form should also be completed.

- The Trust has initiated a Quality Improvement Project aimed at improving the quality of this documentation, which will help to maintain patient dignity during the final days of life.

Medway NHS Foundation Trust received a Care Quality Commission mortality outlier alert for urinary tract infections (emergency admissions). A review of the Dr Foster data indicates that Medway is not an outlier compared to national comparators. There were no concerns identified on the quarterly trend, and while the rolling 12 month relative risk of mortality showed an initial concern in early 2016, mortality subsequently returned to near baseline. There are no concerns about the relative risk of mortality in the most deprived population. Highlights from the review undertaken included:

- Patients had generally received a prompt assessment in ED, with a prompt referral to medics and most patients were seen without significant delay on Post Take Ward Round (PTWR).
- There was good involvement of critical care outreach when indicated, and some patients placed on medical HDU. In almost all cases thorough and regular medical input had been recorded.
- The Trust will continue to monitor the data at the Trust Mortality & Morbidity meeting.

194 case record reviews and 27 investigations completed after 1 April 2017 related to 203 deaths which took place before the start of the reporting period.

27 (2 per cent) of the patient deaths before the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient. This number has been estimated using the number of cases that were referred on for investigation as serious incidents; deaths for the period 01 April 2016 to 31 March 2017 were reviewed using the Trust's previous mortality review method, as the Structure Judgement Review methodology was not introduced until August 2017. The previous review process would have referred any cases where there was cause for concern into the Serious Incident process.

## 2.3 Reporting against core indicators

### Medway NHS Foundation Trust – current HSMR position

The Hospital Standardised Mortality Ratio (HSMR) is a calculation used to monitor death rates in a trust. The indicator is produced and published nationally by Dr Foster Intelligence. It is the ratio of the observed number of in-hospital deaths to the expected number of in-hospital deaths (multiplied by 100) for 56 diagnosis groups (which give rise to 80 per cent of in-hospital deaths). The national benchmark for the HSMR is 100 – meaning that the number of expected deaths and the number of observed deaths are exactly the same.

Reporting Period	HSMR	Lower Control Limit	Upper Control Limit	Banding
<b>Oct 2016 – Sep 2017</b>	105.81	91.01	109.66	Within expected range

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Medway NHS Foundation Trust considers that this data is as described for the following reasons:

- The data is extracted directly from Dr Foster's Mortality data for English NHS acute trusts document, published on 10 April 2018. Dr Foster is an independent, established and recognised source of data nationally.
- The data is reviewed regularly through the Trust's Mortality and Morbidity Group and within the Directorates and Programmes.

The Trust has taken the following action, to improve these indicators, and so the quality of its services:

- Oversight and monitoring is done via the Trust-wide Mortality and Morbidity Group
- Outliers identified will be subject to scrutiny and review.

### Medway NHS Foundation Trust – current SHMI position

The Summary Hospital-Level Mortality Indicator (SHMI) reports on mortality at trust level across the NHS in England. This indicator is produced and published quarterly as a National Statistic by NHS Digital.

Reporting Period	SHMI	Lower Control Limit	Upper Control Limit	Banding	Palliative care coded (%)
<b>SHMI Jul 2016 – Jun 2017</b>	1.07	0.89	1.12	As expected	1.68%
<b>SHMI Oct 2016 – Sep 2017</b>	1.03	0.89	1.12	As expected	1.53%

The SHMI is the ratio between the actual number of patients who die following hospitalisation at the trust and the number that would be expected to die on the basis of average England figures, given the characteristics of the patients treated there. It covers all deaths reported of patients who were admitted to non-specialist acute trusts in England and either die while in hospital or within 30 days of discharge. The expected number of deaths is calculated from statistical models derived to estimate the risk of mortality based on the characteristics of the patients (including the condition the patient is in hospital for, other underlying conditions the patient suffers from, age, gender and method of admission to hospital).

Medway NHS Foundation Trust considers that this data is as described for the following reasons:

- The data is extracted directly from NHS Digital: Clinical Indicators which is an independent, established and recognised source of data nationally.
- There are assurance processes via the Trust-wide Mortality and Morbidity group which oversee, monitor and receive validation of the position as and when required.

The Trust has taken the following action, to improve these indicators, and so the quality of its services:

- It is a convening member of the Kent Surrey and Sussex Academic Health Science Network (KSSAHSN) Mortality Community of Practice
- An established process has been put in place for review of any outlying areas on a proactive and responsive basis
- Oversight and monitoring is done via the Trust-wide Mortality and Morbidity Group
- Outliers identified will be subject to scrutiny and review.

### Patient Reported Outcome Measures PROMs (EQ-5D Index Score)

PROMs use a standardised instrument for use as a measure of health outcome. It is applicable to a wide range of health conditions and treatments and provides a simple descriptive profile and a single index value for health status, the health gain index is primarily designed for self-completion by respondents and is ideally suited for use in postal surveys, in clinics and face-to-face interviews. It is cognitively simple, taking only a few minutes to complete. Instructions to respondents are included in the questionnaire.

Type of surgery	Sample time frame	% improved	Trust adjusted health gain	National average health gain	National highest	National lowest
<b>Groin hernia</b>	Apr 2015-Mar 2016	64.0%	0.103	0.088	0.157	0.213
	Apr 2016 – Mar 2017	*	*	0.086	0.135	0.006
<b>Hip Replacement (primary)</b>	Apr 2015-Mar 2016	91.8%	0.432	0.438	0.512	0.320
	Apr 2016 – Mar 2017	Not yet published				
<b>Knee replacement (primary)</b>	Apr 2015-Mar 2016	84.7%	0.297	0.320	0.198	0.398
	Apr 2016 – Mar 2017	Not yet published				
<b>Varicose veins</b>	Apr 2015-Mar 2016	*	*	0.096	0.018	0.150
	Apr 2016 – Mar 2017	*	*	0.092	0.010	0.155

A higher score indicates better health and/or greater improvement in function after the operation. We are reliant on feedback from our patients in relation to the results of their surgery. If our patients choose not to complete the post-surgery questionnaire, this can result in the recording of low numbers in some or all procedures. Where this occurs we are unable to arrive at a judgement as to our performance and we have therefore marked the performance box with an asterisk \*.

Medway NHS Foundation Trust considers that this data is as described for the following reason: The data is extracted directly from the NHS Digital which is an established and recognised source of data nationally

Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services by:

- Continuing to make timely PROMS data submission
- Ensuring that there is a robust, consistent and sustainable process in place for ensuring that all patients are provided with the opportunity to complete the initial survey pre-procedure.
- Ensuring that compliance with the above process is monitored within the appropriate directorates and areas for improvement are identified, acted upon and tested

## 28 Day Readmissions

28 Day Readmissions	2016-17			2017-18		
	0-15	16 and over	Total	0-15	16 and over	Total
<b>Discharges</b>	5453	41350	46803	3746	41966	45712
<b>28 day readmissions</b>	713	5369	6082	340	4174	4514
<b>28 day readmission rate</b>	13.1%	13.0%	13.0%	12.1%	10.0%	9.9%

Medway NHS Foundation Trust considers that this data is as described for the following reason: The data is extracted directly from Dr Foster which is an established and recognised source of data nationally.

Medway NHS Foundation Trust has taken the following action to improve this indicator and so the quality of its services:

- Ensuring that all readmissions data is validated internally by the Business Intelligence Team
- Ensuring that the data is monitored on a monthly basis at both Directorate and Trust level

## Patient Friends and Family Test (Responsiveness)

The Friends and Family Test (FFT) is an important feedback tool that supports the fundamental principle that people who use NHS services should have the opportunity to provide feedback on their experience. This kind of feedback is vital in transforming NHS services and supporting patient choice.

Friends and Family Test	2016-17		2017-18	
	A&E	Inpatient	A&E	Inpatient
<b>Response Rate</b>	15.05%	23.46%	14.17%	21.32%
<b>% would recommend</b>	76.04%	87.59%	80.19%	87.56%
<b>% would not recommend</b>	15.40%	6.58%	12.11%	6.50%

The Medway NHS Foundation Trust considers that this data is as described for the following reason: The data has been extracted directly from the NHS England which is an established and recognised source of data nationally



The Trust has taken the following action to improve this indicator and so the quality of its services:

- Patients are encouraged throughout their stay in the ED to complete feedback forms. Help will be given to patients to assist with completion
- A robust mechanism is in place to ensure that data is reviewed locally
- Review of the data themes and trends are identified in order to improve services for patients during the acute phase, and acted upon at a local level
- There has been a reintroduction of 'You Said We Did' posters
- It has held a 'What Matters To You' event which gathers feedback from patients and visitors and shared the results with directorates.

### Staff Family and Friends Test (FFT)

Staff FFT gives the staff an opportunity to feedback their views on Medway NHS Foundation Trust. It is hoped that staff will help to promote and have a further opportunity and the confidence to speak up, have their views heard and have them acted upon.

The data made available to the Trust by NHS Digital with regard to 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 is as follows.

Staff Recommendation	2016-17	2017-18
<b>Our Trust</b>	60.99%	52.71%
<b>National average</b>	63.70%	62.70%
<b>Best performing trust</b>	84.85%	96.16%
<b>Worst performing trust</b>	19.63%	24.88%

Data as of Q2, Q4 is published 24th May 2018

Medway NHS Foundation Trust considers that this data is as described for the following reason: The data has been extracted directly from the NHS England which is an established and recognised source of data nationally

Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by:

- Developing the Health and Wellbeing Programme
- Strengthen the anti-bullying campaign
- Conflict Resolution training for staff and communicate the Trust policy on zero tolerance of violence
- Learning from exit interviews

### Venous Thromboembolism (VTE)

VTE assessments	2016-17	2017-18
<b>Our Trust</b>	95.66%	95.54%
<b>National average</b>	95.61%	95.27%
<b>Best performing trust</b>	100%	99.15%
<b>Worst performing trust</b>	79.14%	79.81%
Q4 17/18 has not yet been submitted		

Medway NHS Foundation Trust considers that this data is as described for the following reasons: The data has been extracted directly from the UNIFY2 which is an established and recognised source of data nationally and all data is subjected to internal validation.

The Trust has taken the following action to improve this indicator and so the quality of its services:

- Monthly VTE dashboard to clinical areas and service leads
- Continually raising awareness by conducting training to ensure VTE risk assessments are completed
- Using various media messages to enforce the importance of VTE assessment
- Holding a VTE awareness day for patients and staff
- Using root cause analysis investigation methodology to produce reports for patients developing PE to identify learning and improvement

### **Clostridium difficile (C.diff)**

Infection Control – CDIFF	2016-17	2017-18
Trust apportioned cases	25	26
Trust bed days	189924	171637
Rate per 100,000 bed days	<b>13.2</b>	<b>15.1</b>
National average	13.2	-
Best performing trust	0.0	-
Worst performing trust	82.7	-
<b>17/18 National Data is not yet available</b>		

Medway NHS Foundation Trust considers that this data is as described for the following reasons:

The data has been extracted directly from NHS Digital which is an established and recognised source of data nationally

All data is subject to a rigorous checking process overseen by the Infection Control nurse and the testing laboratory

Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by:

- Supporting wards who are placed into 'enhanced measures' following a post infection review:
- Providing real time verbal feedback and recommendations after each patient / ward review.
- Undertaking weekly audits of the environment, infection control practice and antimicrobial prescribing.
- Microbiologists and antimicrobial pharmacist providing education and training to Doctors and during daily ward rounds.
- Infection Prevention Control Team available on wards daily

### **Patient Safety Incidents resulting in severe harm or death as reported to the National Recording and Learning System**

Medway NHS Foundation Trust encourages all healthcare professionals to report incidents as soon as they occur, we believe that the increased reporting reflects a positive safety culture.

Every six months, NHS Improvement publishes official statistics on the incidents reported to the National Reporting and Learning System (NRLS). These reports give NHS providers an easy-to-use summary of their current position on patient safety incidents, in terms of patient safety, incident reporting and the characteristics of their incidents. The process of reporting Trust data to the NRLS and NRLS publication of national data is retrospective by nature.

Patient safety incidents	Oct 16 - Mar 17	Apr 17 - Sep 17
<b>Total reported incidents</b>	4375	4751
<b>Rate per 1000 bed days</b>	46.74	54.03
<b>National average (acute non-specialist)</b>	40.52	42.23
<b>Highest reporting rate</b>	68.97	111.69
<b>Lowest reporting rate</b>	23.13	23.47
<b>Incidents causing severe harm or death</b>	32	34
<b>% incidents causing severe harm or death</b>	0.7%	0.7%
<b>National average (acute non-specialist)</b>	0.4%	0.4%
<b>Highest reporting rate</b>	0.0%	2.0%
<b>Lowest reporting rate</b>	2.1%	0.0%

Medway NHS Foundation Trust considers that this data is as described for the following reason: The data has been extracted directly from the National Reporting and Learning System which is an established and recognised source of data nationally.

Medway NHS Foundation Trust has taken the following action to improve this indicator and so the quality of its services:

- Continuing to educate staff on the positive impact of reporting incidents and near misses
- Timely weekly data submissions to the National Recording and Learning System for incidents report in the Trust

## Serious Incidents

During 2017/18, Medway NHS Foundation Trust reported 150 serious incidents to the Clinical Commissioning Group via StEIS (Strategic Executive Information System).

The following themes of serious incidents are as follows:

StEIS Theme	Total
<b>Diagnostic incident including delay meeting SI criteria (including failure to act on test results)</b>	22
<b>Slips/trips/falls meeting SI criteria</b>	22
<b>Sub-optimal care of the deteriorating patient meeting SI criteria</b>	20
<b>Treatment delay meeting SI criteria</b>	14
<b>Major incident/ emergency preparedness, resilience and response/ suspension of services</b>	13
<b>Pressure ulcer meeting SI criteria</b>	11
<b>Surgical/invasive procedure incident meeting SI criteria</b>	11
<b>HCAI/Infection control incident meeting SI criteria</b>	8
<b>Adverse media coverage or public concern about the organisation or the wider NHS</b>	7

StEIS Theme	Total
Confidential information leak/information governance breach meeting SI criteria	6
Medication incident meeting SI criteria	4
Medication incident meeting SI criteria	4
Maternity/Obstetric incident meeting SI criteria: baby only (this include foetus, neonate and infant)	3
Pending review (a category must be selected before incident is closed)	3
Unauthorised absence meeting SI criteria	2
Accident, for example, collision/scald (not slip/trip/fall) meeting SI criteria	1
Maternity/Obstetric incident meeting SI criteria: mother only	1
Operation/treatment given without valid consent	1
Maternity/Obstetric incident meeting SI criteria: mother only	1
Operation/treatment given without valid consent	1

Medway NHS Foundation Trust considers that this data is as described for the following reason: The data has been extracted directly from the Strategic Executive Information System (StEIS) which is an established and recognised source of data nationally. The Medway NHS Foundation Trust has taken the following action to improve this indicator and so the quality of its services:

- Introduction of a daily review of the reporting system 'Datix'
- Increasing awareness through collaborative working with clinical teams
- Introduction of rapid review documentation
- Implementation of RCA training programme
- Development of SI dashboards
- Regular meeting of the Trust SI panel

### Never events

During 2016/17 the Trust declared three 'never events', these incidents should never occur so we strive to learn as much as we can about what went wrong, and take all available steps to prevent them happening again.

Type of Never Event	
1 Retained foreign object post –procedure	The incident did not impact on the patient clinically, however it served as a valuable learning tool and used as learning throughout the critical care department. Changes to the electronic LocSSIP have been agreed. A signature by both the inserting clinician and the bedside nurse, to act as a double signature, is now required to show that the LocSSIP has been completed – specifically to confirm removal of the guide wire.
2. Misplaced naso or oro-gastric tubes	All critical care patients that require nasogastric feeding should have their NG tube confirmed by pH testing and confirmatory CXR if pH testing is equivocal or if there are any additional concerns regarding appropriate positioning.
3 Overdose of insulin due to abbreviation or incorrect device	Staff are to be aware of limitations and what is required of them before administering medications, this is valuable learning tool. The management of the overdose was correct and the patient never had a clinically significant episode of hypoglycaemia.

The Medway NHS Foundation Trust considers that this data is as described for the following reason: The data has been extracted directly from the StEIS (Strategic Executive Information System), which is an established and recognised source of data.

The Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by:

- Continue to identify SI's and ensure timely upload data onto the StEIS system

## Regulation 28

The Trust received three Regulation 28 notices issued by Her Majesty's Coroner (HMC) in 2017/18. The following table provides a breakdown of the subject matter of the Regulation 28 and the learning and actions taken by the organisation in response.

