NHS
Dartford and Gravesham
NHS Trust

Annual Report and Accounts 2018 to 2019

May 2019

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Welcome from the Chief Executive and Chair

2018/19 has been another challenging year for the Trust both in terms of financial pressures and volume of patients that we have treated. Since joining the Trust I have been overwhelmed by the pride and dedication that staff demonstrate on a daily basis when caring for our diverse array of patients and the conditions or injuries that they are suffering with.

During the year we continued to receive positive feedback on our Family and Friends Test results and through the vast amount of social media compliments that were received. This is helpful for the Trust to know how well it is doing and whilst we may not always get it right the Trust is striving to give the best possible patient care and providing safe, effective, patient centred care remains one of our top priorities. The Trust is on an improvement journey and has made great strides in the last year to achieve this. The last CQC inspection rated the Trust as 'requires improvement' and the action plan in place is designed to take the Trust to 'outstanding'. We regularly have patient stories come to the Board and the direct feedback to both Executive and Non-Executives is invaluable.

The Trust remains committed to delivering the key operational standards and successfully delivered on all the cancer targets throughout the year and were placed 18th in the country. The Trust was not able to consistently meet the A&E four hour wait standard but has continued during the year to adopt national best practice in this area to ensure that the care given is of the highest standard especially as the service sees and treats more patients every year.

One of the challenges that all NHS Trusts face is that of balancing the books and achieving financial balance. Unfortunately this year, despite some innovative thinking and some strategic investments to free up space and clinical capacity, the Trust was not able to meet its financial break even duty. We did however forecast that this would be the case and bravely informed our regulators at the earliest possible point and have been grateful for their support on our improvement trajectory.

I have been made really welcome in the Trust since I took up post and this is theme that echoes through my interactions with both patients and visitors as they tell me what a friendly place this is. It would therefore not be possible to write an introduction to the annual report without giving sincere thanks to the staff, volunteers and other organisations that support the work we do and make this the great place that it is.

We like to think of the annual report as an opportunity for the Trust to highlight the work of some of our teams, whether paid employees or volunteers, and show you some of the achievements that happened in 2018/19. We hope that this document gives you a flavour of the staff, the volunteers and the Trust's dedication to delivering excellent care to our patients. We are looking forward to 2019/20 and to our continued progress to being an outstanding NHS Trust.

Louise Ashley
Chief Executive

Peter Coles
Chair

SECTION A: PERFORMANCE REPORT

OVERVIEW

Dartford and Gravesham NHS Trust and its legal establishment

The purpose of the overview is to give a short summary that provides sufficient information to understand the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Dartford and Gravesham NHS Trust (the Trust) came into force as a legal entity on 1st November 1993. Our headquarters is at Darent Valley Hospital in Dartford, Kent.

In October 2013, the Trust took on a number of services at Queen Mary's Hospital, Sidcup, and Erith and District Hospital as part of the dissolution of the South London Healthcare Trust. In addition, the Trust also provides services in Gravesham Community Hospital in Gravesend as well as a number of community locations across our population. The Trust offers a comprehensive range of acute services, with a bed-base of c480, to around 400,000 people in North Kent and South East London.

Darent Valley Hospital (DVH) opened in September 2000. The hospital building is run as part of a Private Finance Initiative (PFI). This means the building is owned by a private sector company, The Hospital Company (Dartford) Limited, and the Trust leases the building. DVH has inpatient beds and specialties that include day-care surgery, general surgery, trauma and orthopaedics, cardiology, maternity and general medicine. The hospital also functions at Elm Court, which is located in Priory Mews Nursing Home in Dartford. This provides over 30 beds for patients from Darent Valley Hospital who have completed their acute phase of care but still need some rehabilitation, assessment or mobilisation or who are waiting for longer term care arrangements to be finalised. In 2018/19 following discussion with the CQC, the Trust registered to provide the regulated activity "Assessment or medical treatment for persons detained under the Mental Health Act 1983". The Trust application for this change to registration was submitted on 31 August. It was confirmed on 12 November 2018 that the change to registration had been approved.

The services provided by the Trust at Queen Mary's Hospital (QMH) include elective inpatient and day surgery and outpatient services in general surgery, urology, orthopaedics, gynaecology, medicine and paediatrics, in addition to diagnostic and therapies. Erith and District Hospital provides X-ray services. Oxleas NHS Foundation Trust is responsible for the buildings at Queen Mary's and Erith and District hospitals and the Trust works closely with them and the other provider organisations operating from these sites.

