

NHS

Medway

NHS Foundation Trust

ANNUAL REPORT AND ACCOUNTS 2018/19



Best of care
Best of people

Medway NHS Foundation Trust
Annual Report and Accounts 2018/19

**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

Life in a busy NHS Trust never stands still and there has been a great deal of activity taking place to make the Trust a brilliant place to work and receive care. It has been an exciting, rewarding and at times challenging year.

We were delighted that James Devine agreed to take over as Chief Executive from Lesley Dwyer at the end of last year. Lesley left big shoes to fill but James has shown that he is more than capable of doing just that. James, the executive team, and non-executive directors all share the same vision of making Medway brilliant and we are confident that we are heading in the right direction.



Stephen Clark
Chairman

The year has been one of continued improvement for the Trust and we know we still have more to do to provide consistent care, meet statutory targets and achieve financial sustainability. Through our Better, Best, Brilliant improvement plan and the dedication of our staff, our aim for 2019/20 is to achieve the level of stability that our community expects and deserves.

In practice this means ensuring that our patients are treated by the right person, in the right place at the right time – every time. It means that they do not wait too long to receive an appointment, spend less than four hours in Emergency Department (ED) and are discharged home in a timely fashion. It is about getting the basics of care right.

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; this includes a Trust-wide culture programme and extensive training programmes to enable them to develop in their careers.

This year we welcomed some new faces and sadly had to say farewell to others. I would like to welcome our new governors and thank Stella Dick for her work as Lead Governor – Stella handed over these responsibilities to Alastair Harding in September 2018. I would also like to thank my fellow non-executive director Tony Moore who has stepped down from his role after five years. Very sadly we also said farewell to our governor Renee Cousins who passed away this year; she is much missed.

I would once again like to thank the fantastic League of Friends for their support throughout the year; their fundraising makes a real difference to our patients. The money donated by the League of Friends was further boosted by our own hospital charity and the Oliver Fisher Trust. We could not do what we do without your generosity.

I would like to say thank you to our Governors who freely give up their time to engage with staff and provide a link to the community we serve, and also to our volunteers who provide a friendly face and guiding hand to patients and visitors.

Finally I would like to thank our community for putting their trust in us when they need care; it is a privilege to serve you and a responsibility that we do not take lightly.

A handwritten signature in black ink, appearing to read 'Stephen Clark'.

Stephen Clark
Chairman

PERFORMANCE REPORT



Overview

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

On a personal note, I would like to say what an incredible honour it is for me to be the Chief Executive of the Trust. To lead the organisation where my career started more than 20 years ago is not only humbling, but on a very personal level, a huge opportunity to help make this wonderful hospital – the hospital where my family and friends receive healthcare – brilliant.

I would also like to pay tribute to Lesley Dwyer, our former Chief Executive for her incredible leadership. There is no doubt that she left the organisation in a much stronger position than when she joined. We can now confidently say that we are the safe organisation that our communities rightly deserve.

The last 12 months have been a time of transformation at the Trust, and our Better, Best, Brilliant improvement programme has focused on improving the experience of patients who rely on us for treatment, and on improving the working lives of the people they rely on – our staff.

For our patients, this means making sure that they are seen within four hours in our ED, have their operations without unnecessary delays and get home quickly when they are well enough to leave us.



We have made progress in improving the care of our patients coming to the ED. We know that the ED is not an appropriate place for our patients to spend a long period of time and we have launched new initiatives to stream those with minor issues to other more appropriate areas for their treatment,

such as Medway Community Healthcare (MedOcc).

In November, we opened our brand new Emergency Department to deliver the best of care to our most unwell patients. This includes seven new resuscitation bays and a new dedicated entrance for ambulance crews. It is a fantastic facility and one which will benefit our community



for many years to come.

This year we have continued to work hard on improving the length of stay for our patients. Reducing length of stay delivers a range of benefits for patients and the Trust. It reduces the risk of deconditioning in patients, and gets them back home to recuperate in familiar surroundings more quickly. Reducing length of stay also frees up our beds more quickly for new patients, improving patient flow, and reducing our operational costs, which is good for our financial position.

We were delighted this year to open our brand new Acute Frailty Unit. This provides a dedicated short stay area for frail elderly patients and patients with dementia, with the goal of getting patients home safely within 48 hours. The unit is already having a significant impact on the experience of this vulnerable group of patients.

Our staff are the heart of everything we do as an organisation and we have worked hard this year to improve the working environment for them; this includes offering new development opportunities and launching an organisation-wide culture programme.

The You are the Difference Programme is a first for the organisation and helps to create, nurture and build a positive culture. Happy staff provide the best care – a simple ethos that we take very seriously.

However, 2018/19 has not been without challenge. The winter period immediately following Christmas was a time of very significant pressure for the ED and the hospital more widely – although I am pleased to say that our robust planning meant that we experienced less operational pressure than in the previous year. Our performance against some of the key national targets was not what we would like it to be, and we will 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.

We continue to work hard to ensure that we have the right staffing levels at the hospital. In 2018/19 we launched a number of international and national recruitment campaigns, reduced our reliance on expensive agency staff and developed new initiatives to improve staff retention. Ensuring that people want to stay at Medway is as important as employing new members of staff.

We must also work more efficiently, getting the very best value for taxpayers' money and addressing our financial deficit – although never at the expense of the quality of the care we provide.

We have made some good progress in addressing our financial position this year, and ended the financial year in a healthier position than we have been for some time. I am pleased to say that we met our cost improvement programme target of £21million, which was a significant achievement and a tribute to the hard work of staff. Our control target for 2019/20 will be £22.3million deficit and this is in our hands to achieve, if we maintain the level of control over our budgets that we have demonstrated this year.

The NHS is an ever-changing landscape and as we look to the future we must continue to work closely with our partners across Kent to deliver services more efficiently while meeting the changing needs of our patients; this means looking at how and where we provide care.

Our vision is to provide brilliant care through brilliant people – ensuring that our patients get the right care from the right people in the right place, at the right time.

Within five years we want to:

- Be designated as a specialist emergency centre with associated designated specialties and one of the specialist

women's and children's centres for Kent and Medway.

- Become a university hospital, delivering first class education and research.
- Routinely exceed national standards and access targets.
- Work with our partners to ensure that the hospital site is used optimally to provide services that meet the needs of the local people many of whom are among the most deprived in Kent.

Crucially, we will also be financially sustainable, going beyond financial balance so that we can reinvest to provide even better patient care.

There are many challenges ahead of us, but many opportunities too. I believe the future is bright for Medway and I am delighted to lead this fantastic organisation on our continued pursuit of brilliance – I hope you will join us on that journey.



James Devine
Chief Executive

Purpose and Activities

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 and serves a population of more than 424,000 across Medway and Swale.

We provide clinical services to almost half a million patients a year, including more than 125,000 ED attendances, more than 88,000 admissions, more than 278,000 outpatients appointments and more than 5,000 babies born last year.

As an NHS Foundation Trust, we have a 24-strong Council of Governors and more than 10,000 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 Chief Operating Officer, Deputy

Medical Director and Deputy Director of Nursing.

The Board of directors, led by Chairman Stephen Clark, comprises nine executive directors including James Devine, Chief Executive, and seven non-executive directors including the Chairman.



JAMES DEVINE, CHIEF EXECUTIVE

DAVID SULCH MEDICAL DIRECTOR	KAREN RULE EXECUTIVE DIRECTOR OF NURSING	LEON HINTON EXECUTIVE DIRECTOR OF HR AND OD	IAN O'CONNOR EXECUTIVE DIRECTOR OF FINANCE	MORFYDD WILLIAMS DIRECTOR OF IT TRANSFORMATION	GLYNIS ALEXANDER DIRECTOR OF COMMUNICATIONS AND ENGAGEMENT	GARY LUPTON DIRECTOR OF ESTATES AND FACILITIES	JAMES LOWELL DIRECTOR OF PLANNING AND PARTNERSHIPS	DIANA HAMILTON- FAIRLEY DIRECTOR OF STRATEGY
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UNPLANNED AND INTEGRATED CARE DIRECTORATE
HARVEY MCENROE CHIEF OPERATING OFFICER
PAUL KITCHEN - DEPUTY MEDICAL DIRECTOR KAREN MCINTYRE - DEPUTY DIRECTOR OF NURSING

PLANNED CARE DIRECTORATE
GURJIT MAHIL CHIEF OPERATING OFFICER
KIRTI MUKHERJEE - DEPUTY MEDICAL DIRECTOR SIMONE HAY - DEPUTY DIRECTOR OF NURSING

Brief 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.

In 1961 the NHS acquired the hospital from the Navy. Buildings and facilities were modernised as part of a £1.5million modernisation scheme and the hospital reopened again as Medway Hospital in 1965.

The hospital changed its name in 1999 to mark the start of a new era. The new name 'Medway Maritime Hospital' reflects the hospital's proud naval tradition.

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, retaining this rating following a further inspection by the CQC in 2018.

Key Issues and Risks

The principal risks delivering 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 at directorates and by the Executive Group. A summary of significant risks within the Board Assurance Framework for 2018/19 is included within the Annual Governance Statement.

Going Concern

Our going concern disclosure is detailed in the performance report.

"After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts."

Summary of Performance

The Trust has remained compliant against the Referral to Treatment (RTT) trajectory set for 9 months out of the year. The Trust struggled in the last two months of the year due to the non-elective demand placed on the Trust's services. The cancer trajectories have been difficult to achieve due to various issues around staffing and capacity. The Trust remains confident with the additional processes now in place that trajectories will be met for 2019/20.

The Trust did not achieve the national standard for the four hour performance target in 2018/19, finishing the year on 86.68 percent against an internal year end trajectory of 95 per cent. The Trust hit the performance trajectory once last year for one month. The challenges in delivery of the emergency access standard are directly linked to the 98 percent+ occupancy of the site and the flow of patients on the admitted pathway out of the ED, our wide reaching Best Flow Programme looks to address these challenges and bring the Trust back to national standard.

Performance Analysis



Key Performance Measures

The Trust formally agreed trajectories for the constitutional targets: Emergency Department, Referral To Treatment, Cancer and Diagnostic (known as DM01). These trajectories were based on demand and capacity work completed for all of the services using the NHS Improvement Tool. The performance is monitored formally on a monthly basis in various different meetings internally and externally to the Trust.

Referral to Treatment (RTT)

The Trust reported a year end position of 80.80 per cent Referral to Treatment Target (RTT) from starting point of 81.21 per cent. Working with our partners we set a monthly trajectory which remained compliant for a majority of the year, however there were three months in the year for various reasons we were unable to achieve the trajectory set. The number of elective beds has reduced over the winter period to allow more beds for our emergency flow. Improvements have been made in some specialties reducing long waits for patients supported by a series of validation processes. We have made use of insourcing and outsourcing largely in Orthopaedics to help improve our performance.

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Trust Overall	81.20%	82.40%	81.70%	82.50%	82.60%	81.80%	82.60%	82.60%	81.00%	80.80%	80.20%	80.80%
Trajectory	81.20%	82.40%	82.10%	81.70%	82.40%	81.20%	81.50%	81.10%	79.80%	80.20%	81.10%	83.60%
Standard	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%

Cancer

Cancer waiting times target

The Trust's quarterly and annual performance against the national cancer waiting times standards for 2018/19 is shown in the table below.

2018/19 Cancer Waiting Times Performance

Indicator 2018/19	Target	Achievement			
		Q1	Q2	Q3	Q4
2 week wait – all cancer	93%	92.8%	76.2%	75.8%	69.03%
2 week wait – symptomatic breast	93%	80.4%	94.2%	64.0%	18.11%
31 day wait – first treatment	96%	98.9%	98.4%	95.6%	90.50%
31 day wait – subsequent treatment (surgery)	94%	91.8%	97.1%	90.7%	74.33%
31 day wait – subsequent treatment (drug treatment)	98%	100%	100%	98.2%	96.67%
62 day wait – from urgent GP referral	85%	86.9%	81.6%	83.1%	72.75%
62 day wait from screening service	90%	87.5%	85.2%	72.4%	53.68%
62 day wait from consultant upgrade	No target	83.3%	78.1%	82.4%	77.34%

The Trust has seen a deteriorating position in quarter four of the year.

This has been predominantly due to the Breast Cancer Tumour Group. Patients were unfortunately not being booked in at the right time, which has caused this position. The Trust is currently undergoing an independent review into this failure to ensure that this does not happen again.

The team has ensured that an action plan is in place, working closely with the Clinical Commissioning Group (CCG), regional and national teams to ensure compliance in the early part of 2019/20.

Emergency Care Standard

We reported a year end position of 85.65 per cent for patient flow through emergency care within four hours against the national constitutional standard of 95 per cent. We hit our local all-types trajectory on three out of the 12 months, however throughout winter in line with the national picture we were unable to maintain compliance with our locally agreed trajectory. Specifically our type one admitted performance was lowest on record however for the majority of our patients requiring type three emergency or urgent care our streaming system into MedOCC was able to see, treat and discharge 97 per cent of patients within four hours. We have seen the flow challenges in the latter part of the year continuing to the start of 2019/20 which will be met head on with the Best Flow Programme to enable our Trust and system partners to maintain compliance with the agreed 2019/20 trajectories.

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
Actual	85.1%	86.5%	87.0%	87.1%	86.0%	90.2%	88.8%	89.0%	87.4%	82.8%	82.0%	83.0%	78.6%
Trajectory	85.1%	86.3%	88.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	95.0%	88.0%
Standard	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%

Development and Performance

The Trust has clear KPIs and measures in place with the senior team to ensure that key metrics are being delivered. The Business Intelligence reports have been updated in 2018/19 to include the trajectories set for each standard. These reports are used in the Trust Weekly Performance Meeting with the senior team where the domains are reviewed and forward performance is discussed and any risks are highlighted and mitigated. Weekly Patient Tracking List (PTL) meetings are completed for the RTT, DM01 and Cancer standards and a register of attendance is monitored to ensure all services and specialties are accountable for the performance delivered to our patients.



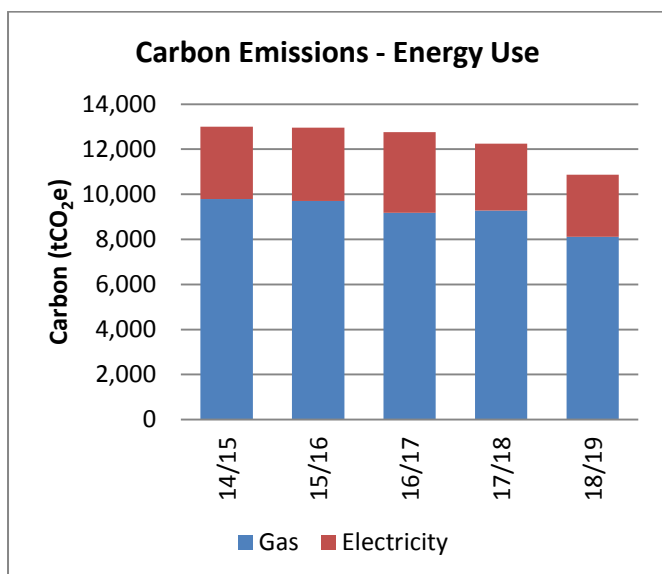
Environmental Performance

Sustainability means spending public money well, the smart and efficient use of natural resources and building a healthy and resilient community. Last year at Medway NHS Foundation Trust we saved around 1,360 Tonnes of CO₂ with our sustainability programme against the previous year. In total this brings our CO₂ emissions down by 16.6 per cent or 2,156 Tonnes against our baseline year 2009/10. Our approach to sustainability is to take a committed approach to projects, schemes, operations and behaviour, to ensure that we are getting the maximum value from our resources and people, while minimising our impact on our community.

Resources in the NHS are limited, and there is an increasing drive for operational and financial efficiencies to be met. Climate change and the reality of population growth means that a long term, sustained change to the way we use our resources at the Trust is needed to create a healthy, efficient and sustained future for our community and service users. We are meeting this challenge but recognise that we have more to do as we engage with our patients, staff and the public to start conversations that will drive these changes.

Energy and Carbon:

This year we were delighted that we reduced our carbon emissions by 1,360 Tonnes against last year, meaning a reduction of 11 per cent. This reflects our commitment to sustainability while the needs from the site for energy are increasing as our services get busier.



We have generated our own electricity on site from gas using combined heat and power (CHP) since 2009. This highly efficient process utilises heat as a by-product.

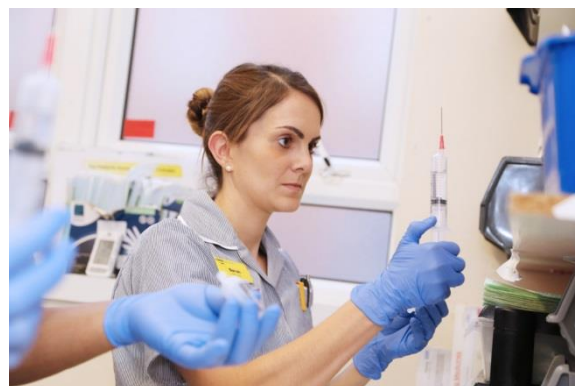
This year our CHP was refurbished increasing its efficiency by 15 per cent. This is an additional 716,000 kWhs of electricity and equates to enough electricity to supply 193 households for a year. The by-product heat was used to heat water and make our hospital more comfortable.

Last year our LED Project was successful, and all corridor spaces in the main building are using LED lighting, saving around 91 Tonnes in carbon and 259,000 kWh of electricity per year.



Our new Emergency Department opened, and is putting the latest technology to good use to ensure its sustainable efficiency.

We are not finished with our efficiency projects and will be installing LED lighting in all clinical areas after winning funding from NHS Improvement.



Waste:

We are part of a regional waste consortium for Total Waste Management. Close work with our partners and our contracted supplier of this service means that our 'Zero to Landfill' achievement last year was, and continues to be, sustained across all of our waste streams. Our reduction in waste collections meant that our costs and carbon emissions from transport were reduced, and recycling bins in admin, certain clinical and communal areas of the Trust have been well used.



This year we were able to recycle around 200 items of equipment to give it a 'second life' and reduce our bulky waste disposal on site.

A further 508 tonnes of dry mixed recycling was processed through our waste management streams.

More initiatives:

As the need for sustainable management of our resources increases, so does the need for ideas and innovation. We are considering a number of schemes, some will yield large savings, some more moderate.



Our sustainable travel to work project will look at how we use our car parks, with the benefit of providing a number of green options for our staff to travel to work. These will include bus concessions, season ticket loans, cycle to work, walk to work and car share. As this is rolled out we expect an improvement in a staff commute carbon impact.

As previously stated, LED Lighting is in use, but a new scheme will see it rolled out in all clinical areas. A grant has been won from NHS Energy Efficiency Fund to provide £591,000 for this.

All of our paper is now from a recycled source.

Well-being

Our sustainability scheme also includes promoting well-being for our staff and patients. Studies show that there are health, social and environmental advantages to converting unused areas to green spaces for staff and patients.

Dedication and effort from our Therapies Department in 2018/19 has led to the opening of the Trust's first dementia friendly, therapeutic garden. The aims of this garden are to provide a safe space for individuals (including patients and staff) to reduce stress and anxiety whilst promoting wellness, strength and rehabilitation through the use of gardening and wellness activities. Our vision is that of a working garden for a working community, with sustainable partnerships formed with local charities, services and businesses.

The success of this project has now inspired others to explore sustainable opportunities within the Trust where we can transform spaces to improve and enhance the wellbeing of both

patients and staff. We have a team of highly motivated and inspirational staff within the Trust who can get involved and develop these spaces to suit the needs of their staff.

Community Engagement , Human Rights and Anti bribery

Community Engagement

We encourage members of our community to take part in discussions about the Trust, its progress in improving services, and future developments. We have created a range of opportunities for local residents, including patients, carers and relatives, to hear about the Trust and have their say.

We want to better understand the diverse health needs of our community, to respond to what matters to them, and to respond to their views by reviewing and designing improved services leading to a better patient experience.

During 2018/19 we reached a wide range of people by:

- Raising awareness of Trust developments at community events
- Giving presentations at community and voluntary organisation meetings
- Holding engagement sessions at locations around Medway and Swale
- Providing updates and engagement opportunities at Member events.

We have a network of community contacts with whom we have built trusted relationships and proactively sought engagement opportunities. These include representatives of harder to reach audiences, including younger and older audiences, and members of the Black, Asian and Minority Ethnic communities.

Our Governors, supported by our Community Engagement Officer, have engaged with Members throughout the year, with attendance at Members events continuing to rise.

Governors have also attended events within the community, logging concerns and comments from members of the public to feed back into the Trust.

Through focus groups and workshops, we have worked directly with patients and members of the public to ensure their concerns and priorities are understood and considered when services are reviewed. Examples have included workshops about rheumatology and neurology services, and a session when attendees were asked to help develop the Trust's quality priorities for the coming year.

We have surveyed our membership to find out how they would like to be engaged, and have planned events for 2019/20 taking account of their feedback.

Anti bribery

During the reporting period, the Trust's local counter fraud services have been provided by KPMG. The Integrated Audit Committee approves an annual counter fraud work plan. It also receives a report at each meeting detailing cases of possible fraud and the outcome of any investigations. Progress in respect of proactive work and themed reviews is also reported. The Integrated Audit Committee monitors the implementation of any recommendations made by KPMG by way of a management action tracker. The local counter fraud services team works closely with the internal audit team to consider how identified fraud risks can be addressed within the scope of their reviews and additional assurance can be provided through this route.

Throughout the year KPMG:

- provided tailored counter fraud awareness presentations to various teams within the Trust
- raised awareness through the issue of counter fraud newsletters
- maintained the counter fraud intranet page
- issued ad-hoc alerts to relevant Trust staff
- inputted into the Trust's fraud e-learning module
- conducted focused proactive reviews on invoice fraud and sickness management
- followed-up on the implementation of the counter fraud recommendations raised in previous financial years.

The counter fraud team received nine referrals of fraud through 2018/19, which were investigated and outcomes reported to the Integrated Audit Committee.

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, and this is reviewed periodically. The most recent EDS2 Assessment was published in March 2019. Additionally, the Trust publishes the results and action plans on 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 makes equality and inclusion an integral part of everything it does for staff, patients and the local community.

Overview of financial performance

We know that our Trust and the local economy has a significant financial challenge and with that challenge comes an even greater need to focus on the quality and safety of the services we offer and to avoid the concept of cuts without any review of their impact on the quality and safety of the services we offer to the people whose care is placed in our hands.

2018/19 has epitomised that challenge and although on occasion the quality of the service we offer has not achieved the levels we have strived for, this has not been as a result of the removal of

resource nor through a lack of willingness to ensure manager and clinicians have the manpower and equipment they need to provide those services. Choices have been made and will continue to be made as to how services might develop and change within the funding that has now been secured and we continue to work with local commissioners in North Kent along with colleagues in Specialist Commissioning to ensure the fairest possible slice of the national and local pot is available to us.

The accounts presented in this 2018/19 annual report show a significant improvement since 2017/18 with the reported deficit at £29.9 million compared to a £62.1 million in the previous year. The changes enacted by clinical teams and their associated managers should be rightly proud of their achievements in this regard.

The Trust had agreed with the local North Kent Commissioners at the beginning of 2018/19 that a block contract would be put in place for the year. The value of this contract was varied at the end of the year in order that the overall control total could be delivered. However this is in the context of the North Kent health economy delivering its financial plan as a system. Due recognition should be given to the local CCGs in their support of the Trust.

At the start of the year the Trust agreed a control total, before Provider Sustainability Funding (PSF), to achieve a £46.8million deficit. This plan required the delivery of a £21 million productivity improvement. This was delivered in its entirety and in the main this has been carried forward into 2019/20. In the context of improvements delivered by Trusts up and down the country, this is a significant achievement and once again is a testament to the operational teams at Medway who were able to focus on that delivery.

The delivery of the control total before the receipt of money from the PSF meant that a bonus became due as a reward to being among the Trusts nationally to achieve this significant financial target. This bonus was not insubstantial and totalled £8.2 million.

Overall, and once the PSF lost as a result of not being able to deliver the emergency performance target, a favourable variance against plan of £4.4 million has been recorded as per the table below.

	Year to Date		
	Plan £m	Actual £m	Variance £'000
Clinical Income	246.6	253.9	7.3
Other Income	23.2	26.9	3.7
Pay	(197.7)	(207.0)	(9.3)
Non -pay	(105.1)	(106.8)	(1.7)
EBITDA	(32.9)	(32.9)	0.0
Non Operating Expenses	(13.9)	(13.9)	0.0
Surplus/(Deficit) before PSF	(46.8)	(46.8)	0.0
PSF	12.7	17.1	4.4
Total Surplus/(Deficit)	(34.1)	(29.7)	4.4

Income

As has been consistently reported it remains true that the majority of the Trust's income is directly related to patient care from commissioning organisations such as CCGs and NHS England. In 2018/19, this equates to 86 per cent of the total Trust income, a reduction of 3 per cent on 2017/18. This in large part is due to the increased level of PSF income as a result of the Trust delivering its control total.

Other operating income including PSF, equates to 14 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.

Expenditure

Even after the impact of inflation in the year, the Trust is reporting expenditure £6 million lower in 2018/19 than the expenditure recorded in 2017/18. In the main this has been achieved through managing productivity gain through the employment of substantive staff leading to a reduction in agency costs.

Capital expenditure plan

During the year, the Trust has invested £11.4 million in capital schemes in the areas shown below

	£m
Estates and Site infrastructure	3.0
Fire Safety	2.9
IT	4.3
Equipment	1.2
EBITDA	11.4

Although this is lower than planned further expenditure on improving the environment in the emergency department and ongoing costs of fire safety are deferred into 2019/20 and 2020/21.

Phase 1 of the ED was completed in 2018/19 within its cost plan. To date, more than £20million has been invested in this area. Phase 2 will begin in 2019/20 and continue the year after with a further £6m of improvement planned.

The ED refurbishment scheme is a cornerstone project in the transformation of care at Medway and along with improving emergency facilities, it also expects a better flow into and through the hospital for all 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 £48.5 million in the year to ensure that obligations of payments to creditors and salaries to staff can be met. This is typical of the support offered by the Department of Health and allows the Trust to continue as a going concern.

The cash is provided as a loan at an interest rate of 1.5 per cent and will continue until the Trust is

able to generate a surplus sufficient to repay the principal.

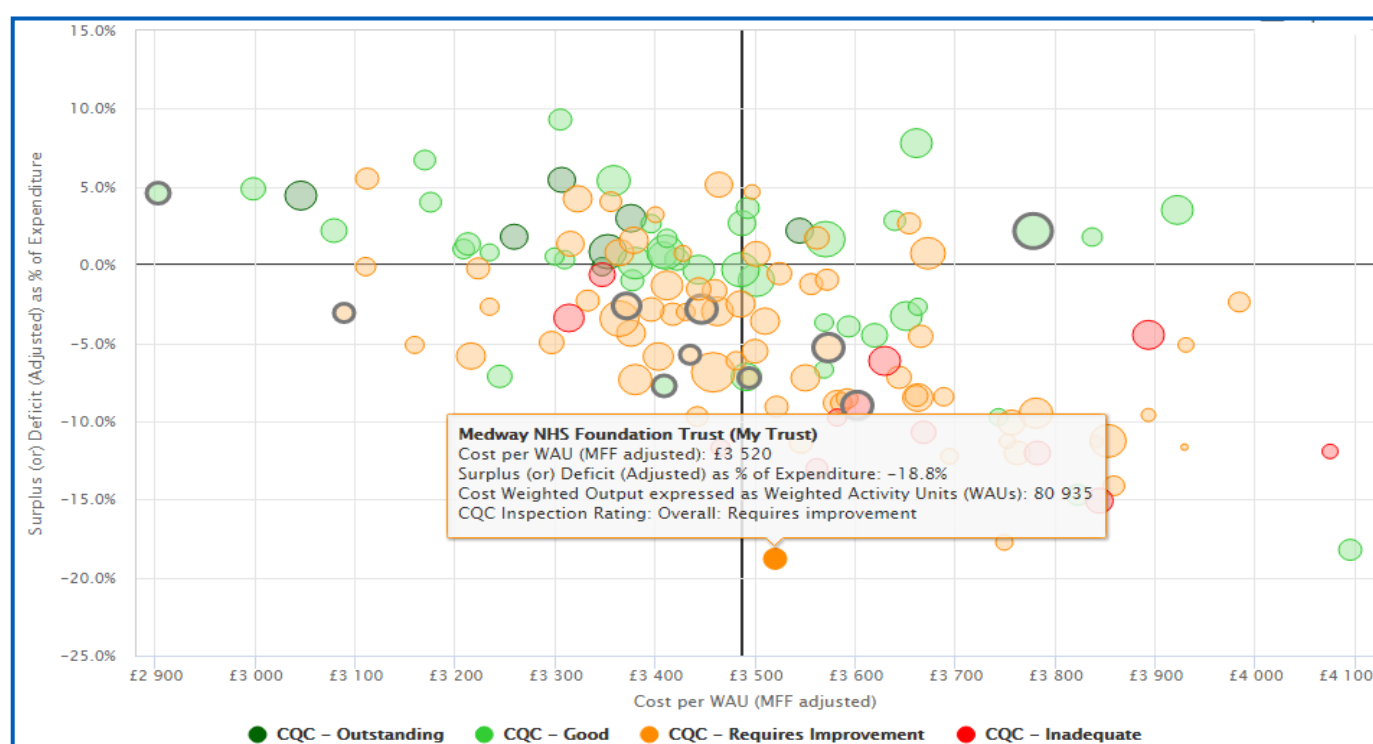
The Trust ended the year with £10.8million cash in the bank which is higher than originally planned, payments received late in the year from Commissioners in addition to reduced capital expenditure lower than planned, account for this increase.

The balance sheet shows £51.3m of net liabilities at the end of the year as a result of the representation of the department of health loans held on the balance sheet.

Financial outlook

2019/20 will be another challenging year for the Trust and is expected to result in further albeit reduced deficit after sustainability and recovery funds are applied. The control total has been agreed by the Board and is set expecting a control deficit of £22.3 million. This requires a further £18.0 million of cost improvements if that target is to be achieved.

From nationally collected data we know that in recent years the Trust has improved its efficiency position relative to Trusts up and down the country. This is represented by the chart below sourced from the national model hospital data.



It shows the Trust at or around the adjusted national median for its average costs yet with a significant deficit. The task as a health economy is to move our performance to the top left hand quartile while ensuring patients receive the care they deserve.

In addressing this challenge the Trust has:

- reinforced its process for the delivery of safe and high quality productivity gains
- established a contract linked to activity with all commissioners
- sought to overachieve the improvements required
- set up working groups with commissioners on transformation plans that seek to resolve the health economy deficit.

There remain some key risks to the overall plan, each of which are high on the agenda of the Board. Specifically:

- Delivery of the £18million Cost Improvement Programme (CIP) and ensuring no compromise on quality;
- 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.

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 2018/19.

Signed



James Devine

Chief Executive

24 May 2019

ACCOUNTABILITY REPORT



Directors' Report

Board of Directors

The following disclosures relate to the Trust's governance arrangements and illustrate the application of the main and supporting principles of the NHS Foundation Trust Code of Governance (the Code). It is the responsibility of the Board of Directors to ensure that the Trust complies with the provisions of the Code or, where it does not, to provide an explanation which justifies departure from the Code in the particular circumstances.

The Directors' Report has been prepared under direction issued by NHS Improvement, the independent regulator for foundation trusts, and in accordance with the NHS Foundation Trust Annual Reporting Manual 2018/19.