Month issued	Directorate	Matters of concern raised within the regulation 28	Learning and actions taken
<b>Oct 2017</b>	Unplanned Care and Integrated care	<ol style="list-style-type: none"> <li>1. The discharge process did not include any cautionary advice as to the further use of medications such as paracetamol or ibuprofen as an analgesic.</li> <li>2. The treating clinicians did not receive an alert from the haematology laboratory for the abnormal results for ALT and toxic levels of paracetamol.</li> </ol>	<ol style="list-style-type: none"> <li>1. Patient information leaflets entitled 'advice for patients who are post paracetamol overdose that required treatment' and 'advice for patient who are post paracetamol overdose that did not require treatment', have been produced.</li> <li>2. The Biochemistry Department have introduced a SBAR system to bleep critical results requiring immediate action to doctors, standard operating procedure produced.</li> </ol>
<b>May 2017</b>	Unplanned Care and Integrated care	<ol style="list-style-type: none"> <li>1. The Patient Report Form completed by the attending ambulance crew is not routinely passed to the MedOCC clinician (or otherwise incorporated into the MedOCC records).</li> <li>2. MedOCC clinicians do not routinely have access to Medway NHS Foundation Trust clinical records.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ambulance reports are scanned and uploaded onto the Symphony IT and available on MIDAS applications which enables the clinician to review.</li> <li>2. The Trust confirms that in accordance with the agreed protocol with MedOCC, their GPs should routinely have access to all Trust clinical records including SECamb records if applicable to the patients transport to hospital.</li> </ol>
<b>Jan 2017</b>	Unplanned Care and Integrated care	<ol style="list-style-type: none"> <li>1. Incomplete records in respect of the fluid balance chart thereby rendering it an ineffective diagnostic tool.</li> <li>2. Lack of understanding of the NEWS scoring system, failure to escalate the patient's condition.</li> <li>3. The Trust system for testing and monitoring the training, knowledge,</li> </ol>	<ol style="list-style-type: none"> <li>1. Fluid balance is part of the monthly Super 7 audit, compliance with standards of fundamental nursing care.</li> <li>2. The nursing shift-to-shift handover process has been implemented, providing a 'check and challenge' and</li> </ol>

Month issued	Directorate	Matters of concern raised within the regulation 28	Learning and actions taken
		understand and compliance of agency staff	identifying any need for escalation. 3. Compliance checks on the recruitment and training standards of all new agency staff are being implemented, sanctions and spot checks to be put in place to ensure compliance, the updating of service level agreements with agencies to ensure competency and a repeat induction process where agency staff have not worked for MFT for more than three months.

The Medway NHS Foundation Trust considers that this data is as described for the following reason: The data has been extracted from the regulation 28 letters as received from the Mid Kent Coroner's office.

The Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by:

- Ensuring that compliance with the above process is monitored within the appropriate directorates and areas for improvement are identified, acted upon.

### A&E four-hour target

The four-hour standard has been a significant national challenge. In 2017/18, 83.3 per cent of our patients were diagnosed, treated and discharged or admitted from the Emergency Department within four hours of arrival.

While we recognise that this fell short of the national target of 95 per cent and of our expected standards, we know that the vast majority of trusts in England have not achieved the national standard. We are however pleased to note that we have improved our performance by just over five per cent compared to the previous year. In real terms this means that we treated or admitted 5,000 more people within four hours of arrival at the Emergency Department in 2017/18 than we did in 2016/17.

When we look at all the facilities within our local community where Urgent and Emergency Care can be accessed (and not just the ED) the number of patients being treated and discharged within four hours rises to 86.14 per cent.

Medway NHS Foundation Trust considers that this data is described for the following reasons. This information has been pulled directly from the main Symphony system that the Trust's ED department use to capture all A&E attendances. The information is entered onto the system by staff within the A&E department

The Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by:

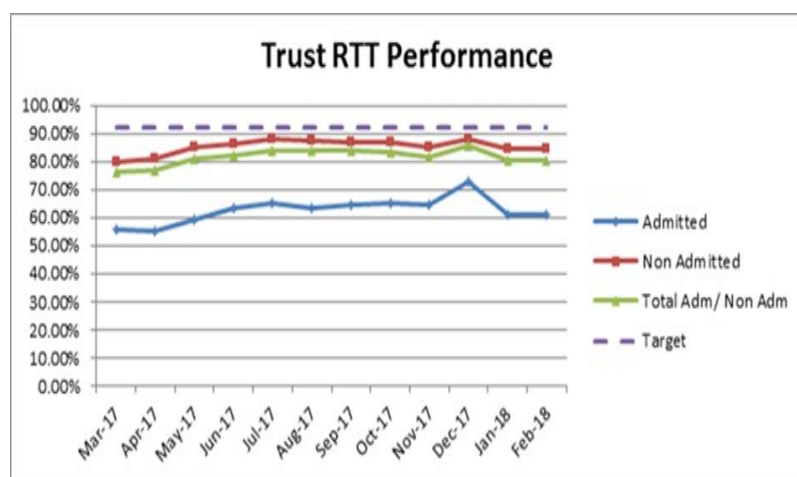
- Ensuring that compliance with the above performance is monitored and areas for improvement are identified and acted upon.



## Referral to Treatment Target

There has been an improvement in Referral to Treatment Target (RTT) performance since the return to reporting (following a period of not reporting our performance) and as a result more patients have been treated within 18 weeks than in previous years. Improvements have been made in most specialties due to having weekly RTT meetings with senior programme leaders and a focus on reducing pathways so that the number of steps to see a clinician has been reduced or improved, supported by a series of validation processes. We have made use of insourcing and outsourcing to help improve our performance. Lastly an agreed trajectory, which was set up with the support of NHS Improvement, projected compliance for RTT before the end of February 2018.

Unfortunately, due to winter pressures the Trust has been unable to return to elective activity since late December 2017. As such we ended the year at 79.8 per cent from a high of 85 per cent in December 2017.



Medway NHS Foundation Trust considers that this data is described for the following reasons. The underlying information has been pulled directly from the Trusts main PAS system "Allscripts PAS". This data is processed in line with the national RTT guidance and extracted by the BI team.

The Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by:

- Working closely with our commissioners and our regulators to improve our constitutional RTT 18 week target
- Specialities have submitted a trajectory with an action plan which is monitored on a weekly basis, at these meetings we investigate how each individual programme is managing their patients, and we discuss long waiters, number of referrals, polling times, trajectories and corrective actions.

## Caesarean Section Review

Caesarean section rates vary worldwide but have increased steadily since the 1950s. The UK rate varies between 25 and 30% with outliers at either end. Medway falls within the national average and comparable data locally confirms this.

Whilst we strive to perform Caesarean sections only when clinically indicated, the maternity dashboard for the Trust and region currently include a performance percentage of deliveries performed by Caesarean section, as indicated as a goal in the maternity dashboard, it should be acknowledged that there is no national nor international target and that decision making locally is subject to regular and rigorous audit of practice. To reduce (or increase) rate of Caesarean delivery at the expense of quality of care and outcome cannot be supported by this department.

Medway Maritime Hospital maternity service, offer delivery by Caesarean section whenever clinically indicated. When a Caesarean section is performed as an elective (i.e. planned) procedure, the gestation at delivery shall be 39 weeks or more.

In all cases of delivery prior to 39 weeks, the expectant mother should be offered a course of corticosteroids (currently in use is dexamethasone 12mg two doses 24 hours apart) in order to reduce the risk of neonatal morbidity. It is expected that the decision to deliver by Caesarean section is taken in conjunction with a consultant obstetrician, usually in the antenatal clinic.

When an elective Caesarean section is performed at a gestation less than 39 weeks, the clinical reason for earlier delivery shall be documented in the medical records. Examples include twin deliveries, placenta/vasa previa and maternal diabetes et cetera.

All Caesarean sections have a clinical indication and therefore any clinical audit standard should meet 100% compliance. Where data audits do not match this audit standard, this is likely to reflect errors and incomplete data entry at the point of delivery. Work is ongoing within the maternity department to improve data quality and completeness in conjunction with the new Euroking E3 maternity IT system, due for go-live in October 2018

During 2017-2018 Medway's Maternity unit performed 587 elective Caesarean sections. An external audit carried out by Deloitte LLP identified 91.31 per cent of cases had a clinical reason for CS was recorded. A sample audit was carried out on 24 sets of notes (out of 587 cases).

Measure	Goal	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Total
%C-Section (Elective)	<b>10%</b>	07.99%	11.69%	13.03%	10.79%	10.81%	10.28%	12.01%	12.03%	12.05%	10.87%	12.50%	10.53%	<b>11.22%</b>
%C-Section (Emergency)	<b>&lt;15%</b>	16.95%	17.16%	19.33%	18.14%	19.37%	18.16%	17.78%	15.09%	20.00%	16.67%	18.47%	21.84%	<b>18.25%</b>
Total rate % (Elective & Emergency)	<b>&lt;27%</b>	24.94%	28.86%	32.26%	29.31%	30.18%	28.45%	29.56%	27.12%	32.05%	27.54%	30.97%	32.37%	<b>29.47%</b>

Medway maternity C-section performance dashboard 2017-18 figures.

A request for information in June 2017 from all South East Coast maternity units (11 units) was made in order to compare caesarean section outcomes, and based on the caesarean section rates from 8 maternity units who responded, including Medway Foundation Trust the mean rate is 28.1%.

This suggests that there is relatively very little variation in caesarean section rates and provides some reassurance that Medway Foundation Trust is not an outlier. Overall the audit provided reassurance that appropriate decision making was undertaken in all cases for emergency caesarean section.

Medway NHS Foundation Trust considers that this data is described for the following reasons. The data that was provided has been taken directly from the Euroking maternity system that the Trust uses. This information is inputted into the system by the clinical team when they are treating patients or seeing them in clinic or the community.

Medway NHS Foundation Trust has taken the following action, to improve this indicator, and so the quality of its services, by implementing the following recommendations

- Ensure accurate data entry into the maternity database at the time of delivery. This can be ensured with the new E3 Euroking system (due to go live in October 2018) by making these data fields mandatory.
- Ensure that patients undergoing delivery by Caesarean section have been appropriately counselled and that this is documented in the medical record.
- Ensure that regular audit of practice is carried out within the department to provide assurance of compliance with local and national guidelines.
- Maintain staff training, including K2 online CTG training package, weekly CTG meetings and updates to clinical staff at PROMPT study days

## 2.4 Other quality information

### Seven Day Service

The Trust is fully supportive of the need to ensure we are able to provide a consistent level of high quality care seven days a week. In order to deliver this care we have adopted the principles of the NHS seven day service plan which focuses on 10 key clinical standards. These standards are designed to ensure timely and consistent care is provided to patients regardless of the day of the week.

In 2017/18 14 per cent more patients than the previous year had a suitable consultant review within 14 hours from the time of admission to hospital. In the same period, there has been a 48 per cent improvement in the number of patients, and where appropriate families and carers, being actively involved in shared decision making. They were supported by clear information to make fully informed choices about investigations, treatment and on-going care.

### Duty of Candour

Duty of Candour is a statutory requirement which means that providers of healthcare across England must be open and honest with their patients when something that goes wrong with their treatment or care causes, or has the potential to cause, harm or distress.

Medway NHS Foundation Trust is committed to being open and honest with patients when things go wrong. The Trust has reviewed and made improvements in structure, process and accountability to improve communication with patients/families and carers following a moderate or severe harm incident or an unexpected death.

A number of actions to improve compliance have been undertaken during 2017/18:

- Continued promotion of greater openness and candour when safety incidents occur, including notifying an individual or their representative when an incident of moderate harm or above occurs
- Staff and patient leaflet reviewed and updated
- Duty of Candour e-learning package completed and available to staff

Further improvements are planned including:

- Review the Duty of Candour policy and procedure to provide greater clarity to staff on their responsibilities.
- Continue with Duty of Candour awareness, and allocate time on the staff induction programme for all staff
- Continue to monitor Duty of Candour compliance rates.

### National NHS Staff Survey

The National NHS Staff Survey is a key measure of staff engagement. It is also an important tool for the organisation to understand how staff are feeling and where it should focus initiatives for improvement.

Every year the Trust's results are compared against other NHS acute Trusts across the UK (as a national average) and against the Trust's own results from the previous year.

The staff survey results are presented in the form of two key findings:

- Percentage scores
- A scale between one and five (each question indicates whether one or five is the best score).

### Staff survey response rate

2016			2017		Variance to national average
Response Rate	Trust	National Average	Trust	National Average	0%
	49.5%	39.9%	40%	40%	

### Overall staff engagement

Trust Score 2016	Trust Score 2017	Improvement	National Average	Trust compared to National Average
3.76	3.66	- 0.10	3.79	-0.13

### Areas of no change since 2016 survey

Key Finding	2016	2017	Difference
KF27: Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse.	43%	43%	0%
KF19: Organisation and management interest in and action on health and wellbeing.	3.57	3.57	0%
KF5: Recognition and value of staff by managers and the organisation.	3.43	3.43	0%
KF31: Staff confidence and security in reporting unsafe clinical practice.	3.64	3.64	0%
KF30. Fairness and effectiveness of procedures for reporting errors, near misses and incidents.	3.65	3.65	0%

### Area of most deterioration since 2016 survey

Question	2016	2017	Difference
KF 21: Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	86%	78%	-8%
KF31:Staff confidence and security in reporting unsafe practice	3.64	3.51	-0.13
KF2. Staff satisfaction with the quality of work and care they are able to deliver.	3.99	3.85	-0.14
KF8: Staff satisfaction with level of responsibility and involvement	3.91	3.83	- 0,08
KF15: Percentage of staff satisfied with the opportunities for flexible working patterns	51%	46%	-5%

### Top 5 Ranking Scores

Key Finding	2017	National Average	Difference
<b>KF27: Percentage of staff/colleagues reporting most recent experience of harassment, bullying or abuse</b>	47%	45%	-2%
<b>KF12: Quality of appraisals</b>	3.15	3.11	-0.04
<b>KF24: Percentage of staff/colleagues reporting most recent experience of violence</b>	68%	66%	+2%
<b>KF22: Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months</b>	15%	15%	0%
<b>KF17: Percentage of staff feeling unwell due to work-related stress in last 12 months</b>	37%	36%	+1%

### Bottom 5 Ranking Scores

Key Finding	2017	National Average	Difference
<b>KF31: Staff confidence and security in reporting unsafe clinical practice</b>	3.51	3.65	-0.14
<b>KF21: Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion</b>	78%	85%	-7%
<b>KF3: Percentage of staff agreeing that their role makes a difference to patients/service users</b>	87%	90%	-3%
<b>KF15: Percentage of staff satisfied with the opportunities for flexible working patterns</b>	46%	51%	-5%
<b>KF7: Percentage of staff able to contribute towards improvements at work</b>	66%	70%	-4%

### NHSI required metrics

Key Finding	2017	National Average	Difference
<b>KF21: Percentage believing that the Trust provides equal opportunities for career progression or promotion</b>	86%	78%	-8%
<b>KF26: Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months</b>	30%	25%	+5%

Medway NHS Foundation Trust is committed to engaging with its workforce and recognises the contribution all staff make to provide the Best of Care to our patients. The Trust also recognises the importance of staff feedback and engagement, and has mechanisms in place to obtain staff views and opinions.

A number of actions to improve compliance have been undertaken during 2017/18 include the following:

- Information and communication sessions with managers and staff to gather feedback
- Quarterly hospital newspaper News@Medway for all staff to share their stories
- Weekly Chief Executive e-mail updates to all staff to share the Trust's experiences
- All staff open forums with the Chief Executive
- Actively engaging with new starters to receive feedback
- Encourage participation in the National NHS Staff Survey
- Quarterly Staff Friends and Family test and staff opinion survey

Further improvements are planned including:

- Introducing effective Conflict Resolution training for staff and communicating the Trust policy on zero tolerance of violence.
- The Trust has appointed Freedom to Speak Up Guardians providing confidential advice and support to staff in relation to concerns they may have about patient safety and/or the way their concern has been handled. Staff can also raise concerns with Trust Executives if concerns have not been addressed or if they are serious.
- Focus on alternative pathways to professional development, for example mentoring, coaching, and shadowing. These initiatives will be supported by commitments made by each of the Directorates across the Trust, to ensure they meet the engagement needs of their teams.
- Introduction of a Promoting Professionalism Programme where staff are able to report to a secure email any behaviour that is not in keeping with the Trust's values or which compromises patient safety. Peer messengers are being trained to discuss these reports informally with the individual reported and ask them to reflect on and change the behaviour or action so that it does not occur again. The programme uses a validated methodology which has been shown to prevent recurrence of such problems in 95 per cent of cases.

## Complaints

In accordance with the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009, this part of the report sets out analysis of the nature and number of complaints in Medway NHS Foundation Trust during 2017/18. It is important to note that not all formal complaints are the result of a Trust failing or poor service. For example, a complainant may not be happy with the service provided because they consider their needs are different to what the Trust has assessed them as needing. During 2017/18 the Trust received 779 complaints averaging 65 per month. This compares with a total of 576 complaints received in 2016/17, an increase of 35 per cent. Three per cent (24) of complainants returned for ongoing resolution.