The Trust's priorities in 2018/19 have been as follows:

- Excellent quality and safety of care for patients
- Living within our budget
- Embedding clinical and organisational strategy
- Promoting excellent workforce

The achievements against these priorities will be detailed later on in the report.

Chief Executive's Report

The Trust continually strives to ensure that the right care is provided in the right place and has worked hard to live by its motto of 'our family caring for yours'. The Trust has continued to do this in a number of ways including continuing to work with many different organisations across boundaries to give patients the best experience possible. This has been supported by the continuing partnership with Guy's ad St Thomas' NHS Foundation Trust where Dartford and Gravesham NHS Trust was a founder member of the GSTT Alliance, following our 3 year association and the acute care collaboration with them.

The staff survey results are not as positive as they have been previously but they are still broadly in line with the national average for acute Trusts. The Trust still compares favourably with other acute providers in Kent and Medway. This change should be viewed in the context of transitioning to a new Chief Executive and internal governance structure and the impact of service changes and challenges that the Trust has faced in the last year.

Additionally 2018/19 has been another financially challenging year for this organisation and for the NHS as a whole. The Trust changed its financial forecast at month 6 and highlighted that it believed it would show a deficit of £20.4m. The Trust developed a robust Financial Recovery Plan and worked hard to finish the year at £17.2m deficit.

The Trust remains committed to delivering the key operational standards and we successfully achieved the 18 week referral to treatment and diagnostic standards, met the 62 day cancer target but, we were unable to consistently meet the A&E four hour standard.

As reported in our last Annual Report the area surrounding the Darent Valley Hospital site continues to be one of exceptional population growth. Ebbsfleet is now a rapidly expanding building site with the plans aiming to deliver 12,000 new homes. The population increase from 2015 to 2031 is anticipated to be in the region of 85,000 which will increase the current population of c400,000 by 22% due to various planned housing developments.

The Board regularly receives the Board Assurance Framework (BAF) which outlines the significant risks to the achievement of the organisation's strategic objectives. Each of the risks in the BAF has an Executive Director to whom they are assigned. Each designated risk handler regularly reviews their respective BAF risks and all risks are overseen by a sub-committee of the Board and discussed and explored before they are presented to the Board for its overall and collective review.

There were 17 key risks identified in the BAF against the achievement of the Trust's strategic objective of providing excellent quality and safety of care for patients. The Trust has a comprehensive action plan in to address these issues. The BAF also contains 8 key risks against the achievement of the Trust's strategic objective of living within our budget. The Trust put a Financial Recovery Programme in place, through which it is addressing these key risks, with a view to reducing its overall financial deficit position. Three key risks were identified in the BAF as threats to the achievement of the Trust's strategic objective of embedding clinical and organisational strategy. The Trust has shown strong performance against key national performance indicators but with some clear challenges with A&E performance. The Trust's fourth objective was to promote excellent workforce. The Trust achieved silver Investors in People (IIP) award in June 2018 having held the IIP status for 10 consecutive years. The Trust has an executive leadership team which supports the Chief Executive in managing the Trust, with each Director holding a portfolio of responsibilities. Underneath this the organisation is presently trialling a new clinical structure using a triumvirate approach and grouping clinical directorates under a clinical group leadership umbrella arrangement.

The Trust works successfully in partnership with the Dartford, Gravesham and Swanley, and Bexley Clinical Commissioning Groups (CCGs), the Community and Mental Health trusts, other acute trusts,

Kent County Council, Social Services (in Kent and Bexley) and its PFI partners to ensure that the best possible care is provided.

The Trust actively supports both the South East London and the Kent and Medway Sustainability and Transformation Partnership (STP) and works closely with partners to agree strategic priorities not just within this Trust but also throughout the whole local health economy.

Following the end of the Acute Care Collaboration Vanguard with Guys and St. Thomas' Foundation Trust, the Trust has now become a founding member of the GSTT Group Alliance and the collaboration has moved to business as usual for both trusts.

The Trust Board meets eleven times a year in public, and its agenda is focused around the key aspects of quality, productivity and innovation, assurance and strategy. A dynamic programme of agenda items is actively managed throughout the year to ensure the Board receives the information, and considers the matters it requires to perform its duties efficiently and effectively.