The Trust Board

Medway NHS Foundation Trust is run by a Board of Directors. The Trust Board is responsible for overseeing the overall strategic and corporate direction of the Trust and ensures the delivery of the Trust's goals and targets. It is also responsible for ensuring its obligations to regulators and stakeholders are met. Strategic priorities are set by the Trust Board annually. The risks to achieving these priorities are monitored through the Board Assurance Framework, which provides the Board with a systematic process of obtaining assurance to support the mitigation of risks. The Trust Board leads the Trust and provides a framework of governance within which high quality, safe services are delivered to the residents of Medway.

Trust Board Governance

The Board comprises a non-executive chairman, six other non-executive directors, five voting executive directors including the chief executive and seven non-voting executive directors. The Chairman is responsible for leadership of the Board of Directors and the Council of Governors and responsible for ensuring that the Board and Council work together effectively. The senior independent director, who is also a non-executive director, provides a sounding board for the chairperson and serves as an

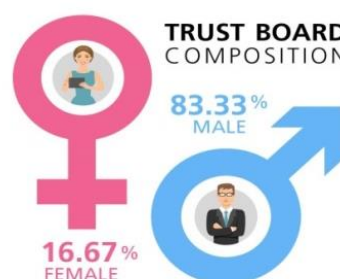
intermediary for the other directors when necessary. They should be available to governors if they have concerns that contact through the normal channels has failed to resolve, or for which such contact is inappropriate. The senior independent director is also the deputy chairperson.

The non-executive directors scrutinise the performance of the executive team in meeting agreed goals and objectives and monitor performance. The executive directors are responsible for managing the day-to-day operational and financial performance of the Trust. The chief executive leads the executive team and is accountable to the Board for the operational delivery of the Trust.

All voting board directors (executive and non-executive) have joint responsibility for board decisions, same legal responsibilities and collective responsibility for the performance of the Trust.

Together, the non-executive directors and executive directors bring a wide range of skills and experience to the Trust, such that the board achieves balance and completeness. The Board meets bi-monthly with the intervening months utilised as development sessions.

All non-executive directors are eligible for appointment for two three-year terms of office, and in exceptional circumstances a further term of twelve months. The Chairman and non-executive directors are appointed by the Council of Governors in accordance with the Trust's Constitution.



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.

Board Appointments and Leavers

Non-executive directors are appointed via a formal and transparent procedure, managed through the governors' nominations and remuneration committee, a sub-committee of the Council of Governors. This committee also determines the remuneration and terms and conditions of the non-executive directors.

During 2018/19, there were no new non-executive director appointments. Ewan Carmichael, CBE was re-appointed for a second term as non-executive director, effective 1 September 2018.

Tony Moore, resigned from his post as non-executive director, effective 1 April 2019 after more than five years with the Trust.

Lesley Dwyer departed her post as Chief Executive of the Trust on 21 November 2018, to become Chief Executive of the Central Adelaide Local Health Network, a large integrated health organisation. Since Lesley joined the Trust in early 2015, it has seen significant improvements in the safety and quality of care.

James Devine was appointed on 22 November 2018, as Chief Executive for a fixed term period of six months. Following a successful recruitment campaign for the substantive post, James was appointed as the permanent Chief Executive effective 25 April 2019.

Executive directors

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.

The stability and maturing of the executive directors continues, with some changes made to strengthen operation. Director of Strategy, Director of IT Transformation and Director of Planning and Partnerships roles were created. The Director of Clinical Operations (Unplanned and Integrated Care) was split into two Chief Operating Officer roles, one for planned care and the other for unplanned and integrated care. These roles are non-voting Executive Board roles. These, together with non-executive

directors terms of office are detailed under the Directors of Medway NHS Foundation Trust 2018/19 section.

Decisions delegated to the Executive Group

The executive directors meet monthly and the meeting 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.

Statement about the balance, completeness and appropriateness of the Board

The members of the Trust Board possess a wide range of skills and bring experience gained from NHS organisations, other public bodies and the private sector. The skills portfolio of the directors, both executive and non-executive are balanced to ensure it meets the requirements of a NHS foundation trust.

The non-executive directors are considered to be independent in character and judgement and the Board believes it has the correct balance in its composition to meet the requirements of a NHS foundation trust.

Directors of Medway NHS Foundation Trust 2018/19

Non-executive directors



Stephen Clark, TD

Chairman of the Trust Board and Council of Governors

Appointed as non-executive director

1 January 2016

Appointed as Trust Chairman 1 April 2017

Attended 6 out of 6 Board meetings in 2018/19

Experience and Qualifications

Honours Graduate in Financial Services from University of Manchester Institute of Science and Technology (UMIST)

Former Pro-Chancellor and Chair of Governors, Canterbury Christ Church University

Qualified Banker and Chartered Fellow of the Chartered Institute for Securities and Investment

Non-Executive Director of two financial institutions

Chairman of Marshalls Charity (Church of England)

Chairman of 3H Fund

Adviser and Chairman of the Disciplinary Panel, Chartered Institute for Securities and Investment

Member of Henley Business School Strategy Board

Business mentor under the London First Leadership Exchange scheme

More than 40 years' experience in wealth management, investment banking, stockbroking and fund management

Former Chief Executive of three significant financial institutions where he became Chairman

Honorary Doctorate awarded by Canterbury Christ Church University

Membership of committees

Trust Nominations and Remuneration Committee

The Chairman can attend any board committee at his discretion



Joanne Palmer
Non-Executive Director
and Senior Independent Director

Appointed as non-executive director

1 September 2015

Appointed as Senior Independent Director

22 December 2016

Appointed as Deputy Chair 1 April 2017

Term: second, ending 31 August 2021

Attended 6 out of 6 Board meetings in 2018/19

Experience and Qualifications

Director, Lloyds Banking Group - executive accountability for all aspects of Lloyd's extensive property portfolio including head offices, branch network, data centres and other critical facilities

Executive accountability for divested businesses including ongoing service provision for Sainsbury's Bank and TSB

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

More than 30 years' experience in banking and financial services across a range of disciplines

Executive Sponsor for emerging talent across the 20,000 colleagues within Lloyds Banking Group Operations

Active executive sponsor of inclusion and diversity activities across Lloyds Banking Group

Member of the national committee for the Group's women's network, Breakthrough.

Membership of committees

Trust Nominations and Remuneration Committee (Chair)
Governor Nominations and Remuneration Committee (Chair)
Integrated Audit Committee



Mark Spragg
Non-Executive Director

Appointed 1 April 2017

Term: first, ending 31 March 2020

Attended 6 out of 6 Board meetings in 2018/19

Experience and Qualifications

Qualified solicitor with more than 30 years' experience
Both a civil and criminal litigation specialist with expertise in the area of Financial Services
Involved in a number of notable cases
Involved in charity work.

Membership of committees

Integrated Audit Committee (Chair)
Finance Committee
Trust Nominations and Remuneration Committee



Jon Billings
Non-Executive Director

Appointed 1 April 2017

Term: first, ending 31 March 2020

Attended 5 out of 6 Board meetings in 2018/19

Experience and Qualifications

Twenty year career in the NHS including; diagnostic radiographer, and managing a succession of clinical services including head and neck surgery, acute and specialty medicine and services for older people
Held various senior roles in healthcare regulatory bodies, including the Audit Commission and the Healthcare Commission
Founding director of the Irish Health and Social Care Regulator - the equivalent of CQC in England
Developed Ireland's first national standards for healthcare quality and safety
Led work at the General Medical Council to develop and introduce medical revalidation
Former Director of Strategy at the Nursing and Midwifery Council
Worked on various national and local projects in the health arena.

Membership of committees

Quality Assurance Committee (Chair)
Trust Nominations and Remuneration Committee



Tony Moore
Non-Executive Director

Non-Executive Director for End of Life Care and Emergency Preparedness Resilience and Response

Appointed as designate non-executive director 1 December 2013

Appointed formally as non-executive director 1 April 2014

Re-appointed for a further 3-year term from 1 April 2017 (resigned effective 1 April 2019)

Attended 6 out of 6 Board meetings in 2018/19

Experience and Qualifications

Qualified Chartered Accountant

Wide range of operational and strategic leadership roles during 35-year career across a range of manufacturing industries

Former Vice-President for Europe, Middle East and Africa at Kimberly-Clark Corporation

Former Director and former Chairman of Kimberly-Clark Pension Trust Limited

Former Director of the Valley Invicta Academy Trust.

Membership of committees

Finance Committee (Chair)

Charitable Funds Committee

Integrated Audit Committee

Trust Nominations and Remuneration Committee



Ewan Carmichael, CBE
Non-Executive Director

Non-Executive Director for Mortality and Morbidity

Appointed 1 September 2015

Term: second, until 31 August 2021

Attended 5 out of 6 Board meetings in 2018/19

Experience and Qualifications

Graduate of the Army Staff College

MA in Strategy from King's College, London

Retired Dental Surgeon and formerly Queen's Honorary Dental Surgeon

Honorary Fellow in Dental Surgery of the Royal College of Physicians and Surgeons of Glasgow

Fellow of the Institute of Healthcare Management

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)

Former Director General Army Medical Services

Founded and led the Air Assault Medical Regiment on operations
Commissioner of the Royal Hospital Chelsea.

Membership of committees

Charitable Funds Committee (Chair)

Quality Assurance Committee

Trust Nominations and Remuneration Committee



Adrian Ward
Non-Executive Director

Non-Executive Director for Whistleblowing

Appointed 1 August 2017

Term: first, ending 31 July 2020

Attended 4 out of 6 Board meetings in 2018/19

Experience and Qualifications

Practising Veterinary Surgeon

Graduate of the Royal Veterinary College.

BSc(Hons) in Physiology from King's College, London.

Former Veterinary Advisor for pharmaceutical company - developed an interest in the development of antimicrobial resistance and the strategies that can be used to slow this process

Case examiner for the Royal College of Veterinary Surgeons Preliminary Investigation Committee from 2015

Chair, Fitness to Practice Panel for the Nursing and Midwifery Council from 2017

Member of the Institute of Chartered Accountants in England and Wales Investigating Committee from 2018

Promotes responsible antibiotic use and infection control strategies through his work with the Bella Moss Foundation.

Assists in development of educational resources for the veterinary profession as a volunteer for the British Small Animal Veterinary Association.

Membership of committees

Quality Assurance Committee

Health and Safety Strategy Committee

Nominations and Remuneration Committee

Voting executive directors



James Devine
Chief Executive

Appointed 23 November 2018
(fixed term for six months)

(substantive effective 25 April 2019)

Responsible for delivering our strategic and operational plans through the Executive Team

Attended 6 out of 6 Board meetings in 2018/19

*4 as Director of HR and OD and Deputy Chief Executive

Experience and Qualifications

Returned to Medway from Great Ormond Street Hospital for Children where he held the position of Deputy Director of HR and OD, having started his career here as an apprentice in 1996

Appointed as Director of Human Resources and Organisational Development (HR and OD) in October 2016

Appointed to the post of Deputy Chief Executive in November 2017, retaining executive oversight of the HR and OD

Former Chair of the Association of UK University Hospitals (AUKUH) Deputy HR Director Network

Member of the London Board for the Healthcare People Management Association (HPMA).

Chartered Member of the Chartered Institute of Personnel and Development

MSc, Professional Practice (Human Resources)

Undertaken periods of study in the field of psychology with the Open University and the University of Cambridge.



Ian O'Connor
Director of Finance

Appointed 1 November 2018

Attended 2 out of 2 Board meetings in 2018/19

Experience and Qualifications

Committed to the development of a high performing finance function. Has been instrumental in winning awards for both finance staff development and the development of financial improvements alongside associated quality and safety gains

Champions excellence in financial governance and works with people on the front line both to achieve the delivery of high quality services alongside their financial objectives

Fellow of the Chartered Institute of Public Finance and Accountancy



Karen Rule
Director of Nursing

(CQC Nominated Individual)

Appointed 1 November 2016

Attended 6 out of 6 Board meetings in 2018/19

Experience and Qualifications

Appointed as Deputy Chief Nurse in October 2014. Appointed Interim Director of Nursing in October 2015 and effective 1 November 2016 was appointed permanent Director of Nursing

Possesses a wealth of experience in a variety of challenging nursing roles, predominantly in acute medicine

Former Directorate Head of Nursing for Ambulatory Care Services at Guy's and St Thomas' NHS Foundation Trust. Led a successful clinical and non-clinical workforce and service implementation of a seven-day service in sexual health.

Registered nurse, qualified in 1985.

MA in Management, London South Bank University.



Leon Hinton
Director of HR and OD

Appointed 23 November 2018

(Previously Deputy Director of HR and OD from April 2017)

Attended 2 out of 2 Board meetings in 2018/19

Experience and Qualifications

Joined the Trust in April 2017 as the Deputy Director of HR and OD, and subsequently became Director of HR and OD in November 2018

Worked in a number of hospitals in the NHS over the past 17 years

Integral part of the leadership team at Great Ormond Street Hospital who won the national HPMA award in 2015 for improved HR capability

Chartered Member of the Chartered Institute of Personnel and Development

Master of Chemistry, University of Warwick

Postgraduate degree in Human Resources Management, University of Wolverhampton and Strategic Workforce Planning, University of West London

Holds financial accreditation and has studied with the Healthcare Finance Management Association.



Dr David Sulch,
MB, BS, MRCPI
Medical Director

(Caldicott Guardian)

Appointed 1 September 2018

Attended 3 out of 4 Board meetings in 2018/19

Experience and Qualifications

Joined Medway NHS Foundation Trust in January 2018, as Deputy Medical Director and Consultant Physician and became the Trust's Medical Director in September 2018

Formerly worked at Lewisham and Greenwich NHS Trust and its predecessor organisations

Consultant in Geriatric and Stroke Medicine since 2001

Career long interest in medical leadership, and worked on numerous key initiatives including Reforming Emergency Care and Hospital At Night

Instrumental in the development of the Hyperacute Stroke Unit at the Princess Royal University Hospital in Bromley in 2010

Other major interests include mortality and medico-legal work.

Non-voting executive directors

Glynis Alexander	Director of Communications and Engagement
Dr Diana Hamilton-Fairley	Director of Strategy (from 1 September 2018) (Medical Director until 31 August 2018)
James Lowell	Director of Planning and Partnerships (from 16 July 2018) (Director of Clinical Operations - Unplanned and Integrated Care until 15 July 2018)
Gary Lupton	Director of Estates and Facilities
Morfydd Williams	Director of IT Transformation (appointed 10 December 2018)
Gurjit Mahil	Chief Operating Officer - Planned Care (appointed 18 June 2018)
Harvey McEnroe	Chief Operating Officer - Unplanned and Integrated Care (appointed 30 October 2018)

Executive directors who left during 2018/19

Lesley Dwyer , Chief Executive	1 May 2015 - 22 November 2018
Tracy Cotterill , Director of Finance and Business Services	2 May 2017 - 30 September 2018
John Coleman , Director of Clinical Operations (Unplanned and Integrated Care)	11 July 2018 - 18 October 2018
Sheila Murphy , Director of Corporate Governance and Legal Services	24 July 2017 - 6 July 2018

Staff who acted as executive directors during 2018/19

Richard Boyce , Director of Finance and Business Services	1 October 2018 - 31 October 2018 (reverted to secondment position)
Benn Best , Director of Clinical Operations (Planned Care)	5 March 2018 - 17 June 2018 (reverted to substantive post)

Trust Board meetings

The Trust Board held a total of 12 meetings between 1 April 2018 and 31 March 2019, of which six were held in public and the remaining six as development sessions. Trust Board meetings are held in public unless there is confidential or sensitive information to be discussed. This is detailed on the board agenda which is published, together with the meeting papers on the Trust's website, five working days prior to the date of meeting and circulated to board members.

Director attendance at board and committee meetings are detailed under: Attendance at Board of Directors and Committee meetings in 2018/19.

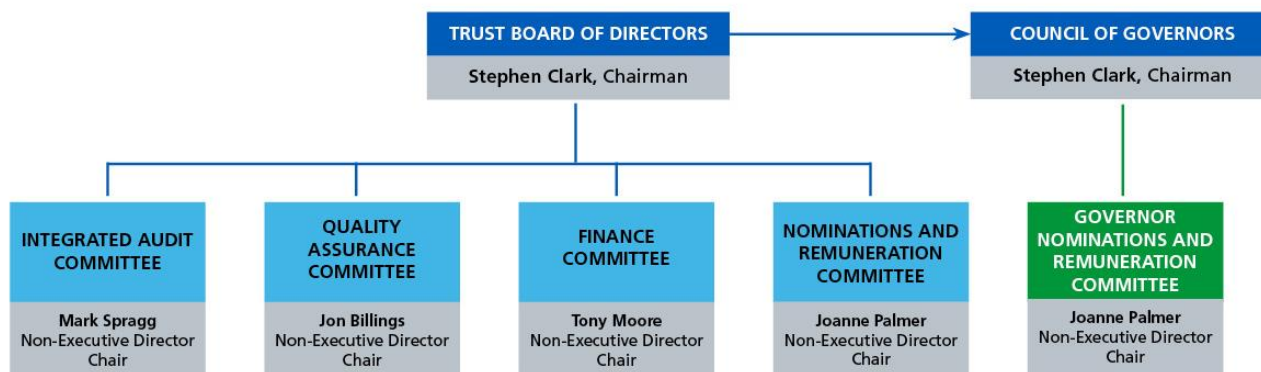
Development of working relationships with the Council of Governors

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

The Board delegates certain functions to committees that meet regularly. The Committees of the Board remained unchanged during the financial year. The Board receives any amendments to committee terms of reference. Non-executive directors chair the board committees.

Committee structure



Integrated Audit Committee

The report of the Integrated Audit Committee is detailed separately on page 32, as required by section C.3.9 of the NHS Foundation Trust Code of Governance (July 2014).

Quality Assurance Committee

The Quality Assurance Committee (the Committee) is chaired by a non-executive director and has delegated authority from the Board to be assured that the correct structure, systems and processes are in place to manage quality and safety related matters, and that these are monitored appropriately. 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 (where necessary seeks further guidance or actions) on serious incidents, safeguarding, infection prevention and control, complaints and other matters relating to the experience of our patients. The Committee also receives assurance from the Integrated Quality and Performance Report, which has been refreshed and reports from the clinical directorates. Outcomes from clinical audits are discussed at Committee meetings, in addition to discussion at the Integrated Audit Committee.

The Committee provides a key issues report to the Board of Directors after every meeting on its activities. The Committee met 12 times during 2018/19, of which six were developmental sessions. Attendance record is detailed under Attendance at Board of Directors and Committee meetings in 2018/19.

Finance Committee

The Finance Committee (the Committee) is chaired by a non-executive director and provides assurance that the Trust's 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.

The Committee provides a key issues report to the Board of Directors after every meeting on its activities. The Committee met 12 times during the year. Attendance record is detailed under Attendance at Board of Directors and Committee meetings in 2018/19.

Nominations and Remuneration Committee

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

The Committee notes that neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director for 2018/19.

The Committee met twice during the year. Attendance record is detailed under Attendance at Board of Directors and Committee meetings in 2018/19.

Attendance at Board of Directors and Committee meetings in 2018/19

Trust Board and Committees						
Members (See Non-Executive Directors biography and Committee structure for Chair of Committees)		Board of Directors	Integrated Audit Committee	Quality Assurance Committee	Finance Committee	Nominations and Remuneration Committee
Stephen Clark	Chairman	6/6	X	X	X	2/2
Joanne Palmer	Non-Executive Director/ Senior Independent Director	6/6	3/4	X	X	1/2
Mark Spragg	Non-Executive Director	6/6	4/4	X	12/12	1/2
Tony Moore	Non-Executive Director	6/6	4/4	X	11/12	2/2
Jon Billings	Non-Executive Director	6/6	X	7/7	X	2/2
Ewan Carmichael	Non-Executive Director	6/6	X	6/7	X	2/2
Adrian Ward	Non-Executive Director	4/6	X	5/7	X	1/2
James Devine	Chief Executive	6/6	X	X	X	X
Ian O'Connor	Director of Finance	2/2	X	X	5/5	X
Leon Hinton	Director of HR and OD	6/6	X	X	4/5	X
Dr David Sulch	Medical Director	3/4	X	4/5	X	X
Karen Rule	Director of Nursing	6/6	X	7/7	8/12	X
Glynis Alexander	Director of Communications and Engagement	6/6	X	X	11/12	X
Diana Hamilton-Fairley*	Director of Strategy	1/2	X	2/2	X	X
Lesley Dwyer**	Chief Executive	3/4	X	X	X	X
Tracy Cotterill**	Director of Finance and Business Services	3/3	X	X	6/6	X
Richard Boyce***	Director of Finance and Business Services	1/1	X	X	1/1	X

*Formerly Medical Director, therefore was a voting member of the Trust Board.

**Left during 2018/19 - see Directors of Medway NHS Foundation Trust 2018/19

***Returned to secondment post - see Directors of Medway NHS Foundation Trust 2018/19

Integrated Audit Committee Report

The Integrated Audit Committee's (the Committee) responsibilities and key areas discussed during 2018/19, whilst fulfilling these responsibilities, described in the table below:

Principal responsibilities		Key areas formally discussed and reviewed by the committee during 2018/19
Review of the Trust's risk management processes and internal controls	<p>Reviewing the Trust's internal financial controls, its compliance with NHS Improvement's guidance for foundation trusts, including the Code of Governance, and the effectiveness of its internal control and risk management systems.</p> <p>Reviewing the principal non-clinical risks and uncertainties of the business and associated annual report risk management disclosures. (Clinical risks are reviewed by the Quality Assurance Committee).</p>	<p>The outputs of the Trust's risk management processes including reviews of:</p> <ul style="list-style-type: none"> ✓ The Board Assurance Framework– the principal risks and uncertainties identified by the Trust's executive directors and movement in the impact and likelihood of these risks and assurances on controls. ✓ Further work to be carried out on the Trust's risk management processes and risk reporting. ✓ Annual assessment on the effectiveness of internal control systems taking account of the findings from internal and external audit reports. ✓ Internal audit, counter fraud and external audit reports and updates. ✓ Interests, gifts, hospitality and sponsorship quarterly declarations. ✓ Assurance of controls in place for laundry and health and safety. ✓ Losses and special payments ✓ Waivers of standing financial instructions
Financial matters	<p>Monitor the integrity of the financial statements of the organisation and any formal announcements relating to its financial performance</p> <p>Review the annual report and financial statements before submission to the Board, to determine their objectivity, integrity and accuracy</p>	<ul style="list-style-type: none"> ✓ Annual report and financial statements, including the Head of Internal Audit Opinion, the Annual Governance Statement, the Annual Internal Audit Report, 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. ✓ Key accounting policy judgements, including valuations. ✓ Impact of changes in financial reporting standards where relevant. ✓ Single tender waivers ✓ Losses and special payments

Principal responsibilities		Key areas formally discussed and reviewed by the committee during 2018/19
External audit	<p>Monitoring and reviewing the external auditor's independence, objectivity and effectiveness.</p> <p>Developing and implementing policy on the engagement of the external auditor to supply non audit services, taking into account relevant ethical guidance.</p>	<ul style="list-style-type: none"> ✓ Basis for concluding that the Trust is a going concern. ✓ External auditor effectiveness and independence. ✓ External auditor reports on planning, a risk assessment, internal control and value for money reviews. ✓ External auditor recommendations for improving the financial systems or internal controls. ✓ Changes to Accounting Standards.
Internal audit	<p>Monitoring and reviewing the effectiveness of the Trust's internal audit function that meets the Public Sector Internal Audit Standards, 2013 and provides appropriate independent assurance to the Committee.</p> <p>Satisfying itself that the Trust has adequate arrangements in place for counter fraud and security that meet NHS Counter Fraud Authority's standards and reviewing the outcomes of work in these areas.</p>	<ul style="list-style-type: none"> ✓ High priority internal audit recommendations with progress report covering 18 months. ✓ The internal audit reports discussed by the Committee included: <ul style="list-style-type: none"> ➤ Homecare Services ➤ Guardian of Safe Working Hours ➤ Nurse Revalidation ➤ Adult and Child Safeguarding ➤ Programme of Clinical Audit ➤ Core Financial Systems ➤ Mortality Review Processes ✓ The internal audit reports issued in draft for management responses: <ul style="list-style-type: none"> ➤ Directorate Quality Governance ➤ Research Governance ➤ Pharmacy <p>The reports provided varied degree of assurance and identified recommendations for improvement that have been accepted by the executive directors.</p>
Other	<p>Reviewing the Committee's terms of reference and monitoring its execution.</p> <p>Considering compliance with legal requirements, accounting standards.</p>	

Composition and meetings

The Committee is a non-executive committee of the Trust Board, established in accordance with paragraph 38 of the Trust's Constitution and has delegated authority to review the adequacy and effectiveness of our systems of internal control and our arrangements for risk management, control and governance processes to support our objectives.

Executive directors attend by invitation, and the Chief Executive and Director of Finance are generally in attendance. Other executive directors and staff with specialist expertise attend by invitation.

The committee met four times during the financial year.

Attendance at meetings

Non-executive directors (members)	Attendance at meetings
Mark Spragg (Chair)	4/4
Joanne Palmer	3/4
Tony Moore	4/4

Governance code

Medway NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. In so far as the Board is aware, all possible steps have been taken to ensure that all relevant audit information has been disclosed in full to the auditors.

Effectiveness of the committee

The Committee reviews its effectiveness and impact annually, using criteria from the *NHS Audit Committee Handbook* and other best practice guidance, and ensures that any matters arising from this review are addressed.

The Non-Executive Directors were satisfied that the Committee in 2018/19 had complied with its obligations and expectations as noted in its terms of reference, with steady progress being made on improving processes, with further improvement required.

The Committee reviewed and approved its terms of reference in February 2019. The terms

of reference were revised with major changes to adhere to best practice. The Committee also reviewed and approved its work plan for 2019/20.

The Committee also reviews the performance of its internal and external auditors' service against best practice criteria as detailed in the *NHS Audit Committee Handbook*.

External audit

The Trust's contract for external audit expires in August 2019. A compliant tender process which concluded in March 2019 was conducted through the CCS framework RM3745 for management consultancy, to allow sufficient time for the new supplier to work closely with the outgoing supplier. As governors have the responsibility for external audit appointment, two governor representatives sat on the tender panel and were involved throughout the process. Following a full tender evaluation, including a supplier presentation, Grant Thornton's submission scored 90.71 percent. The Council of Governors at an extraordinary meeting in March, approved the appointment of Grant Thornton for a three-year term from 2019/20, with an option to extend for a further two years. Their fees are set at £67,400.

Deloitte LLP are the Trust's current external auditors. Their audit and non-audit fees are set, monitored and reviewed throughout the year and are included in the notes to the accounts. Their fees are set at £77,400. The Committee held a private meeting with the external auditors during the year.

Independence of external auditor

The committee considered the independence of our external auditor undertaking non-audit work. No risks were identified in this respect, particularly in relation to self-review and familiarity. Our auditors will not be relying on any of the work undertaken when forming their opinion and we do not believe there to be a threat of familiarity.

Internal controls, internal audit and counter-fraud services

Internal audit services and counter fraud services are provided by KPMG. Internal audit cover financial and non-financial audits according to a risk-based plan agreed with the Integrated Audit Committee.

Counter fraud carry out reviews of areas at risk of fraud and investigate any reported frauds.

The audit plan of the internal auditors is risk-based, and the executive team works with the auditors to identify key risks to inform the audit plan. The Committee considers the links between the audit plan and the Board Assurance Framework. The Committee approves the internal audit plan and monitors the resources required for delivery. During the year, the committee considers any proposed changes to the audit plan and monitors delivery against the plan approved at the start of the financial year.

The Head of Internal Audit Opinion 2018/19 was presented to the Integrated Audit Committee in May 2019 and for the period 1 April 2018 to 31 March 2019 an overall rating of 'significant assurance with minor improvements required' was given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control.

- b) It is consistent with the annual governance statement, head of internal audit opinion and feedback received from the external auditors, and there are no matters that the Committee is aware of at this time that have not been disclosed appropriately
- c) It is appropriate to prepare the accounts on a going concern basis.

Board Assurance Framework and risk management review

The Committee reviewed the Board Assurance Framework, which was recently refreshed. A review of the risk management process is underway. Once complete, the Committee will at every meeting, review the corporate risk register, alongside the Board Assurance Framework.

Conclusion

The Committee has reviewed the content of the annual report and accounts and advised the Board that in its view, taken as a whole:

- a) It is fair, balanced and understandable and provides the necessary information for stakeholders to assess the Trust's performance

Governors' report

Council of Governors

The Council of Governors (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.

The Trust's Constitution sets out the key responsibilities of the Council. Its general functions are 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.

Membership of the Council of Governors

Members of the Trust, be they public, patient or staff are all able to stand for election to the Council provided they are 16 years of age and are resident in the constituency for which they are standing. Elected members of the Council are chosen by their constituency. The Council also includes appointed representatives from partner organisations and stakeholders from the local area to ensure a representation of views from the communities we serve.

The chair of the Council is also the Chairman of the Trust Board, which promotes transparency and encourages the flow of information between the Board and the Council.

The composition of the Council is:

9 Elected governors from Medway Constituency

4 Elected governors from Swale Constituency

1 Elected governor from Rest of England and Wales Constituency

5 Elected staff governors

6 Appointed governors from partner organisation, comprising Medway Council, Kent County Council, University of Kent, Canterbury Christ Church University, Medway League of Friends representing charities and Greenwich University*

25 seats in total

*currently vacant

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.

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. An appointed governor is eligible for re-appointment at the end of their term.

Meetings of the Council of Governors

The Council held five meetings during 2018/19, including the Annual Members' Meeting. Governors are required to attend meetings of the Council. Extraordinary meetings are also held from time to time when an urgent decision is required outside of the normal schedule of meetings.

Attendance at Council meetings is detailed under Attendance at Council of Governors' meetings.

Lead Governor

The Council elects one of its members to be the lead governor who acts as the main point of contact for the Chair and Company Secretary, and between NHS Improvement and the other governors, when communication is necessary.

The lead governor is responsible for communicating to the Chair any comments, observations or concerns expressed by governors regarding the performance of the Trust or any other serious or material matter relating to the Trust or its business.

Stella Dick was the lead governor up to September 2018. Alastair Harding became lead governor from September 2018.

Committee of the Council of Governors

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.

Elections

During 2018/19, elections were held in May 2018 and the results of the elections are set out below:

Constituency	Result
Medway	Glyn Allen (re-elected)
Medway	Jacqui Hackwell
Medway	Rod Helps
Medway	Doreen King (re-elected)
Medway	Paul Spencer-Nixon
Medway	Paul Walker (re-elected)
Swale	Lyn Gallimore (re-elected)
Swale	David Nehra
Swale	Paul Riley
Staff	Tim Cowell (re-elected)
Staff	Raghuvir Chaggar
Staff	Neil Gambell
Staff	Silvia Marin
Staff	Colin Mcleod

Membership

Public membership is available for any individual member of the public aged 16 and over who lives in Medway, Swale or the rest of England and Wales. Members are invited to "opt in" by completing a written or electronic application form. Staff Membership is available for staff members if they have a permanent contract, a 12-month or longer fixed term contract, have an honorary contract or are employed by the Trust although they work with other NHS organisations locally. Staff will automatically become members unless they opt out.