Complaint Themes	
<b>Admission, discharge and transfer arrangements</b>	52
<b>Aids and appliances, equipment, premises, access</b>	7
<b>All aspects of clinical treatment</b>	272
<b>Appointments, delay/cancellation (outpatient inc. A&amp;E)</b>	80
<b>Appointments, delay/cancellation (inpatient)</b>	27
<b>Attitude of staff</b>	170
<b>Communication/information to patients</b>	106
<b>Failure to follow agreed procedure</b>	4
<b>Hotel services</b>	3
<b>Mortuary and post mortem arrangements</b>	1



Complaint Themes	
Other	18
Patients' privacy and dignity	5
Patients' property and expenses	20
Personal records (inc medical and/or complaints)	11
Transport (ambulances and other)	3

Each complaint is treated individually, although issues raised may be similar to others, the circumstances are often different for the individual concerned. The Trust has a 60, 30 and 10 working day response rate based on the severity of the complaint received.

Response rate	Number of complaints
Red - 60 day response	344
Amber – 30 day response	419
Green – 10 day response	16

Of the 779 responded to, five cases have been referred to the Parliamentary and Health Service Ombudsman (PHSO) compared to 12 in 2016/17. At the time of this report all cases are still being considered by the Ombudsman.

Medway NHS Foundation Trust is committed to engaging with a complainant and a number of actions to improve compliance have been undertaken during 2017/18 include the following:

- Ensuring complaints remain a focus at programme boards, specialty meetings and department meetings.
- Further improvements are planned including:
- A weekly governance huddle has recently been introduced to discuss themes and targeted actions.
- Monthly meetings for directorates to discuss how to address common identified themes across the Trust.

## Patient Advice and Liaison Service (PALS)

The Patient Advice and Liaison Service (PALS) at Medway NHS Foundation Trust offers a confidential advice, support and information on health-related matters. They provide a point of contact for patients, their families and their carers. The Patient Advice and Liaison Service (PALS) at Medway NHS Foundation Trust logged 3308 concerns and dealt with a further 250/300 minor concerns for 2017/18.

PALS also logged 239 compliments from patients and their families. There has been an increase of 132 per cent for 2017/18 as patients and families are now able to use the feedback page on the Trust website to register their compliments.

Medway NHS Foundation Trust has reviewed this data and the health-related matters identified the following concerns:

Health Related Matter	Concern
<b>Outpatients</b>	The highest number of concerns PALS handle relate to outpatient appointments, standing at 561 for 2017/18. These include appointments not booked, changes to appointments or patients arriving to find their appointment cancelled. PALS are not able to book/change appointments and a great deal of time is spent in trying to contact the relevant staff to obtain a satisfactory outcome for the patient.
<b>Admissions</b>	The number of enquires relating to admissions fell by 22 per cent. The majority of the enquiries are from patients wanting dates for surgery.
<b>Clinical care – doctors</b>	Concerns relating to the clinical care of doctors show an increase of 36 per cent on the previous year. These do not relate to any one doctor or specialty.
<b>Cancelled operations</b>	There has been a fall of 55 per cent in concerns over cancelled operations.
<b>Clinical care – nurses</b>	The number of concerns relating to clinical care of nurses has risen 28 per cent compared to the 2016-17 data.
<b>Contact and communication</b>	Concerns relating to outpatient appointments, dates for admissions and requests for results where patients have tried to contact their consultant's secretary but the phone have gone unanswered or messages are not returned. Although the number of these calls has decreased with the advent of voicemail to email they still account for about 85 calls a month coming to PALS from patients who are unable to make appointments, book admissions or access results.
<b>Discharge arrangements</b>	The number of concerns relating to patient discharge fell by 18 per cent on the previous year.
<b>Infection issues</b>	There were only two concerns relating to infection issues.
<b>Lost property</b>	Concerns relating to patients' lost property has seen a decrease of 18 per cent on the previous year.
<b>Results</b>	Concerns relating to patients wanting test results has fallen 29 per cent on the previous year.
<b>Waiting times</b>	Concerns relating to waiting times have fallen by 17 per cent. The majority of the concerns relate to waiting times in ED and the wait for outpatient appointments causing delays with treatment.

The Patient Experience Team and PALS work with the directorates to highlight and help resolve patients concerns, producing monthly reports for each directorate to help facilitate change.

There has been an introduction of voicemail to email across the Trust for all staff working in administration roles. This has helped returning calls from patients that may have previously gone unanswered.

The Patient Experience Team and the Global Advisory Board presented a workshop to demonstrate different ways of working and to introduce new initiatives

An observation of an outpatient clinic as a 'critical friend' was held to see if any areas of efficiency or improvements could be identified to help patients. This was feedback to the directorate, and the observations noted: too many patients were booked into the clinic, but good practice was demonstrated by the nurse in charge who was introducing herself and updating patients about waiting times.

## Part 3: Other information

### Review of quality performance 2017/18

Our 2017/18 quality priorities were selected after consultation with stakeholders and staff. The following summarises progress made against each priority over the year.

#### Patient Safety

##### Priority one: Learning from incidents, serious incident and complaints

<b>Target</b>	<ul style="list-style-type: none"> <li>• Development of a 'learning the lessons' strategy and associated framework; which will include the mechanism by which we will measure the success of the learning</li> <li>• Use of quality improvement methodology such as the SWARM approach to generate solutions and measure the success of those solutions</li> <li>• Undertake a thematic review of the serious incidents, incidents and complaints; identifying key trends and themes and develop quality improvement plans based on the trends and themes. Measure the success of those improvement plans</li> <li>• Delivery of a year on year reduction in harm resulting from incidents</li> <li>• Embedding a mechanism to demonstrate compliance with the timeframes expected within the NHS England Serious Incident framework</li> <li>• Ensure there is a programme of patient safety seminars across the organisation</li> </ul>
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<b>Headline</b>	<p>Medway NHS Foundation Trust has implemented the following initiatives in the learning from incidents, serious incident and complaints.</p> <ul style="list-style-type: none"> <li>• The Trust has developed a Learning Strategy, covering three main objectives.</li> <li>• Creating capability and growing competence, success measures include: <ul style="list-style-type: none"> <li>○ Implementation of a sustainable programme of Serious Incident root cause analysis training</li> <li>○ Practical experience in undertaking an SI investigation in association with coaching and mentoring</li> <li>○ Reflective workshops</li> <li>○ Development of a Core Academy Group</li> </ul> </li> <li>• Promoting team-based learning <ul style="list-style-type: none"> <li>○ Implementing a system of in-team, across-teams, organisation wide, healthcare economy wide, cross-sector learning</li> <li>○ Utilisation of a variety of mechanisms for promoting learning</li> </ul> </li> <li>• Encouraging open system thinking and creating a cohesive vision <ul style="list-style-type: none"> <li>○ Growing a programme of quality improvement training and an associated toolkit, for example, SWARM</li> <li>○ Empowering staff to make positive changes</li> <li>○ Development of quality improvement projects which respond to the needs of the organisation</li> </ul> </li> <li>• The Trust continues to implement the associated learning framework.</li> <li>• August 2017, KPMG undertook a follow up review of reporting and responding to Serious Incidents (SIs) following the audit that was completed in November 2016. KPMG provided an assurance rating of amber-red (partial assurance with improvements required).</li> <li>• Root cause analysis (RCA) training has been provided since July 2017 and there has been a regular training programme in place up to March 2018. Currently 91 staff have received training, following the success of the training the Trust will continue the programme during 2018/19.</li> </ul>
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**Priority one: Learning from incidents, serious incident and complaints**

- The directorates are using SWARM methodology to undertake serious investigations, which promotes teamwork and group responsibility in identifying and implementing opportunities for improvement.
- The Trust reports on the expected serious incident framework to the directorates via the performance (PST) dashboard, and is monitored at the serious incident panel. There is still considerable work to be done to achieve 100%, the Trust is working very closely with the CCG in improving performance and achieving compliance.

This was partially achieved.

**Priority Two: A reduction in the occurrences of pressure damage**

- Target**
- Development of a Trust-wide quality improvement plan to build upon the improvement work undertaken during 2016/17
  - Implementation of a Trust-wide pressure damage panel which will oversee the implementation of the Trust-wide quality improvement plan
  - Improved partnership working; working with our community colleagues to share experience and expertise, and generate effective solutions
  - Introduction of directorate-based pressure damage panels to allow deep dives into trends and themes, promote greater accountability and prompt interventions
  - Implement the Medway NHS Foundation Trust 'must-do' training and education programme
  - Undertake a review of the Ward to Board reporting arrangements, including the introduction of new pressure damage dashboards

- Headline** Medway NHS Foundation Trust has implemented the following initiatives to reduce the occurrences of pressure damage:
- There has been a reduction in pressure damage incidents 2017/18 by 31 per cent this was supported by the development of the quality improvement plan (QIP) which will continue to be updated through 2018/19.
  - Pressure damage data and QIP actions are presented to the patient safety committee quarterly.
  - The Trust is now using the waterlow risk assessment tool, which has resulted in earlier patient recognition of risk and the prevention pathways have supported the appropriate equipment selection.
  - The introduction of the pressure ulcer toolkit has enabled wards to have a greater ownership of pressure damage incidents; lessons that are extracted from such incidents are discussed and monitored at the monthly pressure ulcer panel.
  - Pressure ulcer training is available to all staff online as well as ad hoc ward based training.
  - Collaborative working continues with the aim to sustain the 45 per cent reduction in transfer of care concerns relating to pressure damage that was achieved in 2016/17.
  - Joint educational events will allow for sharing of experience and continued collaboration.

This was achieved.

**Priority Three: Maintain our mortality rates in line with the national average with a continued focus on sepsis and managing the deteriorating patient**

**Priority Three: Maintain our mortality rates in line with the national average with a continued focus on sepsis and managing the deteriorating patient**

<b>Target</b>	<ul style="list-style-type: none"> <li>• Development of a Trust wide quality improvement plan to build upon the improvement work undertaken during 2016/17</li> <li>• Implement the recommendations of the National Quality Board 'National Guidance on Learning from Deaths' framework (March 2017)</li> <li>• Timely identification and treatment for sepsis and a reduction of clinically inappropriate antibiotic prescription and consumption in line with the clinical quality and transformational indicator goals (CQUIN 2017/19)</li> <li>• Maintaining and building upon the successes of the Deteriorating Patient Programme</li> </ul>
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<b>Headline</b>	<p>Medway NHS Foundation Trust has implemented the following initiatives to maintain our mortality rates in line with the national average with a continued focus on sepsis and managing the deteriorating patient:</p> <ul style="list-style-type: none"> <li>• The Trust's mortality review programme is owned by the Trust's Medical Director, and is led by the Deputy Medical Director. The Trust's Mortality and Morbidity Group is attended by a non-executive director to ensure appropriate scrutiny.</li> <li>• The Trust Board received quarterly updates in line with the Department of Health dashboard requirements.</li> <li>• A detail of the Trust's response to the National Guidance on Learning from Deaths was shared at a Public Board meeting on 7 September 2017; the relevant briefing is available on the Trust's website.</li> <li>• The Trust adopted the Royal College of Physician's Structured Judgement Review process for mortality reviews in August 2017. Twenty-two members of staff have been trained in this methodology with further training planned.</li> <li>• Specialty Mortality and Morbidity meetings occur on a regular basis, and are a platform for sharing and acting on learning from mortality reviews.</li> <li>• The Trust participates in the Learning Disabilities Mortality Review Programme (LeDER), which provides independent reviews of deaths in patients with learning disabilities. The Trust's Lead for Adult Safeguarding attends the LeDER Steering Group and acts as a point of contact for LeDER when a death has occurred. The Trust maintains a database of learning disability deaths and referrals to LeDER.</li> <li>• Trust policies have been updated to reflect the recommendations of the National Guidance on Learning from Deaths.</li> <li>• The Trust is continually working towards the timely identification and treatment for sepsis and a reduction of clinically inappropriate antibiotic prescription and consumption. This CQUIN has been partially achieved and improvements to the data collection is being implemented for 2018/19</li> </ul>
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This was partially achieved.



## Patient Experience

### Priority one: Ensuring effective communication within teams/outside teams/with patients and carers

<b>Target</b>	<ul style="list-style-type: none"> <li>• Development and implementation of the Patient and Engagement Strategy</li> <li>• A focus on the development of prompt responses to key trends and themes identified from patient feedback data</li> <li>• Put in place a decentralised complaints management process within directorates to promote local resolution, timely response and effective remedies</li> <li>• Provision of on-going customer service and complaint training for new and existing staff</li> <li>• Ensuring dedicated board rounds are in place across all wards to ensure effective communication between medical, nursing and allied healthcare professionals</li> <li>• Embedded programme of local safety huddles in place</li> <li>• Sustained focus of handover and increased effectiveness</li> </ul>
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<b>Headline</b>	<p>Medway NHS Foundation Trust have implemented the following initiatives for ensuring effective communication within teams/outside teams/with patients and carers:</p> <ul style="list-style-type: none"> <li>• The Patient Experience Team report themes and trends of patient/visitor comments and feedback in the quarterly Patient Experience reports.</li> <li>• Directorates receive comments and feedback from NHS Choices and Care Opinion, and to programme boards, highlighting any common themes that have been brought to the organisations attention.</li> <li>• PALS produce reports and highlight any recurring themes, for example: <ul style="list-style-type: none"> <li>○ Recent changes to pharmacy, discussion with the Chief Pharmacist and programme board to ensure they are aware of the quality and the number of contacts, they then respond informing what steps have been taken to address the issues.</li> </ul> </li> </ul> <p>This is then reported in Patient Experience reports</p>
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This was partially achieved.

### Priority Two: A maintained focus on the vulnerable patient with particular attention to dementia and delirium

<b>Target</b>	Development of a quality improvement plan which builds on existing programmes of work undertaken via the transforming care programme
<b>Headline</b>	<p>Medway NHS Foundation Trust has implemented the following initiatives to maintain the focus on vulnerable patients with particular attention paid to dementia and delirium:</p> <ul style="list-style-type: none"> <li>• Continued recruitment, support and training of the 'Butterfly Champions' (Dementia Link workers)</li> <li>• Expand the workforce to include Deputy Clinical Nurse Specialist in Dementia and Delirium (DaD) supporting the number of referrals <ul style="list-style-type: none"> <li>○ 586 referrals made to the DaD Team in 2017/18</li> <li>○ 418 referrals seen by the DaD Team in 2017/18</li> <li>○ 59 visits/advice calls made by the DaD Team in 2017/18</li> </ul> </li> <li>• Bid for, purchased, distributed and trained staff on six new Reminiscence, Interactive, Therapeutic, Activity (RITA) Systems</li> <li>• Arranged and prepared the first day-long dementia training session run by the Dementia and Delirium Team</li> <li>• In response to the National Audit of Dementia results – we have used global emails, screen savers and extra training to focus on the delirium assessment and recognising pain in dementia</li> <li>• Set up and chaired the first Trust-wide Delirium Group</li> </ul>

**Priority Two: A maintained focus on the vulnerable patient with particular attention to dementia and delirium**

- Introduced the 4AT screening tool to the Trust (Delirium screening tool)
- Revised and updated the Delirium Pathway
- Raised awareness of delirium on World Delirium Day – by visiting each ward with resources and information
- The Clinical Nurse Specialist for Dementia and Delirium is undertaking further education in a MSc Dementia Studies
- Continued embedding of John's Campaign, Butterfly Scheme and This-is-Me
- Continued collection, checks and distribution of 'Twiddle Muffs'
- Continued visits to patients and carers throughout the Trust (Numbers can be supplied tomorrow if required)
- Continued staff training via Trust induction, ad-hoc sessions and Junior Doctors training in ED. During 2017/18 503 staff received delirium training was given to
- Virtual Dementia Tour (specialist dementia simulation training) spent a day training staff
- Introduction of the Red Bag scheme to improve communication between places of care and reduce the loss of personal belongings (glasses, teeth, hearing aids etc).

This was partially achieved.

**Priority Three: End of Life care**

- Target**
- Ensuring the Trust provides care in accordance with the national best practice guidance
  - Strengthen communication with staff and families and using the term 'Actively dying' when appropriate
  - Continue to ensure that patients are given an individualised care plan that involves not only the dying person but those they class as being important to them in the planning of any care that may happen

- Headline** Medway NHS Foundation Trust has implemented the following initiatives to support End of Life care:
- The End of Life Care Service provides all care surrounding patients that have been identified as dying in the next few hours to days according to national best practice guidance, mainly focusing on the NICE Guidelines for the Care of the Dying Adult in the last few hours of life (QS144).
  - A standard operating procedure covering diet and fluids and the management of diabetes at end of life, have been developed and need to be embedded across the Trust.
  - Communication has improved over the last few quarters according to bereavement survey results.
    - 74 per cent of respondents felt that their loved ones were kept informed of their condition
    - 86 per cent of respondents felt that they and other family members were kept informed of the patient's condition
    - 94 per cent of respondents felt that they were informed of the patient's imminent death sensitively
    - 91 per cent of respondents reported that an end of life care plan was discussed with them and highlighted that the individualised care plan has been commenced in the absence of being referred to either the HPCT or the EoLC Service
  - Comparing the Trust's bereavement survey responses to the national average, it is apparent that we are still within or above the national average.

### Priority Three: End of Life care

- Undertaking mortality case reviews it is no longer unusual to see an individualised care plan in the medical notes for patients who are dying/deceased without specialist input
- The importance of communication is taught heavily on the EoLC study days and study sessions capturing medical students, F1, F2, Consultant and nursing students and Allied Health Professionals.
- It is clearly documented in the notes that the conversations have been undertaken and input surrounding care and treatment options are heavily discussed with those important to the person.

This was achieved.

## Clinical Effectiveness

### Priority One: Workforce

- Target**
- Continued focus on engagement with our workforce and recognition of the contribution all staff make to the care of patients
  - Ensuring there is a robust mechanism in place to obtain staff views and opinions
  - A focused programme of recruitment and retention
  - A focused programme of work on staff morale and wellbeing
  - Efficiencies delivered through skill mix and staff reviews

**Headline** Medway NHS Foundation Trust has implemented the following initiatives to support its workforce:

- The Trust has replaced and improved its Employee of the month and Team of the month which recognises staff contribution and excellence. The award is made on an assessment of how individuals and teams demonstrate living and working by the Trust values (BEST). The outcomes of individuals and teams behaviour is ultimately centred on improving the patient experience, or line of sight to the patient.
- The latest engagement scores from the 2017 staff survey show an overall engagement score of 3.66 down from 3.76 in 2016 and Key Finding 3 – percentage of staff agreeing that their role makes a difference to patients/service users has reduced from 89 per cent in 2016 to 87 per cent in 2017. Work is being developed to improve both these scores and the overall culture of the organisation. In order to measure the effectiveness of improvement interventions the Trust will be rolling out a new 'Pulse Survey' Medway Observations on a quarterly basis.
- The Trust undertook a 'Have your Say' event for nursing staff to express their views, share their successes and air their issues – it was well attended and actions plans were drawn up to address the issues raised and to share success stories.
- The refreshed Nursing Workforce Education Group has been specifically set up to address retention, education and recruitment difficulties regarding nursing and nursing support. A product from this group is the Nursing Retention Action Plan. The Trust also has a draft Working Retention Strategy to address the nursing retention issues following a very successful year of nurse recruitment.

This was achieved – however this an iterative process with developments being made continuously.

### Priority Two: Access to treatment

- Target**
- Continually validate the waiting list to ensure that the data remains accurate including:
    - Waiting times
    - Performance targets
    - Operations cancelled on the day
    - DNAs
  - Continually monitor the referral to treatment work streams, ensuring that all aspects of systems, process and pathway management and data quality are validated to ensure patients are seen and treated in a timely way

- Headline** Medway NHS Foundation Trust has implemented the following initiatives to maintain the focus on vulnerable patients with particular attention paid to dementia and delirium:
- Working closely with our commissioners and our regulators to improve our constitutional RTT 18 week target.
  - Specialities have submitted a trajectory with an action plan which is monitored on a weekly basis, at these meetings we investigate how each individual programme is managing their patients, and we discuss the length of waiting times, the number of referrals, polling times, trajectories and corrective actions.
  - Continual monitor the A&E four – hour target
  - Undertake a retrospectively audit of reviewing the emergency caesarean section rates, as the trust has consistently been above red flag threshold for more than 12 months

This was achieved.

### Priority Three: Discharge planning

- Target**
- Continue to work with our healthcare partners to ensure only the patients that need to come to hospital do so and that patients are discharged efficiently
  - Engage staff with the changes to the medical model and flow pathways, and improved engagement from our Integrated Discharge Team when planning discharge
  - Ensuring ward areas have dedicated morning Board Rounds following a structured template to maintain pathways to discharge and an Expected Date of Discharge is recorded on admission.

- Headline** Medway NHS Foundation Trust has implemented the following initiatives to support with discharge planning:
- Daily conference calls with the CCG's and our community partners to discuss our medical fit for discharge (MFFD) patients, this has resulted in a greater engagement with all sectors and a reduction in Delay Transfer of Care (DTCOC).
  - Discharging education sessions presented by the discharge team to nursing staff and doctors, ensuring that they are all aware of the discharge pathways.
  - Staff attendance from the discharge team and integrated discharge team on Board Rounds and the education of staff on the correct discharge pathways. Estimated day of discharge (EDD) are also discussed at the Board Rounds, an EDD crib sheet has been designed to help the wards in producing an accurate EDD.
  - Multi-disciplinary team meetings: daily medical fit for discharge/delayed transfer of care meetings with the councils and the integrated discharge team to ensure the patient's journey and discharge progress is monitored.

This was achieved.

## Annex 1: Statements from commissioners, local Healthwatch organisations and Overview and Scrutiny Committees

### Statement from Medway and Swale Clinical Commissioning Groups

Medway CCG welcomes the submission of Medway NHS Foundation Trust (MFT) Draft Quality Account. The CCG has a responsibility to review the Draft Quality Account of MFT each year, against the Department of Health's Quality Accounts checklist tool to ascertain whether all of the required elements are included within the document. Medway CCG concurs that the data is a true reflection of the progress made and is in line with national reporting requirements.

The CCG acknowledge the progress made by the Trust against 2017/18 quality measures and the quality improvement impacts that this has had on patient's clinical outcomes; Medway CCG supports the narrative that further work is needed in order to meet national targets to improve patient outcomes.

Medway CCG applauds the work undertaken with Trust's governors, staff and patient group representatives to progress the quality priorities for 17/18 and welcome a collaborative approach to further these ambitions. Medway CCG in particular endorses the achievements outlined in relation to serious incident reporting with acknowledgement to the positive work that has led to an improved reporting culture. The CCG welcome the opportunity to further develop the management and learning from serious incidents throughout the coming year. Medway CCG look forward to working with the Trust to develop their learning strategy to further develop and embed sustained improvements from serious incidents, complaints and patient experience.

MFT have outlined a number of Quality priorities for 18/19 which support delivery of the Quality and Safety agenda; patient safety, patient experience and clinical effectiveness. The CCG look forward to working with the Trust over the coming year to progress plans to ensure that improvements are implemented and delivery trajectories are met.

Medway CCG welcome the detail outlining the clinical audit programme and clinical research planned; we look forward to reviewing the outcomes and working with the Trust to implement learning to improve patient pathways and outcomes.

The CQC report following the inspection in April 2018 is yet to be received, however, Medway CCG recognise the hard work undertaken in 17/18 in order to move on from the previous CQC rating of 'special measures' to 'requires improvement'. It is recognised that the improvements made are beginning to embed across the directorates and the CCG looks forward to continuing a collaborative approach to strengthening the quality and safety agenda within the Trust.

The CCG acknowledges the challenges over the past year and therefore support the quality priorities for 18/19; Medway CCG is committed to working with MFT to progress their priorities to ensure continued improvements in healthcare delivery for the local population.

Ian Ayres  
Managing Director  
Medway, North and West Kent CCGs

## Statement from Governors

The Quality Report focuses on the three domains of Patient Safety, Patient Experience and Clinical Effectiveness. Within each domain, the Report sets out clear targets for improvement and the means of measuring progress to show how well these targets have been met in the term 2017-2018.

Within the Patient Safety domain, three priorities are emphasised. These are the treatment of patients with suspected sepsis, a 50% reduction in Serious Incidents and the timely recognition of a deteriorating patient which can allow for an appropriate response. There have been 150 Serious Incidents reported over the year, an increase from 2016-17. This may be due to better data quality and to staff complying with the Duty of Candour policy in reporting more incidents than before. This could mean that staff is more alert to situations which may become serious.

Dealing with the Patient Experience requires the appropriate behaviour and attitude of staff in accordance with the Trust's values. The Friends and Family Test for patients has increased to an 87.56% response rate this year which demonstrates that patients do appreciate the caring attitudes of staff.

To accommodate all patients needing beds, unfortunately, the Trust has had to face mixed sex ward breaches. The target is to reduce these breaches by 80% this year. Patients have had long delays in receiving their medication to take out prior to discharge. Now the intention is to reduce this waiting time for outpatient prescription to less than 30 minutes.

The third domain of Clinical Effectiveness includes mortality rates which are within the range acceptable for the Trust. As it was the high mortality rate which initially led to the Trust being put into special measures, it is heartening to know that the Trust is now learning from deaths, has a commendable End of Life Programme and is alert to the needs of the deteriorating patient.

I was pleased to see greater communication with GPs included in the Report, regarding timely death notices and of clinic letters to be sent to the GPs within 5 working days. This action should greatly assist in continuing patient care.

I was also happy to read of the emphasis placed on research programmes. I assisted in engaging the research team with the membership directly and in promoting patients to participate in research. It is also commendable that the GMC Training survey showed a satisfaction rate of 79.64%, higher than any other Trust in the South Eastern counties.

Although the Report sets out detailed targets for improvement in a multitude of areas, clinical and non-clinical, it must be acknowledged that there have been many achievements made this year. The improvement and recognition of data quality throughout the Trust now gives a true reflection of performance. The Da Vinci Robot has already served patients with prostate cancer well, saving them many days of hospital recuperation. The Hip Fracture Pathway delivers advanced nursing support for vulnerable older patients. Finally, the Delayed Transfer of Care Project, following on from the Home First Project of 2017, means that patients who are medically fit for discharge can return home or into appropriate care with other healthcare partners.

There have been many achievements over the past year and, although there are still targets to be met, it is hoped that the CQC will recognise the effort and attainment of all involved in the Trust.



## **Statement from Medway Council's Health and Adult Social Care Overview and Scrutiny Committee**

Representatives of MFT have attended the Committee twice during 2017-18, in August and December 2017.

The Committee acknowledges the further progress made during the year and that, overall, the service provided by MFT has improved significantly since the Trust had been in special measures. The Committee is particularly pleased with the partnership working that has occurred with the Council and other partners to significantly reduce Delayed Transfers of Care (DToC).

The Committee recognised and it is hoped that the MFT also recognises the work of the Council's Adult Social Care Services in delivering significantly improved performance in relation to DToC's.

The Committee recognises that significant work is ongoing to improve services further and to ensure that the CQC rating improves from requires improvement and is supportive of the Trust's 'Better, Best, Brilliant' Improvement Plan that has been put in place to make and sustain this improvement.

The Committee remains concerned about the financial position of the Trust, namely the reported deficit and the potential of the Financial Recovery Plan to bring the Trust back within financial stability.

The Committee remains concerned about the ability of the hospital to cope with peaks in admissions, particularly during the winter, although it is acknowledged that this is an issue facing hospital trusts across the country.

The Committee continues to feel that the dialogue between it and representatives from the Trust has been particularly constructive and looks forward to continuing to provide challenge and to seek assurance that the Action Plan and measures being put in place by the Trust, Commissioners and other partners will make the impact required to ensure that the highest quality of care possible is provided to patients.

The Committee also relies on Healthwatch Medway, which is a non-voting committee member, to feed back patient views and experiences.

*This response to the Quality Account has been submitted by officers, in consultation with the Committee Chairman, Vice-Chairman and Opposition Spokesperson, under delegation from the Medway Health and Adult Social Care Overview and Scrutiny Committee.*

**Statement of adjustment following receipt of written statements required by section 5(1)(d) of the National Health Service (Quality Account) Regulations 2010**

- The RTT data has been updated to reflect the end of year position
- 28 Day Readmissions table has had the figures and age range amended to comply with the reporting requirements

## Annex 2: Statement of directors' responsibilities for the quality report

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 2017/18 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 2017 to March 2018
  - papers relating to quality reported to the board over the period April 2017 to March 2018
  - feedback from commissioners dated 23/05/2018
  - feedback from governors dated 22/05/2018
  - feedback from Overview and Scrutiny Committee dated 22/05/2018
  - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 22/05/2018
  - the national staff survey 2017
- the Head of Internal Audit's annual opinion of the trust's control environment dated 24/05/2018.
- the Quality Report presents a balanced picture of the NHS 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 NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) 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

Date: 24 May 2018



Chairman

Date: 24 May 2018



Chief Executive

## **Independent auditor's report to the council of governors of Medway NHS Foundation Trust on the quality report**

We have been engaged by the council of governors of Medway NHS Foundation Trust to perform an independent assurance engagement in respect of Medway NHS Foundation Trust's quality report for the year ended 31 March 2018 (the 'quality report') and certain performance indicators contained therein.

This report, including the conclusion, has been prepared solely for the council of governors of Medway NHS Foundation Trust as a body, to assist the council of governors in reporting Medway 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 2018, to enable the council of governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. 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 Medway NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Scope and subject matter**

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period; and
- Percentage of patients with total time in Accident and Emergency (A&E) of four hours or less 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 section 2.1 of the NHS Improvement 2017/18 Detailed guidance for external assurance on quality reports; 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 guidance for external assurance on quality reports'.

We read the quality report and consider whether it addresses the content requirements of the 'NHS foundation trust annual reporting manual' and supporting guidance, and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the quality report and consider whether it is materially inconsistent with:

- board minutes for the period April 2017 to March 2018
- papers relating to quality reported to the board over the period April 2017 to March 2018

- feedback from Commissioners dated 23/05/2018
- feedback from governors dated 22/05/2018
- feedback from Overview and Scrutiny Committee dated 22/05/2018
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 22/05/2018
- the national staff survey 2017 and
- the Head of Internal Audit's annual opinion over the trust's control environment dated 24/05/2018

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.

### **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 indicators;
- 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'.

The scope of our assurance work has not included testing of indicators other than the two selected mandated indicators, or consideration of quality governance.

### **Basis for qualified conclusion**

**Percentage of patients with total time in Accident and Emergency (A & E) of four hours or less from arrival to admission, transfer or discharge**

The annualised A&E four-hour wait indicator is calculated as a percentage of the total number of unplanned attendances at A&E for which patients total time in A&E from arrival is four hours or less until discharge, transfer, or admission as an inpatient. We have tested a sample of 24 unplanned A&E attendances during the year. Our procedures included testing a risk based sample and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

Issues identified through testing included:

- 67% of our sample of patients' records tested, the pathway stop time recorded does not match the supporting evidence retained by the Trust. This affected the breach status of 17% of samples tested.

As a result of the issues identified, we have concluded that there are errors in the calculation of the "percentage of patients with total time in Accident and Emergency (A&E) of four hours or less from arrival to admission, transfer or discharge" indicator for the year ended 31 March 2018.

We are unable to quantify the effect of these errors on the reported indicator.

Part 2 of the Trust's Quality Report summarises the actions the Trust is taking post year end to address the issues identified.

### **Maximum time of 18 weeks from point of referral to treatment in aggregate - patients on an incomplete pathway**

The "maximum time of 18 weeks from point of referral to treatment in aggregate - patients on an incomplete pathway" indicator requires that the NHS Foundation Trust accurately record the start and end dates of each patient's treatment pathway, in accordance with detailed requirements set out in the national guidance. This is calculated as an average based on the percentage of incomplete pathways which are incomplete at each month end, where the patient has been waiting less than the 18 week target.

We tested 30 samples of 18 week RTI pathways during the year. Our procedures included testing a risk based sample and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

Issues identified through testing included:

- 10% of our sample of patients' records tested, the start or end date of treatment was not accurately recorded affecting the calculation of the published indicator;
- 30% of our sample of patients' records tested, the pathway fell outside the indicator definition and should not have been included in the calculation of the published indicator;
- 40% of our sample of patients' records tested, the pathway was incorrectly recorded (including start or end date of treatment not accurately recorded), but did not affect the calculation of the published indicator; and
- 13% of our sample of patients' records tested there was insufficient audit trail to validate the samples.

As a result of the issues identified, we have concluded that there are errors in the calculation of the 18 week referral to treatment incomplete pathway indicator. We are unable to quantify the effect of the errors identified on the reported indicator for the year ended 31 March 2018.

Part 2 of the Trust's Quality Report summarises the actions the Trust is taking post year end to address the issues identified.



**Qualified conclusion**

Based on the results of our procedures, except for the effect of the matters set out in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- 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 section 2.1 of the NHS Improvement 2017/18 Detailed guidance for external assurance on quality reports; 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 supporting guidance.