As of 20 March 2019, the Trust had 10,645 public members and 4,307 staff members giving a total of 14,952 members. The breakdown of our public membership by constituency is:

Constituency	Total
Medway	6,638
Swale	1,756
Rest of England and Wales	2,251
Membership Total	10,645

A programme of five events took place during 2018/19. Topics included innovation, a focus on nursing, seeking feedback from members and governors regarding the Quality Priorities and another was the Trust's Annual Members' Meeting.

Members received regular 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 membership strategy for 2018/19 set out the Trust's strategy to attract, retain and engage with members. Whilst the Trust enjoys a good level of membership there are underrepresented categories. The Trust has taken steps to focus on younger people (by working with the Medway Youth Council and local secondary schools, and through a membership event focused on the Kent and Medway Medical school and medical students). We have also forged good links with the BAME (Black, Asian and Minority Ethnic) organisations, engaging them in the development of the Trust and encouraging them to become members.



Attendance at Council of Governors' meetings

The information below outlines details of all governors on the Council during 2018/19, together with their record of attendance, including the four scheduled Council of Governor meetings and the Annual Members' Meeting.

Name	Constituency	Term of office	Attendance
Glyn Allen	Medway	Elected 2015; Re-elected June 2018 with effect from 1 July 2018	5 of 5
Vivien Bouttell	Medway	Elected 2010; Re-elected 2014; Re-elected June 2017 for 3 years with effect from 1 July 2017	4 of 5
Stella Dick	Medway	Elected 2014; Re-elected June 2016 for 3 years with effect from 1 July 2016	4 of 5
Matt Durcan	Medway	Elected June 2017 for 3 years with effect from 1 July 2017	4 of 5
Jacqui Hackwell	Medway	Elected June 2018 for 3 years with effect from 1 July 2018	3 of 4
Rod Helps	Medway	Elected June 2018 for 3 years with effect from 1 July 2018	2 of 4
Doreen King	Medway	Elected 2015; Re-elected June 2018 with effect from 1 July 2018	3 of 5
Paul Spencer-Nixon	Medway	Elected June 2018 for 3 years with effect from 1 July 2018	4 of 4
Paul Walker	Medway	Elected 2015; Re-elected June 2018 for 3 years with effect from 1 July 2018	4 of 5
Lyn Gallimore	Swale	Elected 2015; Re-elected June 2018 for 3 years with effect from 1 July 2018	5 of 5
David Nehra	Swale	Elected June 2018 for 3 years with effect from 1 July 2018	3 of 4
Paul Riley	Swale	Elected June 2018 for 3 years with effect from 1 July 2018	2 of 4
Vacancy	Swale		
Alastair Harding	Rest of England and Wales	Elected June 2016 for 3 years with effect from 1 July 2016	4 of 5
Tim Cowell	Staff	Elected 2015; Re-elected June 2018 for 3 years with effect from 1 July 2018	2 of 5
Raghuvir Chaggar	Staff	Elected June 2018 for 3 years with effect from 1 July 2018	1 of 4
Neil Gambell	Staff	Elected June 2018 for 3 years with effect from 1 July 2018	3 of 4
Silvia Marin	Staff	Elected June 2018 for 3 years with effect from 1 July 2018	2 of 5
Colin Mcleod	Staff	Elected June 2018 for 3 years with effect from 1 July 2018.	0 of 2
Cllr David Brake	Medway Council	Appointed June 2013 for 3 years. Re-appointed May 2016 for a further 3 years with effect from 1 June 2016.	5 of 5
Cllr John Wright	Kent County Council	Appointed June 2017 for 3 years with effect from 1 July 2017.	4 of 5
Dr Peter Nicholls	University of Kent	Appointed February 2016 for 3 years. Reappointed February 2019 for 3 years with effect from 1 March 2019.	3 of 5
Claire Thurgate	Canterbury Christ Church University	Appointed February 2016 for 3 years. Reappointed February 2019 for 3 years with effect from 1 March 2019.	1 of 5

Name	Constituency	Term of office	Attendance
Christine Harvey	Medway League of Friends representing Charities	Appointed July 2015 for 3 years, Reappointed June 2018 for 3 years with effect from 1 July 2018.	4 of 5
Vacancy	Greenwich University		

Former Governors during 2018/19**		Attendance
Richard Shannon	Stepped down November 2018	2 of 3
Mandy Stevenson	Stepped down April 2018	0 of 1
Ann Bushnell	End of tenure	1 of 1
Renee Coussens	Elected 2008 Re-elected: June 2011; March 2014 for 1 year and 6 months; and July 2015 for 3 years*	0 of 1
Craig Kennett	End of tenure	0 of 1

*Renee Coussens sadly passed away in June 2018, at the end of her term.

Director attendance at Council of Governors meetings (including the Annual Members' Meeting) 1 April 2018 to 31 March 2019

Current Board members during 2018/19	Attendance
Stephen Clark, Chair	5 of 5
Joanne Palmer, Non-Executive Director	4 of 5
Jon Billings, Non-Executive Director	3 of 5
Tony Moore, Non-Executive Director	3 of 5
Ewan Carmichael, Non-Executive Director	2 of 5
Mark Spragg, Non-Executive Director	4 of 5
Adrian Ward, Non-Executive Director	0 of 5
James Devine, Chief Executive	4 of 5
Ian O'Connor, Director of Finance	1 of 1
Karen Rule, Director of Nursing	3 of 5
David Sulch, Medical Director	0 of 2
Leon Hinton, Director of HR and OD	4 of 5
Glynis Alexander, Director of Communications and Engagement**	3 of 5
Diana Hamilton-Fairley, Director of Strategy**	0 of 5
Gary Lupton, Director of Estates and Facilities**	3 of 5
James Lowell, Director of Planning and Partnerships**	2 of 5
Gurjit Mahil, Chief Operating Officer - Planned Care**	2 of 4
Harvey McEnroe, Chief Operating Officer - Unplanned and Integrated Care**	1 of 1
Morfydd Williams, Director of IT Transformation**	0 of 1

**Non-voting Executive Directors

Former Board members during 2018/19	Attendance
Lesley Dwyer, Chief Executive	4 of 4
Richard Boyce, Interim Director of Finance	1 of 1
Tracy Cotterill, Director of Finance and Business Services	2 of 2
John Coleman, Director of Clinical Operations (Unplanned and Integrated Care)	0 of 1

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:

- a. In the first instance the Chair on the advice of the Company Secretary, and such other advice as the Chair may see fit to obtain, shall seek to resolve the dispute;
- b. 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;
- c. 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, 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

Disclosures

In setting its governance arrangements, the Trust has regard for the provisions of the the updated NHS foundation trust code of governance 2014 issued by NHS Improvement (formerly Monitor) and other relevant guidance where provisions apply to the responsibilities of the trust. The following paragraphs together with the annual governance statement and corporate governance statement explain how the trust has applied the main and supporting principles of the code.

Principal activities of the Trust

Information on our principal activities, including performance management, financial management and risk, efficiency, employee information is outlined in the performance report.

Going Concern

Our going concern disclosure is detailed in the performance report.

Directors' responsibilities

The directors acknowledge their responsibilities for the preparation of the financial statements.

Safeguarding external auditor independence

This is detailed under the Integrated Audit Committee section.

Off payroll engagements

Information about off-payroll engagements can be found on page 49.

Transactions with related parties

Transactions with third parties are presented in the accounts. None of the other board members, the foundation trust's governors, or parties related to them have undertaken material transactions with the Trust.

Political Donations

There are no political donations to disclose.

Statement on better payment practice code

The Better Payment Practice Code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The Trust's performance is set out below.

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	69,775	104,824	61,425	89,095
Total non-NHS trade invoices paid within target	31,838	39,307	26,668	30,696
Percentage of non-NHS trade invoices paid within target	45.6%	37.5%	43.4%	34.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,629	25,889	1,489	23,519
Total NHS trade invoices paid within target	197	5,061	164	4,307
Percentage of NHS trade invoices paid within target	12.1%	19.5%	11.0%	18.3%

NHS Improvement's well-led framework

The CQC Well Led inspections are undertaken on an annual basis and involve an assessment of: the leadership and governance at trust board and executive team-level; the overall organisational vision and strategy; organisation-wide governance, management, improvement; and organisational culture and levels of engagement. This draws on the CQC's wider knowledge of quality in the trust at all levels.

As part of their routine scheduled inspection programme, the CQC conducted a well-led inspection of the Trust on 2 and 3 May 2018. The Trust was rated as 'Requires Improvement'. This review took account of leadership in individual services.

A recent change in organisational structure resulted in staff telling the CQC they were unclear as to what directorate they were in. They felt the change in structure had not been communicated well in relating to why the change was made or what the changes were.

The inspectors identified the areas of good practice including local leaders being visible, approachable and supportive. In addition, urgent and emergency services and medical care (including older people's care) were rated 'Good'.

The Trust has developed a CQC Improvement Plan, which is being monitored at the Quality Assurance Committee, reporting into the Trust Board.

Stakeholder Relations

Over the past year we have been proactive in seeking the involvement of patients and public in the progress of the Trust and development of services, through workshops and focus groups and at events within the Trust. We have also encouraged patients and public to take part in engagement and consultation exercises led by other organisations such as CCGs, for example during the review of urgent stroke care services, leading to the Medway public response to the consultation being the biggest in the county.

Non-Executive Directors and Governors take part in departmental visits to hear about the experience of patients and relatives first-hand. Issues raised and feedback received are responded to and addressed within the hospital's directorates. The Trust also learns from the experience of patients and their families through Patient Stories shared at public board meetings. This includes stories where care has been excellent as well as where it has fallen short of expected standards.

The Trust's Chairman and Chief Executive regularly meet key stakeholders to ensure they are kept informed about Trust progress and are able to support the involvement of the local community. Trust Executives also report to local government scrutiny committees on a regular basis.

Patient Care

Please refer to the Quality Report on page 76.

Fees and charges (income generation)

Please refer to the Annual Account.

Statement as to disclosure to auditors

Each individual who is a director at the date of approval of this report confirms that:

- a) they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the trust's performance, business model and strategy
- b) so far as the director is aware, there is no relevant audit information of which the NHS foundation trust's auditors are unaware
- c) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Medway NHS Foundation Trust's auditors are 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:

- a) made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and

- b) 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.
- c) All Board members have been assessed against the requirements of the fit and proper person test.

Income disclosures required by Section 43 of the NHS Act 2006

The Trust met the requirement in section 43(2A) of the *National Health Service Act 2006* (as amended by the *Health and Social Care Act 2012*), which requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The bulk of our income is clinical income and it is unlikely that 'other income' will exceed clinical income for any reporting period.

Remuneration report

Annual Statement on remuneration

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.

Senior Managers 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 2018/19 no cost of living award was made to executive directors and very senior managers.

Director salaries were within benchmarked salary ranges. When new appointments are made the salary is determined by reference to the NHS Providers 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.

The figures in the table below relate to the amounts received during the financial year. For 2018/19 there were no annual or long-term performance bonuses.

These figures have been audited.

	Current Year						Note:	Prior Year				
	(a)	(b)	(c)	(d)	(e)	(g)		(a)	(b)	(e)	(g)	(f)
	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	Annual Performance Related bonuses (Bands of £5,000)	Long-term performance- related bonuses (Bands of £5,000)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)		Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in Salary and Fees) (Bands of £5,000)
Mr S Clark, Chairman	50-55	2,200			-	50-55	-	45-50	3,100	-	-	-
Mr T Moore, Non Executive Director	15-20	400			-	15-20	-	15-20	500	-	-	-
Ms J Palmer, Non Executive Director	15-20	-			-	15-20	-	20-25	-	-	-	-
Mr E Carmichael, Non Executive Director	10-15	800			-	10-15	-	10-15	-	-	-	-
Mr J Billings, Non Executive Director	15-20	400			-	15-20	-	10-15	-	-	-	-
Mr M Spragg, Non Executive Director	15-20	1,800			-	15-20	-	15-20	1,400	-	-	-
Mr A Ward, Non Executive Director	10-15	-			-	10-15	-	5-10	-	-	-	-
Ms L Dwyer, Chief Executive (left 22/22/18)	145- 150	4,700			-	150- 155	-	220- 225	-	-	-	-
Mr J Devine, Chief Executive (start 23/11/18)	60-65	-			0-5	60-65	-	0	-	-	-	-
Ms T Cotterill, Executive Director of Finance (left 30/09/18)	120- 125	-			0-5	120- 125	45-50	120- 125	-	50-55	170- 175	-
Mr R Boyce, Executive Director of Finance (start 01/10/18, left 31/10/18)	5-10	-			-	5-10	-	-	-	-	-	-
Mr I O'Connor, Executive Director of Finance (start 01/11/18)	60-65	-			-	60-65	-	-	-	-	-	-
Ms D Hamilton – Fairley, Medical Director (left 31/08/18)	55-60	-			-	55-60	-	155- 160	-	155- 160	-	-

	Current Year						Note:	Prior Year				
	(a)	(b)	(c)	(d)	(e)	(g)		(a)	(b)	(e)	(g)	(f)
	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	Annual Performance Related bonuses (Bands of £5,000)	Long-term performance- related bonuses (Bands of £5,000)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in salary and Fees) (Bands of £5,000)	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in Salary and Fees) (Bands of £5,000)
Mr D Sulch, Medical Director (start 01/09/18)	95-100	-			40-45	135-140	-	-	-	-	-	-
Mrs K Rule, Director of Nursing	125-130	-			-	125-130	-	125-130	-	130-135	255-260	-
Mr J Devine, Deputy Chief Executive and Executive Director of HR and Organisational Development (left 22/11/18 - see Chief Executive)	85-90	-			0-5	90-95	-	130-135	-	-	130-135	-
Mr L Hinton, Executive Director of HR and Organisational Development (start 23/11/18)	35-40	-			25-30	60-65	-	-	-			-
Ms G Alexander, Director of Communications and Engagement	110-115	-			-	110-115	-	110-115	-	-	110-115	-
Mr G Lupton, Director of Estates and Facilities	100-105	-			110-115	215-220	-	100-105	-	40-45	145-150	-
Mr J Lowell, Executive Director of Planning and Partnerships (start 16/07/18)	70-75	-			10-15	85-90	-	-	-	-	-	-
Ms D Hamilton – Farley, Director of Strategy (start 01/09/18)	40-45	-			-	40-45	-	-	-	-	-	-
Ms M Williams, Executive Director of IT Transformation (start 10/12/18)	35-40	-			-	35-40	-	-	-	-	-	-
Ms S Murphy, Director of Corporate Governance and Legal Services (left 06/07/18)	85-90	-			-	85-90	50-55	-	-	-	-	-

	Current Year						Note:	Prior Year				
	(a)	(b)	(c)	(d)	(e)	(g)		(a)	(b)	(e)	(g)	(f)
	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	Annual Performance Related bonuses (Bands of £5,000)	Long-term performance- related bonuses (Bands of £5,000)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in salary and Fees) (Bands of £5,000)	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in Salary and Fees) (Bands of £5,000)
Ms G Mahil, Chief Operating Officer (Planned Care) (start 18/06/18)	75-80	-			25-30	105-110	-	-	-	-	-	-
Mr B Best, Director of Clinical Operations (Planned Care) (left 17/06/18)	15-20	-			-	15-20	-	-	-	-	-	-
Mr H McEnroe, Chief Operating Officer (Unplanned and Integrated Care) (start 30/10/18)	40-45	-			-	40-45	-	-	-	-	-	-
Mr J Lowell, Executive Director of Planning and Partnerships (left 16/07/18)	25-30	-			5-10	35-40	-	-	-	-	-	-
Mr J Coleman, Director of Clinical Operations (Unplanned and Integrated Care) (start 11/07/18, left 18/10/18)	70-75	-			-	70-75	-	-	-	-	-	-
Ms J Stephens, Non Executive Director	-					0-5	-	0-5	200	-	0-5	-
Mr D Cattell, Executive Director of Finance	-					0-5	-	80-85	-	-	80-85	-
Ms L Stuart, Director of Corporate Governance, Risk, Compliance and Legal	-					0-5	-	45-50	-	-	45-50	-

For 2018/19, there were no annual or long-term performance-related bonuses.

Total Pension Entitlement

The table below excludes director who are paid via off-payroll arrangements, on another organisation's payroll and those who have drawn their pension. These figures have been audited.

Name and title	Real increase in pension at pension age (bands of £2500) £000s	Real increase in pension lump sum at pension age (bands of £2500) £000s	Total accrued pension and related lump sum at pension age at 31 March 2019 (bands of £2500) £000s	Cash Equivalent Transfer Value at 31 March 2019 £000s	Cash Equivalent Transfer Value at 31 March 2018 £000s	Real Increase in Cash Equivalent Transfer £000s
James Devine, Chief Executive (from 23/11/18; Deputy Chief Executive and Executive Director of HR and OD until 22/11/18)	0-5	0-2.5	10-15	121	97	23
Karen Rule, Executive Director of Nursing	0-5	0-2.5	55-60	1174	1032	124
David Sulch, Executive Medical Director (from 01/09/18)	0-5	7.5-10	30-35	689	562	116
Leon Hinton, Executive Director of HR and OD (from 23/11/18)	0-5	0-2.5	10-15	90	60	26
Ian O'Connor, Executive Director of Finance (from 01/11/18)	0	0	20-25	395	347	0
Tracey Cotterill, Executive Director of Finance and Business Services (until 30/09/18)	0-5	0-2.5	20-25	449	374	20
Gary Lupton, Executive Director of Estates and Facilities	5-10	12.5-15	25-30	474	380	79
James Lowell, Executive Director of Planning and Partnerships (from 16/07/18; Executive Director of Clinical Operations until 15/07/18)	0-5	0-2.5	30-35	446	359	74
Morfydd Williams, Executive Director of IT Transformation (from 10/12/18)	0-5	0-2.5	35-40	695	614	20
Gurjit Mahil, Chief Operating Officer (Planned Care) (permanent from 18/06/18)	0-5	0-2.5	5-10	38	19	15

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, this is presented in the table below.

	Number in receipt of expenses 2018/19	Aggregate sum of expenses paid 2018/19	Aggregate sum of expenses paid 2017/18
Directors	5	5571.46	5229.72

Payments for loss of office

There were no Directors who had loss of office in 2018/19.

Fair Pay Multiple

The table below provides the ratio between the highest paid Director in the trust and the median total remuneration of the whole workforce. Following a nil increase to Director remuneration in 2018/19 and a £2,400 increase to the median annual salary to £25,100, the pay multiple has decreased from 9.8 to 8.9.

These figures have been audited.

	2018/19	2017/18
Band of Highest Paid Director's Total Remuneration (£'000)	220-225	220-225
Median Total Remuneration (£'000)	25.1	22.7
Ratio	8.9	9.8

Expenditure on consultancy

The Trust spent £1.58 million on consultancy during 2018/19, this was a rise of £164,000 compared to the previous year (2017/18) of £1.41 million.



James Devine
Chief Executive

Staff report

Analysis of average staff numbers

The table below profiles the average worked full-time equivalent workforce across the organisation (including temporary staff) throughout 2018/19.

	Permanent Number	Other Number	2018/19 Total Number	2017/18 Total Number
Medical and dental	622	8	630	626
Ambulance staff	-	-	-	-
Administration and estates	1,301	20	1,321	1,470
Healthcare assistants and other support staff	770	-	770	693
Nursing, midwifery and health visiting staff	1,219	86	1,305	1,380
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	256	27	283	474
Healthcare science staff	-	-	-	-
Social care staff	-	-	-	-
Other	-	-	-	-
Total average numbers	4,168	141	4,309	4,644

Of which:

Number of employees (WTE) engaged on capital projects

- - - -

Male and Female Employees

The table below profiles the voting Board Directors and other senior managers by contractual full-time equivalent on 31 March 2019.

	Voting Board Director	Other senior managers	All staff
Female	2	18	3,438
Male	10	17	888
TOTAL	12	35	4,326

Sickness Absence Data

The table below sets out the Trust's sickness absence for 2018/19 compared with 2017/18. The overall sickness rate has increased over the last 12-months and equates to 9.53 average days sick per full-time employee. The Trust is proactively managing sickness with improved reporting for managers, a 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 over 75 per cent in 2018/19.

Staff group	2018/19	2017/18
Additional Professional, Scientific and Technical	2.69%	2.36%
Additional Clinical Services	6.78%	6.00%
Administrative and Clerical	3.86%	3.89%
Allied Health Professionals	2.99%	4.09%
Estates and Ancillary	6.48%	5.40%
Healthcare Scientists	0.00%	0.82%
Medical and Dental	1.09%	0.55%
Nursing and Midwifery Registered	4.28%	3.88%
Students	0.00%	0.00%

Staff policies*Staff policies and actions applied during the financial year*

The Trust maintains policies and takes actions to enable the wellbeing, progression and development of staff. The relevant policies and operating procedures are set out in the table below. In addition the Trust consults regularly with the NHS Trade Unions on the review and application of policies, staff wellbeing and organisational change. In addition the Trust has reintroduced Staff Equality Networks in the past financial year, aimed at increasing staff voice with particular regard to equality and inclusion.

Policies and Standard Operating Procedures

Policy/SOP	How these support the workforce	Renewal date
Disability in Employment Policy	Enables the employment of disabled persons by ensuring due regard to their skills and abilities; this policy applies at recruitment and throughout employment, including, where appropriate, reasonable adjustments and adaptations. (see also the Attendance Management Policy)	April 2019
Attendance Management Policy and SOP	This policy is designed to support employees' attendance, and enable employees to remain in work/return to work after absence. The SOP includes the Trust's procedure for Assessment of Adjustment.	April 2020
Worklife and Family Policy	This policy is designed to ensure that there is appropriate consideration of employees work-life balance, taking into consideration family and caring responsibilities and personal wellbeing.	November 2021
Flexible Working Policy	This policy provides the framework for flexible working to be considered and applied fairly.	April 2021
Maternity Leave policy	This is the framework to ensure correct and fair application of maternity-related entitlements, including maternity and paternity leave, keeping in touch and return to work.	November 2021
Employing Staff in the Reserve Forces	This is a new policy drawing together from other policies the Trust's commitment to staff who are members of the Reserve Forces, enabling them to be released for training and mobilisation.	December 2020
Apprenticeship Policy	This sets out the framework to enable the recruitment of apprentices at all levels (including internal development opportunities) and all ages.	October 2018
Organisational change policy	Where organisational changes are required, this policy aims to ensure consistency of practice, consultation where necessary and involvement of staff and Trade Unions in informing the outcome.	November 2021
Health and Safety Policy	<p>This policy sets out the organisational framework to outline how the Trust achieves compliance with the HASAWA 1974 and associated regulations as required by law.</p> <p>It also ensures all Trust employees are aware of their individual role and responsibilities for health and safety within the organisation.</p> <p>Ensures robust systems are in place to report and investigate health and safety incidents in order to identify lessons learnt to be embedded in policy to support continuous improvement.</p>	December 2020

Policy/SOP	How these support the workforce	Renewal date
Inclusion Policy	This policy sets out the Trust's commitment to the Equality Act 2010, and to NHS workforce standards (such as the Workforce Race Equality Standard)	September 2019
Freedom to Speak Up/Raising Concerns at Work/Whistleblowing Policy	This enables staff to be able to raise concerns at work safely, and for the Trust to respond to those concerns.	March 2020
Relationship between Medway NHS Foundation Trust and NHS Trade Unions Policy	This policy provides the framework for the NHS Trade Unions and Trust Managers to meet regularly to review: application of policies, staff wellbeing and organisational change	November 2021
Anti-Fraud, Bribery and Corruption Policy	The aim of the policy and procedure is to set out clearly for staff, the framework and controls in place for dealing with all forms of detected or suspected fraud, bribery and corruption	March 2021

NHS staff survey

The NHS staff survey is a vital measure of the Trust's level of staff engagement, how staff are feeling, their morale and their experiences of working here. This is used by the Trust to listen and adapt to make improvements. The survey is conducted annually and compared against other NHS acute organisations and also against the Trust's own results from the previous year. This provides not only an opportunity to learn from our staff, but also how we compare to the national picture.

The 2018 staff survey results are now reported nationally across 10 themes. The Trust's trend largely follows the national picture and demonstrates an above average quality of appraisals and safe environment from violence. The Trust's updated Workforce Strategy retains culture as key the delivery programme for the future. By continuing the embedding of 'You are the Difference' culture improvement programme in tandem with our staff survey action planning and implementation, values-based recruitment and continuous improvement methodologies – the Trust is committed to improving our staff experience which, in turn, will improve patient experience.

The theme indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2018 survey among trust staff was 40.2 percent (2017: 40.1 percent) against a national average of 44 percent. Scores for each indicator together with that of the survey benchmarking group (acute) are presented below.

	2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	8.8	9.1	8.8	9.0	9.2	9.1
Health and wellbeing	5.4	5.9	5.8	6.0	6.1	6.1
Immediate managers	6.2	6.7	6.6	6.7	6.7	6.7
Morale	5.4	6.1				

	2018/19		2017/18		2016/17	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Quality of appraisals	5.5	5.4	5.5	5.4	5.8	5.3
Quality of care	7.0	7.4	7.3	7.5	7.6	7.6
Safe environment – bullying and harassment	7.4	7.9	7.7	8.0	7.8	8.0
Safe environment – violence	9.4	9.4	9.4	9.4	9.4	9.4
Safety culture	6.1	6.6	6.2	6.6	6.5	6.6
Staff engagement	6.4	7.0	6.7	7.0	6.9	7.0

Application of Modern Slavery Act

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. The Trust has a zero tolerance approach to any form of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the organisation or our supply chain.

We operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include:

- Recruitment;
- Equal Opportunities;
- Safeguarding;
- Whistleblowing;
- Standards of business conduct.

Our approach to procurement and our supply chain includes:

- Ensuring that our suppliers are carefully selected through our robust supplier selection criteria/processes;
- Requiring that the main contractor provides details of its sub-contractor(s) to enable the Trust to check their credentials;
- Random requests that the main contractor provides details of its supply chain;
- Ensuring invitation to tender documents contain a clause on human rights issues;
- Ensuring invitation to tender documents also contain clauses giving the Trust the right to terminate a contract for failure to comply with labour laws;
- Using the standard Supplier Selection Questionnaire (SQ) that has been introduced (which includes a section on Modern Day Slavery).

Advice and training about modern slavery and human trafficking is available to staff through our mandatory safeguarding children and adults training programmes, our safeguarding policies and procedures, and our safeguarding leads. It is also discussed at our compulsory staff induction training.

Trade Union Facility Time

Trade Union Facility Time disclosures

The Trust and recognised Trade Unions work through a partnership agreement to describe the partnership, processes and structures which are linked to our shared goals and objectives. The agreement outlines how we will work together to promote effective partnership regarding the workforce implications of delivering and developing the services we provide to our patients. In line with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to produce an annual report detailing the facility time (the provision of time off from an employee's normal role to undertake Trade Union duties and activities when they are elected as a Trade Union representative); this information is provided below. The first publication year runs from 1 April 2017 – 31 March 2018. The data must be published by or on 31 July 2018 and to the same timeframes every year thereafter.

These figures have been audited.

Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
16	13.2

Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

<i>Percentage of time</i>	<i>Number of employees</i>
0%	11
1-50%	5
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

<i>First Column</i>	<i>Figures</i>
Provide the total cost of facility time	£2,055
Provide the total pay bill	£213,714,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.001%

Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	59%
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Exit packages

Staff exit packages

These figures have been audited.

Name and title	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	28	28
£10,000 – £25,000	-	31	31
£25,001 – £50,000	1	15	16
£50,001 – £100,000	-	1	1
£100,000 – £150,000	-	-	-
£150,001 – £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	1	75	76
Total resource cost	£40,000	£1,420,000	£1,460,000

Exit packages: non-compulsory departure payments

Name and title	Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs	-	-
Mutually agreed resignations (MARS) contractual costs	75	1267
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	19	153
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval *	-	-
*Includes any non-contractual severance payment made following judicial mediation, and X [list amounts] relating to non-contractual payments in lieu of notice.		
Total	94	1420

As single exit packages can be made up of several components, each of which will be counted separately in this note, the total number above will not necessarily match the total numbers in exit packages table which will be the number of individuals.

NHS Foundation Trust Code of Governance

Code of Governance

NHS Improvement's NHS Foundation Trust Code of Governance (the Code) brings together best practice 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.

Code Provision	Requirement	How the code was adhered to
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the Board of Directors.	Directors' Report – Board section and Council of Governors section. 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.
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Directors' Report – throughout the report
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Directors' Report – Council of Governors section
Additional requirement of FT ARM	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.1.1	The Board of Directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Directors' Report All non-executive directors are independent as per the definition in Code Provision B.1.1.

Code Provision	Requirement	How the code was adhered to
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
Additional requirement of FT ARM	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.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
Additional requirement of FT ARM	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 appointment of a chair or non-executive director.	Directors' Report - Nominations and Remuneration Committee Appointment of a non-executive director did not take place during 2018/19.
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 .
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
Additional requirement of FT ARM	If, during the financial year, the Governors have exercised their power* under paragraph 10C** 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. *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	This power has not been exercised by the Council of Governors.

Code Provision	Requirement	How the code was adhered to
	<p>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).</p> <p>**As inserted by section 151 (6) of the Health and Social Care Act 2012.</p>	
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.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.	No external evaluation of the Board was conducted during the financial year.
C.1.1	<p>The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.</p> <p>Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).</p>	<p>Stated in the "Statement of the chief executive's responsibilities as the accounting officer of Medway NHS Foundation Trust."</p> <p>Quality Governance is included in the Annual Governance Statement.</p>
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.
C.2.2	<p>A Trust should disclose in the annual report:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	<p>The Trust does not have its own internal audit department. Internal audit services are provided by KPMG, an external provider.</p> <p>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 actions required to improve controls.</p>
C.3.5	If the Council of Governors does not accept the audit committee's recommendation on the	The Council of Governors approved the appointment of

Code Provision	Requirement	How the code was adhered to
	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.	Grant Thornton as the Trust's external auditor for an initial contract period of three years commencing in 2019/20 with an option to extend for a further period of up to two years. Deloitte LLP are the Trust's current external auditors until August 2019.
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: a) the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; b) an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and c) 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.	Directors' Report - Integrated Audit Committee Report
D.1.3	Where an NHS Foundation Trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	None of the executive directors have been released to serve as a non-executive director elsewhere.
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
E.1.5	The Board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the	Directors' Report

Code Provision	Requirement	How the code was adhered to
	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.	
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
Additional requirement of FT ARM	<p>The annual report should include:</p> <ul style="list-style-type: none"> a) a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; b) information on the number of members and the number of members in each constituency; and c) 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. 	Directors' Report – Membership section
Additional requirement of FT ARM (based on FReM requirement)	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.	Directors' Report details how the Registers of Interests for both directors and governors can be accessed.

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.

So far as the Board is aware, there are no known areas of non-compliance with the code.

NHS Improvement's Single Oversight Framework

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:

1. Quality of care
2. Finance and use of resources
3. Operational performance
4. Strategic change
5. 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.

Segmentation

This segmentation information is the Trust's position as at 31 March 2019. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

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

Area	Metric	2018/19				2017/18			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Financial sustainability	Capital service capacity	4	4	4	4	4	4	4	4
Financial sustainability	Liquidity	4	4	4	4	4	4	4	4
Financial efficiency	I and E margin	4	4	4	4	4	4	4	4
Financial controls	Distance from financial plan	2	1	2	2	2	2	4	4
Financial controls	Agency spend	1	1	1	1	1	1	1	1
Overall scoring		3	3	3	3	3	3	3	3

Statement of Accounting Officers Responsibilities

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.