Deloitte LLP  
Chartered Accountants  
St Albans, UK  
30 May 2018

## Glossary

Acronym	Meaning
<b>A&amp;E</b>	Accident & Emergency
<b>CQC</b>	Care Quality Commission
<b>DATIX</b>	National Risk Management and reporting system
<b>DNACPR</b>	Do Not Attempt Cardiopulmonary Resuscitation
<b>DOL</b>	Deprivation of Liberty
<b>DQ</b>	Data Quality
<b>EOLC</b>	End of Life Care
<b>ExPEC</b>	Extraintestinal Pathogenic Escherichia coli
<b>FFT</b>	Friends and Family Test
<b>GMC</b>	General Medical Council
<b>GP</b>	General Practitioner
<b>HSMR</b>	Hospital Standardised Mortality Ratio
<b>IGT</b>	Information Governance Toolkit
<b>KLOE</b>	Key Lines of Enquires
<b>KPI</b>	Key Performance Indicator
<b>LeDER</b>	Learning Disabilities Mortality Review Programme
<b>LocSSIP</b>	Local Safety Standards for Invasive Procedures
<b>MCA</b>	Mental Capacity Act
<b>MedOCC</b>	Medway On Call Care
<b>NEL</b>	Non-Elective
<b>NELA</b>	National Emergency Laparotomy Audit
<b>NHS</b>	National Health Service
<b>NIHR</b>	National Institute for Health Research
<b>NRLS</b>	National Reporting and Learning System
<b>PALS</b>	Patient Advice and Liaison Service
<b>PHSO</b>	Parliamentary and Health Service Ombudsman
<b>PROM</b>	Patient Reported Outcome Measures
<b>PST</b>	Patient Safety Team
<b>QA</b>	Quality Account
<b>RPIR</b>	Routine Provider Information Request
<b>RTT</b>	Referred to Treatment
<b>SECamb</b>	South East Coast Ambulance Service
<b>SHMI</b>	Summary Hospital Level Mortality Indicator
<b>SJR</b>	Structured Judgement Review

Acronym	Meaning
<b>StEIS</b>	Strategic Executive Information System
<b>SUS</b>	Secondary Uses service
<b>VTE</b>	Venous thromboembolism



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# ANNUAL ACCOUNTS







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

**Medway NHS Foundation Trust  
Annual Accounts  
For the Year Ended 31 March 2018**

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## Statement of the Chief Executive's responsibilities as the Accounting Officer of Medway 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 Medway 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 Medway 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.



Lesley Dwyer  
Chief Executive  
May 2018

# Independent Auditor's Report to the Board of Governors and Board of Directors of Medway NHS Foundation Trust

## Report on the audit of the financial statements

### Opinion

**In our opinion the financial statements of Medway NHS Foundation Trust (the 'foundation trust'):**

- **give a true and fair view of the state of the foundation trust's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;**
- **have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and**
- **have been prepared in accordance with the requirements of the National Health Service Act 2006.**

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Taxpayers' Equity;
- the Statement of Cash Flows;
- the Accounting Policies and other information; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty relating to going concern

We draw attention to note 1.1 in the financial statements, which indicates that the foundation trust incurred a net deficit of £62.1 million during the year ended 31 March 2018, and is projecting a further substantial deficit for 2018/19 before impairments and revaluations. In addition, the foundation trust has an existing loan of £58.2 million falling due in March 2019.

The foundation trust has identified additional funding is required before the end of 2018/19 to support the foundation trust in meeting its liabilities which is yet to be formally agreed. Without additional funding, the foundation trust will have insufficient working capital to meet its liabilities as they fall due. Planned deficit for 2018/19 assumes that the foundation trust delivers Cost Improvement Plans amounting to £21m which is a significant increase from what has previously been achieved and it is not certain that the foundation trust will be able to deliver all the necessary savings. Cash flow projections for the next 12 months show dependency on access to uncommitted loan facilities from the Department of Health. Current projections assume that the £58.2m of loan repayments due within one year will not need to be repaid.

In response to this, we:

- reviewed the foundation trust's financial performance in 2017/18 including whether it achieved its planned cost improvements in the year;
- held discussions with management to understand the funding arrangements that have been agreed and management's expectation around further funding requirements;
- reviewed the foundation trust's cash flow forecasts and the foundation trust's financial plan submitted to NHS Improvement; and

- held discussions with management to understand the current status of contract negotiations with its commissioners.

As stated in note 1.1 of the financial statements, these events or conditions, along with the other matters as set forth in note 1.1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the foundation trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Recognition of NHS revenue</li> <li>• Accounting for Property Valuations</li> <li>• Management override of controls</li> <li>• Going concern (see material uncertainty relating to going concern section)</li> <li>• Arrangements to secure value for money (see matters on which we are required to report by exception – use of resources section)</li> </ul>
<b>Materiality</b>	The materiality that we used for the current year was £5.4m which was determined on the basis of 2% of revenue.
<b>Scoping</b>	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control. The foundation trust does not have any subsidiaries and is structured as a single reporting unit and so the whole foundation trust was subject to a full audit scope.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern section and the matter described in the matters on which we are required to report by exception – use of resources section, we have determined the matters described below to be the key audit matters to be communicated in our report.



## NHS revenue and provisions

## Key audit matter description



As described in note 1.2, Accounting Policies and note 1.3, Critical Accounting Judgements and Key Sources of Estimation Uncertainty, there are significant judgements in recognition of revenue from care of NHS patients and in provisioning for disputes with commissioners due to:

- the complexity of the Payment by Results regime, in particular in determining the level of overperformance revenue to recognise;
- the judgemental nature of provisions for disputes with commissioners and other counterparties; and
- the risk of revenue not being recognised at fair value due to adjustments agreed in settling current year disputes and agreement of future year contracts.

Details of the foundation trust's income, including £242m of Commissioner Requested Services, are shown in note 3 to the financial statements. NHS debtors are shown in note 15 to the financial statements.

The majority of the foundation trust's income comes from Medway Clinical Commissioning Group (CCG), NHS SWALE CCG and NHS England. NHS receivables at 31 March 2018 were £27.5m (2016/17: £23.2m) of which £1.1m were provided against at 31 March 2018.

## How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of controls over recognition of Payment by Results income and the debt provisioning process.

We have agreed baseline contract income to underlying contracts and checked settlement agreements to third party confirmation.

We reviewed the principal disputes with commissioners and challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners. We also corroborated management explanations to documentary evidence, such as correspondence with commissioners, and minutes of relevant meetings. We vouched to signed contracts that, having administered the healthcare, the foundation trust has a contractual claim to income.

## Key observations



The evidence we obtained from our audit procedures supported the revenue, receivables and provisions balance held by the foundation trust and the appropriateness of the assumptions used in its provisioning calculation.

## Property valuation

## Key audit matter description



As disclosed in note 12.1, the Trust holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £152.7m (2016/17: £146.4m). The valuations are by nature significant estimates which are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value.


The foundation trust has applied similar valuation assumptions in the current year to those applied in 2016/17. The policy is disclosed in Note 1.5.

## How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of controls over property valuations, and tested the accuracy and completeness of data provided by the foundation trust to the valuer.

	<p>We used Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the foundation trust's properties.</p> <p>We have reviewed the disclosures in note 1.5 and evaluated whether these provide sufficient explanation of the basis of the valuation and the judgements made in preparing the valuation.</p> <p>We assessed whether the valuation and the accounting treatment of the impairment were compliant with the relevant accounting standards, and in particular whether impairments should be recognised in the Income Statement or in Other Comprehensive Income.</p>
<b>Key observations</b> 	<p>We identified some deficiencies in the valuation process but overall we concluded that the valuation was appropriate.</p>
<b>Management override of controls</b>	
<b>Key audit matter description</b> 	<p>We consider that there remains a heightened risk across the NHS that management may override controls to fraudulently manipulate the financial statements or accounting judgements or estimates. This is due to the increasingly tight financial circumstances of the NHS and close scrutiny of the reported financial performance of individual organisations.</p> <p>All NHS Trusts and Foundation Trusts were requested by NHS Improvement in 2016 to consider a series of "technical" accounting areas and assess both whether their current accounting approach meets the requirements of International Financial Reporting Standards, and to remove "excess prudence" to support the overall NHS reported financial position. The areas of accounting estimate highlighted included accruals, deferred income, injury cost recovery debtors, partially completed patient spells, bad debt provisions, property valuations, and useful economic lives of assets.</p> <p>Details of critical accounting judgements and key sources of estimation uncertainty are included in note 1.2.</p>
<b>How the scope of our audit responded to the key audit matter</b> 	<p><b>Manipulation of accounting estimates</b></p> <p>Our work on accounting estimates included considering each of the areas of judgement identified by NHS Improvement. We have considered both the individual judgements and their impact individually and in aggregate upon the financial statements. In testing each of the relevant accounting estimates, engagement team members were directed to consider their findings in the context of the identified fraud risk. Where relevant, the recognition and valuation criteria used were compared to the specific requirements of IFRS.</p> <p>We tested accounting estimates (including in respect of NHS revenue and provisions and property valuations discussed above), focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.</p> <p>We evaluated the rationale for recognising or not recognising balances in the financial statements and the estimation techniques used in calculations, and considered whether these were in accordance with accounting requirements and were appropriate in the circumstances of the foundation trust.</p> <p><b>Manipulation of journal entries</b></p> <p>We used data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting focusing in particular upon manual journals.</p>

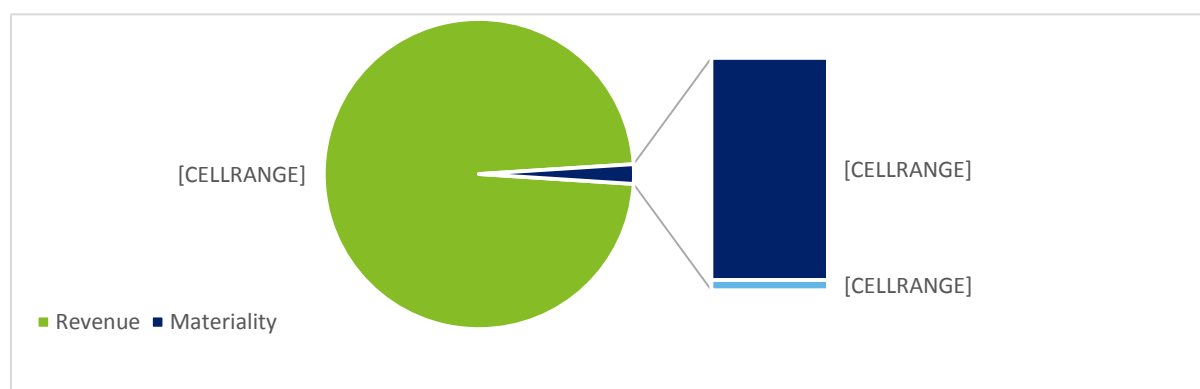
	<p>We traced the journals to supporting documentation, considered whether they had been appropriately approved, and evaluated the accounting rationale for the posting. We evaluated individually and in aggregate whether the journals tested were indicative of fraud or bias.</p> <p>We tested the year-end adjustments made outside of the accounting system between the general ledger and the financial statements.</p> <p><b>Accounting for significant or unusual transactions</b></p> <p>We considered whether any transactions identified in the year required specific consideration and we did not identify any requiring additional procedures to address this key audit matter.</p>
<b>Key observations</b> 	<p>We did not identify any reportable concerns in relation to management override of control or the use of overly aggressive or conservative accounting estimates.</p>

### Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Materiality</b>	£5.4m (2016/17: £5m)
<b>Basis for determining materiality</b>	2% of revenue (2016/17: 2% of revenue)
<b>Rationale for the benchmark applied</b>	Revenue was chosen as a benchmark as the foundation trust is a non-profit organisation, and revenue is a key measure of financial performance for users of the financial statements.



We agreed with the Integrated Audit Committee that we would report to the Committee all audit differences in excess of £250k (2016/17: £250k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Integrated Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

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Our audit was scoped by obtaining an understanding of the foundation trust and its environment, including internal controls, and assessing the risks of material misstatement at the foundation trust level. Audit work was performed at the foundation trust's head offices in Gillingham directly by the audit engagement team, led by the audit partner.

The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations.

### Other information

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The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

***We have nothing to report in respect of these matters.***

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### Responsibilities of accounting officer

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As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the foundation trust or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

### Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Directors' Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

#### Use of resources

We are required to report to you if, in our opinion the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

#### Basis for qualified conclusion

As reported in prior year, the Trust has described the following matters in its Annual Governance Statement which we consider to be relevant to the Trust's arrangements to secure economy, efficiency and effectiveness:

- continuing issues with data quality including errors identified in the underlying data supporting key mandated indicators.

These issues are evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable performance information to support informed decision making and performance management.

The Trust has described in its Annual Report concerns related to financial sustainability and governance which we consider to be relevant to the Trust's arrangements to secure economy, efficiency and effectiveness:

- the Foundation Trust's outturn position for 2017-18 was a £62.1 million deficit, which was a significant variation from plan and demonstrated significant issues with the sustainable deployment of resource.
- the Foundation Trust's 2018-19 plan submission in April 2018 shows a further substantial deficit, with a forecast deficit of £46.8 million for 2018-19.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

#### Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in December 2017, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Medway NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### Annual Governance Statement, and compilation of financial statements

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

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

***We have nothing to report in respect of these matters.***

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal

controls.

*Reports in the public interest or to the regulator*

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

- 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; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

***We have nothing to report in respect of these matters.***

### Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

### Use of our report

This report is made solely to the Board of Governors and Board of Directors ("the Boards") of Medway NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards 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 foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.



Craig Wisdom ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
St Albans  
**25 May, 2018**



## Statement of Comprehensive Income 2017/18

	NOTE	31 March 2018 £000	31 March 2017 £000
<b>Revenue</b>			
Revenue from patient care activities	3	242,047	251,635
Other operating revenue	4	28,657	36,100
Operating expenses	5	(330,318)	(327,646)
<b>Operating deficit</b>		<b>(59,614)</b>	<b>(39,911)</b>
<b>Finance costs</b>			
Finance income	10	28	31
Finance expenses - financial liabilities	11	(2,531)	(1,953)
Public Dividend Capital dividend payable	27	0	(1,289)
<b>Net finance costs</b>		<b>(2,503)</b>	<b>(3,211)</b>
<b>Gains on disposal of assets</b>		<b>0</b>	<b>262</b>
<b>Deficit for the year</b>		<b>(62,117)</b>	<b>(42,860)</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments		0	(173)
Revaluations	13	10,453	3,602
Share of comprehensive income from associates and joint ventures		0	0
Other recognised gains and losses		0	0
Remeasurements of the net defined benefit pension scheme liability / asset		0	0
Other reserve movements		0	0
<b>Total comprehensive (expenditure) for the year</b>		<b>(51,664)</b>	<b>(39,431)</b>

The notes on pages 159 to 198 form part of these accounts.

All operating results are derived from continuing operations.