James Devine
Chief Executive

24 May 2019

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 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 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 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Accounting Officer, I have overall responsibility for risk management within the Trust, for meeting all statutory requirements and for ensuring adherence to the guidance issued by NHS Improvement, Department of Health and Social Care and the CQC in respect of governance.

However, the Company Secretary and Head of Integrated Governance and Legal, have specifically defined responsibilities for leading on the management of risk throughout the Trust. Day to day management of risks is undertaken by operational management, who are charged with ensuring risk assessments are undertaken proactively throughout their area of responsibility and remedial action is carried out where problems are identified. The process of identification, assessment, analysis and management of risks (including incidents) is the responsibility of all staff across the Trust and particularly of all managers.

The Trust has a Risk Management Strategy and Policy in place which clearly sets out the accountability, reporting arrangements, identification, management and control of risk, along with the risk management process of escalation and de-escalation to be followed. All relevant policies and procedures relating to risks are available to staff via the Trust intranet. The executive directors also monitor planned actions to mitigate risks and considers risks for inclusion in the corporate risk register or Board Assurance Framework. Risk management is a core component of the job descriptions of senior managers within the Trust.

The Trust integrated quality and performance report is reviewed by the Quality Assurance Committee and the Trust Board at each meeting. Deep dives are usually carried out for indicators where there is sustained adverse performance. There are monthly performance improvement meetings between the group executive and the local executive directors to discuss areas of adverse performance.

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

The Risk Management Strategy and Policy

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 Risk Management Strategy and Policy is under review.

Risk Appetite

The Trust recognises it is impossible to deliver its services and achieve positive outcomes for its stakeholders without taking risks. 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.

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. The Risk Appetite Statement is reviewed periodically by the Trust Board outlining the risk tolerances for various areas of its operations.

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.

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.

A number of principal risks were identified during the year that may have had the potential to adversely affect the achievement of our strategic objectives. These risks are assigned to an executive director and reported on the Board Assurance Framework.

The Board Assurance Framework which provides a structure and process that enables the Trust to focus on those risks that might compromise achievement of the Trust's strategic objectives was reviewed and reformatted. The Board Assurance Framework is reviewed at every meeting of the Integrated Audit Committee and quarterly at the Trust Board for oversight of emerging risks and issues which may impact on the achievement of the agreed priorities and 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 Trust.

[Figure 1] Schematic view of the risk management process



A summary of the principal governance risks is provided below.

Principal risks

Objective One - Integrated Health Care: We will work collaboratively with our local partners to provide the best of care and the best patient experience

Principal risk	How they are mitigated
Failure of partnership working to deliver systems integration, stability and better patient services via the formation of an Integrated Care Partnership (ICP).	<ol style="list-style-type: none"> 1. Progress against system recovery and integration plans monitored independently via NHS England and NHS Improvement bi-monthly Assurance meetings. 2. Establishment of fortnightly Medway and Swale Transformation Board. 3. Regular updates against milestones submitted to Executive and Board of Directors meetings. 4. Agreed Intergrated Care Partnership model in place with systems partners actively working to mobilise key collaborative elements. 5. Collaborative agreements drafted with corporate governance best practice utilised. 6. A formal Strategy and Planning Function has been established within the acute Trust.

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

Principal risk	How they are mitigated
There may be difficulty in making appropriate decisions with imperfect information on the future clinical and IT strategy of the STP and the organisation's role therein.	<ol style="list-style-type: none"> 1. Organisational structure devised to ensure services are aligned and encourage innovation. Further work in progress on colocation of services to assist best working practices. 2. Working with Getting it Right First Time (GIRFT) to improve efficiency and effectiveness of surgical pathways.

Objective Three - We will deliver financial sustainability and create value in all we do

Principal risk	How they are mitigated
There is a risk that the Trust may be unable to establish financial sustainability within the required timeframe due to inability to realise efficiencies.	<ol style="list-style-type: none"> 1. Monthly reporting of financial position to the Finance Committee and Board, demonstrating: <ol style="list-style-type: none"> a) agency usage has reduced and bank usage increased – continuing to focus on this, and to address bank rate differentials b) improving run rate during the year. 2. Establishment of Programme Management Office and appointment of Financial Improvement Director to track operational delivery and financial consequences of those actions. 3. Monitoring controls: Monthly reporting of actual compared to budget performance for review at Performance Review Meetings (PRMs) and presented to the Board. Weekly performance overview meetings. Internal accountability framework at programme level.
If there is insufficient cash to invest in new technologies, there is a risk to the transformation plan.	<ol style="list-style-type: none"> 1. Transformation reports on delivery of in-year efficiency programmes 2. Development of longer term financial model based on impact of 2018/19 delivery (Month12 2018/19).
Failure to achieve longer term financial sustainability	<ol style="list-style-type: none"> 1. Development of longer term financial model based on impact of 2018/19 delivery (Month12 2018/19) 2. Transformation reports on delivery of in-year efficiency programmes 3. Reporting of identified pressures alongside CIP and budgetary delivery to Finance Committee on a regular basis 4. Developing planning tools to better triangulate resources with activity 5. Development of system wide financial narrative and joint plans with commissioners and other key stakeholders.
There is a risk that the Trust's Going Concern assessment is at risk given the proportionality of the continued and sustained deficit.	<ol style="list-style-type: none"> 1. Interaction with regulators for loans to support deficit and capital requirements has mitigated this risk.

Objective Four - We will enable our people to give their best and achieve their best

Principal risk	How they are mitigated
There is a risk that the Trust may be unable to staff clinical and corporate areas sufficiently to function	<ol style="list-style-type: none"> 1. Strategy: Workforce Strategy in place to address current workforce pressures, link to strategic objectives and national directives. 2. Vacancy Reporting: Bi-monthly reporting to Board demonstrating: <ol style="list-style-type: none"> a. Current contractual vacancy levels (workforce report) b. Sickness, turnover, starters leavers (IQPR) 3. Monthly reporting to services or all HR metrics and KPIs via HR Business Partners. 4. Monitoring controls: <ol style="list-style-type: none"> a. Monthly reporting of vacancies and temporary staffing usage at PRMs; b. Daily temporary staffing reports to services and departments against establishment; 5. Daily pressure report during winter periods for transparency of gaps.
Should there be a deterioration of staff engagement with the Trust due to lack of confidence, this may lead to worsening morale and subsequent increase in turnover.	<ol style="list-style-type: none"> 1. Workforce Strategy in place to address the underlying cultural issues within the Trust, to ensure freedom to speak up guardians are embedded and deliver the 'Best Culture'. 2. Culture Intervention: The Trust has engaged with specialists to deliver 'You Are The difference' culture programme to instil tools for personal interventions to workplace culture and a parallel programme for managers to support individuals to own change.
Should the Trust lack the right skills and the right values, this may lead to poor performance, poor care, worsening morale and subsequent increase in turnover.	<ol style="list-style-type: none"> 3. Workforce Strategy in place to address the underlying cultural issues within the Trust to deliver the 'Best Culture' with the best of people. 4. The Trust has a fully-mapped competency profile for each position within the Trust and monitored against individual competency. Overall StatMan (statutory and mandatory training) compliance report to the Board (bi-monthly) and internally weekly.

Workforce Safeguards

The Trust's 2019-21 People Strategy builds upon the 2017-19 Workforce Strategy which aims for a continued transformational change over the next two years. Our People Strategy will be delivered through three delivery domains, Best of People, Best Culture and Best Future and has been designed in tandem with our clinical and quality strategies. This is to ensure our culture and future is based on building continuous quality improvement and that we design our workforce to deliver the clinical services for the future. The strategy is driven by patient safety improvements based on the Francis Report and Developing Workforce Safeguards to deliver high-quality care through safe and effective staffing. To ensure we plan effectively and safely for the future, the Trust conducts bi-annual safe staffing reviews; safe staffing is reported through to Board as part of our integrated quality and performance report; a monthly ward nursing scorecard is reviewed; multiple daily safe staffing acuity reviews take place across the hospital; planning for now and in the future is carried out through following national guidance for staffing ratios.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This

includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

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

The Trust has published an up-to-date register of interests for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS'22 guidance.

The Trust made preparations through 2018/19 for the potential impact of the UK's exit from the European Union; including planning for the case of a 'no deal' EU Exit and following recommendations in the Department of Health and Social Care's EU Exit Operational Guidance. The NHS's overall approach includes planning and contingency measures being taken centrally, as well as actions that are the responsibility of individual providers.

In terms of governance, the Directors of Estates and Facilities has been the Trust's EU Exit Senior Responsible Officer, reporting to the executive group on a regular basis. Risks relating to Brexit are handled as part of the workforce risks on the Board Assurance Framework.

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

Register of Interests

The Trust is required to hold and maintain a register setting out details of any company directorships and/or significant interests held by Board members, which may conflict with their responsibilities as Trust directors.

The Trust Board reviews the register at each meeting and requires all executive and non-executive directors to confirm their entries. Recently a standing item has been introduced on the Board agenda which requires all executive and non-executive directors to make known any interests in relation to the agenda.

A register of the directors' interests is available to the public on the Trust's website www.medway.nhs.uk or by contacting:

The Company Secretary,
Medway NHS Foundation Trust,
Medway Maritime Hospital,
Windmill Road, Gillingham,
Kent ME7 5NY.

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

The Trust has a range of processes to ensure resources are used economically, efficiently and effectively. This includes clear and effective management and supervision arrangements for staff and the presentation of regular finance and cost improvement programme reports to the executive group, the trust board and associated sub-committees.

Financial Sustainability

In 2018/19 we delivered on our control total of £46.9 million deficit. This is a reduction in the Trust's deficit from £62 million in 2017/18.

The plan for 2019/20 is to deliver a deficit of £22.3 million with renegotiated and agreed income levels and is reliant on the delivery of an £18 million Cost Improvement Programme (CIP). Notwithstanding the deficit, national comparators of both reference costs and the model hospital show the Trust providing services at a value only slightly worse than the national median. Although the Trust Board is dissatisfied with the deficit it

recognises the need to continue to improve its overall economy, efficiency and effectiveness of its current use of resources while at the same time working with stakeholders in north Kent to return the economy to a financially stable and sustainable position. As a result, the Trust is taking the following steps to rectify the position:

- Establishing the continuation of challenging and realistic Cost Improvement Programme in 2019/20.
- The development of a medium term plan with partner organisations to solve the drivers of the deficit in north Kent
- 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.
- Continuous confirmation and challenge 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 Trust's external auditors are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The result of their work is reported to the Integrated Audit Committee. Their report is on page 148.

Cost Improvement Programme

The Trust achieved its CIP target of £21 million, with £20.8 million (against target of £15 million) being recurrent and £0.2 million against target of £2 million) being recurrent. This is one of the largest acute trust efficiency programmes nationally, 6.9 percent of operating expenditure.

Review of use of resources at Committees

The Integrated Audit Committee receives independent assurance from internal and external audit and counter-fraud specialists who support and provide regular reports based on a risk assessed programme of work agreed ahead of the start of the financial year. This committee also receives other external reports and findings from investigations carried out.

Financial performance and investment business cases are overseen by the Finance Committee which is 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 Chief Operating Officers being held accountable for the performance of their care programmes. Issues are escalated to the Executive Group 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 2018-19

Date of Incident (month)	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification Steps
Date 26/02/2018	Breach of confidentiality in relation to an ex-partner	Patient name Diagnose	1	Information Commissioner's Office (ICO)
Further action on information risk	Member of staff's employment was terminated.			

Summary of other personal data related incidents

Category	Breach type	Total
A	Corruption or inability to recover electronic data	8
B	Disclosed in error	43
C	Lost in transit	36
D	Lost or stolen hardware	3
E	Lost or stolen paperwork	3
F	Non-secure disposal – hardware	1
G	Non secure disposal – paperwork	0
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	0
J	Unauthorised access / disclosure	1
K	Other	17
Total Information Governance/ Data Security and Protection breaches		112

All of Medway NHS Foundation Trust's Information Governance policies and procedures are General Data Protection Regulations (GDPR) compliant and the teams work with services to ensure that we learn from incidents to prevent similar incidents from reoccurring. This is achieved through classroom and on-line training using the National NHS Digital Data Security and awareness training as a module.

Refer to Quality Report for Toolkit submission data.

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 issues annual core standards against which each Trust undertakes a self-assessment and is then audited by its Commissioner. The Trust was awarded Full Compliance against the 2018 NHS England Emergency Preparedness, Resilience and Response Core Standards by Medway CCG. This has been reported via the Local Health Resilience Partnership Executive Group for Kent and Medway to NHS England.

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 incorporates 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.

The Trust agreed the following quality indicators for 2018/19:

- ✓ Patient safety - keeping patients safe from harm
- ✓ Clinical Effectiveness - how successful is the care provided?
- ✓ Patient Experience - how patients experience the care they receive

The Deloitte review highlighted data quality issues associated with the indicators tested. Although we have taken measures to improve the quality of data throughout the year there were still recurring data quality issues. The actions we will be taking to improve overall data quality, including these issues, is detailed in the quality report.

Subject to the NHS Improvement detailed requirements for external assurance for quality reports for foundation trusts for 2018/19, Medway NHS Foundation Trust is required to select one indicator which along with two mandated indicators must be subject to external audit. The Council of Governors, at its extraordinary meeting on 22 March 2019, approved Summary Hospital Mortality Indicator (SHMI) as the local indicator and those mandated were accident and emergency four-hour waits and 62-day cancer waits.

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

Compliance with CQC registration

The Trust has identified the Director of Nursing and the Head of Quality Governance, who are respectively accountable and responsible for ensuring compliance with each element of the CQC registration standards and monitoring the CQC action plan. It is the responsibility of these staff to collate evidence of compliance with the standards. An update on compliance with CQC registration is reviewed periodically by the 'CQC Check and Challenge' panel and reported to the Quality Assurance Committee.

The Trust received a CQC announced inspection of six core services on 10 and 11 April 2018, which were emergency and urgent care, medicine (including older persons care), surgery, critical care, outpatients and diagnostics. Outpatients and diagnostics were inspected separately for the first time on this inspection.

The Trust was inspected by the CQC in regard to the well-led key question on 2 and 3 May 2018. The Trust received an overall rating of 'Requires Improvement'. The Trust was rated 'Good' for effective and caring and rated 'Requires Improvement' for safe, responsive and well-led.

Further information about the well-led inspection can be found on page 97.

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 Integrated Audit and the Quality Assurance Committee [where appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of the internal audit work. My review of the effectiveness of the system of internal control is informed by executives and managers within the organisation who have responsibility for the development and maintenance of the system of internal control and the assurance framework. The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its objectives have been reviewed. The Board Assurance Framework is framed in the context of the Trust's strategic objectives to ensure that focus is maintained on the delivery of agreed outcomes and the effective management of attendant risks. The internal auditors have confirmed that the Trust's Board Assurance Framework does reflect the Trust's key objectives and risks and is regularly reviewed by the Board. The Executive reviews the Board Assurance Framework on a monthly basis and the Integrated Audit Committee provides views on whether the Trust's risk management procedures are operating effectively.

The head of internal audit opinion for this year is *'significant assurance with minor improvements required' can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

The Board, through the executive directors, reviews risks to the delivery of the Trust's performance objectives through monthly monitoring and discussion of the performance in the key areas of finance, activity, national targets, patient safety, patient experience, quality and workforce. This enables focus to be placed on addressing key issues as they arise.

The Integrated Audit Committee oversees the effectiveness of the Trust's overall risk management and internal control arrangement. On behalf of the Board, it independently reviews the effectiveness of risk management systems in ensuring all significant risks are identified, assessed, recorded and escalated as appropriate. The Integrated Audit Committee regularly receives reports on internal control and risk management matters from the internal and external auditors. Concerns raised by the internal or external auditors have been considered by the executive team and the Integrated Audit Committee and have been addressed appropriately.

The responsibility for compliance with the CQC essential standards is allocated to lead executive directors who are responsible for maintaining evidence of compliance. The Trust is addressing all areas of underperformance and non-compliance identified either through external inspections and patient and staff surveys, raised by stakeholders, including patients, staff, governors and others or identified by internal peer review.

The Trust has appointed a Freedom to Speak Up Guardian which allows staff to raise (in confidence) concerns about possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently.

Compliance with the Trust's licence

The Trust has confirmed compliance with all of its Licence conditions.

Conclusion

My review confirms that Medway NHS Foundation Trust has a sound system of internal controls that supports the achievement of its aims and objectives. No significant internal control issues have been identified.



James Devine

Chief Executive

24 May 2019

QUALITY REPORT



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Part 3: Other information

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- Statement of adjustment

Annex 2

- Statement of directors' responsibilities for the quality report

About the Quality Report

As an NHS health care provider we are required to produce an Annual Account to describe the quality of services we deliver to our patients (as part of our Annual Report). Foundation trusts must also publish quality accounts each year, as required by the Health Act 2009, and in the terms set out in the National Health Service (Quality Accounts) Regulations 2010.

The Quality Account incorporates all the requirements of the Quality Accounts Regulations as well as those of NHS Improvement's (NHS Improvement) additional reporting requirements. The purpose of the Account is to:

- promote quality improvement across the NHS
- increase public accountability
- allow the Trust to review its services
- demonstrate what improvements are planned by the Trust
- respond and involve external stakeholders' feedback including patients and the public

The Trust's Quality Account helps to improve public accountability for the quality of care they provide and is a key mechanism to provide demonstrable evidence of measures undertaken in improving the quality of the Trust's services.

The Quality Account also describes the organisation's quality priorities and aims for the coming year.

Part 1: Statement on quality from the chief executive

As I have set out in our Annual Account, it has been an important year at Medway and this Quality Account provides the opportunity to reflect on our achievements and challenges during this time as well as to set out our ambitions for the future.

The last 12 months have been a time of transformation at the Trust, and our Better, Best, Brilliant Improvement programme has focussed on improving the quality of care for our patients who rely on us for treatment, and on improving the working lives of the people they rely on – our staff.

Our commitment to improving the quality of our services is fundamental to everything we do and is underpinned by our organisational values and overall vision on our journey towards excellence. This commitment is clearly defined in our core strategic objective for High Quality Care and in our Quality Strategy that sets out our goals for delivering quality over the next three years.

This account reports the progress that the Trust has made in strengthening the quality of care provided to our patients over the last year and sets out the priorities that have been adopted by the organisation for the coming year. These priorities will allow us to address those areas where we continue to meet challenges.

This year has not been without challenges; the trust recognises that there is continuing work to ensure that venous thromboembolism (VTE) risk assessments achieve the 95 per cent target and improving patient flow, staffing, infection prevention, ensuring the trust is working towards improving care for all patients within our care.

Keeping patients safe and listening to them and their families is at the heart of everything we do at Medway and we will continue to focus our efforts on responding to and involving our patients in improving the care they receive.

We will continue to encourage an open and transparent reporting culture where members of staff are encouraged to raise concerns and report incidents. This approach will be supported by our Freedom to Speak up Guardian and we will ensure that we adopt the improvements identified by staff, patients, their families and our partners in healthcare.

Throughout the last year we have been transforming our approach to learning from investigations, ensuring that improvements are led by our frontline clinical staff.

During the coming year we will build on this work, ensuring that we continue to develop a sustainable improvement culture across our organisation.

The launch of our 'You are the Difference Programme' is a first for the organisation and helps to create, nurture and build a positive improvement culture. Happy staff provide the best care – a simple ethos that we take very seriously.

This year we have continued to work hard on improving the length of stay for our patients. Reducing length of stay delivers a range of benefits for patients and the Trust. It reduces the risk of deconditioning in patients, and gets them back home to recuperate in familiar surroundings more quickly.

In November, we opened our brand new Emergency Department to deliver the best of care to our most unwell patients. This includes seven new resuscitation bays and a new dedicated entrance for ambulance crews. It is a fantastic facility and one which will benefit our community for many years to come.

We were delighted this year to open our brand new Acute Frailty Unit. This provides a dedicated short stay area for frail elderly patients and patients with dementia, with the goal of ensuring patients return home safely within 48 hours. The unit is already having a significant impact on the experience of this vulnerable group of patients.

We continue to work hard to ensure that we have the right staffing levels at the hospital. In 2018/19 we launched a number of international and national recruitment campaigns, reduced our reliance on expensive agency staff and developed new initiatives to improve staff retention. Ensuring that people want to stay at Medway is as important as employing new members of staff.

The NHS is an ever-changing landscape and as we look to the future we must continue to work closely with our partners across Kent to deliver services more efficiently while meeting the changing needs of our patients; this means looking at how and where we provide care.

Our vision for excellence is to provide brilliant care through brilliant people – ensuring that our patients get the right care from the right people in the right place, at the right time. This means reducing the variation of care received by some of our most vulnerable patient groups and ensuring that we continue to improve outcomes for all of the patients that we care for as well as for their families.

As I have said, there are many challenges ahead of us, but many opportunities too. I believe the future is bright for Medway and I am delighted to lead this fantastic organisation on our continued pursuit of brilliance – I hope you will join us on that journey. To the best of my knowledge the information in the document is accurate.



James Devine
Chief Executive

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

A Quality Account is an annual report to the public about the quality of the services our Trust delivers. The Health Act 2009 requires all providers of NHS services in England to produce a Quality Account to provide information about the quality of those services. The aim of the Quality Account is to enhance the Trust's accountability to the public and its commissioners (purchasers of healthcare) on both the achievements made to improving the quality of services for our local communities as well as being very clear about where further improvement is required. Quality Accounts are both retrospective and forward looking.

Medway NHS Foundation Trust's Quality Strategy will set out the goals and targets for providing high-quality care over the next three years in order to deliver our vision and strategic objectives through living our values and supports us in achieving our ambition of becoming an outstanding organisation.

Medway is committed to embedding a brilliant open and transparent culture; one in which staff members and volunteers feel empowered to raise concerns, with the confidence that these concerns will be acted upon and without fear of detriment for speaking up. This includes the appropriate structure and process that supports speaking up and ensuring that all staff members demonstrate the values and behaviours required to deliver this in practice. In order to support speaking up, the Trust implemented a new Freedom to Speak Up strategy in January 2019 in addition to the policy and procedure; this was to instil a culture where staff and volunteers feel safe and supported to raise concerns, to enable to our leaders to be responsive and act on them and for the organisation to learn from concerns. During 2018/19, the Trust appointed a substantive lead guardian to continue the work to embed an open and transparent culture to raising concerns.

The Trust has defined its vision for improving quality that is aligned to our strategic aim for delivering High Quality Care. The Quality Priorities for 2019/20 are defined under Safe, Effective and Person Centred. Delivering our priorities across all three domains will enable us to provide safe and effective care for all of our patients that will ensure a positive patient experience for them and for their families.

Delivering consistent high quality care will be the priority of all staff

Safe

We will learn when things go wrong and reduce the incidence of hospital acquired harm

Effective

We will ensure that the right patient is in the right place receiving the best of care and that their care is safely transferred between care settings

Person Centred

Patients, carers and families will be listened to and supported to meet their needs

2.1 Priorities for Improvement 2019-20

The Trust will ensure that the quality improvement priorities identified for 2019/20 are aligned with the objectives outlined in the Trust's Quality Strategy 2019/22 and include existing areas of performance where there is room for improvement.

In preparation for this report and in order to engage with our stakeholders, consultations took place with governors, staff and patient group representatives. A presentation of quality priorities for development was delivered to our members. The following identifies the selected priorities in each domain.

The proposed quality priorities for 2019/20 are.

SAFE	
Quality priorities and why we chose them	What success will look like
Hospital Acquired Infections In 2018/19 we did not meet our trajectories for our two key infection indicators, Clostridium Difficile and MRSA. In 2019/20 we want to deliver safer care by delivering improved Infection Prevention and Control standards of care. We also have an ambitious target to reduce Gram negative infections.	We will report a reduction in the number of Hospital Acquired Infections, specifically Clostridium <i>Difficile</i> MRSA Bacteraemia Gram Negative infections
Falls In 2018/19 we achieved a reduction in falls resulting in harm. In 2019/20 we want to continue to reduce the total number of falls experienced by our patients.	We will report compliance with the three high impact interventions as set out in the 2019/20 CQUIN.

EFFECTIVE	
Quality priorities and why we chose them	What success will look like
Transfer of Care <p>Effective transfer of patient care between care providers is essential to ensuring patients receive effective and seamless treatment. We know from complaints and concerns that we do not always handover care in a timely manner and this can have a detrimental impact on the care a patient receives. Our aim is to ensure patient care is timely and accurately handed over to the right care provider.</p>	<p>We will</p> <ul style="list-style-type: none"> Improve compliance with the 5 day standard for GP notifications See a reduction in transfer of care concerns
In-patient Sepsis Management <p>In 2018/19 we delivered improved sepsis management in our Emergency Department, evidenced through our CQUIN achievement. This improvement was not replicated in our inpatient wards. We will refresh our sepsis improvement plan with a focus on interventions within our wards.</p>	<p>We will improve our compliance with the standard for administration of antibiotics within one hour in our inpatient wards.</p>
Prescribing and Management of Antibiotics <p>Good antimicrobial stewardship is key to supporting a reduction in hospital acquired <i>Clostridium Difficile</i>. However it is also key to reducing antimicrobial resistance and eliminating clinically inappropriate treatment.</p>	<p>We will improve our compliance with our antimicrobial policies, demonstrated by improved audit results.</p>
Right and Proper Nutrition and Hydration <p>Many of our patients have a higher risk of malnutrition, for example those undergoing major surgery, those with underlying medical conditions and those at the end of their life. Supporting our at risk patients is vital to aid recovery and maintain comfort. We have implemented a number of new initiatives and policies for meeting the nutritional and hydration needs of our patients, for example a fasting policy for elective surgical patients. However we know that we can make further improvements in nutritional assessment and management of patients who are Nil By Mouth.</p>	<p>We will:</p> <ul style="list-style-type: none"> Improve our compliance with completion of nutritional assessments See a reduction in concerns and incidents relating to nutrition and hydration

PERSON CENTRED	
Quality priorities and why we chose them	What success will look like
Care of Vulnerable Patients Caring for some of our most vulnerable patients can be challenging but we all have a duty of care to ensure patients and carers needs are met. We will improve the care we provide for some of our most vulnerable patients who have Dementia, Delirium and Learning Disability by making appropriate adjustments and interventions to care to ensure we meet the needs of patients and achieve equality of outcome.	We will: <ul style="list-style-type: none"> Report improved performance in our local Dementia and Delirium audits and the National Dementia and Delirium Audits Comply with the three Learning Disability Improvement Standards for Acute Trusts.

Statements of assurance from the board

Review of Services

During 2018/19 the Medway NHS Foundation Trust provided and/or sub-contracted 56 relevant health services.

The Medway NHS Foundation Trust has reviewed all the data available to it on the quality of care in 56 of these relevant health services.

The income generated by the relevant health services reviewed in 2018/19 represents 100 per cent of the total income generated from the provision of relevant health services by Medway NHS Foundation Trust for 2018/19.

Participation in Clinical Audits 2018/19

National Clinical Audits and National Confidential Enquiries

During 2018/19, 53 national clinical audits and five national confidential enquiries covered relevant health services that Medway NHS Foundation Trust provides.

During that period, Medway NHS Foundation Trust participated in 96 per cent of the national clinical audits and 100 percent 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 2018/19, are listed below alongside the number of cases submitted to each audit or enquiry.

Audit Title	Participation	Percentage of required number of cases submitted
Adult Community Acquired Pneumonia	Y	Figure not available – currently collecting data
BAUS Urology Audit - Cystectomy	Y	100%
BAUS Urology Audit - Nephrectomy	Y	Figure not available

Audit Title	Participation	Percentage of required number of cases submitted
BAUS Urology Audit – Radical Prostatectomy	Y	Figure not available
Cardiac Rhythm Management (CRM)	Y	100%
Case Mix Programme (CMP)	Y	100%
Elective Surgery (National PROMs Programme)	Y	100%
National Audit of Inpatient - Falls to fracture	Y	100%
National Audit of Inpatient - National Hip Fracture Database	Y	100%
National Audit of Inpatient - Fracture Liaison Service Database	Y	100%
Inflammatory Bowel Disease Registry	N	N/A
Feverish Children (care in emergency departments)	Y	100%
Learning Disability Mortality Review Programme (LeDeR)	Y	100%
Major Trauma Audit	Y	Figure not available currently collecting data
Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection - MRSA	Y	100% (25)
Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection - C-Diff	Y	100% (9)
Myocardial Ischaemia National Audit Project (MINAP)	Y	100%
National Asthma and COPD Audit Programme - COPD Secondary Care Audit	Y	100%
National Asthma and COPD Audit Programme - Adult Asthma Secondary Care Audit	Y	100% (27 new project Nov 2018 collecting data)
National Audit of Breast Cancer in Older People	Y	100%
National Audit of Care at the End of Life (NACEL)	Y	100%
National Audit of Dementia	Y	100%
National Audit of Percutaneous Coronary Interventions (PCI) - Angiograms	Y	100%
National Audit of Percutaneous Coronary Interventions (PCI) - Angioplasty	Y	100%
National Audit of Percutaneous Coronary Interventions (PCI) - Primary PCI	Y	100%
National Audit of Seizures and Epilepsies in Children and Young People	Y	Figure not available – currently collecting data
National Bowel Cancer Audit (NBOCA)	Y	100%
National Cardiac Arrest Audit (NCAA)	Y	100%

Audit Title	Participation	Percentage of required number of cases submitted
National Clinical Audit for Rheumatoid and Early Inflammatory Arthritis (NCAREIA)	Y	100%
National Comparative Audit of Blood Transfusion programme - Use of Fresh Frozen Plasma and Cryoprecipitate in Neonates and Children	Y	100%
National Comparative Audit of Blood Transfusion programme - Management of massive haemorrhage	Y	100%
National Diabetes Audit - Adults National Diabetes	Y	100%
National Diabetes Audit - Inpatient Audit	Y	N/A – Organisational questionnaire only
National Emergency Laparotomy Audit (NELA)	Y	100%
National Heart Failure Audit	Y	100%
National Joint Registry (NJR)	Y	96%
National Lung Cancer Audit (NLCA)	Y	100%
National Maternity and Perinatal Audit (NMPA)	Y	100%
National Neonatal Audit Programme (NNAP)	Y	100%
National Oesophago-gastric Cancer (NAOGC)	Y	100%
National Paediatric Diabetes Audit (NPDA)	Y	100%
National Prostate Cancer Audit	Y	100%
National Vascular Registry	Y	100%
Non-Invasive Ventilation - Adults	Y	Figure not available – currently collecting data
Paediatric Intensive Care (PICANet)	N	N/A
Reducing the impact of serious infections Antimicrobial Resistance	Y	100%
Reducing the impact of serious infections Sepsis	Y	100%
Sentinel Stroke National Audit programme (SSNAP)	Y	100%
Serious Hazards of Transfusion (SHOT): UK National Haemovigilance	Y	100%
Seven Day Hospital Services NHS England	Y	100%
Surgical Site Infection Surveillance Service	Y	100%
Vital Signs in Adults (care in emergency departments)	Y	100%
VTE risk in lower limb immobilisation (care in emergency departments)	Y	100%

National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Participation	Percentage of required number of cases submitted
Cancer in Children, Teens and Young Adults	Y	100%
Perioperative Diabetes	Y	100%
Pulmonary Embolism	Y	100% (study is still open)
Acute Bowel Obstruction	Y	22% (study is still open)
Long Term Ventilation	Y	50% (study is still open)

The reports of 24 national clinical audits were reviewed by Medway NHS Foundation Trust in 2018/19 and the Trust intends to take the following actions to improve the quality of healthcare provided.

Audit Title	Actions
1. MBRRACE: Perinatal Mortality Surveillance	<ul style="list-style-type: none"> Continuity of Carer Vulnerable in Pregnancy team Healthcare Safety Investigation Branch PRReCePT - Reducing cerebral palsy initiative
2. National Maternity and Perinatal Audit	<ul style="list-style-type: none"> Transition to digital maternity records
3. National Neonatal Audit Programme – Neonatal Intensive and Special Care (NNAP)	<ul style="list-style-type: none"> Report all babies <32 weeks with admission temperature less than 36.5 on the trust incident reporting system Monitor admission temperature in the monthly governance meeting Breast feeding care plan for all babies Staff Training (nursing) E module mandatory for doctors induction Audit on pathway once training programmes implemented Review the service provisions and reduce the number of DNA Audit on the neurodevelopmental follow up for 2015-16 Ongoing care bundle reviewed every 6 months as a QIP Evaluate the need to change to stronger 2% Chlorhexidine Participate in Arctic Study on reducing the incidence of Central Line-associated Blood Stream Infection (CLABSI)
4. National Audit of Dementia (care in general hospitals) Delirium Spotlight Report 2018	<ul style="list-style-type: none"> New delirium guidelines have been written (awaiting ratification) which includes ALL 65+ year olds are screened using the 4AT (rapid clinical test for delirium) on admission, and the delirium pathway followed and delirium care plan implemented if delirium is present. The SQUID is to be asked daily for those at risk who are not delirium positive on admission Delirium Pathway updated to include 4AT Delirium Care Plan written 4AT has been included in ED clerking proforma and orthopaedic proforma

Local Audits

The Trust undertook 165 local audits in the 2018/19.

The reports of 49 local audits were reviewed by Medway NHS Foundation Trust during 2018/19 and the Trust intends to take the following actions to improve the quality of the healthcare provided.

Audit Title and Actions

1819.003P - General Surgery Pancreatitis re-audit

- Glasgow scores to be completed at 48hrs and documented correctly

1819.008P - Out of theatre rapid sequence intubation documentation

- New out of theatre intubation documentation form created

1819.010P- Sugammadex use in Main Theatres and Day Surgery

- Raise awareness of guidelines for anaesthetic team
- Review of information documented on safersleep system

1819.011N - Improving trauma theatre efficiency

- Review staffing and job planning including:
 - dedicated trauma nurse, porter to transfer trauma patients, anaesthetic registrar/additional anaesthetists rota, priority recovery bed, exempt trauma nurse from morning meetings, extended trauma working day/trauma shifts, and dedicated consultant of the week

1819.012N Appropriateness of Teledermatology

- Create a proforma for acceptable patient criteria for Teledermatology Clinics for GPs

1819.018N - Capturing cognitive impairment in the Emergency Department

- Create a proforma incorporating the AMT-4 for Emergency Department

1819.019N - Smoking cessation advice: Do we care?

- Create a waiting room display providing contact details for smoking cessation

1819.022N - MRI Suboptimal Imaging Examination Report

- Discuss individual image quality issues found during the audit at MRI team meetings
- Ensure staff are aware of the area to be covered in relation to specific pathologies
- Produce a folder with anonymised examples of poor image quality, and pathological conditions due to operator factors, for review by the MRI team.

1819.024N - Hysterectomy : morbidity and mortality review

- Raise awareness of Datix trigger list for gynaecology department

1819.025N - Haematuria clinic practices audit

- Closer review of the 2ww Pathway Criteria for Non Visible Haematuria and Visible Haematuria for Urologists and GPs

Audit Title and Actions

- Haematuria Clinic Proforma, confirm identification of Risk Factors to ensure standardisation
- Evaluate the Non Visible Haematuria and Visible Haematuria Risk Factors and Algorithm of Haematuria Clinic to assess if it is appropriate
- Present agreed Update on the Non Visible Haematuria and Visible Haematuria Algorithm for implementation
- Re-audit

1819.027N - Status Epilepticus compliance with NICE and local guidelines

- Scope the use of standardised time-sensitive pre-hospital and hospital management algorithms to improve preventive care, seizure detection, and rescue medication education

1819.030N - Quality of consent form for transrectal ultrasound guided prostate biopsy

- Review and update the existing TRUS biopsy of prostate information leaflet

1819.031N - Front door therapy team extended hours service review

- Education for the front door therapy team about who is to be seen after 4pm;
- Education for team about what to do when called for an on call situation and patient in on ward not covered by front door ie paediatric
- To perform an audit on weekend statistics
- To re-audit extended hours of service and add response times of referrals and remove patient initials

1819.040N - Review of clinical evaluation within patient notes

- Review of the Diagnostic Testing Tool Policy

1819.041N Unscheduled orthodontic appointments

- Reduce the number of unscheduled appointments by 40 per cent to meet recommended standard of 5 percent of total attendances
- Review bonding techniques and the manufacturers' instructions in order to identify possible errors - good moisture control is essential
- After bonding brackets/tubes check the occlusion to avoid interferences; place biteplanes where necessary
- Band teeth rather than bond tubes where possible
- Consider banding premolars if brackets debond more than once
- Improve communication with patients regarding appliance care / diet advice
- Take more time to discuss the instructions after initial bond up or repeated cases of loose brackets. Highlight the main points on the patient information leaflet
- Use composite or metal stops on the archwires to reduce the wires swivelling
- Use lacebacks and closed coil / bump-r-sleeve to support light archwires, especially where second premolars have been extracted
- Cut excess wire at the end of the last tube and bend back the lighter wires
- Maintain emergency slots on the daily list for unscheduled appointments
- Re-audit in 12 months: Record the frequency and causes of unscheduled appointments only

Audit Title and Actions

1819.146N - Quality of Impressions and bit registrations (Orthodontics)

- Ensure correct tray size – will help ensure sufficient thickness of alginate in sulcus areas
- Ensure sufficient sulcus depth recorded to enable appliance production
- Modify mixing technique to reduce blow holes
- Use adhesive on tray to prevent separation

1819.072N - Patient satisfaction survey with consenting process (General Surgery)

- Continuous training for doctors in the use of stickers for the consenting process

1819.079N - Standards of Oxygen therapy and prescription

- Target saturations wristbands
- Oxygen Prescription Training to become part of mandatory Training for Clinical Staff on ESR - to be renewed yearly.

1819.084P – Pain management (Emergency Department)

- Raise awareness to clinical staff that patients in pain need analgesia within 30 minutes of arrival, ideally within 60 minutes

1819.087N - Vital signs in Adults (Emergency Department)

- Abnormal vital signs should be recorded again within 60 minutes of initial vital signs
- 100 percent of abnormal blood results should be highlighted to nurse- in charge.

1819.100N - Impact of CSII on glycaemia improvement in type 1 diabetes

- Consider our type 1 patients with poorly controlled diabetes for pump therapy earlier in their management plan
- Expand our capacity to allow patients started on a pump to be followed up adequately after pump start
- Intensive type 1 diabetes clinic and support to be provided for such patients to optimise education and engagement.
- Set out a vigilant follow up care plan following CSII initiation especially in the first year

1819.105N – Paediatric Assessment Unit Booked reviews

- Ensure booked reviews are added to the handover list
- Ensure patients are discussed with consultant during handover

1819.106N - Antimicrobial prescribing in critical care

- Increase awareness of Antibiotics Policy (teaching module, include in mandatory training etc.)
- Incident report any non-compliance with antimicrobial guidance on Datix
- Challenge surgical colleagues when witnessing antimicrobial non-compliance in theatres
- Monitor compliance with the Microguide on regular basis in theatres and Critical Care
- Offer “coffee discussion” for non-compliant teams

Audit Title and Actions

1819.112N Re-audit Management of Hyperemesis Gravidarum in MMH

- Reinforcing the implementation of the local policy by presenting to the Junior doctors in Friday afternoon teaching session
- Include Hyperemesis management protocol in local induction for new junior doctors joining the department

1819.115N - Improving the consenting process for Urology procedures re-audit

- Discuss with clinic nurses and Urology Nurse Specialist to ensure stickers are available at the time of consent
- Present to paediatric surgeons to engage in using stickers at consent
- Consider whether patients who return with post-circumcision complications were consented for that particular complication

1819.116N - Patient reported outcome measures for Flexible Cystoscopy

- Display poster with patient information in the Day Surgery Procedure Suite (DSPS)
- Scope the use of the DSPS for other procedures

1819.118N - Ultrasound indications for UTI in children

- Document the method of urine collection
- Increase awareness around the adherence to local guideline

1819.119N - Time from presentation to laparoscopic appendectomy and post-op site infections

- Undertake an interactive teaching session to FY1s regarding appendicitis (signs, what investigations should be performed, and to consider management of wider differential diagnosis)
- Investigate specific reasons for long inpatient stays
- Inform hot clinic with regards to use of their services with regards to re-admissions

1819.122P - Retention of urine in adults (RCEM)

- Doctor in Charge will remind staff at handover to adequately document time of catheterization, catheter size, residual volume and renal function to improve documentation
- Doctor In Charge will remind nurses at handover to request analgesia from triage for patients with acute urinary retention, including use of opiates when appropriate to improve pain management

1819.123P - Mental Health - Risk assessment in self-harm patients seen in Emergency Department

- Ensure all ED staff are aware of the guidance around documentation in patients presenting with self harm
- Teaching sessions on Mental State Exam (MSE) for all Junior doctors/Physicians Assistants in ED

1819.133N - Thyroid U-scoring and Subsequent Fine Needle Aspiration Cytology

- Provide a leaflet for U score classification in all ultrasound rooms to help reporting the

Audit Title and Actions

proper score.

1819.140N - ED Attendance Audit

- Review operational processes and data capture to support operational practices and patient flow

1819.144N - Mouth Care Matters - Mouth Care Recording Pack (MCRP)

- MCRP to continue to be added to patient's bedside folder when a patient is admitted to ward
- Continuation of training staff about using MCRP

1819.145N - CT Traumagrams and Aortograms

- Escalation to the consultant when CT department is ready for patient if the first bleep is not answered by the doctor/nurse

1819.148N - Hospital admissions avoided through use of the Front Door Therapy Team (FDTT)

- Continue working closely with the staff in ED taking early referrals
- Continue screening notes for suitable patients who are medically fit for discharge to reduce delays in discharge from a therapy point of view
- Undertake more training for staff, education on who are suitable patients for FDTT and what makes a "turn around patient" suitable for the FDTT
- Ensure all posters have up to date details of FDTT contact numbers and working hours.
- Meet with seniors in Integrated Discharge Team and discuss service improvements to prevent patients having to be admitted into the bed base that were medically cleared for discharge and also cleared by therapists

1819.168N - Oxygen Prescription

- Continue to provide Oxygen Prescription Training

1819.173N - NIPE Newborn and infant physical examination screening programme

- Continue to raise awareness about importance of timely NIPE in eligible babies
- Complete NIPE as soon as baby is well
- Document reason of delayed NIPE
- Await Public Health England recommendations for NIPE in preterm infants, to update current publications

1819.183N - Prevalence of Culture-proven Sepsis in OFNU 2018

- Discuss with microbiology department regarding antibiotic choice for line sepsis

1819.186N - Reviewing and Analysis of Two Week CNS Cancer Pathway Referrals

- 2-week wait brain imaging to be organised before assessment in neurology outpatient clinic

1819.200N - Venous Thromboembolism risk assessments in acute medical wards

- Documentation – reminder that staff should:

Audit Title and Actions

- Carefully fill out the VTE assessment tool on the drug chart and always assess the patient's mobility first
- Discussion with a patient accepting/declining VTE prophylaxis should always be documented
- Duration of VTE prophylaxis should be documented clearly on the drug chart
- Assess the patient's thrombosis and bleeding risks before prescribing VTE prophylaxis
- Continue with staff education including: always check platelets, eGFR and BP before prescribing chemical VTE prophylaxis
- 24-hour review needs to be done in all the cases admitted to AMU and when patient's clinical condition changes.

1819.201N - Cardiology letter typing waiting times with new digital system

- All doctors should adopt the Digital Recording System – to continue to improve the number of letters typed within 7 days.

1819.213N - Adherence to down syndrome guideline in OFNU

- Review the current Down Syndrome guideline
- Discuss with service manager about cardiac follow up
- Discuss with geneticist about follow up and investigations required especially in babies diagnosed antenatally, establishing what bloods should be done
- Review the need of patient information leaflet

Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by Medway NHS Foundation Trust in 2018/19 that were recruited during that period to participate in research approved by the Health Research Authority was 4,884.

Medway NHS Foundation Trust has a commitment to research as a driver for improving the quality of care and patient experience. The trust is actively involved in research supported by the National Institute for Health Research (NIHR). The Trust Research and Innovation (RandI) strategy is linked to specialty priorities agreed by the Department of Health (DoH) and NIHR.

The comparative data shows NIHR requirement target and Medway NHS Foundation Trust actual recruitment figures. The trust has exceeded recruitment targets for previous years with the exception of 2017/18, where the recruitment target set was based on the projected activity of a large-scale Fetal Medicine trial. The recruitment target set for 2018/19 was in line with agreed projects and the high recruitment figure for 2018/19 is comparable to other previous year's attainment figures.

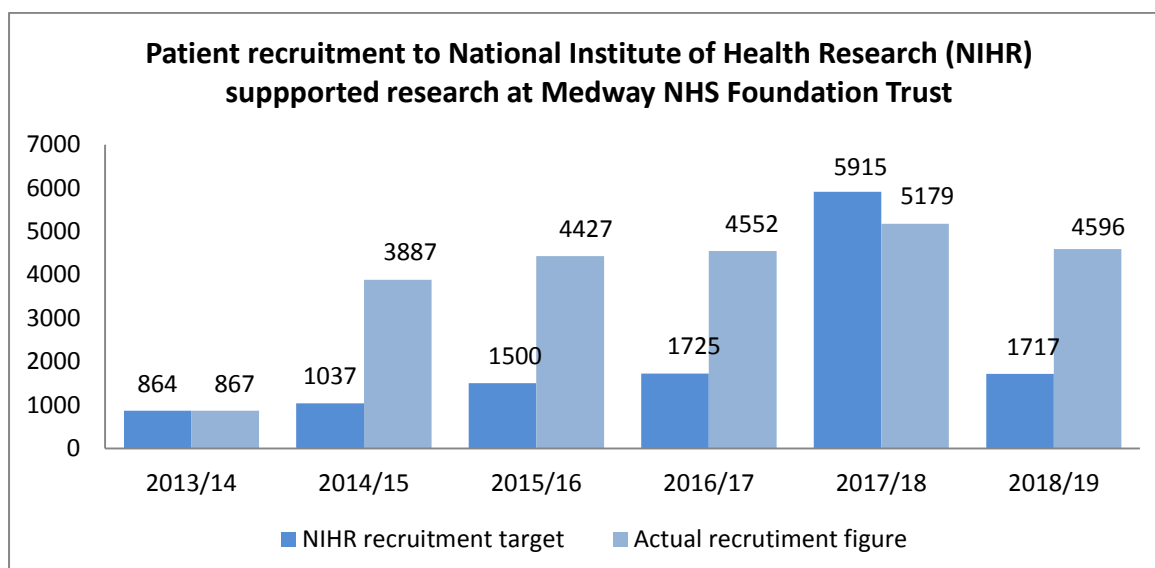


Figure 1 presents the annual recruitment target and the actual number of patients recruited into the NIHR adopted studies between 1 April 2013 and 31 March 2019.

Staff at Medway NHS Foundation Trust stay abreast of the latest treatment possibilities through active participation in many different types of research which leads to successful patient outcomes. For the period 1 April 2018 to 31 March 2019 there were a total of 108 research studies conducted at Medway NHS Foundation Trust, including staff undertaking MSc final year dissertations. For the same period the Trust took part in 92 NIHR supported studies, including 32 cancer specialty studies.

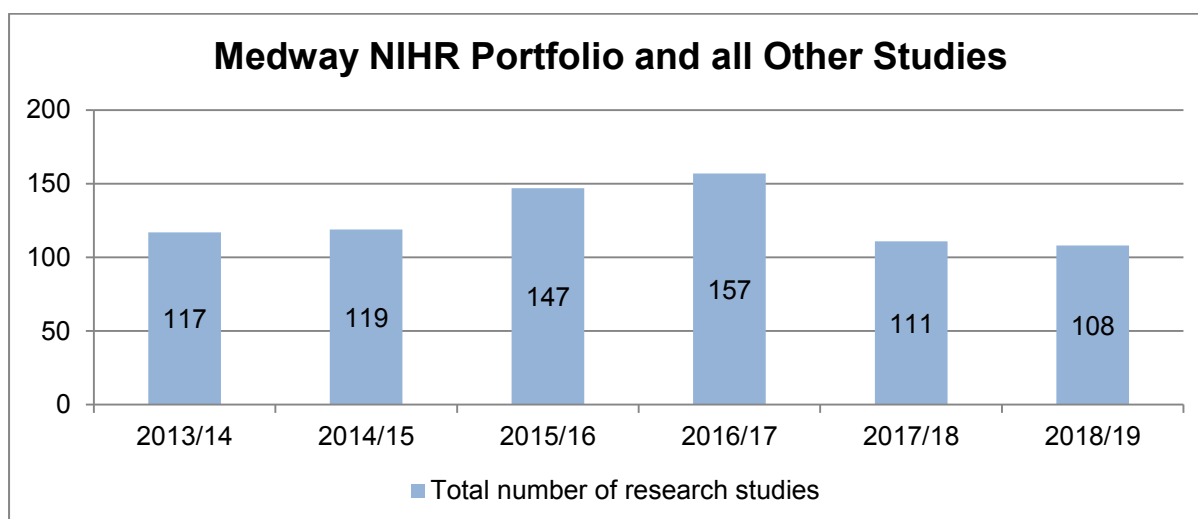


Figure 2 presents the number of studies that Medway NHS Foundation Trust participated in between 1 April 2013 and 31 March 2019.

Conducting research requires commitment from staff and there were approximately 90 clinical staff participating in research approved by the Health Research Authority at Medway NHS Foundation Trust between 1 April 2018 and 31 March 2019.

Staff participating in research covers 20 disease areas as well studies looking into Health Services Research.

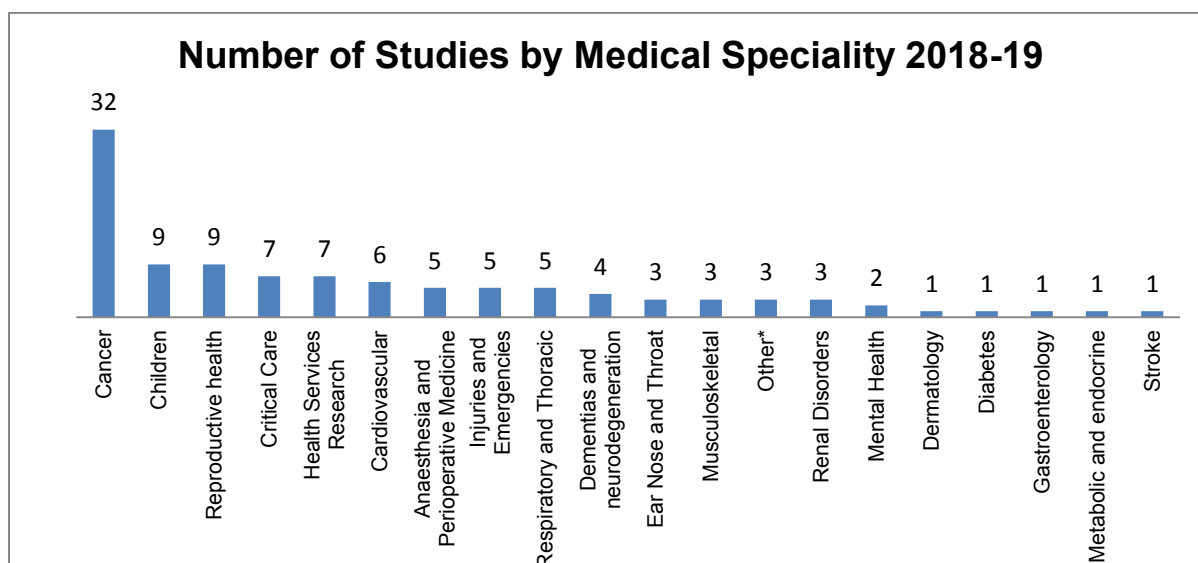


Figure 3 *Other studies outside of clinical speciality for example educational studies or research into overall patient experience.

Medway NHS Foundation Trust is currently, taking part in an innovative two-stage, single arm, phase II study that uses knowledge from recent research findings about the genetic causes of cancer to guide cancer treatment.

Cancer is generally caused by a combination of many factors, including environmental factors and those that are inherited (ie genetic changes). It is thought that many genetic changes are involved in the development of prostate cancer. For those who carry one of these genetic changes, recent evidence has shown that certain cancer treatments may be more effective than others.

The aim of this study is to determine the response rate to two cycles of a chemotherapy called platinum in participants with metastatic castration resistant prostate cancer (MCRPC) and a germline mutation in a DNA repair gene. Dr Christos Mikropoulos, the principal investigator of this study at Medway NHS Foundation Trust says “clinical research improves the quality of care provided to patients and has led to innovations, cost savings and improved outcomes”.

Table 1 presents examples of the aims for six other studies undertaken between 1 April 2018 and 31 March 2019.

Study Name / Acronym	
PsyPAS	<p>Psychosocial screening for young people in an acute setting</p> <p>This study aims to assess patients’ opinions on the perceived relevance and utility of targeted psychosocial screening in acute medical services. It is hoped the findings from this study will help develop services that meet the needs of our patients.</p>
FLO-ELA	<p>Fluid Optimisation in Emergency Laparotomy. Open, multi-centre, randomised controlled trial of cardiac output -guided haemodynamic therapy compared to usual care in patients undergoing emergency bowel surgery</p> <p>This study aims to determine whether goal - directed haemodynamic therapy (GDHT) given to patients aged 50+ during and for up to six</p>

Study Name / Acronym	
	hours after emergency laparotomy reduces the number of deaths within 90 days of surgery.
NeoCLEAR	<p>Neonatal champagne lumbar punctures every time – An RCT. A multicentre, randomised controlled 2x2 factorial trial to investigate techniques to increase lumbar puncture success</p> <p>The study aims to determine the optimal technique for performing lumbar puncture in infants. The results of this trial will inform best practice, and ultimately, improved technique would result in: fewer uninterpretable samples, fewer repeated procedures, reduced distress for infants and families, decreased antibiotic use and risk of antibiotic resistance, and reduced NHS costs due to fewer procedures, reduced length of stay, shorter antibiotic courses, and minimised antibiotic-associated complications.</p>
ALLEGRO	<p>A placebo controlled randomised trial of intravenous lidocaine in accelerating gastrointestinal recovery after colorectal surgery</p> <p>The study aims to find out if giving IV Lidocaine improves recovery of gut function after colorectal surgery for NHS patients.</p>
VPscreen	<p>Maternal and neonatal outcomes in screening for Vasa Praevia in a routinely screened population</p> <p>The study aims is to evaluate the effectiveness of Medway NHS Foundation Trust's own strategy for screening and managing these high risk pregnancies and the impact of this strategy on pregnancy outcomes. It is hoped the findings from this study will help to optimise the management and care of patients with vasa praevia.</p>

The improvement in patient health outcomes in Medway NHS Foundation 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 health care to local people and our desire to improve patient outcomes and experience across the NHS.

For the period between 1 April 2018 and 31 March 2019, project investigators at Medway NHS Foundation Trust published 58 articles.

Commissioning for Quality and Innovation (CQUIN)

Medway NHS Foundation Trust income in 2018/19 was not conditional on achieving quality improvement and innovation goals through the Commissioning for Quality and Innovation payment framework, according to the Concordat.

CQUINs enable the organisation to focus on the quality of the services delivered, ensuring that we continuously improve and drive transformational change whilst reducing variation in care and improve the patient experiences and the outcomes achieved. We have taken a more clinically focussed approach with our CQUIN delivery for 2018-19. We are pleased to

report that we have made significant progress towards achievement of our agreed CQUIN targets, which is a reflection of the hard work of staff across the organisation. We have seen significant improvement in our sepsis work across our Emergency Department, our flu vaccination compliance rates and improving the health and well-being of our patients and staff.

The CQUIN statement in the last year Quality Accounts applies to 2018/19 as a two-year contract was agreed covering 2017/18 and 2018/19. The agreed schemes were as follows;

- Improving health and wellbeing of staff
- Healthy food for 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 ED
- Offering advice and guidance (non-emergency A and G)
- NHS e-referrals
- Supporting proactive and safe discharge
- Hospital medicines optimisation
- School age immunisations.

Further details of the agreed goals for 2018-19 and for the following 12-month period is available electronically at <https://www.medway.nhs.uk/about-us/publications/board-papers.htm>

Care Quality Commission

Medway NHS Foundation Trust is required to register with the CQC and its current registration status requires improvement. The CQC has not taken enforcement action against Medway NHS Foundation Trust during 1 April 2018 and 31 March 2019.

Medway NHS foundation Trust has not participated in any special reviews or investigations by the CQC during the period 1 April 2018 and 31 March 2019.

The Trust received a CQC announced inspection of six core services on 10 and 11 April 2018, which were Emergency and Urgent Care, Medicine (including older persons care), surgery, critical care, outpatients and diagnostics. They inspected outpatients and diagnostics separately for the first time on this inspection.

The CQC plan their inspections based on everything they know about our services, including whether they appear to be getting better or worse. Their inspections of NHS trusts have shown a strong link between the quality of overall management of a trust and the quality of its services. For that reason, all trust inspections now include inspection of the well-led key question at trust level.

The Trust underwent a CQC Well Led Inspection on 2 and 3 May 2018. Initial response from the CQC after this inspection was that the Trust has implemented a number of changes to improve safety and that this had been sustained. However, there were still improvements to be made in key areas such as retention of staff; mandatory training and ensuring safety checks were completed.

Ratings:

Overall rating	Requires improvement
Are services safe?	Requires improvement
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Requires improvement
Are services well-led?	Requires improvement

Well-led Inspection

The CQC Well led inspections are undertaken on an annual basis and involve an assessment of: the leadership and governance at trust board and executive team-level; the overall organisational vision and strategy; organisation-wide governance, management, Improvement; and organisational culture and levels of engagement. This draws on the CQC's wider knowledge of quality in the trust at all levels.

The following table represents the outcome of the Trusts latest CQC report which was published in July 2018.

Overall rating	Inadequate	Requires improvement	Good	Outstanding
Outpatients and diagnostic imaging				
Outpatients				
Maternity and gynaecology				
Medical care (including older people's care)				
Diagnostic imaging				
Urgent and emergency services (A&E)				
Surgery				
Intensive/critical care				
Services for children & young people				
End of life care				

	Safe	Effective	Caring	Responsive	Well led	Overall
Outpatients and diagnostic imaging	Good	Not rated	Good	Requires improvement	Requires improvement	Requires improvement
Outpatients	Good	Not rated	Good	Requires improvement	Requires improvement	Good
Maternity and gynaecology	Good	Good	Outstanding	Good	Good	Good
Medical care (including older people's care)	Good	Good	Good	Requires improvement	Good	Good
Diagnostic imaging	Requires improvement	Not rated	Good	Requires improvement	Requires improvement	Requires improvement
Urgent and emergency services (A&E)	Requires improvement	Good	Good	Requires improvement	Good	Requires improvement
Surgery	Requires improvement	Good	Good	Requires improvement	Requires improvement	Requires improvement
Intensive/critical care	Requires improvement	Good	Good	Requires improvement	Requires improvement	Requires improvement
Services for children & young people	Requires improvement	Good	Good	Good	Good	Good
End of life care	Good	Good	Good	Requires improvement	Requires improvement	Requires improvement

The following actions during 2018/19 support our continued improvement:

CQC Improvement Plan

As a result of the core service and well led inspection 2018 an improvement plan was developed. All updates and evidence behind the plan are collated monthly and the plan is progressing. The improvement plan is subject to a robust monitoring arrangement both

internally and externally; being submitted on a monthly basis to the CQC, NHS Improvement and Medway CCG.

Internal CQC style clinical reviews and monitoring

A format has been devised to undertake internal quality clinical reviews across the Trust. This approach to monitoring compliance with fundamental standards will enable us to achieve sustainable continuous quality improvement across all areas, identifying areas of good practice and any gaps in assurance, making it easier to identify necessary changes more quickly and efficiently.

Reporting to Secondary Uses Service (SUS)

Medway NHS Foundation Trust submitted records during 2018-19 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:

- 99.3% for admitted patient care
- 99.3% for outpatient care
- 97.6% for accident and emergency care

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

- 99.7% for admitted patient care
- 93.6% for outpatient care
- 99.4% for accident and emergency care

Medway NHS Foundation Trust submitted records during 2018-19 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:

- 99.3% for admitted patient care
- 99.3% for outpatient care
- 97.6% for accident and emergency care

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

- 99.7% for admitted patient care
- 93.6% for outpatient care
- 99.4% for accident and emergency care

Information Governance Toolkit (IGT)

Medway NHS Foundation Trust's Information Governance Assessment Report overall score for 2018/19 was submitted as all mandatory evidence being met and therefore satisfactory.

The NHS's IG (Information Governance) Toolkit was superseded by the DSP (Data Security and Protection) Toolkit in April 2018, and the Trust had a green rating. The new toolkit

includes sections of compliance against the General Data Protection Regulations (GDPR) and cyber security as well as ensuring organisations protects staff and patient information at all times.

The score and progress towards completion of the DSPT is monitored at each meeting of the internal Information Governance Group, which currently reports to the Trust Board via the Responsible Officer's report.

Clinical Coding

Medway NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2018-19.

Learning from Deaths

During 2018-19, 1,427 of Medway NHS Foundation Trust patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

	Qrt.1	Qrt.2	Qrt3.	Qrt4.	Total 2018/19
Number of Deaths	333	336	328	430	1427

By April 2019, 293 case record reviews and 24 investigations had been carried out, relating to 310 deaths of the 1,427 deaths for the reporting period. In seven cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

	Qrt.1	Qrt.2	Qrt3.	Qrt4.	Total 2018/19
Number of case record reviews carried out	147	98	42	6	293
Number of investigations carried out	11	4	5	4	24

Three representing 0.2 per cent of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient.

	Qrt.1	Qrt.2	Qrt3.	Qrt4.	Total 2018/19
Number of deaths more likely than not to have been due to problem in care	1	1	1	0	3
Percentage of all deaths	0.3%	0.3%	0.3%	0%	0.2%

These numbers have been estimated based on the Royal College of Physicians Structured Judgement Review (SJR) process. Clinicians reviewing cases are asked to whether, in their opinion, the patient was more likely than not to have died due to problems in care.

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.

- End of Life Care (EOL) - the trust is reviewing the future configuration of EOL services within the Trust, and the way in which the community palliative care and the Trust's EOL care team work together (this was informed by a CQC review of EOL care recently)
- Documentation - work is on-going on a new joint clerking and assessment document which will improve the collection of information and also provide access to key care bundles and specific patient focused assessments (such as PODIS for diabetes)
- Treatment Escalation Plans and DNACPR – a major review of the use of these documents is planned as part of the Hospital @ Night project

140 case record reviews and 36 investigations completed after 1 April 2018 related to deaths which took place before the start of the reporting period.

Nine representing 0.5 percent 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. 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.

35 representing two percent of the patient deaths during April 2017-March 2018, judged to be more likely than not to have been due to problems in the care provided to the patient.