## Statement of Financial Position 2017/18

		31 March 2018 £000	31 March 2017 £000
<b>Non-current Assets</b>	<b>NOTE</b>		
Property, plant and equipment	12	195,074	176,772
Trade and other receivables	15	349	358
<b>Total non-current assets</b>		<b>195,423</b>	<b>177,130</b>
<b>Current Assets</b>			
Inventories	14	7,441	6,916
Trade and other receivables	15	35,425	36,499
Cash and cash equivalents	20	9,768	1,577
<b>Total current assets</b>		<b>52,634</b>	<b>44,992</b>
<b>Current liabilities</b>			
Trade and other payables	16	(37,245)	(43,983)
Borrowings	17	(58,186)	(58,134)
Provisions	19	(563)	(193)
Other liabilities	16	(2,893)	(2,362)
<b>Total current liabilities</b>		<b>(98,887)</b>	<b>(104,672)</b>
<b>Total assets less current liabilities</b>		<b>149,170</b>	<b>117,450</b>
<b>Non-current liabilities</b>			
Borrowings	17	(158,725)	(78,678)
Provisions	19	(937)	(834)
<b>Total non-current liabilities</b>		<b>(159,662)</b>	<b>(79,512)</b>
<b>Total assets employed</b>		<b>(10,492)</b>	<b>37,938</b>
<b>Financed by:</b>			
<b>Taxpayers' equity</b>			
Public dividend capital		137,719	134,485
Revaluation reserve		46,143	35,690
Income and expenditure reserve		(194,354)	(132,237)
<b>Total taxpayers' equity</b>		<b>(10,492)</b>	<b>37,938</b>

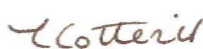
Signed:



(Chief Executive)

Date: 24 May 2018

Signed:



(Director of Finance)

Date: 24 May 2018

## Statement of Cash Flows for the year ended 2017/18

		31 March 2018 £000	31 March 2017 £000
	NOTE		
<b>Cash flows from operating activities</b>			
Operating deficit from continuing operations		(59,614)	(39,911)
<b>Non-cash income and expense</b>			
Depreciation	12	9,797	9,596
Non-cash donations/grants credited to income		(95)	(361)
Decrease in Trade and Other Receivables	15	1,067	(15,600)
(Increase) in Inventories	14	(525)	(565)
(Decrease) in Trade and other Payables	16	(5,860)	7,897
Increase in other liabilities	16	531	442
Increase in Provisions	19	473	67
Other movements in operating cash flows		0	3
<b>Net cash used in operations</b>		<b>(54,226)</b>	<b>(38,432)</b>
<b>Cash flows from investing activities</b>			
Interest received		27	33
Payments to acquire Property, Plant and Equipment	12	(18,768)	(14,735)
Receipts from sales of Property, Plant and Equipment	12	0	967
Receipt of cash donations to purchase capital assets	12	95	361
<b>Net cash used in investing activities</b>		<b>(18,646)</b>	<b>(13,374)</b>
<b>Cash flows from financing activities</b>			
Public dividend capital received		3,234	4,998
Public dividend capital repaid		0	0
Loans received	17	87,660	72,137
Loans repaid	17	(7,297)	(27,252)
Capital element of finance lease rental payments	18	(268)	(305)
Interest paid		(2,283)	(1,656)
Interest element of finance leases	18	0	(101)
PDC Dividend paid		(25)	(553)
PDC Dividend refunded		42	0
Cash flows from (used in) other financing activities		0	495
<b>Net cash generated by financial activities</b>		<b>81,063</b>	<b>47,763</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>		<b>8,191</b>	<b>(4,043)</b>
<b>Cash and Cash equivalents at 1 April</b>	20	<b>1,577</b>	<b>5,620</b>
<b>Cash and Cash equivalents at 31 March</b>	20	<b>9,768</b>	<b>1,577</b>

## Taxpayers' Equity for the year ended 31 March 2018

	NOTE	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2017		134,485	35,690	(132,237)	37,938
Deficit for the year		0	0	(62,117)	(62,117)
Revaluation gains and impairment losses property, plant and equipment	13	0	10,453	0	10,453
Public Dividend Capital received		3,234	0	0	3,234
Taxpayers' equity as at 31 March 2018		<b>137,719</b>	<b>46,143</b>	<b>(194,354)</b>	<b>(10,492)</b>
		Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2016		129,487	32,261	(89,377)	72,371
Deficit for the year		0	0	(42,860)	(42,860)
Revaluation gains and impairment losses property, plant and equipment	13	0	3,429	0	3,429
Public Dividend Capital received		4,998	0	0	4,998
Taxpayers' equity as at 31 March 2017		<b>134,485</b>	<b>35,690</b>	<b>(132,237)</b>	<b>37,938</b>

## 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 2017/18 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual 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.

#### 1.1 Going Concern

International Accounting Standard 1 (IAS 1) requires the Directors to assess, as part of the preparation of the annual accounts, the Trust's ability to continue as a going concern.

The key evidence supporting the 'Going Concern' conclusion is contained within the 'Department of Health Group Accounting Manual 2017-18' which states: For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern.

Department of Health and Social Care group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or Department of Health and Social Care sponsor of the intention for dissolution without transfer of services or function to another entity. Sponsored entities whose statements of financial position show total net liabilities must prepare their financial statements on the going concern basis unless, after discussion with their sponsor division or relevant national body, the going concern basis is deemed inappropriate.

Therefore, in accordance with the NHS Foundation Trust's Annual Reporting Manual, the accounts have been prepared on a going concern basis as we do not intend, nor consider that it will be necessary, to apply to the Secretary of State for the dissolution of the Trust without the transfer of the services to another entity in the foreseeable future.

The current economic environment for NHS organisations remains challenging with ongoing efficiencies applied to contracts, increased demand, and a national shortage of clinically trained staff. Following a detailed review of the Trust's financial sustainability the Board of Directors has developed a Financial Recovery Plan to address local issues and ensure the sustainability of services provided. The approach taken will ensure that the Trust retains control in planning for the future whilst focusing on protecting and improving services for the benefit of the local community.

Having considered the Trust's financial recovery plans and the likelihood of securing additional funding to support the financial operations, the Directors have determined that it remains appropriate to prepare these accounts on a going concern basis. Whilst the Trust was in deficit in the period, significant effort expended in controlling costs has led to a stabilising of the expenditure run rate. A realistic target for improvement is planned in the year ahead and a longer term recovery plan has been approved by the Board.

The Trust submitted a financial plan for 2018/19 to NHS Improvement which delivers a £46.8 million deficit after delivery of a £21.0 million savings programme which has been agreed by the Trust Board and is embedded in the budget. The Trust board have recognised that this is a highly demanding plan, which is subject to a high degree of risk, and dependent upon the full delivery of cost reduction targets, realisation of recurrent savings, and the adherence to agreed budgets.

The financial plan has been submitted to NHS Improvement for the year ahead which enables the Trust to access revenue support as required throughout the period. Any loans that are due to be repaid in year will require new borrowings to fund them. Due to the trading deficit, it is anticipated that there will be a net increase in borrowing for operational services of £46.8m and to support the capital programme for essential investment in the estate a further £20m is required leading to a total increase of £66.8m during 2018/19. The Trust is taking a pro-active best practice approach to cash management with detailed cashflow forecasting to enable it to manage liquidity.

The Statement of Financial Position shows that at the 31st March 2018 the Trust's liabilities were in excess of its assets. The net liabilities will continue to increase through 2018/19 as further loans are accessed to support the position. The Trust anticipates working with NHS Improvement over coming months to agree a medium term recovery plan that would enable the Trust to convert the loans to equity in the realisation that there is no realistic prospect of repaying the loans. As noted above, the Group Accounting Manual states that the Going Concern conclusion is still assumed despite the organisation having net liabilities.

In the absence of additional funding, cash reserves will be depleted by July 2018.

NHS Improvement has indicated that future funding will be negotiated on a month by month basis in line with current year practice. The Directors have not had any communication indicating that necessary support funding will not be made available for the foreseeable future and have therefore prepared these financial statements on a going concern basis.

Some of the significant risks facing the Trust are summarised as follows, and further information on risk is contained within the annual report within the annual governance statement:

- There is a risk over whether the Trust will achieve its full programme of efficiency savings of £21 million which have been incorporated into its financial plan. This level of savings is extremely challenging requiring significant change management at pace and must be supported with adequate operational engagement to deliver against agreed detailed plans. (The Trust achieved its efficiency target of £12.6m in 2016/17, but only achieved £6.9m of the £12.6m in 2017/18);
- The Trust's reliance on temporary staff to cover a high level of vacancies remains a key challenge. Plans are in place to reduce this reliance, predominantly by recruiting and retaining more substantive staff in key specialties and departments.
- Investment in the estate and infrastructure is restricted by the availability of funds generated by activities. The Trust has unsecured loans into 2018/19 to support the necessary investment in the estate, and is considering alternative approaches such as leases as a means of funding the equipment and digital programmes.
- Receiving sufficient income for all services provided to Commissioners remains a risk due to real term Clinical Commissioning Group (CCG) / NHS England budget reductions and continued increases in demand for services. The Trust is working with bodies in the local health economy and the Sustainability and Transformation Partnership to deliver transformational change across Medway and to ensure the sustainability of services for the future.

Although these factors represent material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2017/18 Department of Health Group Accounting Manual, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

## 1.2 Accounting Convention

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



### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Trust's accounting policies management is required to make judgments, estimates, and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors considered of relevance. Actual results may differ from those estimates and underlying assumptions are continually reviewed. Revisions to estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the areas where critical judgements have been made in the process of applying accounting policies at the end of the reporting period that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:-

- **Going Concern**  
The Trust produces detailed plans and forecasts outlining all its assumptions on future financial performance. This also takes account of the financial context in which it operates.
- **Asset valuation**  
The Trust conducts regular valuations on its property, utilising specialist independent valuers. The latest review of its property was conducted for 31 March 2018.  
  
A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The Depreciated Replacement Cost method, used for valuing most of the Trust's properties in line with other NHS bodies, is particularly judgemental. The Trust also adopted a methodology which involved adding back at current value to the alternative site valuation any existing assets that would not be rebuilt on an alternative site.
- **Impairments of receivables**  
The Trust regularly reviews the collectability of its debtors to ensure these are appropriately impaired. This assessment is based on the latest cash collection records and other external factors impacting relationships with debtors and the health economy.

### **1.3 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 healthcare services provided. For patients whose treatment straddles the year end income is apportioned across the financial years on the basis of length of stay, insofar as it is in accordance with the terms of the contract. Where income is received for a specific activity which is to be delivered in the following financial year that income is deferred. This includes the Maternity pathway funding where the income is received at the beginning of the treatment and the proportion relating to treatment which is to be delivered in 2018/19 has been deferred.

The basis for the calculation of the partially completed spells accrual was those patients who were occupying a Trust bed on 31st March 2018 but were not discharged until the following financial year. Average prices by speciality and by point of delivery were then applied to these spells with adjustments made to ensure that income due was appropriately distributed between the 2017/18 and 2018/19 financial years, based on the distribution of length of stay.

Additional contributions from central bodies (such as the Department of Health) designated as revenue contributions are recognised as revenue when received or receivable, and are separately disclosed, in accordance with the requirements of the 2017/18 Foundation Trust Annual Reporting Manual.

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.

#### **1.4 Expenditure on 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.

#### **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; and
- the item has cost of at least £5,000, or collectively, a number of items have 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.
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Staff costs have also been capitalised where they arise directly from the construction or acquisition of specific property, plant or equipment.

The finance costs of bringing fixed assets into use are not capitalised.

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

Software which is integral to the operation of hardware e.g. 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 e.g. application software, is capitalised as an intangible asset.

##### **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.

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 valuation at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Valuations are determined as follows;

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The valuation included in the Statement of Financial Position at 31st March 2018 is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Trust's service requirements can be met from the alternative site.

All land and buildings are restated to current value using professional valuations in accordance with IAS 16 every five years. A yearly interim valuation is also carried out. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The last asset valuations were undertaken in 2018 as at the valuation date of 31 March 2018.

Properties in the course of construction for services or administration purposes are carried at cost, less any impairment loss. Costs includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

### Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. 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. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

### Depreciation

Items of property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated economic lives. 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.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Assets held under a finance lease are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset using the following lives:

Plant & Machinery (including medical equipment)	5 to 15
Furniture & Fittings	7 to 10
Information Technology (including installations)	5 to 8
Buildings (set-up costs in new buildings)	10
Buildings & Dwellings	1 to 80
Transport (vehicles)	7

Information Technology assets also include the Picture Archiving and Communications Systems (PACS) deployment costs, which is depreciated over a 10 year life.

## 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 NHS Foundation Trust Annual Reporting Manual, impairments that are due to a loss of economic benefits or 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 arising from a loss of economic benefit or 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 i.e.:
  - 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.

## 1.6 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.

## 1.7 Revenue government and other grants

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups/NHS England 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.

## 1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using average cost of pharmacy stock and latest prices for all other stock which is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Inventories comprise goods in intermediate stages of production.

## 1.9 Provisions and Contingencies

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure 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 Treasury's discount rate, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 0.1% (2016/17: 0.24%) in real terms.

### Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the 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 Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed in the notes to the accounts, but is not recognised in the Trust's accounts.

### Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to 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.

### Contingencies

Contingent liabilities are not recognised, but are disclosed in note 22, 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.

## 1.10 Expenditure on Employee Benefits

### Short-term Employee Benefits

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

### Pension costs

Past and present employees are covered by the provision of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk). The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. Employers 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.

## 1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, 'Interest receivable' and 'Interest Payable' in the periods to which they relate. Bank charges are recorded as operating expenses in the periods to which they relate.

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Deposits held in seven day notice accounts are treated as cash equivalents. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

## 1.12 Value Added Tax

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

## 1.13 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 purchases, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

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

All other financial assets and financial liabilities are recognised when the Trust becomes party to the contractual provisions of the instrument.



## 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'. The Trust currently has not classified any financial assets as 'Fair Value through Income and Expenditure' or 'available for sale financial assets'.

Financial liabilities are classified as 'Fair Value through Income and Expenditure' or 'Other Financial liabilities'. The Trust currently has not classified any financial liabilities as 'Fair Value through Income and Expenditure'.

## 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 and/or non-current assets.

The Trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transaction 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.

## Other Financial liabilities

All 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 non-current liabilities.

The Trust's financial liabilities comprise: NHS and non-NHS payables, other payables, accrued expenditure, and borrowings and finance lease obligations.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance expenses. Interest on financial liabilities taken out to finance property, plant and equipment 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 loans and receivables 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 through the use of an allowance account/bad debt provision.

### **1.14 Foreign Exchange**

The functional and presentational currency of the Trust is sterling. Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Statement of Comprehensive Income.

### **1.15 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual.

### **1.16 Leases**

#### **Finance leases**

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

The asset and liability are recognised at the commencement of the lease. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability, to achieve a constant rate of finance over the life of the lease, and 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.

### **1.17 Public Dividend Capital (PDC) and PDC Dividend**

Public dividend capital 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 Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated 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 of the audit of the annual accounts.

### **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 each individual case is handled. Losses and Special Payments are charged to the relevant functional headings in the Statement of Comprehensive Income on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing its 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 accruals basis with the exception of provisions for future losses.

### **1.19 Gifts**

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

### **1.20 Charitable Funds**

The Trust is the corporate Trustee of Medway NHS Foundation Trust Charitable Fund – Registered Charity number 1051748. The foundation trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff.

Prior to 2013/14, the NHS Foundation Trust Annual Reporting Manual permitted the NHS foundation trust not to consolidate the charitable fund due to a dispensation from HM Treasury relating to the application of IAS 27. From 2013/14, the dispensation was removed however given the value of the charity the foundation trust has not consolidated the charitable fund as it is not deemed material to the accounts of the foundation trust.

### **1.21 Judgements in applying accounting policies**

Any judgements, apart from those involving estimations (see below) that management has made in the process of applying the NHS foundation trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are disclosed in the notes:

- **Going Concern**  
The Trust produces detailed plans and forecasts outlining all its assumptions on future financial performance. This also takes account of the financial context in which it operates.
- **Asset valuation**  
The Trust conducts regular valuations on its property, utilising specialist independent valuers. The latest review of its property was conducted for 31 March 2018.

## 1.22 Key sources of estimation uncertainty

Any assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the notes:

There have been no such uncertainties in 2017/18.

## 1.23 Accounting standards that have been amended during the reporting year

The Trust has reflected the changes as a result of the amended Accounting Standards below:

- IAS 7 Statement of Cash Flows. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities.
- Annual Improvements to IFRS Standards 2015-2017. IAS 23 - the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

## 1.24 Accounting standards that have been issued but have not yet been adopted

The DH GAM does not require the following Standards and Interpretations to be applied in 2017/18. These standards are still subject to HM Treasury FReM adoption, 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.

- 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 from Contracts with Customers – 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 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.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – 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.

## Note 2 Operating Segments

The Trust has only one segment of business which is the provision of healthcare. The segment has been identified with reference to how the Trust is organised and the way in which the chief operating decision maker (determined to be the Board of Directors) runs the Trust.

The geographical and regulatory environment and the nature of services provided are consistent across the organisation and are therefore presented in one segment. The necessary information to develop detailed income and expenditure for each product and service provided by the Trust is currently not discretely available and the cost to develop this information would be excessive.

Significant amounts of income are received from transactions with the Department of Health and other NHS bodies. Disclosure of all material transactions with related parties is included in note 23 to these financial statements. There are no other parties that account for more than 10% of total income.

## Note 3 Operating income from patient care activities

### Note 3.1 Income from patient care activities (by nature)

#### Income by classification

	31 March 2018 £000	31 March 2017 £000
Elective income	36,843	35,584
Non-elective income	81,491	80,126
Outpatient income	34,003	42,804
A & E income	13,188	11,714
Other NHS clinical income	52,672	59,533
High cost drugs income from commissioners	22,521	20,513
Private patient income	447	372
Other non-protected clinical income		
- Injury cost recovery (including Road Traffic Act Income)	881	989
	<b>242,047</b>	<b>251,635</b>

All income from activities relates to commissioner requested services.

### Note 3.2 Income from patient care activities (by source)

#### Income from patient care activities received from:

	31 March 2018 £000	31 March 2017 £000
Clinical Commissioning Groups and NHS England	239,789	248,193
Local Authorities	683	1,791
NHS Foundation Trusts	240	184
Non NHS:		
- Private patients	116	91
- Overseas patients (non-reciprocal)	331	371
- Injury cost recovery (including Road Traffic Act Income)	881	989
- Other	7	16
	<b>242,047</b>	<b>251,635</b>

Injury Cost Recovery income is subject to a provision for doubtful debts of 22.84% (2016/17: 22.94%) to reflect expected rates of collection.