Reporting against core indicators

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 (%)
Oct 2017 – Sept 2018	1.10	0.89	1.12	As expected	1.55% (all) 24.60% (deaths)
Jul 2017 – Jun 2018	1.06	0.89	1.12	As expected	1.50% (all) 25.60% (deaths)
Apr 2017 – Mar 2018	1.07	0.89	1.12	As expected	1.43% (all) 25.69% (deaths)
Jan 2017 – Dec 2017	1.03	0.89	1.12	As expected	1.37% (all) 25.83% (deaths)

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:

- The Trust regularly reviews SHMI data and undertakes analysis of any areas of concern.

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.

<i>Reporting Period</i>	<i>HSMR</i>	<i>Lower Control Limit</i>	<i>Upper Control Limit</i>	<i>Banding</i>
Jul 2017 – Jun 2018	113.91	91.32	109.29	Higher than expected
Apr 2017 – Mar 2018	113.86	91.21	109.42	Higher than expected
Jan 2017 – Dec 2017	111.66	90.88	109.67	Higher than expected

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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 documents. 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 actions, to improve these indicators, and so the quality of its services:

- The Trust identified that patients receiving specialist end of life care were not being coded as palliative. After extensive discussion with Dr Foster, NHS Improvement and NHS England, from February 2019, all patients under the Trust's End of Life Care Team, as well as those seen by the Specialist Palliative Care Team, have

attracted this code, and it is anticipated that the Trust's HSMR will return to within the 95 per cent confidence intervals as a result of this change.

- The Trust has identified that patients transferred to the local hospice for palliative care prior to death are being counted in the Trust's HSMR data. NHS England have agreed that the overall HSMR for the Trust will be recalculated excluding these deaths to provide a more accurate account of the Trust's performance.
- The Trust continues to undertake deep dive reviews of diagnosis groups highlighted as outliers by Dr Foster.

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
Groin hernia*	Not applicable					
Varicose veins*	Not applicable					
Hip Replacement (primary)	Apr 2017-Mar 2018	95.1%	0.481	0.468	0.566	0.376
	Apr 2018 – Mar 2019	Not yet published				
Knee replacement (primary)	Apr 2017-Mar 2018	76.4%	0.275	0.338	0.417	0.262
	Apr 2018 – Mar 2019	Not yet published				

* Oct 2017 - NHS England has now taken the decision to discontinue the mandatory varicose vein surgery and groin-hernia surgery national PROM collections.

A higher score indicates better health and/or greater improvement in function after the operation. Medway NHS Foundation Trust is 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.

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

The Trust has taken the following actions, 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	2017-18			2018-19		
	0-15	16 and over	Total	0-15	16 and over	Total
Discharge	13774	66370	80144	4174	27948	32122
28 day readmissions	1542	6634	8176	419	2747	3166
28 day readmission rate	11.2%	10.0%	10.2%	10.0%	9.9%	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 actions, to improve this indicator, and so the quality of its services, by:

- 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.

The 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	2017-18		2018-19	
	A and E	Inpatient	A and E	Inpatient
Response Rate	14.28%	21.44%	14.46%	20.91%
% would recommend	80.16%	87.61%	77.60%	85.46%
% would not recommend	12.32%	6.45%	15.06%	8.32%

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 actions, to improve this indicator, by:

- Investing in its staff with the You are the Difference programme
- Implementing the Promoting Professionalism Programme as a unique way that uses peer messengers to address unprofessional behaviours exhibited by staff

Staff Family and Friends Test (FFT)

Staff FFT gives 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', 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	2017-18	2018-19
Our Trust	45.36%	43.41%
National average	63.38%	64.46%
Best performing trust	97.63%	93.75%
Worst performing trust	23.35%	30.98%

Data as of Q2, Q4 is published 30th May 2019

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

- You Are The Difference programme
 - You Are The Difference is the Trust's flagship programme to develop our culture at the Trust, embedding the learning and ethos of You Are The Difference behaviours and provide coaching for managers and staff to use every day in the workplace
- Promoting Professionalism Programme
 - This is a unique initiative that uses peer messengers to address unprofessional behaviours exhibited by staff
- Developing the Health and Wellbeing Programme
 - The Trust is proud to have developed its health and wellbeing strategies to support staff with occupational health accreditation, bronze award for Medway Workforce Wellbeing and the introduction of an employee assistance programme
- Appointing a Lead for Freedom To Speak Up Guardian, supported by seven advocates to strengthen the anti-bullying campaign
- Providing Conflict Resolution training for staff and communicating the Trust policy on zero tolerance of violence.

Venous Thromboembolism

VTE assessments	2017-18	2018-19
Our Trust	95.06%	70.93%
National average	95.20%	95.59%
Best performing trust	99.92%	100.00%
Worst performing trust	76.34%	66.40%

Q4 18/19 has not yet been published

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

Medway NHS Foundation Trust recognises that the performance for 2018/19 has demonstrated deterioration in comparison to 2017/18 and consequently has not met the trajectory set by the national requirement of 95 percent. A contributing factor was due to the vacant VTE Nurse post for five months. There has been a significant improvement in compliance due to robust data collection processes being initiated from January 2019, with 61 per cent data collection in September 2018 to 89percent data collection in March 2019. Assurance can be given that Patients were receiving the correct medical management as tested by clinical audit.

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

- Recruitment of a VTE Nurse January 2019
- VTE daily live dashboard to clinical areas and service leads
- Trust wide training to ensure input of data from VTE risk assessments, supporting the ward clerks to create a single checking and recording the VTE assessment in their wards
- PAS has been updated to reduce the number of possible tick boxes for the clerks to ensure an accurate data collection tool

Clostridium difficile (C.diff)

Infection Control – CDIFF	2017-18	2018-19
Trust apportioned cases	25	25
Trust bed-days	175881	169529
Rate per 100,000 bed days	14.2	14.7
National average	13.7	-
Best performing trust	0.0	-
Worst performing trust	91.0	-

18/19 National Data is not yet available

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 national and the 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 actions, to improve this indicator, and so the quality of its services, by:

- Introduction of high level decontamination with vaporised hydrogen peroxide for rooms when patients with *C.diff* are discharged.
- Providing real time verbal and written feedback and recommendations to all relevant clinical staff after each ward review
- Supporting wards who are placed into 'enhanced measures' following a post infection review:
- Undertaking weekly audits of the environment, infection control practice and antimicrobial prescribing on wards placed in enhanced measures.
- Microbiologists, infection control practitioners and antimicrobial pharmacist providing education and training to Doctors and during daily ward rounds.
- Infection Prevention Control Team high visibility on wards daily Monday to Friday, review all cases minimum weekly.
- Directorates report quarterly to Infection Control and Antimicrobial Stewardship group (ICAS) on actions taken to reduce risk of *C.diff*. Exemption reporting directly to board via Quality Assurance group.

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

Medway NHS Foundation Trust actively encourages all staff to report any incidents as soon as they occur as we know that this reflects a positive safety culture.

Every six months, NHS Improvement publishes official statistics on the incidents reported to the National Reporting and Learning Service (NRLS). These reports give NHS providers an easy-to-use summary of their current position on patient safety incidents, their characteristics and suggested actions for improvement.

The Trust recognise that there has been a significant change in the reporting rate of incidents per bed days during the last reporting period however unpublished data suggests that this has improved from September 2018 and are taking steps to address any gaps in reporting.

Patient safety incidents	Oct 17 – March 18	April 18 – Sep 18
Total reported incidents	3645	2288
Rate per 1000 bed days	43.07	27.21
National average (acute non-specialist)	42.55	44.5
Highest reporting rate	124	107.4
Lowest reporting rate	24.19	13.1
Incidents causing severe harm or death	20	20
% incidents causing severe harm or death	0.6%	0.9%
National average (acute non-specialist)	0.3%	0.3%
Highest reporting rate	1.5%	1.5%
Lowest reporting rate	0.0%	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 actions, to improve this indicator, and so the quality of its services, by:

- Investigation of potential under reporting
- Monitoring of suggested actions from NHS Improvement for NRLS reporting
- Continuing to educate staff on the importance of improving the reporting of incidents and near misses to support a positive safety culture for our patients
- Provision of feedback to staff at directorate meetings to ensure they have visibility and an understanding of how themes are being recorded and wider improvements are being led across the organisation
- Weekly data submissions to the National Recording and Learning System for incidents report in the Trust

Serious Incidents

During 2018/19, the Trust reported a total of 99 Serious Incidents to the CCG via StEIS (Strategic Executive Information System). The trust does not have any overdue Serious Incidents and has dramatically improved performance against the National Framework for the reporting and management of Serious Incidents.

Investigations conducted during 2018/19 have identified a number of themes that have informed areas for focus as part of the Trust's overall Quality Improvement Plan and these will be monitored to ensure we see a reduction in recurring Serious Incidents.

Medway NHS Foundation Trust has been building on its approach to improving the quality of all Serious Incident investigations with a focus on learning, ensuring a best practice approach is adopted across the organisation. Keeping patients safe and becoming a Trust with zero avoidable harm is a key priority for the Trust. The trust has undertaken a significant programme of work in establishing a robust governance programme, building capability across all levels of the organisation to identify, investigate and learn from all reported incidents.

Duty of Candour

Ensuring that families are supported and appropriately communicated with at the right time and involved in the investigation process is central to supporting our journey towards developing the safety culture of our organisation. We know that involving patients in the safety of their own care can support our learning from investigations and we have been striving to ensure improved compliance in this area.

Never Events

During 2018/19 the Trust declared one never event relating to a retained foreign object post procedure. The Trust continues to learn from these events to prevent avoidable harm. Developing our approach to safety, making our systems and processes safer, supporting staff through training and education and working to understand potential system failures will assist us with ensuring that we have learnt went wrong and take all available steps to prevent these types of events.

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 7 days a week. In order to deliver this care Medway has adopted the principles of the NHS seven day service plan which focuses on 10 key clinical standards which are designed to ensure timely and consistent care is provided to patients regardless of the day of the week. The services have continued to develop over the last 12 months, through initiatives such as the introduction of a seven day per week acute frailty take, which is covered by a consultant geriatrician. Current performance against the four priority standards is given below

Provision for consultant review: the standard is met for more than 90 per cent of patients admitted in an emergency. Admitting physicians work on site until 9pm seven days per week, and later if clinical need required. Across medical specialities the introduction of the acute frailty model means that the following medical specialities have an onsite presence every day of the week: acute medicine, general medicine, geriatrics, cardiology, respiratory medicine and gastroenterology. Consultants in the surgical specialities and in women's and children's services are also on site seven days per week.

Consultant directed diagnostics: For patients admitted as emergency with critical care and urgent needs, the following diagnostic tests are usually or always available on site or off site by formal arrangement: CT, Microbiology, Ultrasound, Echocardiography, MRI and Upper GI endoscopy. At present echocardiography is not available at the weekend except via ad hoc arrangements (such as the cardiologist on call or via medical trainees with echocardiography experience).

Consultant directed diagnostics: Patients have 24-hour access to consultant directed interventions seven days a week. Of the nine interventions listed, eight are relevant to the Trust and are available either on site or via a formal arrangement off site seven days a week.

	Weekday	Weekend
Critical Care	available on site	available on site
Interventional Radiology	mix of on site and off site by formal arrangement	mix of on site and off site by formal arrangement
Interventional Endoscopy	mix of on site and off site by formal arrangement	mix of on site and off site by formal arrangement
Emergency General Surgery	available on site	available on site
Renal Replacement	available on site	available on site
Urgent Radiotherapy	Not applicable to patients in this trust	Not applicable to patients in this trust
Thrombolysis Stroke	available on site	available on site
PPCI	available on site	available off site via formal arrangement
Cardiac pacing	available on site	via the Medway on call cardiologist or via the PCI consultant at Ashford

On-going review

Once daily and twice review: this standard is met for over 90percent of patients admitted in an emergency. Daily board review and daily consultant review are in place meaning sick

patients are identified and reviewed daily. Key to meeting this priority is our improvement project on patient flow and rigorous medical job planning.

The trust continues improvement against the other clinical standards which include:

- Patient Experience: Critical Care supports continuous improvement by appointing and training Advance Critical Care Practitioners (ACCP) who have enhanced the skill mix of the ward whilst improving patient experience and outcomes
- Multi Disciplinary Team Review: the trust has increased access to therapies at weekends and there is a plan to trial weekend pharmacy.
- Shift Handover: Consultant lead board rounds
- Mental Health: Mental Health liaison service available seven day service.
- Transfer to Community, Primary and Social Care: Services available during weekdays and weekends differ. The trust is continually working with the CCG and Medway Community Health state in full on the development of availability of services
- Quality Improvement Mortality: reviewed as part of the Trust Mortality Group with over 25 per cent of deaths having a Structure Judgement Review.

Emergency Department (ED) Four-Hour target

The four-hour standard has been a significant national and local challenge.

In 2018/19, 72.62 per cent of our patients (type1) were diagnosed, treated and discharged or admitted from the Emergency Department within four hours of arrival.

Type 1 ED performance, relates to patients who were actually seen in our ED and not streamed to our contracted out of hours GP service which is located on site. (MedOcc). To provide an accurate comparison of the performance; due to the 81.42 percent Type 3 figures (MedOcc plus community) have had a definition change over the past year.

This performance has dropped by over 5.51 per cent compared to the previous year. In real terms this means that we treated or admitted 20,800 fewer (Type1) people within four hours of arrival at the Emergency Department in 2018/19 than we did in 2017/18.

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 79.88 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 ED attendances. The information is entered onto the system by staff within the ED department.

The Trust has taken the following actions, 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
- Implementing the full ECDS solution (the automated daily submission to NHSD of the trusts ED activity) on the Symphony PAS system. This will ensure that all users have individual logins that are fully auditable in the data warehouse.
- The Business Intelligence team will provide additional training support alongside IT PAS training; this will enable users to have sight of keystroke entry upon reporting.
- Implementing actions around notes accuracy / doctor documentation.

All cancers: 62-day wait for first treatment from:

62-day Cancer Wait: GP Referrals	2017-18	2018-19*
Our Trust	81.91%	81.39%
National average	82.17%	79.75%
Best performing trust	98.35%	100.00%
Worst performing trust	60.61%	30.42%

* Data up to February 2019 only

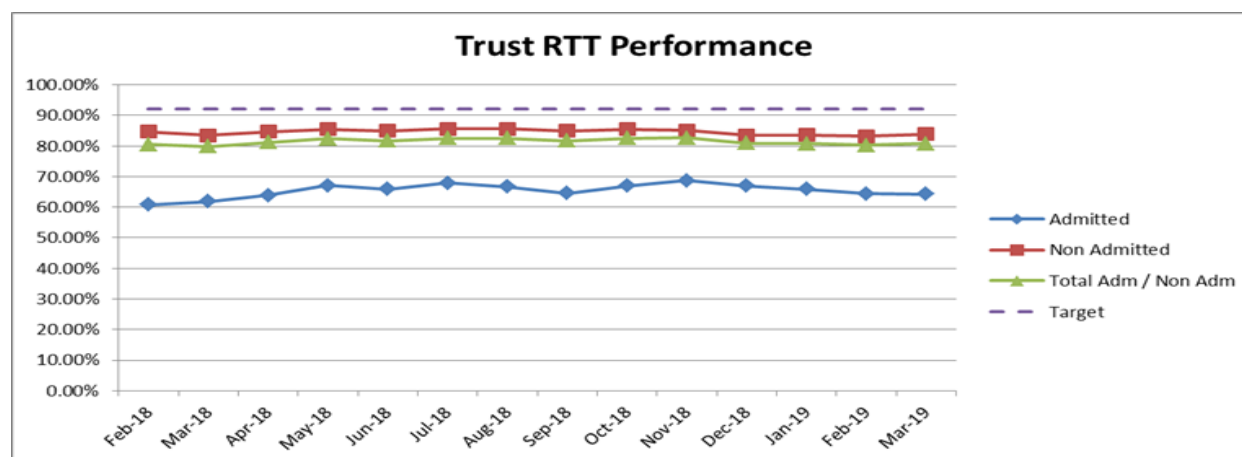
62-day Cancer Wait: Screening Service	2017-18	2018-19*
Our Trust	85.91%	75.22%
National average	90.82%	87.97%
Best performing trust	100.00%	100.00%
Worst performing trust	44.83%	34.88%

* Data up to February 2019 only

Medway NHS Foundation Trust considers that this data is described for the following reasons. The data has been extracted directly from NHS Digital which is an established and recognised source of national data. The data is subject to a rigorous validation process overseen by the Cancer Services team and Trust Service Managers for each tumour group.

Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway.

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. Lastly an agreed trajectory, was put in place for 18/19, and the Trust has remained compliant against this trajectory in all but one month of the year. The Trust has worked with NHS Improvement to reach an agreed trajectory for 2019/20. As such we ended the year at 80.75 per cent from a high of 82.62 per cent in November 2018.



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 Business Intelligence team.

Medway NHS Foundation Trust has taken the following actions, 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.
- Implementation of a standard operating procedure which includes an on line test for essential users
- Formulating a training procedure for doctors
- Elective access/RTT training is to be provided to staff with the necessary understanding of RTT standards and the value of their application in both administration and clinical settings, in line with the Trusts Access Policy and national RTT guidance

Maximum six-week wait for diagnostic procedures

6-Week Diagnostic Wait	2017-18	2018-19
Our Trust	96.39%	95.95%
National average	98.07%	97.26%
Best performing trust	100.00%	100.00%
Worst performing trust	74.87%	72.68%

Q4 18/19 is not yet available

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

- The delivery of a daily automated report, stating the current DM01 position, by modality and patients current wait by week
- Due to daily and weekly reporting, current and up to date validation is completed on an, at least, weekly basis

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

- Implementation of a robust DM01 action group, which has matured into a joint meeting with RTT, to help support patients on their 18 week pathway. Membership has been contained to Service Leads / Appointment Managers who have had clear responsibilities and expectations defined as part of their membership
- Delivered training across the diagnostic services at various levels, including appointment clerks, team leaders, service managers and Head of Operations in order to ensure a clear understanding of the rules surrounding the management of patients on a diagnostic pathway. Training also included the correct process for validation and inclusion/exclusion criteria
- A structured plan to validate and clear all old data in the system, which cleared a significant number of unvalidated or errors in the records in three months by end of September 2018

- A thorough Demand and Capacity review of all diagnostic services, to indicate ongoing capacity issues and shortfalls, resulting in evidence of requirement for permanent increase in capacity for MRI and Endoscopy
- A process for escalation of concerns by:
 - Weekly DM01 performance meetings, that reviewed performance retrospectively and in advance
 - Early escalation process re capacity issues to help mitigate issues.

Data Quality

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

- Implementation of new Data Assurance Strategy and Policy.
- 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.
- Data Assurance Group comprising of senior managers, purpose of the group to ensure governance structure and recommendations from Data Assurance Framework are followed.
- In 2018/19 assist in developing robust diagnostic reporting model and ensuring its accuracy in accordance with national guidance.
- On-going development of data quality reports to address data quality issues.
- DQ key performance indicators into the Trust Board papers, bi-monthly provide assurance on progress for the Trust's access targets (Cancer, RTT and ED)
- Reviewing all Key Performance Indicators within the Trust Board report using the Data Assurance Framework, giving assurance of accuracy of reports generated.
- 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 2019/20 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.

National NHS Staff Survey

The NHS staff survey is a vital measure of the Trust's level of staff engagement, how staff are feeling, their morale, their experiences of working here – and is used by the Trust to listen and adapt to make improvements. The survey is conducted annually and compared against other NHS acute organisations and also against the Trust's own results from the previous year. This provides not only an opportunity to learn from our staff, but also how we compare to the national picture.

The theme indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

Staff survey response rate

	2017		2018		Variance to national average
Response Rate	Trust	National Average	Trust	National Average	5.2%
	40.1%	44.8%	40.2%	45.4%	

Theme Score breakdown

Theme	2017	2018	Difference
Equality, diversity and inclusion	8.8	8.8	0
Health and wellbeing	5.8	5.4	-0.4
Immediate managers	6.6	6.2	-0.4
Morale		5.4	
Quality of appraisals	5.5	5.5	0
Quality of care	7.3	7.0	-0.3
Safe environment – bullying and harassment	7.7	7.4	-0.3
Safe environment – violence	9.4	9.4	0
Safety culture	6.2	6.1	-0.1
Staff engagement	6.7	6.4	-0.3

Medway NHS Foundation Trust is committed to engaging its workforce and recognises the significant contribution that 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 staff experience and to make improvements have been undertaken during 2018/19 include the following:

- Launching the You Are The Difference (YATD) programme in September 2018 to help create, nurture and build a new culture at Medway. Building on the best parts and letting go of the things that hold us back;
- YATD Video being open and transparent and involving our patients in being clear about what we are doing to develop our culture which puts them at the centre of all we do;
- Speaking up – launching the new Freedom to Speak up strategy, appointing a new lead guardian and seven new guardian advocates;
- Introduced new monthly Chief Executive briefing sessions to increase visibility and access to executives.
- The Trust is currently in the scoping phase of working with Health Education England's clevertogogether partnership for in-depth analysis and intelligence on the next steps for the staff survey.

Further improvements are planned including:

- Continue running YATD programme that has now been embedded in the Trust Induction programme
- QI programme rolled out across the Trust with a view to embedding quality improvement initiatives and making these part of business as usual

The Trust is working on retaining our best staff at the trust with a number of initiatives including:

- NHS Improvement – the Trust has subscribed to cohort 4 of the retention direct support programme

The Trust has developed a new appraisal policy that is aligned to Agenda for Change contract refresh in 2018 that requires the infrastructures to ensure all staff have an appraisal every year and to make sure our staff have access to development opportunities/ interventions.

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 2018/19.

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 2018/19 the Trust received 741 complaints averaging 62 per month. This compares with a total of 779 complaints received in 2017/18, a decrease of 5 per cent. 3.6 per cent (27) of complainants returned for on-going resolution.

Complaint Themes	
Admission, discharge and transfer arrangements	58
Aids and appliances, equipment, premises, access	5
All aspects of clinical treatment	284
Appointments, delay/cancellation (outpatient inc. ED)	113
Appointments, delay/cancellation (inpatient)	26
Attitude of staff	121
Communication/information to patients	55
Complaint handling	1
Consent to treatment	1
Failure to follow agreed procedure	3
Hotel services	3
Information relating to other organisations	1
Other	26
Patients' privacy and dignity	7
Patients' property and expenses	20
Patients' status, discrimination	1
Personal records (inc medical and/or complaints)	15
Results	1

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. 74percent of complaints received during 2018/19 were closed within their target response rate, 21percent of complaints did not meet their target response and 5percent remain overdue. There are 98 complaints still under investigation that are within their response due date.

Ten cases were referred to the Parliamentary and Health Service Ombudsman (PHSO) during 2018/19 compared to give in 2017/18. At the time of this report three cases have been closed; two were not upheld and one was partially upheld with recommendations. The remaining 7 cases are still being considered by the Ombudsman.

Medway NHS Foundation Trust is committed to providing the best care we can for our patients and ensuring that their experience is as positive as it can be when using our services. The following actions during 2018/19 support our continued improvement:

Complaints are discussed quarterly at the Patient Experience Group and Quality Steering Group and are reviewed within each Directorate on a monthly basis. The complaints information is used as an opportunity to learn and to take action to improve patient experience.

The complaints leaflet was updated and distributed throughout the hospital so it's available and accessible to patients and their families. The leaflet was translated into the top three languages (Bulgarian, Polish and Romanian) which were determined by the number of interpreters used by patients through our interpretation service provider Language Connect.

Patient Advice and Liaison Service (PALS)

The Patient Advice and Liaison Service (PALS) offer confidential advice, support and information on health-related matters. They provide a point of contact for patients, their families and their carers' (NHS.UK 2018)

The Patient Advice and Liaison Service (PALS) at Medway NHS Foundation Trust has logged 3,486 contacts in 2018/19. The PALS team work collaboratively with the directorates and departments to highlight and help resolve patient concerns and enquiries.

The Patient Experience Team has introduced a new leaflet which is given to patients during their stay called 'Ways in which we seek your feedback' which provides information on how important feedback is to the Trust and details how patients and visitors can provide their feedback.

During 2018/19 a system update was introduced for recording and registering concerns, queries and compliments. The updated system is much improved and is a 'live' system which enables the directorates to access information relating to their area on a more immediate basis rather than retrospectively.

The Trust has reviewed the categories for registered concerns; this ensures data captured is more meaningful for reporting purposes. The Trust has reviewed this data and the following themes have been identified:

Subject of contact	Theme
Information and Communication	Enquiries total 850; issues reported in this category can vary from staff communicating with patients and/or each other, or not being able to contact a pathway coordinator and patients/carers leaving messages not having them returned.
Outpatients	Enquiries total 811; issues include appointments, not being booked within the timeframe explained to the patient, changes to

Subject of contact	Theme
	appointments or cancellations and patients arriving to find a clinic appointment cancelled.
Admission and Discharge	<p>Enquiries total 324; issues relating to admissions are from patients wanting a date for surgery or procedure.</p> <p>Enquiries relating to discharge include lack of communication with families who are supporting the discharge and the wait for equipment.</p>
Clinical care and treatment	Enquiries total 318; issues relate to patients and/or their families being dissatisfied with their care, not feeling involved in decision making or not being informed about decisions.
Results	Enquiries total 191; issues relate to patients waiting for test results. Often patients will contact the PALS team for assistance if the GP or an alternative provider has requested imaging
Staff Attitude	Enquiries total 182; issues relate to patients and/or their families being dissatisfied with the attitude of all staff employed at MFT
Compliments	240 Patients and/or their families are satisfied with the care they have received and would like to ensure that staff are made aware

Part 3: Other information

How we did against our quality priorities we set ourselves in 2018/19

Our 2018/19 quality priorities were selected after consultation with stakeholders and staff from our services. The Trust made progress in relation to all quality improvement priorities during 2017/18, with achieving four priorities and partially achieving five. There were mixed results of improvement across all priorities with steady process throughout the year, the following summarises progress made against each priority over the year.

Priority 1.1 – Patient Safety

This was partially achieved

Approach

Ensure all patients with suspected sepsis are assessed and treated in accordance with national recommendations

Background

Approximately 52,000 people lose their lives to sepsis across the UK each year. Early recognition and management of Sepsis can reduce mortality and avoid unnecessary intensive care admissions. Whilst we have made some improvements, we know there is more we can do to ensure every patient with Sepsis receives timely interventions that support the best possible care. The Sepsis CQUIN set out to evaluate the quality of care provided to patients with confirmed or suspected sepsis in hospital environment.

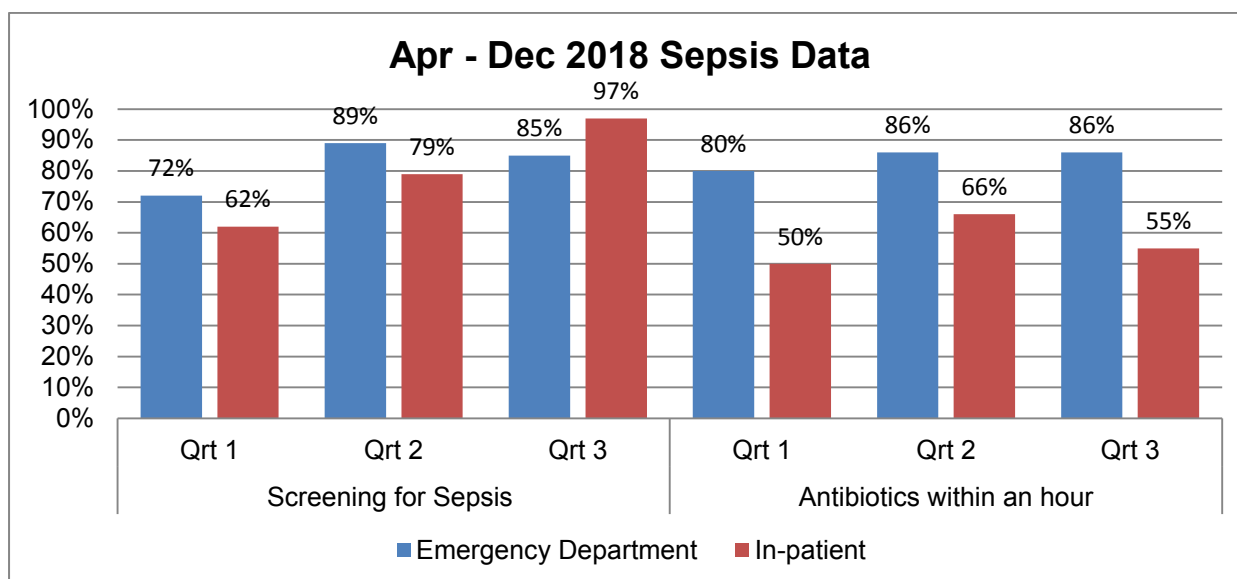
What has been achieved to date?

The Acute Response Team (ART) took ownership of the sepsis CQUIN for adult in-patients. There has been a re-activation of the 'THINK SEPSIS' campaign, with posters, intranet communications and PC screensavers on how to recognise and treat sepsis in a timely manner being developed and implemented, also raising the awareness of sepsis, through the introduction of ward-based simulation and simulation training with discussion focus on sepsis identification and treatment.

Improved patient care is reliant on screening to ensure patients are treated appropriately; clinical incident forms are raised when there is a delay in sepsis recognition, to ensure that lessons learnt are identified and addressed appropriately.

In the Emergency Department ongoing training, supervision and support has ensured this topic is a key priority for all staff. Despite the ongoing challenges associated with the 4-hour standard; the performance of the ED in assessing and treating sepsis has continued to improve throughout the year.

The Emergency Department and in-patient audit data indicates that over 80 per cent of patients are consistently screened and the Trust aim to sustain and improve this performance.



Q4 18/19 data has not yet been submitted

What will we do in 2019/20 to continue improvements?

- The Trust aims to continue to monitor, measure and report on the targets set out in the reducing the impact of serious infections (sepsis) CQUIN.
- Ongoing work aims to improve the recognition and management of deteriorating patients, with a particular focus on patients with sepsis. Actions include review and updating of our electronic NEWS 2 alert system, which flags possible deteriorating patients, who are then screened for sepsis or other causes of deterioration and treated when appropriate.
- Delivering improvement in compliance with the standard for administration of antibiotics within one hour in inpatient settings has been identified as a Trust quality priority for 2019/2020
- Patient group directive review to reduce delays to antibiotic delivery for the ART team.
- Continue ward simulation training sessions of sepsis identification and treatment

Priority 1.2 – Patient Safety - Reduction in Serious Incidents

This was achieved

Approach

Reduction in SIs where delay in reporting / reviewing test results may have contributed to a delay in diagnosis / treatment for a patient regardless of level of harm

What has been achieved to date?

In 2017/18 the Trust had 30 Serious Incident investigations undertaken that met the criteria of the Quality Account Priority. In 2018/19 there were 13 investigations undertaken. Therefore the trust achieved a 57percent reduction, achieving the 2018/19 priority.

The Trust has improved completion of Root Cause Analysis investigations and submission within 60 working days as per the timeframes set in the Serious Incident Framework – 100 per cent compliance.

What will we do in 2019/20 to continue improvements?

- Enhanced methods of sharing learning are continuing to be developed including Learning Summits
- A Working group is being developed to monitor improvements and compliance across the Directorates
- A 2018/19 baseline will be determined to measure improvement

Priority 1.3 – Patient Safety - Deteriorating patients

This was achieved

Approach

Ensure that patients whose condition deteriorates are recognised, reported and responded to in a timely and appropriate way

What has been achieved to date?

The Acute Response Team (ART) saw 2,194 patients during April – November 2018 that had been identified as deteriorating or at risk, via the National Early Warning Score (NEWS2) track and trigger system.

During the same period 64percent of patients escalated to the ART team with a NEWS score of ≤ 4 , 13percent of patients escalated with an NEWS score 5 or 6 and 23 per cent of patients escalated with a NEWS score of seven or above. The higher the NEWS score the higher the clinical risk to the patient.

From December 2018 it was agreed that a review of the auditing system was needed to enable to identify issues within either the team's performance or mismatches between activity and level of cover. Also the combined response by the medical team was included to provide and overall response performance to the deteriorating patient. The data for December 2018 to January 2019 shows that 75 per cent patients were seen within the agreed time frames, with 15 per cent of patients not seen by the ART team had been seen by a senior staff member

What we will do in 2019/20 to continue improvements?

- The Trust will continue to analyse ART activity and levels of staffing in order to ensure adequate cover is maintained for busiest and more demanding periods.
- Improvement of audit process ensuring a robust data capture, for when a deteriorating patient has been seen by a medical colleague within the agreed timeframes

Priority 2.1 – Patient Experience - Staff behaviour

This was achieved

Approach

To ensure our staff consistently behaves according to the Trust's values as described in the clinical compact

What has been achieved to date?

As part of the Trust's values as described in the clinical compact the Trust has implemented the Promoting Professionalism Programme as a unique way that uses peer messengers to address unprofessional behaviours exhibited by staff. This approach aims to deal with these behaviours before they become habitual by helping individuals to reflect and change. The Trust implemented this approach in May 2018 and it supports the Every Person Counts domain of the Trust values.

The Trust has come a long way over the past two years in terms of changing processes and investing in training for our staff. In September 2018 the Trust made a very open and transparent commitment to starting some focussed work on developing our culture with our staff at the core of helping us shape a new culture, one that builds on the great elements and eliminating the things that hold us back. The You Are The Difference is the Trust's flagship programme to develop our culture at the Trust, more than 1,300 individuals have now taken part in our programme.

The Trust uses its responses to surveys to support areas develop local action plans to take specific actions to remedy issues staff raise. Freedom to Speak up (FTSU) promotes the raising of concerns for NHS staff and volunteers to ensure patient safety is maintained at all times and to make the health service a better place to work. Medway NHS Foundation Trust is committed to embedding a brilliant open and transparent culture, one in which staff members and volunteers feel empowered to raise concerns, with the confidence that these concerns will be acted upon and without fear of detriment for speaking up.

What will we do in 2019/20 to continue improvements?

The Trust will continue to make improvements, by:

- Continuing The You Are The Difference programme
- Embedding the Speaking up Strategy highlighting its place as a key supporting strategy to ensure high-quality care is given
- Strengthening the speaking up safeguards with the new advocate guardians undertaking training with the national guardian office. The Trust submits quarterly data returns to the national guardian office in line with requirements.

It is a demonstration that the Trust takes the wellbeing of staff very seriously and we are doing everything to support our staff.

Priority 2.2 – Patient Experience - Improve patient satisfaction

This was partially achieved

To improve patient satisfaction with waiting times for To Take Out (TTOs) / Outpatient medicine prescriptions.

What has been achieved to date?

Pharmacy has been actively monitoring its performance in turnaround times for TTOs and Outpatient prescriptions. These indicators are continually measure, and monitored at the department programme management board.

The Key Performance Indicator (KPI) targets set for 2018/19 and were reviewed after the publication of the 2017/18 Quality account and it was agreed with Programme Management Board and Governance that the new KPI's were set at TTOs dispensed within two hours (>70%) and Outpatient prescriptions dispensed within 40 minutes (>70%), due to staff challenges within the department.

Pharmacy have utilised the patient tracking system (PTS) an electronic barcode system to track the progress of TTOs and Outpatient prescriptions. Staff are provided with training to ensure that all work being processed and dispensed within pharmacy are tracked and monitored, this allows us to utilise the data, and where identified make changes to improve the service as necessary.

Outpatient prescription turnaround (clinic medicines) for 2018/19 is currently at 41percent, there has been an improvement over the last three months, with an average of 53 per cent of all out patient prescriptions being dispensed within 40 minutes.

TTO turnaround (discharge from ward medicines) dispensing for 2018/19 is currently at 73 per cent. Performance in this area is impacted on other areas such as when the medical team completes the TTOs for dispensing. Pharmacy is working closely with the business intelligence team to review data on when TTOs are written by doctors and how these can be done earlier to ensure TTOs can be processed earlier on in the day.

The pharmacy department has experienced high staff turnover during early 2018 which impacted on the ability to provide a consistent service. A retention strategy in the latter part of 2018 was implemented by the new management team, which has successfully improved staff satisfaction and seen an improvement in recruitment and retention within the department.

What will we do in 2019/20 to continue improvements?

The pharmacy department will continue to make improvements by

- Continuing to monitor performance in all areas utilising the department's performance board, ensuring that the pharmacy senior management team have up to date data on how well the department is performing
- Continue to implement the department Transformation plans, ensuring each department have the right skills mix of staff to best deliver our indicators, and monitor these plans at the quality improvement huddles
- Continue to work closely with the business intelligence team and the hospital transformation team to review when TTOs are written and scope if these can be written as early as 24 hours prior to discharge, which would support earlier discharges and better quality of care to patients ensuring they can be counselled about their medicines appropriately before discharge.

Priority 2.3 – Patient Experience - Reduction in Mixed sex accommodation

This was partially achieved

Approach

To improve patients experience of care by reducing the number of mixed sex accommodation (MSA) breaches

What did we achieve to date?

The organisation remains challenged with a high volume of attendances and high inpatient bed occupancy. An average of 219 patients per month are classed as breaches of mixed-sex accommodation (MSA). This includes all sleeping accommodation where it is not deemed best for the patient's care, patient choice or the patient has not consented to share mixed sex accommodation. The Trust has made demonstrable improvement reducing breaches in general inpatient wards but remains challenged in placing critical care step downs into ward based beds and placing patients requiring assessment, short stay or specialist care.

An improvement has been noted in staff documenting having conversations with patients who are in mixed sex accommodation, very few patients request to be moved. Conversations are not just related to patients breaching, but with the other patients who are within the area of a MSA patient.

The annual inpatient survey results for 2018 show we have improved on mixed sex by 12percent and sit just below the 'Picker average' of 91 per cent.

		2014	2015	2016	2017	2018	Average	Organisation
Q11	Hospital: did not share sleeping area with opposite sex	-	-	-	75%	87%	91%	87%

What will we do in 2019/20 to continue improvements?

We will continue to focus on reducing the number of same sex breaches and have introduced a number of new processes to support this, including highlighting breaches in each site meeting to facilitate plans to unmix and development of tools to allow nurses to monitor and validate the breach.

Priority 3.1 – Clinical Effectiveness - Learning from Deaths**This was achieved****Approach**

To comply with National Standards for Learning from Deaths

What has been achieved to date?

The Trust Board receives the Learning from Death Dashboard and report quarterly including information mandated by the National Guidance on Learning from Deaths. In addition to the mandated information, the Trust Board reviews and discusses an extensive report outlining actions and priorities relating to mortality and learning.

What will we do in 2019/20 to continue improvements?

The Board will continue to receive and review the quarterly dashboard report. The mortality review process will be further refined to ensure that detailed mortality reviews are appropriately targeted and that maximum learning is disseminated throughout the Trust.

Priority 3.2 – Clinical Effectiveness - Improve communications with GP's

This was partially achieved

Approach

To improve the timeliness of communications with GP's specifically relating to notification of patient death.

Background

The National Guidance on Learning from Deaths states that the General Practitioner "should be informed of the death and provided with details of death as stated in the medical certificate at the same time as the family or carers. The GP should be informed of the outcome of any investigation."

What has been achieved to date?

From October 2018, GPs have been notified of inpatient deaths by the Patient Affairs team using the electronic Discharge Notification system to generate a letter within five working days. 82 per cent of GP's have been notified since the implementation of this initiative within five working days

What will we do in 2019/20 to continue improvements?

The trust will continue to improve performance against the five day standard, and anticipates that it will appoint Medical Examiners in 2019/20; part of this role will entail agreeing a patient's cause of death and ensuring that this is communicated to GPs via the electronic discharge system the working day following a patient's death, thus fully meeting the requirements of the National Guidance on Learning from Deaths. Delivering further improvement in compliance with the five day standard for GP notifications has been identified as a Trust quality priority for 2019/2020.

Priority 3.3 – Clinical Effectiveness - Comply with Duty of Candour legislation

This was partially achieved

Approach

To comply with Duty of Candour legislation; the trust recognises the importance of being open with patients when things go wrong, it is applicable to any patient safety incident which has resulted in a moderate or above level of harm and is a legal obligation set out in the CQC Regulation 20. In summary the Duty of Candour process relates to:

- Stage one and two is the initial notification where a patient and or family member is informed in person that they have been involved in a patient safety incident, and the patient or family member has written confirmation about what has happened and how this will be investigated, this includes a written apology.
- Stage three is the sharing of the outcome of the investigation. There are set timescales which apply to each of these stages. Breach of the regulation has the potential to result in either regulatory or legal sanction

What did we achieve to date?

The trust's compliance for April - December 2018, 63 per cent of patients received a written confirmation about what has happened and how this will be investigated.

The trusts compliance for April – December 2018 is 72 per cent sharing of the outcome of the investigation, although the trust compliance was not fully met there has been a marked improvement in compliance, and the trust will continue to work on improving compliance.

The Trust's information leaflet for patients explains Duty of Candour and what the patient/relative should expect. This includes details of investigation process and providing contact details of a senior member of staff who will the patient/relative informed of the progress and who can be contacted with any questions.

Duty of Candour is part of our RCA Management of Serious Incidents and Report Writing training.

The directorate governance team continue to monitor compliance, and is reported via the directorate governance meetings and reports around compliance are also submitted to the board via the Integrated Quality Performance Report

What will we do in 2019/20 to continue improvements?

The trust will review its approach to duty of candour; reviewing its ongoing management and review of the Duty of Candour policy and processes.

In order to embed the Statutory Duty of Candour into clinical practice regular training and awareness raising workshops are being delivered by the Trust Governance team, to raise staff awareness and compliance, legal training is to take place across the Trust.

The Trust will continue with weekly compliance monitoring to support improvements in Duty of Candour applications.

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

Lead Governor's Submission on the Quality Account Report for 2018/19 of the Medway NHS Foundation Trust

The Quality Report describes Quality priorities across three key domains; Safe, Effective and Person Centred. The successful delivery of these priorities is at the foundation of providing safe and effective care for our patients.

This report looks back at the work delivered in 2018/19 to support the identified improvement priorities and looks forward to what success will look like for 2019/20.

Governors have engaged positively with the Trust over the past year and have been able to represent the views of members and the public in the development of these priorities, and have had the opportunity to hold the Non-Executive Directors to account for the performance of the Board in the delivery of them.

The past year has been one of transformation for the Trust across a number of important areas; we have seen significant change in terms of relationships with staff, other health sector partners and the underlying financial performance of the Trust – with each of these being critical to the future success of the hospital and patient outcomes.

The report goes into some detail on each of these; however I would highlight some key areas for attention.

- In relation to staffing the Trust has launched the 'You are the Difference Programme' which is helping to create a positive improvement culture across the whole organisation. So far over 1,500 members of staff (including some Governors) have taken part with fantastic feedback, 94 per cent either Agreed or Very Strongly Agreed that positivity at work leads to better outcomes and they're committed to helping Medway create a positive culture, while 96 per cent either Agreed or Very Strongly Agreed with the belief that our values and behaviours directly affect our patients' outcomes.
- As regards the Trust's position within the wider Kent and Medway health system we are seeing great partnerships developing, the Trust is working more closely and effectively with the CCGs than before and more formal relationships are being established with other providers, such as the collaboration with Medway Community Healthcare (MCH) to provide seamless care for patients.
- On finances, the whole of the NHS is suffering from chronic underfunding and Medway is no different, for various historic reasons Medway has greater financial difficulties than other similar Trusts – issues relating to the age and appropriateness of the hospital site, as well as some of the worst access to GP rates in the country. With this backdrop, we should recognise the substantial achievement in that the Trust delivered its Control Total in 2019 for the first time in 8 years – this included a Cost Improvement Programme that delivered savings of over £21m.

A Governor representative sits on the Trust's Quality Assurance Committee and it has been noted that the committee is now more focused on the definition of quality and how it affects all areas of care. This has resulted in more in-depth investigation into services and has strengthened the Committee's ability to provide assurance to the Board, as well as highlighting issues that need to be addressed. Governors have been very pleased with the obvious commitment shown by senior staff to improve their services and are confident that this will continue. There is still the need to meet financial obligations going forward, but the results from the past year have shown that there are ways to improve without breaching targets and the committee will monitor any impact on patient care closely.

Quality priorities for 2019/20 include ambitious plans to reduce Hospital Acquired Infections and falls, improve our communications and working with GPs and the provision of better and more compassionate care for some of our most vulnerable patients.

The Governors fully support these priorities and look forward to working closely with the Board to see them through to delivery.

Alastair Harding
Lead Governor

Statement from Medway and Swale Clinical Commissioning Groups

We would like to thank Medway NHS Foundation Trust (MFT) for submitting their quality accounts and for working closely with the quality team within the CCG to support your quality improvement. As the main provider of acute NHS services for the population in Medway and Swale the CCG Quality Team is proud to support the trust in their vision for excellence, and to provide brilliant care through brilliant people and continue to support their pursuit of brilliance. It is reassuring to note within the Quality account that the trust show Quality priorities for 19/20 is to deliver high quality care through safe, effective person centred care.

We recognise and are encouraged by the good work that has gone into many areas within the trust in relation to sepsis management, right and proper nutrition and hydration, CQC improvement plan, the 7 day standard, audit and research, sustained falls reduction, reduction in complaints and Accident and Emergency targets. We take particular notes of the Trusts significant challenge in their hospital acquired infection, mortality rates, and handover of care but are encouraged by the continued focus to improve for 19/20 and placing the users at the centre of their decision making, to improve outcomes and patient experience. The trust is committed to learning from deaths and the CCG are encouraged by the review of all deaths by a clinician. The CCG are satisfied that the trust continues to support staff in reporting incidents and this reflects a positive safety culture within the organisation however recognise the work to be done to embed this practise. The significant programme of work in establishing a robust governance programme and building capacity to investigate and learn throughout the trust is re assuring and the commitment to keep patient safe and become a trust with zero avoidable harm is admirable.

It is always assuring to see that MFT recognise the importance and priority of patient centred care, especially in those most vulnerable. It is inspiring to see the work already commenced and how this can continue and grow for all patients and the CCG are encouraged that they have made the connection between patient experience and staff satisfaction. The CCG are invigorated by the program of work being promoted in the coming year 'You are the Difference' programme, and the promoting professionalism programme which will link the disappointing results of the staff survey with the patient experience. The CCG feel this will give staff recognition of the good they are doing and a sense of ownership in their role within the trust and support the journey to make Medway outstanding.

The other challenge for MFT is the cancer and RTT performance that they have struggled to reach their performance criteria. They have been working closely with the CCG and the CCG are confident that they are reviewing the harm caused to patients and that the plans they have going forward should achieve sustainable improvement and improved patient care and experience.

In conclusion the CCG are encouraged by the continued hard work and commitment of the Trust to improve quality of care to their patients. They have shown a willingness to learn from incidents and prioritised personalised care for their patients. The Quality Account narrative only shows a small snapshot of the commitment the staff have shown to ensure that they are able to provide safe and sustainable high quality care to all of its patients. We look forward to continue to build relationships, work collaboratively and continue the improvement to outcomes in the coming year.

Paula Wilkins

Chief Nurse for Medway, North and West Kent Clinical Commissioning Group

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

The Committee notes that MFT received a rating of requires improvement in its most recent CQC inspection, the same rating as in the previous year. While it is disappointing that a stronger rating was not achieved, the Committee acknowledges that previously made improvements had been sustained and that the most recent inspection had not inspected any areas that had previously been rated as good.

The Committee is extremely concerned that the decision has been made not to establish a hyper acute stroke unit in Medway and by the resulting removal of acute stroke services from the hospital. It has, therefore, reported the decision to the

Secretary of State for Health and requested that the decision is reconsidered. The

Committee recognises that the decision is in no way a reflection on the hard working staff at MFT. The Committee also hopes that the provision of vascular services will be retained in Medway. A decision on future provision is expected to be made as part of the ongoing Kent and Medway Vascular Services Review.

The work of the Trust to ensure ongoing financial stability is acknowledged, with

Committee Members having been pleased by the reduced reliance on agency staff and the resulting reduction in agency staff costs.

The Committee acknowledges the partnership working with the Council and other partners to reduce Delayed Transfers of Care following patient discharge from hospital. This had included finding appropriate places for patients with complex care needs to be discharged to and the opening of the Sapphire Acute Frailty Unit. It is noted that one of the Trust's proposed quality priorities for 2019/20 is ensuring effective transfer of care.

The Committee was saddened that the Chief Executive, Lesley Dwyer, left the Trust during the year, but has recognised all her hard work in leading significant improvements made by the hospital during her tenure and the strong partnership working with the Council. The Committee would like to welcome the new Chief Executive, James Devine, and looks forward to working with him and his team.

Representatives of MFT have attended the Committee three times during 2018-19, in June and October 2018 and March 2019. The Committee continues to feel that the dialogue between it and representatives from the Trust has been constructive and looks forward to continuing to provide challenge and to seek assurance that the 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 feedback patient views and experiences. It looks forward to working with

MFT and Healthwatch to ensure that patient experience feedback can be fully considered by the Committee.

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 VTE data has been updated to reflect the end of year position
- Ed four hour and 62 day cancer data has been updated to reflect the end of year position
- The national clinical audits table has been amended
- HSMR figures 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 2018/19 and supporting guidance Detailed requirements for quality reports 2018/19
- 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 2018 to March 2019
 - papers relating to quality reported to the board over the period April 2018 to March 2019
 - feedback from commissioners dated 22 May 2019
 - feedback from governors dated 22 May 2019
 - feedback from local Healthwatch organisations dated 22 May 2019
 - feedback from overview and scrutiny committee dated 22 May 2019
 - the trust's complaints report published under Regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2019
 - the 2018 national patient survey March 2019
 - the 2018 national staff survey May 2019
 - the Head of Internal Audit's annual opinion of the trust's control environment dated 23 May 2019
 - CQC inspection report dated 01 July 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

- 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

24 May 2019



.....Date.....Chairman

24 May 2019



.....Date.....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 2019 (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 2019, 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 2019 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

Percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge (4 hour A&E); and

maximum waiting time of 62 days from urgent GP referral to first treatment for all cancers, reported in accordance with official performance statistics based on 50:50 breach allocation rules (62 days cancer wait)

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 NHSI.

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 2018/19 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 supporting guidance 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 2018 to 24/05/2019;
- papers relating to quality reported to the board over the period April 2018 to 24/05/2019;
- feedback from Commissioners, dated 22/05/2019;
- feedback from governors, dated 22/05/2019;
- feedback from Overview and Scrutiny Committee, dated 22/05/2019;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2019;
- the latest national patient survey, dated March 2019
- the latest national staff survey, dated May 2019
- Care Quality Commission inspection report, dated 26/07/2018; and
- the Head of Internal Audit's annual opinion over the trust's control environment, dated 23/04/2019.

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;
- reviewing the process flow of the indicator with management;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the 'NHS foundation trust annual reporting manual' to the categories reported in the quality report; and
- Reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the 'NHS foundation trust annual reporting manual' and supporting guidance.

The scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Medway NHS Foundation Trust

Basis for qualified conclusion

Percentage of patients with total time in A&E of four hours or less from arrival to admission, transfer or discharge

The "percentage of patients with total time in A&E of four hours or less from arrival to admission, transfer or discharge" indicator requires that the NHS Foundation Trust accurately record the start and end times of each patient's wait in A&E, in accordance with detailed requirements set out in the national guidance. This 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 admission, transfer or discharge as an inpatient.

Our procedures included testing a risk based sample of 24 items, and so the error rates identified from that sample should not be directly extrapolated to the population as a whole.

We identified the following errors:

- In 2 cases of our sample of patients' records tested, the end time was not accurately recorded affecting the calculation of the published indicator;
- In 4 cases of our sample of patients' records tested, the end time was not accurately recorded, but did not affect the calculation of the published indicator; and

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 A&E of four hours or less from arrival to admission, transfer or discharge" indicator for the year ended 31 March 2019. We are unable to quantify the effect of these errors on the reported indicator.

In addition, we identified:

- In 2 cases of our sample of patients' records tested, we were unable to obtain sufficient supporting evidence to confirm the start or end time necessary to test the calculation of the published indicator; and
- In 1 case of our sample, the relevant records were not provided as supporting evidence.

As a result there is a limitation in the scope of our procedures which means we are unable to complete our testing and are unable to determine whether the indicator has been prepared in accordance with the criteria for reporting "percentage of patients with total time in A&E of four hours or less from arrival to admission, transfer or discharge" for the year ended 31 March 2019.

Part 2 of the NHS Foundation Trust's Quality Report, from page 80, details the actions that the NHS Foundation Trust is taking to resolve the issues identified in its processes.

Qualified Conclusion

Based on the results of our procedures, except for the matters set out in the basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2019:

- 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 2.1 of the NHS Improvement Detailed requirements for quality reports for Foundation Trusts 2018/19; 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
St Albans
24 May 2019

Glossary

Acronym	Meaning
4AT	Rapid assessment test for delirium
COPD	Chronic Obstructive Pulmonary Disease
CQC	Care Quality Commission
CQUIN	Commissioning for Quality and Innovation
DATIX	National Risk Management and reporting system
DNA	Short for deoxyribonucleic acid - genetic code of organisms
DNACPR	Do Not Attempt Cardiopulmonary Resuscitation
DQ	Data Quality
ED	Emergency Department
EOLC	End of Life Care
FFT	Friends and Family Test
GP	General Practitioner
HSMR	Hospital Standardised Mortality Ratio
LeDER	Learning Disabilities Mortality Review Programme
MedOCC	Medway On Call Care
MRSA	Meticillin-resistant Staphylococcus aureus is a type of bacteria
NELA	National Emergency Laparotomy Audit
NHS	National Health Service
NIHR	National Institute for Health Research
NRLS	National Reporting and Learning System
PALS	Patient Advice and Liaison Service
PAS	Patient Administration System
PHSO	Parliamentary and Health Service Ombudsman
PROM	Patient Reported Outcome Measures
PST	Patient Safety Team

Acronym	Meaning
QA	Quality Account
QIP	Quality improvement project
RTT	Referred to Treatment
SHMI	Summary Hospital Level Mortality Indicator
SJR	Structured Judgement Review
StEIS	Strategic Executive Information System
SUS	Secondary Uses service
UTI	Urinary tract infection
VTE	Venous thromboembolism

ANNUAL ACCOUNTS



Foreword to the Accounts

Medway NHS Foundation Trust

These accounts, for the year ended 31 March 2019, have been prepared by Medway NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.

Signed



Name	James Devine
Job title	Chief Executive
Date	24 May 2019

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.



James Devine
Chief Executive
24 May 2019

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 2019 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 Equity;
- the Statement of Cash Flows and
- the related notes 1 to 28

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 1.2 in the financial statements which indicates that the foundation trust incurred a net deficit of £29.9m during the year ended 31 March 2019 and is projecting a further substantial deficit for 2019/20 before impairments and revaluations. In addition, the foundation trust has existing loans of £127.1m falling due by March 2020.

The foundation trust has identified that additional funding is required before the end of 2019/20 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. The planned deficit for 2019/20 assumes that the foundation trust delivers Cost

Improvement Plans ("CIPs") amounting to £18m and, although performance against CIPS targets has improved in 2018/19, it remains uncertain 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 amounting to £31.1m which assumes that the £127.1m noted above will not need to be repaid.

In response to this, we:

- reviewed the Trust's financial performance in 2018/19 including achievement of 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 Trust's cash flow forecasts and the 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 1.2 of the financial statements, these events or conditions, along with the other matters as set forth in note 1.2 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

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Recognition of NHS revenue • Property valuations • Management override of controls • Going concern (see material uncertainty relating to going concern section) • Arrangements to secure value for money (see matters on which we are required to report by exception – use of resources section) <p>These are the same risks identified in the prior year (2017/18).</p>
Materiality	The materiality that we used in the current year was £5.7m which was determined on the basis of 2% of revenue.
Scoping	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control. The Trust does not have any subsidiaries and is structured as a single reporting unit and so the whole Trust was subject to a full audit scope.
Significant changes in our approach	There have been no significant changes in our approach to the audit in 2018/19 compared to 2017/18.

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.

Recognition of NHS Revenue

Key audit matter description



As described in the accounting policies and specifically note 1.3, there are significant judgements in recognition of revenue from care of NHS patients and in accounting for disputes with commissioners due to:

- the complexity of the Payment by Results regime, in particular in determining the level of overperformance and Commissioning for Quality and Innovation (“CQUIN”) income to recognise;
- the judgemental nature of accounting for disputes, including in respect of outstanding overperformance income with commissioners; and
- the Provider Sustainability Funding (PSF) which is dependent on the Trust meeting certain financial performance targets and therefore recognition of this funding is affected by other accounting estimates.

Details of the Trust’s income, including £257.1m (2017/18: £242m) of Commissioner Requested Services and £17.1m (2017/18: £4.3m) of Provider Sustainability Funding (PSF), are shown in notes 3 and 4 to the financial statements.

The majority of the foundation trust’s income comes from the North Kent commissioners, increasing the significance of associated judgements.

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 agreement of disputes and challenges.

We have agreed baseline contract income to underlying contracts and checked settlement agreements to third party confirmation.

We have held discussions with the finance team and contracts team and we challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for accounting treatment adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.

We have selected a sample of unsettled NHS revenue at year-end and sought evidence that cash has been received post year-end. Where cash has not been received post year-end we have sought further evidence to support the validity and accuracy of the unsettled amounts.

We have selected a sample of differences between the amounts that the Trust reports as receivable from commissioners, and the amounts that commissioners report that they owe the Trust, in the agreement of balances (“mismatch”) report. For this sample, we have sought explanations from management for the variances together with documentary evidence to corroborate those explanations.

Key observations



We consider that NHS revenue is appropriately stated. We consider the estimates made by the Trust in respect to their recognition of NHS revenue to be within an acceptable range.

Property valuations

Key audit matter description



As disclosed in note 11.1, The Trust holds property assets within Property, Plant and Equipment at a gross modern equivalent use valuation of £149.1m (31 March 2018: £152.7m). These 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 can be subject to material changes in value.

The net valuation movement on the Trust’s estate shown in note 11.1 is a net impairment of £3.7m.

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.

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 including Brexit related considerations.

We have reviewed the disclosures in note 1.6 and evaluated whether these provide sufficient explanation of the basis of the valuation and the judgements made in preparing the valuation.

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.

Key observations



We consider the valuation of the property assets held by the Trust to fall within a reasonable range of expected outcomes.

Management override of controls

Key audit matter description

We consider that in the current year there continues to be 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.

The Trust has been allocated £17.1m of the Provider Sustainability Fund, contingent on achieving financial and operational targets each year, equivalent to a “control total” for the year. NHS Improvement has allocated funding for a “bonus” to organisations that exceed their control total, including offering foundation trusts £1 of additional funding for each £1 above the control total. This creates an incentive for reporting financial results that exceed the control total deficit of £46.8m (excluding PSF). The Trust’s reported results show a deficit of £46.8m excluding PSF, equivalent to the control total.

Details of critical accounting judgements and key sources of estimation uncertainty are included in note 1.18.

How the scope of our audit responded to the key audit matter risk



Manipulation of accounting estimates

Our work on accounting estimates included considering areas of judgement. 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.

We tested accounting estimates (including in respect of NHS revenue recognition 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.

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 Trust.

Manipulation of journal entries

We used data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting focusing in particular upon manual journals.

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.

We tested the year-end adjustments made outside of the accounting system between the general ledger and the financial statements.

Accounting for significant or unusual transactions

We considered whether any transactions identified in the year required specific consideration and did not identify any requiring additional procedures to address this key audit matter.

Key observations



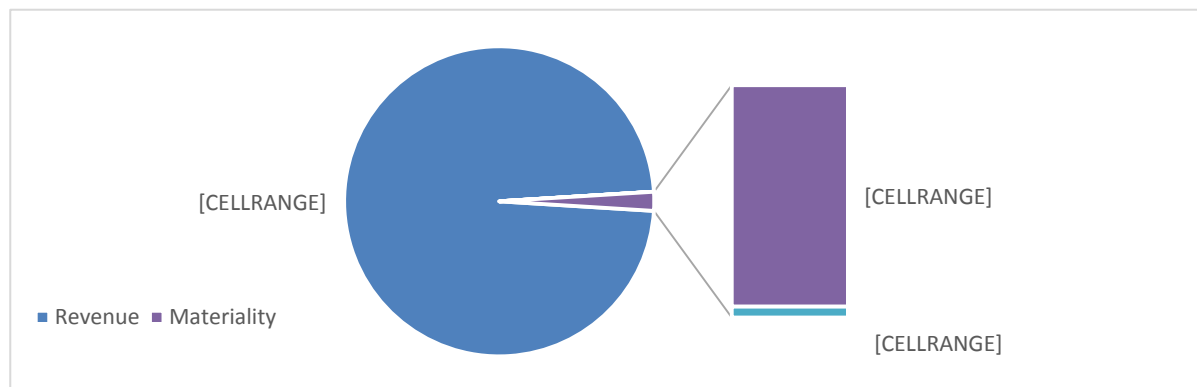
We consider the accounting estimates made to be reasonable.

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:

Materiality	£5.7m (2017/18: £5.4m)
Basis for determining materiality	2% of planned revenue (2017/18: 2% of revenue). We note that actual revenue results were higher than planned but our materiality rates were maintained at the levels calculated and reported at the planning stage.
Rationale for the benchmark applied	Revenue was chosen as a benchmark as the 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 Audit Committee that we would report to the Committee all audit differences in excess of £285k (2018: £250k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the 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

Our audit was scoped by obtaining an understanding of the entity and its environment, including

internal control, and assessing the risks of material misstatement. Audit work was performed at the Trust's head offices directly by the audit engagement team, led by the senior statutory auditor.

The audit team included integrated Deloitte specialists bringing specialist skills and experience in property valuations and information technology systems. Data analytic techniques were used as part of the audit testing, in particular to support profiling of populations to identify items of audit interest.

Other information

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

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

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. 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

The Trust has described matters in its Annual Governance Statement that we consider to be relevant to the Trust's arrangements to secure economy, efficiency and effectiveness. The Trust has described the following principal governance risks related to financial sustainability: the proportionality of the continued and sustained deficits, inability to realise efficiencies, insufficient cash to invest and failure to achieve longer-term sustainability. The following points related to current financial performance and sustainability are also noted:

- the Foundation Trust's outturn position for 2018-19 was a £29.9m million deficit
- the Foundation Trust's 2019-20 plan submission in April 2019 shows a further substantial deficit of £22.3 million for 2019-20.

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 2019.