**Note 3.3 Overseas visitors (relating to patients charged directly by the NHS foundation trust)**

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Income recognised this year	<b>331</b>	371
Cash payments received in-year (relating to invoices raised in current and previous years)	<b>219</b>	66
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	<b>129</b>	174
Amounts written off in-year (relating to invoices raised in current and previous years)	<b>68</b>	7



## Note 4 Other operating income

	31 March 2018 £000	31 March 2017 £000
Research and development	997	973
Education and training	9,263	8,718
Charitable and other contributions to expenditure	243	361
Non-patient care services to other bodies	5,348	5,130
Sustainability and Transformation Fund income <sup>1</sup>	4,251	10,826
Other income	8,260	9,715
Income in respect of staff costs where accounted on gross basis	295	377
	<b>28,657</b>	<b>36,100</b>

### Other Income includes:

	31 March 2018 £000	31 March 2017 £000
Car parking	2,052	2,049
Staff accommodation	472	522
Crèche	343	367
Catering	1,267	1,127
Clinical tests	1,691	1,440
Other <sup>2</sup>	2,435	4,210
	<b>8,260</b>	<b>9,715</b>

<sup>1</sup> Sustainability and Transformation Fund Income is in relation to Q1 and Q2. The Trust was not entitled to further funding in Q3 and Q4 due to not meeting control total.  
A further £1.842m was awarded as part of the 'general distribution'.

<sup>2</sup> Other income is mainly in relation to pharmacy sales and clinical excellence awards.

## Note 5 Operating expenses

	31 March 2018 £000	31 March 2017 £000
Purchase of healthcare from NHS and DH bodies	8,316	6,462
Purchase of healthcare from non-NHS bodies	2,041	5,952
Staff and executive directors costs <sup>1</sup>	208,873	207,952
Remuneration of non-executive directors	158	199
Supplies and services - clinical (excluding drug costs)	35,148	31,656
Supplies and services - general	6,673	6,347
Establishment	1,352	3,118
Research and development - staff costs	954	1,058
Research and development - non-staff costs	27	323
Transport (business travel only)	449	503
Transport - other (including patient travel)	464	481
Premises	6,336	6,483
Increase in provision for impairment of receivables <sup>2</sup>	1,422	4,356
Change in provisions discount rate(s)	57	50
Drugs	32,312	29,781
Rentals under operating leases - minimum lease payments	656	355
Depreciation	9,797	9,596
Net impairments	0	0
Statutory audit fee	73	108
Other auditor remuneration	0	0
Internal audit	148	121
Clinical negligence - amounts payable to the NHSLA (premiums)	7,763	5,610
Legal fees	166	252
Consultancy costs	1,411	450
Education & Training - staff costs	3,887	3,688
Education & Training - non-staff costs	1,046	843
Car parking & security	229	365
Redundancy costs - staff	0	220
Redundancy costs - non-staff	199	75
Hospitality	8	33
Insurance	121	178
Losses & special payments	9	34
Other	223	997
	<b>330,318</b>	<b>327,646</b>

<sup>1</sup> Staff and Executive Directors costs - excluded from this are Research and Development costs, Non Executives costs and Education and Training costs, as they are reported separately.

<sup>2</sup> The net increase in provision for impairment of receivables includes £1.2m (2016/17: £4.4m) in relation to NHS receivables.  
Includes £135K of bad debt write offs which is included in Note 26.

## Note 6 Operating leases

Operating expenses include:

Payments recognised as an expense

	31 March 2018 £000	31 March 2017 £000
Minimum lease payments	656	355
	<b>656</b>	<b>355</b>

Total future minimum lease payments

	Buildings £000	Other £000	31 March 2018 Total £000	31 March 2017 Total £000
Payable:				
Not later than one year	68	402	470	98
Between one and five years	0	1,610	1,610	309
Later than 5 years	0	76	76	76
<b>Total</b>	<b>68</b>	<b>2,088</b>	<b>2,156</b>	<b>483</b>

In general, operating leases are for various pieces of equipment and are for a five year period. Generally all equipment leases are taken out under the 'NHS Conditions of Contract for the Lease of Goods.' This includes the 'Da Vinci' robot which has an annual cost of £306K.

## Note 7 Late payment of commercial debts and Better Payments Practice Code

Note 7.1 Late payment of commercial debts

	31 March 2018 £000	31 March 2017 £000
Amounts included within other interest payable arising from claims made under this legislation	27	20

Note 7.2 Better Payment Practice Code

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
<b>Non-NHS Payables</b>				
Total non-NHS trade invoices paid in the year	67,886	104,336	57,203	92,962
Total non-NHS trade invoices paid within target	3,705	10,664	1,787	8,516
% of non-NHS trade invoices paid within target	5.5%	10.2%	3.1%	9.2%

**NHS Payables**

Total NHS trade invoices paid in the year	<b>1,742</b>	<b>20,216</b>	1,035	16,555
Total NHS trade invoices paid within target	<b>28</b>	<b>876</b>	6	573
% of NHS trade invoices paid within target	<b>1.6%</b>	<b>4.3%</b>	0.6%	3.5%

The Better Payment Practice (BPPC) code requires 95% of all valid invoices to be paid within 30 days of their agreed payment terms.

The Trust aims to be compliant with the code, however due to insufficient cash flows and slow approval of invoices the Trust has been non compliant with BPPC both in the current and prior year.

## Note 8 Employee benefits

### Note 8.1 Staff costs

	Total	2017/18 Permanently Employed	Other	Total	2016/17 Permanently Employed	Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	<b>178,058</b>	160,270	17,788	183,234	142,704	40,530
Social Security Costs	<b>16,861</b>	16,861	0	13,915	13,915	0
Apprenticeship levy	<b>811</b>	811	0			0
Employer contributions to NHS Pension Scheme	<b>17,980</b>	17,980	0	15,549	15,549	0
Pension Cost - other	<b>4</b>	4	0			
Termination benefits	<b>0</b>	0	0	220	220	0
	<b>213,714</b>	<b>195,926</b>	<b>17,788</b>	212,918	172,388	40,530

This analysis excludes non-executive director costs of £0.2m (2016/17: £0.2m).

### Note 8.2 Directors' Remuneration and Other Benefits

	31 March 2018 £000	31 March 2017 £000
Directors Remuneration	<b>1,148</b>	1,193
Social Security Costs	<b>124</b>	133
Employer contributions to NHS Pension scheme	<b>46</b>	65
Total Remuneration	<b>1,318</b>	1,391

Two Directors (2016/17: Two) are accruing pension benefits under the NHS Pension Scheme (defined benefits).

**Note 8.3 Average number of persons employed**

	<b>Total</b>	<b>2017/18 Permanently Employed</b>	<b>Other</b>	<b>Total</b>	<b>2016/17 Permanently Employed</b>	<b>Other</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Medical and dental	<b>626</b>	587	39	578	503	75
Administration and estates	<b>1,470</b>	1,440	30	1,416	1,328	88
Healthcare assistants and other support staff	<b>693</b>	675	18	626	585	41
Nursing, midwifery and health visiting staff	<b>1,380</b>	1,227	153	1,440	1,159	281
Nursing, midwifery and health visiting learners	<b>0</b>	0	0	0	0	0
Scientific, therapeutic and technical staff	<b>474</b>	440	34	515	466	49
<b>Total</b>	<b>4,644</b>	<b>4,369</b>	<b>275</b>	<b>4,575</b>	<b>4,041</b>	<b>534</b>

**Note 8.4 Staff sickness**

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Number</b>	<b>Number</b>
Total days lost	56,179	56,060
Total staff years	3,885	3,912
Average working days lost	14	14



## Note 8.5 Reporting of other compensation schemes - exit packages

2017/18						
Exit package cost band	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	1	6	5	28	6	34
£10,001 - £25,000	0	0	7	113	7	113
£25,001 - 50,000	0	0	4	147	4	147
£50,001 - £100,000	0	0	1	80	1	80
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,001	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>6</b>	<b>17</b>	<b>368</b>	<b>18</b>	<b>374</b>

2016/17						
Exit package cost band	Number of compulsory redundancies Number	Cost of compulsory redundancies £000s	Number of other departures agreed Number	Cost of other departures agreed £000s	Total number of exit packages Number	Total cost of exit packages £000s
<£10,000	0	0	1	3	1	3
£10,001 - £25,000	0	0	1	25	1	25
£25,001 - 50,000	1	34	0	0	1	34
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	1	158	0	0	1	158
>£200,001	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>192</b>	<b>2</b>	<b>28</b>	<b>4</b>	<b>220</b>

There have been no (2016/17: none) departures where special payments have been made.

**Note 8.6 Retirements due to ill-health**

During 2017/18 there were 8 (2016/17: 4) early retirements from the Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £0.4m (2016/17: £0.4m). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://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 2018, is based on valuation data as 31 March 2016, updated to 31 March 2018 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.

### c) Alternative Pension Scheme

For those employees who do not have access to the NHS pensions scheme but who are otherwise classified as employees with an entitlement to automatic enrolment in an appropriate pension the Trust has put in place an alternative workplace pension scheme. This scheme is administered by NEST (National Employment Savings Trust) and is a defined contribution pension scheme. The total contribution costs for this scheme for the financial year 2017/18 amount to £6,738 (2016/17: £6,173).

## Note 10 Finance income

	31 March 2018 £000	31 March 2017 £000
Interest on bank accounts	<u>28</u>	<u>31</u>
	<b>28</b>	<b>31</b>

## Note 11 Finance expenses - financial liabilities

	31 March 2018 £000	31 March 2017 £000
Revenue support /working capital loans	<b>2,532</b>	1,805
Finance leases	<b>0</b>	106
Other	<b>27</b>	20
Unwinding of discount on provisions	<b>(28)</b>	22
	<u><b>2,531</b></u>	<u>1,953</u>

## Note 12 Property, plant and equipment

### Note 12.1 Property, plant and equipment 2017/18

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and POA	Plant and machinery	Transport equipment	Information technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2017</b>	222,187	5,735	137,049	5,946	14,617	39,964	140	14,903	3,833
Additions - purchased	17,551	0	99	0	15,251	2,119	0	82	0
Additions - donated	95	0	0	0	95	0	0	0	0
Additions - leased	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	1,337	127	(7,927)	6,525	(1)	(66)	5
Revaluation	3,866	314	2,697	855	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>Cost or Valuation at 31 March 2018</b>	<b>243,699</b>	<b>6,049</b>	<b>141,182</b>	<b>6,928</b>	<b>22,036</b>	<b>48,608</b>	<b>139</b>	<b>14,919</b>	<b>3,838</b>
 Depreciation at 1 April 2017	45,415	0	2,013	363	0	30,245	106	9,619	3,069
Provided during the year	9,797	0	5,586	55	0	2,260	4	1,722	170
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Revaluation	(6,587)	0	(6,186)	(401)	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>Depreciation at 31 March 2018</b>	<b>48,625</b>	<b>0</b>	<b>1,413</b>	<b>17</b>	<b>0</b>	<b>32,505</b>	<b>110</b>	<b>11,341</b>	<b>3,239</b>
 <b>Net book value</b>									
- Owned at 1 April 2017	176,164	5,735	135,036	5,583	14,214	9,514	34	5,284	764
- Finance lease at 1 April 2017	205	0	0	0	0	205	0	0	0
- Donated at 1 April 2017	403	0	0	0	403	0	0	0	0
<b>- Total at 1 April 2017</b>	<b>176,772</b>	<b>5,735</b>	<b>135,036</b>	<b>5,583</b>	<b>14,617</b>	<b>9,719</b>	<b>34</b>	<b>5,284</b>	<b>764</b>
 - Owned at 31 March 2018	193,300	6,049	138,732	6,911	22,026	15,416	29	3,577	560
- Finance lease at 31 March 2018	0	0	0	0	0	0	0	0	0
- Donated at 31 March 2018	1,774	0	1,037	0	10	687	0	1	39
<b>- Total at 31 March 2018</b>	<b>195,074</b>	<b>6,049</b>	<b>139,769</b>	<b>6,911</b>	<b>22,036</b>	<b>16,103</b>	<b>29</b>	<b>3,578</b>	<b>599</b>

## Note 12.2 Property, plant and equipment 2016/17

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and POA	Plant and machinery	Transport equipment	Information technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2016</b>	207,959	6,063	135,609	6,156	2,230	37,355	150	16,553	3,843
Additions - purchased	17,214	0	34	0	13,964	2,650	0	566	0
Additions - donated	361	0	0	0	244	117	0	0	0
Additions - leased	0	0	0	0	0	0	0	0	0
Impairments	(173)	0	(173)	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	1,528	10	(1,821)	170	0	101	12
Revaluation	164	42	51	71	0	0	0	0	0
Disposals	(3,338)	(370)	0	(291)	0	(328)	(10)	(2,317)	(22)
<b>Cost or Valuation at 31 March 2017</b>	<b>222,187</b>	<b>5,735</b>	<b>137,049</b>	<b>5,946</b>	<b>14,617</b>	<b>39,964</b>	<b>140</b>	<b>14,903</b>	<b>3,833</b>
Depreciation at 1 April 2016	41,611	0	534	56	0	28,125	99	9,876	2,921
Provided during the year	9,596	0	4,895	337	0	2,120	14	2,060	170
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Revaluation	(3,438)	0	(3,416)	(22)	0	0	0	0	0
Disposals	(2,354)	0	0	(8)	0	0	(7)	(2,317)	(22)
<b>Depreciation at 31 March 2017</b>	<b>45,415</b>	<b>0</b>	<b>2,013</b>	<b>363</b>	<b>0</b>	<b>30,245</b>	<b>106</b>	<b>9,619</b>	<b>3,069</b>
<b>Net book value</b>									
- Owned at 1 April 2016	164,243	6,063	133,789	6,100	2,230	8,516	48	6,592	905
- Finance lease at 1 April 2016	181	0	0	0	0	102	0	79	0
- Donated at 1 April 2016	1,924	0	1,286	0	0	612	3	6	17
<b>- Total at 1 April 2016</b>	<b>166,348</b>	<b>6,063</b>	<b>135,075</b>	<b>6,100</b>	<b>2,230</b>	<b>9,230</b>	<b>51</b>	<b>6,677</b>	<b>922</b>
- Owned at 31 March 2017	176,164	5,735	135,036	5,583	14,214	9,514	34	5,284	764
- Finance lease at 31 March 2017	205	0	0	0	0	205	0	0	0
- Donated at 31 March 2017	403	0	0	0	403	0	0	0	0
<b>- Total at 31 March 2017</b>	<b>176,772</b>	<b>5,735</b>	<b>135,036</b>	<b>5,583</b>	<b>14,617</b>	<b>9,719</b>	<b>34</b>	<b>5,284</b>	<b>764</b>

Please note - we have restated the brought forward figure for 'Assets under Construction and POA' to reflect capital creditors that had already been paid (£350K downward movement).



## Note 13 Revaluations and Impairments

### Note 13.1 Revaluations

	31 March 2018 £000	31 March 2017 £000
<b>Changes in market price</b>		
Land	314	42
Property, Plant and Equipment	10,139	3,560
<b>TOTAL REVALUATIONS<sup>1</sup></b>	<b>10,453</b>	<b>3,602</b>

### Note 13.2 Impairments

	31 March 2018 £000	31 March 2017 £000
<b>Land</b>		
Changes in market price	0	0
Reversal of impairments	0	0
<b>TOTAL - Land</b>	<b>0</b>	<b>0</b>
<b>Property, Plant and Equipment</b>	<b>£000</b>	<b>£000</b>
Loss or damage from normal operations	0	(173)
Changes in market price	0	0
Reversal of impairments	0	0
<b>TOTAL - Property, plant and Equipment</b>	<b>0</b>	<b>(173)</b>
<b>TOTAL IMPAIRMENTS<sup>2</sup></b>	<b>0</b>	<b>(173)</b>

<sup>1</sup> 2017/18 £11.6m Revaluation was credited to the Revaluation Reserve (2016/17: £3.6m)

<sup>2</sup> 2017/18 No impairments charged to the Revaluation Reserve (2016/17: £0.2m)

### Note 13.2 Economic lives and valuations

Information on the economic life of property, plant and equipment is included in the accounting policies. During the year the land, buildings and dwellings were valued by DVS Property Specialists on a Modern Equivalent Asset basis.

## Note 14 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	2,593	2,111
Consumables	4,849	4,805
<b>TOTAL</b>	<b>7,441</b>	<b>6,916</b>

Inventories recognised in expenses for the year were £48k (2016/17: £48k). Write-down of inventories recognised as expenses for the year were £0k (2016/17: £0k).