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, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans, United Kingdom

24 May 2019

Statement of Comprehensive Income for the year ended 31 March 2019

		2018/19	2017/18
	Note	£000	£000
Operating income from patient care activities	3	257,107	242,047
Other operating income	4	40,844	28,657
Operating expenses	5, 6	(324,247)	(330,318)
Operating surplus/(deficit) from continuing operations		(26,296)	(59,614)
Finance income	9	80	28
Finance expenses	10	(3,663)	(2,531)
Net finance costs		(3,583)	(2,503)
Deficit for the year		(29,879)	(62,117)
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	12	(11,100)	10,453
Total comprehensive expense for the period		(40,979)	(51,664)

Statement of Financial Position as at 31 March 2019

	Note	31 March 2019 £000	31 March 2018 £000
Non-current assets			
Property, plant and equipment	11	184,877	195,074
Receivables	14	367	349
Total non-current assets		185,244	195,423
Current assets			
Inventories	13	5,871	7,441
Receivables	14	39,063	35,425
Cash and cash equivalents	15	10,841	9,768
Total current assets		55,775	52,634
Current liabilities			
Trade and other payables	16	(23,766)	(37,245)
Borrowings	18	(127,124)	(58,186)
Provisions	19	(180)	(563)
Other liabilities	17	(2,868)	(2,893)
Total current liabilities		(153,938)	(98,887)
Total assets less current liabilities		87,081	149,170
Non-current liabilities			
Borrowings	18	(137,501)	(158,725)
Provisions	19	(870)	(937)
Total non-current liabilities		(138,371)	(159,662)
Total assets employed		(51,290)	(10,492)
Financed by			
Public dividend capital		138,912	137,719
Revaluation reserve		35,043	46,143
Income and expenditure reserve		(225,245)	(194,354)
Total taxpayers' equity		(51,290)	(10,492)

The notes on pages 7 to 42 form part of these accounts.

Name James Devine

Position Chief Executive

Name Ian O'Connor

Position Director of Finance

Date 24 May 2019

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2018 - brought forward	137,719	46,143	(194,354)	(10,492)
Impact of implementing IFRS 15 on 1 April 2018	0	0	0	0
Impact of implementing IFRS 9 on 1 April 2018	0	0	(1,012)	(1,012)
Deficit for the year	0	0	(29,879)	(29,879)
Revaluations	0	(11,100)	0	(11,100)
Public dividend capital received	1,193	0	0	1,193
Taxpayers' equity at 31 March 2019	138,912	35,043	(225,245)	(51,290)

Statement of Changes in Equity for the year ended 31 March 2018

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2017 - brought forward	134,485	35,690	(132,237)	37,938
Deficit for the year	0	0	(62,117)	(62,117)
Revaluations	0	10,453	0	10,453
Public dividend capital received	3,234	0	0	3,234
Taxpayers' equity at 31 March 2018	137,719	46,143	(194,354)	(10,492)

Statement of Cash Flows for the year ended 31 March 2019

		2018/19	2017/18
	Note	£000	£000
Cash flows from operating activities			
Operating surplus / (deficit)		(26,296)	(59,614)
Non-cash income and expense:			
Depreciation and amortisation	5	10,508	9,797
Income recognised in respect of capital donations	4	0	(95)
(Increase) / decrease in receivables and other assets		(4,664)	1,067
(Increase) / decrease in inventories		1,570	(525)
Increase / (decrease) in payables and other liabilities		(12,163)	(5,329)
Increase / (decrease) in provisions		(452)	473
Net cash generated from / (used in) operating activities		(31,497)	(54,226)
Cash flows from investing activities			
Interest received		76	27
Purchase of property, plant, equipment and investment property		(12,340)	(18,768)
Receipt of cash donations to purchase capital assets		0	95
Net cash generated from / (used in) investing activities		(12,264)	(18,646)
Cash flows from financing activities			
Public dividend capital received		1,193	3,234
Movement on loans from the Department of Health and Social Care		47,155	80,377
Movement on other loans		0	(14)
Capital element of finance lease rental payments		0	(268)
Interest on loans		(3,506)	(2,283)
Other interest		(8)	0
PDC dividend (paid) / refunded		0	17
Net cash generated from / (used in) financing activities		44,834	81,063
Increase / (decrease) in cash and cash equivalents		1,073	8,191
Cash and cash equivalents at 1 April - brought forward		9,768	1,577
Cash and cash equivalents at 31 March	15	10,841	9,768

Notes to the Accounts for the year ended 31 March 2019

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

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 2018-19' 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 with 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 has delivered its declared financial plan for 2018/19 and has submitted a financial plan to NHS Improvement which delivers a £22.3 million deficit in 2019/20. This requires the delivery of a further £18.0 million of financial improvement already embedded in the plan. The Trust board recognises that this continues to represent a highly demanding plan, subject to a high degree of risk, and dependent upon the full delivery of cost reduction targets, 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 £22.3m and to support the capital programme for essential investment in the estate a further £11.7m is required leading to a total increase of £34m during 2019/20. 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 31 March 2019 the Trust's liabilities were in excess of its assets. The net liabilities will continue to increase through 2019/20 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 would be depleted by August 2019, assuming cash is fully received inline with forecast income.

Future deficit support funding is pre-approved by NHS Improvement in line with the 2019/20 plan submitted however loan agreements are drawn up on a monthly basis. 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 a further £18 million. These 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 over achieved its stretching efficiency target of £21m in 2018/19;
- 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 2019/20 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 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 2018/19 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.

The Trust has considered the potential risk and impact of the UK leaving the European Union particularly regarding staffing and the supply of goods and services, considering and implementing contingencies and safeguards were necessary. The organisation and health sector at large is fully prepared in the event of the conclusion of negotiations with the risks both operationally and related to going concern managed.

Note 1.3 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

Note 1.3.1 Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer.

For patients whose treatment straddles the year end income is apportioned across the financial years on the basis of length of stay, in so far as it is in accordance with the terms of the contract. The basis for the calculation of the partially completed spells accrual was those patients who were occupying a Trust bed on 31 March 2019 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 2018/19 and 2019/20 financial years, based on the distribution of length of stay.

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 2019/20 has been deferred.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Note 1.3.2 Revenue from Research Contracts

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

Note 1.3.3 NHS Injury cost recovery scheme

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

Note 1.3.4 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

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

Note 1.3.5 Other income

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.4 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed

under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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

Note 1.5 Expenditure on other goods and services

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

Note 1.6 Property, plant and equipment

Note 1.6.1 Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- costs 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful 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.

Note 1.6.2 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.

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 31 March 2019 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 2019 as at the valuation date of 31 March 2019.

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

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

Depreciation

Items of property, plant and equipment are depreciated 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 - see 1.6.5.

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

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

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

Note 1.6.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
 - management are committed to a plan to sell the asset
 - an active programme has begun to find a buyer and complete the sale
 - the asset is being actively marketed at a reasonable price
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned 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 useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.6.4 Donated and grant funded assets

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

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

Note 1.6.5 Useful lives of property, plant and equipment

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

	Min Years	Max Years
Buildings (set-up costs in new buildings)	1	10
Buildings and Dwellings	1	80
Plant and machinery	5	15
Transport (Vehicles)	7	7
Information technology	5	8
Furniture and fittings	7	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Information Technology assets also include the Picture Archiving and Communications Systems (PACS) deployment costs, which is depreciated over a 10 year life.

Note 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.

Note 1.9 Cash and cash equivalents

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

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

Note 1.10 Financial assets and financial liabilities**Note 1.10.1 Recognition**

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

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

Note 1.10.2 Classification and measurement

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

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets the Trust recognises an allowance for expected credit losses.

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

"The Trust has developed a model for Non DHSC group bodies contract and other receivables which assesses the liability by category and debtor type factoring in any known specifics to calculate the value of impairment.

This DHSC provides a guarantee of last resort against the debts of DHSC group bodies (Excluding NHS charities), in accordance with the GAM these liabilities have been deemed risk free so no credit losses are calculated in relation to these liabilities.

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

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

Note 1.10.3 Derecognition

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

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

Note 1.11 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.11.1 The trust as lessee

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 asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Note 1.12 Provisions

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

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 19 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 NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.13 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 20 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 20, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability."

Note 1.14 Public dividend capital

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

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 (including lottery funded assets),
- ii. average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- iii. any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the “pre-audit” version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

When calculated net assets are negative PDC dividends are not applicable.

Note 1.15 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.

Note 1.16 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.17 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.18 Critical 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 See note 1.2.
- Asset valuation see note 1.6.

Note 1.18.1 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 2018/19.

Note 1.19 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:

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018.
- IFRS 15 Revenue from Contracts with Customers – Application required for accounting periods beginning on or after 1 January 2018.

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or 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 16 Leases – This standard has been issued. Application required for accounting periods beginning on or after 1 January 2020, but not yet adopted by the FReM: early adoption is not therefore permitted. The Trust is continuing to assess the potential impact on application of the standard in 2020/2021 but early indications are this will have a minimal impact on recognition and measurement based on current activities. Implications regarding disclosure are not yet known and are therefore not quantifiable.

Note 1.21 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.

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 28 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

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	2018/19	2017/18
	£000	£000
Elective income	36,173	36,843
Non elective income	90,063	81,491
First outpatient income	19,267	19,094
Follow up outpatient income	15,425	14,909
A and E income	13,933	13,188
High cost drugs income from commissioners (excluding pass-through costs)	21,893	22,521
Other NHS clinical income	55,129	52,672
Private patient income	131	447
Agenda for Change pay award central funding	3,190	0
Other clinical income	1,903	882
Total income from activities	257,107	242,047

All income from patient care activities relates to commissioner requested services.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2018/19	2017/18
	£000	£000
NHS England	32,536	30,740
Clinical commissioning groups	219,201	209,049
Department of Health and Social Care	3,190	0
Other NHS providers	146	240
Local authorities	0	683
Non-NHS: private patients	131	116
Non-NHS: overseas patients (chargeable to patient)	308	331
Injury cost recovery scheme	1,118	881
Non NHS: other	477	7
Total income from activities	257,107	242,047

Injury Cost Recovery income is subject to a provision for doubtful debts of 21.89% (2017/18: 22.84%) to reflect expected rates of collection.

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

	2018/19	2017/18
	£000	£000
Income recognised this year	308	331
Cash payments received in-year	131	219
Amounts added to provision for impairment of receivables	129	129
Amounts written off in-year	123	68

Note 4 Other operating income

	2018/19	2017/18
	£000	£000
Other operating income from contracts with customers:		
Research and development (contract)	1,044	997
Education and training (excluding notional apprenticeship levy income)	9,404	9,263
Non-patient care services to other bodies	5,209	5,348
Provider Sustainability Fund (PSF) ¹	17,102	4,251
Income in respect of employee benefits accounted on a gross basis	186	295
Other contract income	7,389	8,260
Other non-contract operating income		
Education and training - notional income from apprenticeship fund	121	0
Receipt of capital grants and donations	0	95
Charitable and other contributions to expenditure	389	148
Total other operating income	40,844	28,657

	2018/19	2017/18
	£000	£000
Other Income includes:		
Car Parking income	1,750	2,052
Catering	1,103	1,267
Pharmacy sales	110	264
Staff accommodation rental	345	472
Estates recharges (external)	209	280
Crèche services	407	343
Clinical tests	1,073	1,691
Clinical excellence awards	215	252
Other	2,177	1,639
	7,389	8,260

¹ Provider Sustainability and Transformation Fund (previously-Sustainability and Transformation Fund STF) Income is in relation to full achievement of the Finance target only. A and E targets were not met. A further £8,238k of incentive payments were awarded.

Note 4.1 Additional information on revenue from contracts with customers recognised in the period

	2018/19
	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,893

Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	0
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Note 4.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	2018/19
	£000
within one year	2,868
after one year, not later than five years	0
after five years	0
Total revenue allocated to remaining performance obligations	2,868

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5 Operating expenses

Note 5 Operating expenses

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	16,209	8,316
Purchase of healthcare from non-NHS and non-DHSC bodies	637	2,041
Staff and executive directors costs ¹	202,062	208,873
Remuneration of non-executive directors	154	158
Supplies and services - clinical (excluding drugs costs)	28,927	35,148
Supplies and services - general	7,455	6,673
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	27,660	32,312
Consultancy costs	1,575	1,411
Establishment	1,308	1,352
Premises	6,603	6,336
Transport (including patient travel)	1,022	913
Depreciation on property, plant and equipment	10,515	9,797
Movement in credit loss allowance: contract receivables / contract assets ²	(153)	0
Movement in credit loss allowance: all other receivables and investments ²	0	1,422
Change in provisions discount rate(s)	(14)	57
Audit fees payable to the external auditor		
audit services- statutory audit	77	75
other auditor remuneration	9	9
Internal audit costs	111	148
Clinical negligence	10,360	7,763
Legal fees	323	166
Insurance	162	121
Research and development	1,048	981
Education and training	4,939	4,933
Rentals under operating leases	872	656
Redundancy	0	199
Car parking and security	148	229
Hospitality	10	8
Losses, ex gratia and special payments	416	9
Other services, eg external payroll	58	116
Other	1,754	96
Total	324,247	330,318

¹ 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.

² Net movement in credit losses (previously provision for impairment of receivables).

Note 5.1 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2018/19 or 2017/18.

Note 6 Employee Benefits

	2018/19	2017/18
	£000	£000
Salaries and wages	160,943	160,613
Social security costs	16,760	16,861
Apprenticeship levy	793	811
Employer's contributions to NHS pensions	17,978	17,980
Pension cost - other	6	4
Temporary staff (including agency)	10,496	17,445
Total gross staff costs	206,976	213,714

Note 6.1 Directors Remuneration and Other Benefits

	2018/19	2017/18
	£000	£000
Directors Remuneration	1,377	1,148
Social Security Costs	100	124
Employer contributions to NHS Pension scheme	183	46
Total Remuneration	1,660	1,318

Nine Directors are accruing pension benefits under the NHS Pension defined benefit scheme (2017/18 two)

Note 6.2 Retirements due to ill-health

During 2018/19 there was 1 early retirement from the Trust agreed on the grounds of ill-health (8 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements are £22k (£347k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Please Note: In line with the HM Treasury requirements, some previous accounts disclosures relating to staff costs are now required to be included in the staff report section of the annual report instead.

Note 7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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 2018/19 amount to £6k (2017/18: £4k).

Note 8 Operating expenses

Note 8.1 Medway NHS Foundation Trust as a lessee

Operating expenses include:

Payments recognised as an expense

	2018/19	2017/18
	£000	£000
Operating lease expense		
Minimum lease payments	872	656
Total	872	656

	2018/19	2017/18
	£000	£000
Future minimum lease payments due:		
- not later than one year;	436	470
- later than one year and not later than five years;	1,246	1,610
- later than five years.	0	76
Total	1,682	2,156

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'.

Note 9 Finance income

Finance income represents interest received on assets and investments in the period.

	2018/19	2017/18
	£000	£000
Interest on bank accounts	80	28
Total finance income	80	28

Note 10 Finance expenditure

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

	2018/19	2017/18
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	3,653	2,532
Interest on late payment of commercial debt	8	27
Total interest expense	3,661	2,559
Unwinding of discount on provisions	2	(28)
Total finance costs	3,663	2,531

Note 10.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2018/19	2017/18
	£000	£000
Amounts included within interest payable arising from claims under this legislation	8	27

Note 11 Property, plant and equipment

Note 11.1 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	6,049	141,182	6,928	22,036	48,608	139	14,919	3,838	243,699
Additions	0	274	0	10,723	199	0	13	209	11,418
Revaluations	191	(18,260)	(438)	0	0	0	0	0	(18,507)
Reclassifications	0	13,576	(445)	(14,760)	(69)	1	1,331	366	0
Valuation/gross cost at 31 March 2019	6,240	136,772	6,045	17,999	48,738	140	16,263	4,413	236,610
Accumulated depreciation at 1 April 2018 - brought forward	0	1,413	17	0	32,505	110	11,341	3,239	48,625
Provided during the year	0	5,559	531	0	2,383	9	1,839	194	10,515
Revaluations	0	(7,028)	(379)	0	0	0	0	0	(7,407)
Reclassifications	0	56	(169)	7	95	1	4	6	0
Accumulated depreciation at 31 March 2019	0	0	0	7	34,983	120	13,184	3,439	51,733
Net book value at 31 March 2019	6,240	136,772	6,045	17,992	13,755	20	3,079	974	184,877
Net book value at 31 March 2018	6,049	139,769	6,911	22,036	16,103	29	3,578	599	195,074

Note 11.2 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	5,735	137,049	5,946	14,617	39,964	140	14,903	3,833	222,187
Additions	0	99	0	15,346	2,119	0	82	0	17,646
Revaluations	314	2,697	855	0	0	0	0	0	3,866
Reclassifications	0	1,337	127	(7,927)	6,525	(1)	(66)	5	0
Valuation/gross cost at 31 March 2018	6,049	141,182	6,928	22,036	48,608	139	14,919	3,838	243,699
Accumulated depreciation at 1 April 2017 - as previously stated	0	2,013	363	0	30,245	106	9,619	3,069	45,415
Provided during the year	0	5,586	55	0	2,260	4	1,722	170	9,797
Revaluations	0	(6,186)	(401)	0	0	0	0	0	(6,587)
Accumulated depreciation at 31 March 2018	0	1,413	17	0	32,505	110	11,341	3,239	48,625
Net book value at 31 March 2018	6,049	139,769	6,911	22,036	16,103	29	3,578	599	195,074
Net book value at 31 March 2017	5,735	135,036	5,583	14,617	9,719	34	5,284	764	176,772

Note 12 Revaluations and Impairments of property, plant and equipment

Note 12.1 Revaluations

	2018/19	2017/18
	£000	£000
Changes in market price		
Land	191	314
Property, Plant and Equipment	(11,291)	10,139
Total Revaluations¹	(11,100)	10,453

Note 12.2 Impairments

There are no impairments charged to the Revaluation Reserve in 2018/19 (2017/18: £0)

¹ In 2018/19 an £11,100k devaluation has occurred which has been fully debited to the Revaluation Reserve. (2017/18: revaluation £10,453k).

Note 12.3 Impairments

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 13 Inventories

	2018/19	2017/18
	£000	£000
Drugs	1,929	2,593
Consumables	3,942	4,848
Total inventories	5,871	7,441

Inventories recognised in expenses for the year were £56,586k (2017/18: £48,362k)

Note 14 Trade and other receivables

	2018/19	2017/18
	£000	£000
Current		
Contract receivables*	36,643	0
Trade receivables*	0	31,951
Accrued income*	0	2,789
Allowance for impaired contract receivables / assets*	(2,297)	0
Allowance for other impaired receivables	0	(2,256)
Prepayments (non-PFI)	4,382	1,866
Interest receivable	6	2
VAT receivable	239	971
Other receivables	90	102
Total current trade and other receivables	39,063	35,425
Non-current		
Contract receivables*	470	0
Trade receivables*	0	453
Allowance for impaired contract receivables / assets*	(103)	0
Allowance for other impaired receivables	0	(104)
Total non-current trade and other receivables	367	349
Of which receivables from NHS and DHSC group bodies:		
Current	33,292	30,323

*Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

Note 14.1 Allowances for credit losses - 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward		2,360
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	3,372	(2,360)
Transfers by absorption	0	0
New allowances arising	1,358	0
Changes in existing allowances	(799)	0
Reversals of allowances	(712)	0
Utilisation of allowances (write offs)	(819)	0
Changes arising following modification of contractual cash flows	0	0
Foreign exchange and other changes	0	0
Allowances as at 31 Mar 2019	2,400	0

Note 14.2 Allowances for credit losses - 2017/18

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

	All receivables
	£000
Allowances as at 1 Apr 2017 - brought forward	5,732
Transfers by absorption	
Increase in provision	1,456
Amounts utilised	(4,794)
Unused amounts reversed	(34)
Allowances as at 31 Mar 2018	2,360

Note 15 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2018/19	2017/18
	£000	£000
At 1 April	9,768	1,577
Net change in year	1,073	8,191
At 31 March	10,841	8,191
Broken down into:		
Cash at commercial banks and in hand	71	136
Cash with the Government Banking Service	10,770	9,632
Total cash and cash equivalents as in SoFP	10,841	9,768

Note 16 Trade and other payables

	2018/19 £000	2017/18 £000
Current		
Trade payables	7,623	13,545
Capital payables	4,459	5,381
Accruals	11,573	14,815
Social security costs	10	127
Other taxes payable	1	93
Accrued interest on loans*	0	412
Other payables	100	2,872
Total current trade and other payables	23,766	37,245
Of which payables from NHS and DHSC group bodies:		
Current	4,692	6,364

Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note 18.1. IFRS9 is applied without restatement therefore comparatives have not been restated.

Note 16.1 Better Payment Practice code

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	69,775	104,824	61,425	89,095
Total non-NHS trade invoices paid within target	31,838	39,307	26,668	30,696
Percentage of non-NHS trade invoices paid within target	45.6%	37.5%	43.4%	34.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,629	25,889	1,489	23,519
Total NHS trade invoices paid within target	197	5,061	164	4,307
Percentage of NHS trade invoices paid within target	12.1%	19.5%	11.0%	18.3%

The Better Payment Practice code requires that 95% of all valid invoices are paid by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 17 Other Liabilities

	2018/19	2017/18
	£000	£000
Current		
Deferred income: contract liabilities	2,868	2,893
Total other current liabilities	2,868	2,893

Note 18 Borrowings

	2018/19	2017/18
	£000	£000
Current		
Loans from the Department of Health and Social Care*	127,124	58,186
Total current borrowings	127,124	58,186
Non-current		
Loans from the Department of Health and Social Care	137,501	158,725
Total non-current borrowings	137,501	158,725

*Includes £559k of interest payable in accordance with IFRS9

The Trust is party to 37 Department of Health loans as follows (the principal sums which can be seen below):

Loan	Loan Type	Principal Repayment date	Balance @ 1st April 2018 £000	Loans Received £000	Loans Repaid £000	Balance @ 1st April 2019 £000	Interest %
1	Capital investment	Oct 2019	464	0	(230)	234	0.8%
2	Capital investment	Sep 2020	2,089	0	(836)	1,253	1.3%
3	Capital investment	Nov 2038	2,648	0	(120)	2,528	1.3%
4	Revenue Support	Mar 2020	22,500	0	0	22,500	1.5%
5	Revenue Support	Mar 2018	56,800	0	0	56,800	1.5%
6	Revenue Support	Jan 2020	21,300	0	0	21,300	1.5%
7	Revenue Support	Nov 2019	5,070	0	0	5,070	1.5%
8	Revenue Support	Dec 2019	4,610	0	0	4,610	1.5%

Loan	Loan Type	Principal Repayment date	Balance @ 1st April 2018 £000	Loans Received £000	Loans Repaid £000	Balance @ 1st April 2019 £000	Interest %
9	Revenue Support	Jan 2020	6,270	0	0	6,270	1.5%
10	Revenue Support	Feb 2020	3,250	0	0	3,250	1.5%
11	Revenue Support	Mar 2020	5,141	0	0	5,141	1.5%
12	Revenue Support	Jun 2020	5,860	0	0	5,860	1.5%
13	Revenue Support	Jul 2020	3,100	0	0	3,100	1.5%
14	Capital investment	Feb 2036	3,516	0	(200)	3,316	1.6%
15	Revenue Support	Aug' 2020	5,128	0	0	5,128	1.5%
16	Revenue Support	Sep 2020	7,492	0	0	7,492	1.5%
17	Revenue Support	Oct 2020	4,325	0	0	4,325	1.5%
18	Revenue Support	Nov 2020	5,914	0	0	5,914	1.5%
19	Additional Cash Support	Nov 2020	4,100	0	0	4,100	1.5%
20	Revenue Support	Dec 2020	4,864	0	0	4,864	1.5%
21	Revenue Support	Jan 2021	3,620	0	0	3,620	1.5%
22	Capital investment	Aug 2019	2,790	0	0	2,790	2.6%
23	Capital investment	TBC	3,000	0	0	3,000	2.6%
24	Revenue Support	Mar 2021	15,500	0	0	15,500	1.5%
25	Additional Cash Support	Mar 2021	15,760	0	0	15,760	1.5%
26	Capital investment	TBC	1,800	0	0	1,800	3.5%
27	Revenue Support	Apr 2021	0	4,401	0	4,401	1.5%
28	Revenue Support	Jun 2021	0	5,310	0	5,310	1.5%
29	Revenue Support	Jul 2021	0	4,050	0	4,050	1.5%
30	Revenue Support	Aug 2021	0	5,530	0	5,530	1.5%
31	Revenue Support	Sep 2021	0	3,240	0	3,240	1.5%
32	Revenue Support	Oct 2021	0	2,460	0	2,460	1.5%
33	Revenue Support	Nov 2021	0	5,570	0	5,570	1.5%
34	Revenue Support	Dec 2021	0	2,960	0	2,960	1.5%
35	Revenue Support	Jan 2022	0	2,750	0	2,750	1.5%
36	Revenue Support	Feb 2022	0	2,270	0	2,270	1.5%
37	Revenue Support	Feb 2023	0	10,000	0	10,000	1.5%
			216,911	48,541	-1,386	264,066	

Note 18.1 Reconciliation of liabilities arising from financing activities

	DHSC Loans £000
Carrying value at 1 April 2018	216,911
Cash movements:	
Financing cash flows - payments and receipts of principal	47,155
Financing cash flows - payments of interest	(3,506)
Non-cash movements:	
Impact of implementing IFRS 9 on 1 April 2018	412
Application of effective interest rate	3,653
Carrying value at 31 March 2019	264,625

Note 19 Provisions for liabilities and charges analysis

	Pensions relating to staff	Legal claims	Redundancy	Total
	£000	£000	£000	£000
At 1 April 2018	1,019	79	402	1,500
At start of period for new FTs	0	0	0	0
Change in the discount rate	(14)	0	0	(14)
Arising during the year	51	48	0	99
Utilised during the year	(85)	0	(398)	(483)
Reversed unused	(19)	(31)	(4)	(54)
Unwinding of discount	2	0	0	2
At 31 March 2019	954	96	0	1,050
Expected timing of cash flows:				
- not later than one year;	84	96	0	180
- later than one year and not later than five years;	412	0	0	412
- later than five years.	458	0	0	458
Total	954	96	0	1,050

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.

Note 19.1 Clinical negligence liabilities

At 31 March 2019, £139,058k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Medway NHS Foundation Trust (31 March 2018: £123,685k).

Note 20 Contingent assets and liabilities

	2018/19 £000	2017/18 £000
Value of contingent liabilities		
NHS Resolution legal claims	(49)	(29)
Gross value of contingent liabilities	(49)	(29)
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	(49)	(29)
Net value of contingent assets	0	0

Note 21 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 2019 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.

Note 21.1 Carrying values of financial assets

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2019 under IFRS 9		
Trade and other receivables excluding non financial assets	34,793	34,793
Other investments / financial assets	0	0
Cash and cash equivalents at bank and in hand	10,841	10,841
Total at 31 March 2019	45,634	45,634

	Loans and receivables	Assets at fair value through the I & E	Total book value
	£000	£000	£000
Carrying values of financial assets as at 31 March 2018 under IAS 39			
Trade and other receivables excluding non financial assets	31,043	0	31,043
Other investments / financial assets	0	0	0
Cash and cash equivalents at bank and in hand	9,768	0	9,768
Total at 31 March 2018	40,811	0	40,811

Note 21.2 Carrying value of financial liabilities

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9		
Loans from the Department of Health and Social Care	264,625	264,625
Trade and other payables excluding non financial liabilities	23,712	23,712
Other financial liabilities	0	0
Provisions under contract	97	97
Total at 31 March 2019	288,434	288,434

Note 21.2 Carrying value of financial liabilities continued

	Other financial liabilities	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2018 under IAS 39		
Loans from the Department of Health and Social Care	216,911	216,911
Trade and other payables excluding non financial liabilities	36,955	36,955
Provisions under contract	482	482
Total at 31 March 2018	254,348	254,348

Note 21.3 Maturity of financial liabilities

	31 March 2019	31 March 2018
	£000	£000
In one year or less	150,933	95,623
In more than one year but not more than two years	76,722	0
In more than two years but not more than five years	50,463	143,799
In more than five years	10,316	14,926
Total	288,434	254,348

Note 22 Losses and special payments

	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	1	1	0	0
Bad debts and claims abandoned	363	202	136	125
Stores losses and damage to property	1	403	0	0
Total losses	365	606	136	125
Special payments				
Ex-gratia payments	18	12	31	73
Total special payments	18	12	31	73
Total losses and special payments	383	618	167	198

Note 23 Gifts

No gifts of more than £300,000 have been declared in 2018/19.

Note 24 Third Party Assets

The Trust held £7k cash at bank and in hand at 31 March 2018 (£8k at 31 March 2018) which relates to monies held on behalf of patients.

Note 25 Public Dividend Capital

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.

Note 26 Capital Commitments

There is no capital commitments in 2018/19 to report (1 totalling £7,000k 17/18). The commitment in 17/18 related to the Emergency department project, Phase 1 of which is now complete, Phase 2 is being re-tendered.

Note 27 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £412k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a £1,012k decrease in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £0k.

Note 27.2 Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

Note 28 Related party transactions

Note 28.1 Related parties 2018/19

The Medway NHS Foundation Trust is a corporate body established by order of the Secretary of State for Health and Social Care.

The Department of Health and Social Care is the parent department of the Medway NHS Foundation Trust.

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 Arms Length Bodies and are:

	2018/19 Expenditure with related party £000	2018/19 Income from related party £000	2018/19 Payables with related party £000	2018/19 Receivables with related party £000
NHS England	0	49,915	15	13,570
Health Education England	0	10,470	0	227
Clinical Commissioning Groups				
NHS Dartford, Gravesham And Swanley CCG	0	11,399	27	3,192
NHS Medway CCG	0	145,618	1,654	5,049
NHS Swale CCG	0	52,506	667	2,654
NHS West Kent CCG	0	3,986	38	1,657
NHS Trusts				
Dartford and Gravesham NHS Trust	11,710	330	1,125	1,589
Kent and Medway NHS and Social Care NHS	50	727	8	652

	2018/19	2018/19	2018/19	2018/19
	Expenditure with related party	Income from related party	Payables with related party	Receivables with related party
	£000	£000	£000	£000
Trust				
Kent Community Healthcare	1,404	320	528	145
Maidstone and Tunbridge Wells NHS Trust	3,989	726	1,343	746
Brighton and Sussex University Hospitals NHS Trust	1	157	9	40
NHS Foundation Trusts				
East Kent Hospitals NHS Foundation Trust	627	1,885	297	846
Queen Victoria Hospital NHS Foundation Trust	14	923	18	591
Royal Surrey County Hospital NHS Foundation Trust	33	922	8	0
NHS Arms Length Bodies				
NHS Resolution	0	0	0	0
NHS Pensions Agency	17,978	0	12	0
Other Government Departments				
HM Revenue and Customs	35,106	0	21	239
Medway Council	29	0	0	0

Note 28.2 Related parties 2017/18

	2017/18	2017/18	2017/18	2017/18
	Expenditure with related party	Income from related party	Payables with related party	Receivables with related party
	£000	£000	£000	£000
NHS England	0	37,522	63	7,407
Health Education England	0	9,523	254	1,262
Clinical Commissioning Groups				
NHS Dartford, Gravesham And Swanley CCG	0	10,794	20	1,365

NHS Medway CCG	0	139,369	1,687	8,598
NHS Swale CCG	0	50,055	608	4,835
NHS West Kent CCG	0	4,938	35	609

NHS Trusts

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	0

NHS Foundation Trusts

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	0	0

NHS Arms Length Bodies

NHS Litigation Authority	7,777	0	23	0
NHS Pensions Agency	17,980	0	2,482	0

Other Government Departments

HM Revenue and Customs	17,672	0	220	0
Medway Council	0	727	8	0



Medway
NHS Foundation Trust

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