## Note 15 Trade and other receivables

### Note 15.1 Trade and other receivables

	31 March 2018 £000	31 March 2017 £000
<b>Current:</b>		
NHS Trade receivables	27,534	23,264
Non-NHS Trade receivables	4,417	4,223
Provision for impaired receivables	(2,256)	(5,654)
Accrued credit notes	(11,968)	0
Accrued income	14,757	10,993
Prepayments	1,866	2,881
Other receivables	1,075	791
<b>TOTAL</b>	<b>35,425</b>	<b>36,498</b>
	31 March 2018 £000	31 March 2017 £000
<b>Non-Current:</b>		
Provision for impaired receivables	(104)	(78)
Other receivables	453	436
<b>TOTAL</b>	<b>349</b>	<b>358</b>

Included within the provision for impaired receivables includes £1.2m (2016/17: £0m) in relation to NHS.

## Note 15.2 Provision for impairment of receivables

	31 March 2018 £000	31 March 2017 £000
Balance at 1 April	5,732	1,376
Increase in provision	1,456	4,674
Amount utilised	(4,794)	0
Unused amounts reversed	(34)	(318)
Balance at 31 March	<u>2,360</u>	<u>5,732</u>

The £4.8m utilisation relates to credits raised in relation to settlement with the Trust's main commissioners.

## Note 15.3 Analysis of receivables past due impaired and non-impaired

	31 March 2018 £000	31 March 2017 £000
<b>Ageing of past due impaired receivables</b>		
0 - 30 days	0	2,374
30 - 60 Days	0	0
60 - 90 days	0	0
90 - 180 days	244	114
Over 180 days	<u>2,116</u>	<u>3,244</u>
	<u>2,360</u>	<u>5,732</u>
<b>Ageing of past due non-impaired receivables</b>		
0 - 30 days	988	382
30 - 60 Days	1,247	811
60 - 90 days	462	394
90 - 180 days	12,082	4,152
Over 180 days	<u>8,009</u>	<u>1,694</u>
	<u>22,788</u>	<u>7,433</u>

## Note 16 Trade and other payables

### Note 16.1 Trade and other payables

	31 March 2018 £000	31 March 2017 £000
<b>Current</b>		
NHS payables	4,194	5,562
Non - NHS trade payables - revenue	9,351	16,215
Non - NHS trade payables - capital	5,381	6,503
Social security costs	127	2,136
Other taxes payable	93	1,815
Other payables	3,284	413
Accruals	14,815	11,339
<b>TOTAL</b>	<u>37,245</u>	<u>43,983</u>

Non - NHS trade payables - capital have been restated as at 31 March 2017 to reflect the capital creditors that had been paid (£350K).

## Note 16.2 Deferred Income

	31 March 2018 £000	31 March 2017 £000
<b>Current</b>		
Deferred Income - goods and services	2,893	2,362
Other deferred Income	0	0
<b>TOTAL</b>	<b>2,893</b>	<b>2,362</b>

Included in Deferred Income is £2.4m in relation to maternity pathway and £0.3m for research and development.

## Note 17 Borrowings

	31 March 2018 £000	31 March 2017 £000
<b>Current</b>		
Other loans	0	14
Obligations under finance leases	0	133
Capital loans from Department of Health	1,386	1,187
Revenue loans from Department of Health	56,800	56,800
	<b>58,186</b>	<b>58,134</b>
<b>Non-current</b>		
Other loans	0	0
Obligations under finance leases	0	135
Capital loans from Department of Health	14,926	5,206
Revenue loans from Department of Health	143,799	73,337
	<b>158,725</b>	<b>78,678</b>

The Trust is party to twenty-six Department of Health loans as follows (the principal sums which can be seen below):

Loan	Amount £m	Purpose of Loan	Principal Repayment date	Fixed Interest Rate:	Balance @ 01/04/17 £m	Loans Received £m	Loans Repaid £m	Balance @ 31/03/18 £m
1	1.6	Capital investment	October 2019	7.14%	0.69	0.00	(0.23)	0.46
2	5.4	Capital investment	September 2020	7.69%	2.93	0.00	(0.84)	2.09
3	3.1	Capital investment	November 2038	1.26%	2.78	0.00	(0.13)	2.65
4	22.5	Revenue Support	March 2020	1.50%	22.50	0.00	0.00	22.50
5	56.8	Revenue Support	March 2019	1.50%	56.80	0.00	0.00	56.80
6	21.3	Revenue Support	January 2020	1.50%	21.30	0.00	0.00	21.30
7	5.1	Revenue Support	November 2019	1.50%	5.07	0.00	0.00	5.07
8	4.6	Revenue Support	December 2019	1.50%	4.61	0.00	0.00	4.61
9	6.3	Revenue Support	January 2020	1.50%	6.27	0.00	0.00	6.27
10	3.3	Revenue Support	February 2020	1.50%	3.25	0.00	0.00	3.25
11	10.3	Revenue Support	March 2020	1.50%	10.34	0.00	(5.20)	5.14
12	5.9	Revenue Support	June 2020	1.50%	0.00	5.86	0.00	5.86
13	3.1	Revenue Support	July 2020	1.50%	0.00	3.10	0.00	3.10
14	3.3	Capital investment	February 2036	1.59%	0.00	3.30	(0.18)	3.12
	0.4	Capital investment	February 2036	1.59%	0.00	0.40	0.00	0.40
15	5.1	Revenue Support	August 2020	1.50%	0.00	5.13	0.00	5.13
16	7.5	Revenue Support	September 2020	1.50%	0.00	7.49	0.00	7.49
17	5.0	Revenue Support	October 2020	1.50%	0.00	5.03	(0.71)	4.32
18	5.9	Revenue Support	November 2020	1.50%	0.00	5.92	0.00	5.92
19	4.1	Additional Cash Support	November 2020	1.50%	0.00	4.10	0.00	4.10
20	4.9	Revenue Support	December 2020	1.50%	0.00	4.87	0.00	4.87
21	3.6	Revenue Support	January 2021	1.50%	0.00	3.62	0.00	3.62
22	2.8	Capital investment	August 2019	1.50%	0.00	2.79	0.00	2.79
23	3.0	Capital investment	TBC	1.50%	0.00	3.00	0.00	3.00
24	15.5	Revenue Support	March 2021	1.50%	0.00	15.50	0.00	15.50
25	15.8	Additional Cash Support	March 2021	1.50%	0.00	15.76	0.00	15.76
26	1.8	Capital investment	TBC	1.50%	0.00	1.80	0.00	1.80
					<b>136.54</b>	<b>87.67</b>	<b>(7.29)</b>	<b>216.92</b>



## Note 18 Finance lease obligations

	Minimum Lease Payments		Present value of minimum lease payments	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Within one year	0	133	0	133
Between one and five years	0	135	0	135
Less future finance charges	0	0	0	0
Present value of minimum lease payments	0	268	0	268
Included in:				
Current borrowings			0	133
Non-current borrowings			0	135
			0	268

All finance leases came to an end during the accounting period.

## Note 19 Provisions for liabilities and charges

	Current		Non-Current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Pensions relating to staff	82	72	937	720
Legal claims	79	121	0	0
Redundancy	402	0	0	0
Dilapidation	0	0	0	114
<b>TOTAL</b>	<b>563</b>	<b>193</b>	<b>937</b>	<b>834</b>

	2017/18					2016/17				
	Pensions relating to staff	Legal claims	Dilapidation	Redundancy	Total	Pensions relating to staff	Legal claims	Dilapidation	Redundancy	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1st April	792	121	114	0	1,027	791	54	114	0	959
Change in the discount rate	57	0	0	0	57	50	0	0	0	50
Arising during the year	301	39	0	402	742	254	67	0	0	321
Utilised during the year	(85)	0	0	0	(85)	(94)	0	0	0	(94)
Reversed unused	(18)	(81)	(114)	0	(213)	(231)	0	0	0	(231)
Unwinding of discount	(28)	0	0	0	(28)	22	0	0	0	22
At 31st March	1,019	79	0	402	1,500	792	121	114	0	1,027
<b>Expected timing of cashflows:</b>										
Within one year	82	79	0	402	563	72	121	0	0	193
Between one and five years	406	0	0	0	406	288	0	0	0	288
After five years	531	0	0	0	531	432	0	114	0	546
	1,019	79	0	402	1,500	792	121	114	0	1,027

The provision for pensions relating to staff reflects the liabilities due to early retirements prior to 6 March 1995. The legal claims provision reflects liabilities arising from Public and Employee Liability claims.

£123.7m is included in the provisions of the NHS Litigation Authority at 31 March 2018 in respect of clinical negligence liabilities of the Trust (£111.8m at 31 March 2017).

<sup>1</sup> Redundancy provision relates to 18 potential MARS applications.

## Note 20 Cash and cash equivalents

	At 1 April 2017 £000	Cash changes 2017/18 £000	At 31 March 2018 £000
Government Banking Service cash at bank	2,682	6,950	<b>9,632</b>
Commercial cash at bank and in hand	<b>(1,105)</b>	1,241	<b>136</b>
Cash and cash equivalents as in Statement of Cash Flows and Statement of Financial Position	<u>1,577</u>	<u>8,191</u>	<u>9,768</u>

## Note 21 Capital commitments

There is one capital commitment under capital expenditure contracts totalling £7m in relation to the Emergency Department at 31 March 2018 (2 totalling £13m at 31 March 2017).

The balance held at 31 March includes capital monies of £3.1m not spent in 2017/18 and the minimum amount required to meet payments due before the next payment against NHS CCG contract income is received.

## Note 22 Contingencies

The contingent liabilities relating to the Trust as at 31 March 2018 were £0.03m (£0.05m at 31 March 2017) relating to NHS Litigation Authority Legal Claims.

## Note 23 Related party transactions

The Medway NHS Foundation Trust is a corporate body established by order of the Secretary of State for Health.

The Trust has taken advantage of the exemption provided by IAS 24 'Related Party Disclosures', where the parent's own financial statements are presented together with the consolidated financial statements and any transactions or balances between group entities have been eliminated on consolidation.

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

- NHS England
- Clinical Commissioning Groups
- NHS Trusts and NHS Foundation Trusts
- NHS Arms Length Bodies
- Health Education England

The main entities with which the Trust had material transactions are within the Kent and Medway Health Economy, or are Arm's Length Bodies and are:

	2017/18 Payments to Related Party £000	2017/18 Receipts from Related Party £000	31 March 2018 Amounts owed to related Party £000	31 March 2018 Amounts due from Related Party £000
<b>NHS England</b>	-	37,522	63	7,407
<b>Health Education England</b>	-	9,523	254	1,262
<b>Clinical Commissioning Groups</b>				
NHS Dartford, Gravesham And Swanley CCG	-	10,794	20	1,365
NHS Medway CCG	-	139,369	1,687	8,598
NHS Swale CCG	-	50,055	608	4,835
NHS West Kent CCG	-	4,938	35	609
<b>NHS Trusts</b>				
Dartford and Gravesham NHS Trust	3,451	986	1,491	1,041
Kent and Medway NHS and Social Care NHS Trust -	2	798	13	249
Kent Community Healthcare	1,241	522	266	105
Maidstone and Tunbridge Wells NHS Trust	3,926	804	1,849	780
Brighton and Sussex University Hospitals NHS Trust				
	2	51	3	-
<b>NHS Foundation Trusts</b>				
East Kent Hospitals NHS Foundation Trust	689	1,840	502	826
Queen Victoria Hospital NHS Foundation Trust -	27	985	89	766
Royal Surrey County Hospital NHS Foundation Trust	33	917	-	-
<b>NHS Arms Length Bodies</b>				
NHS Litigation Authority	7,777	-	23	-
NHS Pensions Agency	17,980	-	2,482	-
<b>Other Government Departments</b>				
HM Revenue and Customs	17,672	-	220	-
Medway Council	-	727	8	-

**Note 23 Related Party Transactions continued:**

	2016/17 Payments to Related Party £000	2016/17 Receipts from Related Party £000	31 March 2017 Amounts owed to related Party £000	31 March 2017 Amounts due from Related Party £000
<b>NHS England</b>	-	46,882	1	10,002
<b>Health Education England</b>	9	8,780	7	317
<b>Clinical Commissioning Groups</b>				
NHS Dartford, Gravesham And Swanley CCG	-	11,482	24	1,354
NHS Medway CCG	-	141,508	1,542	10,961
NHS Swale CCG	-	50,333	451	5,962
NHS West Kent CCG	-	6,371	22	643
<b>NHS Trusts</b>				
Dartford and Gravesham NHS Trust	2,666	651	1,434	293
Kent and Medway NHS and Social Care NHS Trust	184	987	13	130
Kent Community Healthcare	-	-	-	-
Maidstone and Tunbridge Wells NHS Trust	2,965	633	1,463	426
<b>Brighton and Sussex University Hospitals NHS Trust</b>	-	-	-	-
<b>NHS Foundation Trusts</b>				
East Kent Hospitals NHS Foundation Trust	648	2,071	435	315
<b>Queen Victoria Hospital NHS Foundation Trust</b>	-	1,092	121	667
<b>Royal Surrey County Hospital NHS Foundation Trust</b>	-	866	-	-
<b>NHS Arms Length Bodies</b>				
NHS Litigation Authority	5,617	-	20	-
<b>NHS Pensions Agency</b>	15,549	-	2,189	-
<b>Other Government Departments</b>				
HM Revenue and Customs	13,915	-	3,951	773
Medway Council	-	932	-	-

## **Note 24 Financial Instruments**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Trust actively seeks to minimise its financial risks. In line with this policy, the Trust neither buys nor sells financial instruments. 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.

### **Interest-Rate Risk**

All of the Trust's financial liabilities carry nil or fixed rates of interest. The only element of the Trust's assets that are subject to a variable rate are short term cash investments. The Trust is not, therefore, exposed to significant interest-rate risk.

### **Foreign Currency Risk**

The Trust has negligible foreign currency income or expenditure.

### **Credit Risk**

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations. There is therefore little risk that one party will fail to discharge its obligations with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payments by Results regime. For this reason the Trust makes a provision for irrecoverable amounts based on historic patterns and the best information available at the time the accounts are prepared. The Trust does not hold any collateral as security. The Trust's maximum exposures to credit risk at 31 March 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

### **Liquidity Risk**

The Trust's net operating costs are incurred under contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust received such contract income in accordance with Payments by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Trust receives cash each month based on an annually agreed level of contract activity and there are monthly payments made to adjust for the actual income due under PBR.

Financial shortfalls incurred in day to day activities are financed by revenue support loans received from the Department of Health.

The Trust presently finances its capital expenditure from internally generated funds or funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Trust can borrow from the Department of Health and commercially to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Trust is not, therefore, exposed to significant liquidity risks in this area.

## Financial assets by category

	Loans and receivables £000	Book Value £000	Fair Value £000
At 31 March 2018			
Trade and other receivables	31,043	31,043	31,043
Cash and cash equivalents	9,768	9,768	9,768
	<b>40,811</b>	<b>40,811</b>	<b>40,811</b>
At 31 March 2017			
Trade and other receivables	34,229	34,229	34,229
Cash and cash equivalents	1,577	1,577	1,577
	<b>35,806</b>	<b>35,806</b>	<b>35,806</b>

## Financial liabilities by category

	Other £000	Book Value £000	Fair Value £000
At 31 March 2018			
Borrowings excluding finance leases	217,393	217,393	217,393
Finance leases	0	0	0
Trade and other payables	36,955	36,955	36,955
	<b>254,348</b>	<b>254,348</b>	<b>254,348</b>
At 31 March 2017			
Borrowings excluding finance leases	136,780	136,780	136,780
Finance leases	268	268	268
Trade and other payables	40,407	40,407	40,407
	<b>177,455</b>	<b>177,455</b>	<b>177,455</b>

## Maturity of financial liabilities

	31 March 2018 £000	31 March 2017 £000
In one year or less	95,623	98,020
In more than one year but not more than two years	0	0
In more than two years but not more than five years	143,799	76,335
In more than five years	14,926	3,100
	<b>254,348</b>	<b>177,455</b>



## **Note 25 Third party assets**

The Trust held £0.008m cash at bank and in hand at 31 March 2018 (£0.004m at 31 March 2017) which relates to monies held on behalf of patients.

## **Note 26 Losses and special payments**

There were 167 cases of losses and special payments (2016/17: 35 cases) totalling £0.2m (2016/17: £0.08m) paid during 2017/18.

These amounts are reported on an accruals basis but excluding provisions for future losses.

Clinical negligence cases are managed by the National Health Service Litigation Authority and transactions relating to such cases are held in their accounts. The Trust pays a premium for their services and excesses on some cases. Therefore, these cases have not been accounted for in the Trust's accounts.

Included within losses and special payments is £0.1m relating to bad debt write offs/

## **Note 27 Public Dividend Capital dividend payable**

The Trust is required to demonstrate that the PDC dividend payable is in line with the actual rate of 3.5% of average relevant net assets. No Dividend is payable this year due to negative net assets.





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