The Board has established a number of committees, to support it in delivering its duties and responsibilities. Each sub-committee receives a set of regular reports, as outlined within their terms of reference and provides a summary to the Trust Board after each meeting. This year the Trust has introduced an additional sub-committee of the Board and now has an Equality, Diversity and Inclusion Committee with its first meeting taking place in April 2019. The importance of the triangulation of understanding, challenge and assurance between committees is recognised and reflected through cross membership and reporting mechanisms.

Finally, I would wish to thank Gerard Sammon who was Acting Chief Executive for the first half of this financial year. I would like to thank him for his commitment and contribution and wish him every success in his secondment to Kent Community Health NHS Foundation Trust.

I hope that you will find this is a balanced report for the year and that you will welcome the opportunity to share in our successes. At times it has been incredibly tough and on behalf of the Board, I would offer my sincere thanks to all staff and remind them of our appreciation of the importance and genuine value of the work they do in support of our patients.

To the best of my knowledge, the information in this report is accurate.

Signed: Date: 24 May 2019
Louise Ashley
Chief Executive

Our Values

The Trust is incredibly proud that as an organisation we are known for delivering safe, high quality care, and for being a friendly, and welcoming organisation for both patients and staff.

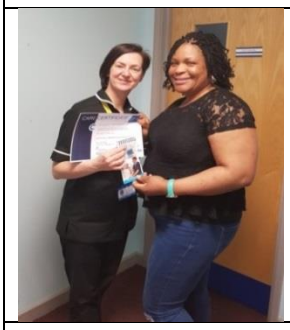
The values and behaviours that we display at work are crucial to our success - they define us not only as an organisation but as individuals. Delivering care with compassion is every bit as important as providing technical excellence.

Very often it is the kindness, respect and dignity that is remembered long after the treatment has finished. By working together as part of a team our successes can inspire others to strive to excel.

By maintaining our reputation for professional standards and safe, high quality care, we can instil confidence in the community that we serve.

Care with compassion 	- I make the care of patients my first concern - I treat patients as individuals and respect their dignity - I am never too busy to care - I ensure sure that I communicate clearly in ways patients understand
Respect and dignity 	- I contribute to a positive working environment, and am polite at all times. - I challenge bullying, harassment, and other offensive behaviour - I recognise people are individuals and work to eliminate discrimination - I thank colleagues and celebrate success
Striving to excel 	- I provide the highest quality service I can - I find ways to improve my performance and learn - I respond constructively to suggestions for improvement - I seek feedback and act on it - I ensure a safe working environment
Professional standards 	- I take personal accountability and strive for high standards - I ensure I understand the standards required of me - I plan ahead - I am open, honest and ethical - I role model professional behaviour - I have the courage to do the right thing and speak up
Working together 	- I recognise and work closely with members of the 'wider' teams I am part of - I am warm and welcoming to new members to the team - I actively and positively engage in 1-2-1 and team meetings - I am clear about what is expected of me and how I contribute to the team's effectiveness

A year at Dartford and Gravesham NHS Trust 2018/19 highlights

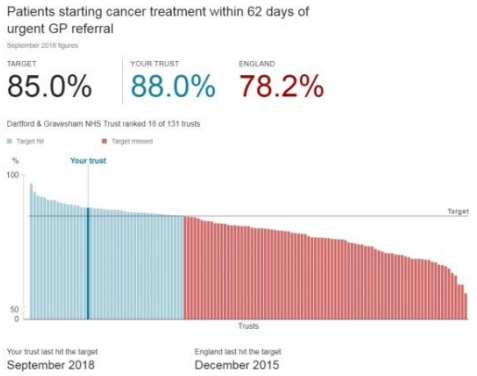
April	
A ceremony was held to celebrate staff members who have worked at the Trust for over 20 and 30 years. They were presented with their awards by interim Chief Executive Gerard Sammon. Gerard thanked them all for their hard work and dedication to our patients and the NHS.	
	Clinical Education celebrated the success of staff that had achieved either their Care Certificate or completed an Apprenticeship Programme. Lisa Tritton and Maria Kelly presented the awards and shared with staff what an amazing achievement it was to gain either award.
April saw the Children's Resources Centre (CRC) take delivery of the new child friendly seating, which is part of a project, funded by Winners Chapel based in Dartford. The chairs transformed the children's outpatients waiting area into a more engaging child friendly space.	
May	
	The Planned Care Centre (PCC) at Queen Mary's Hospital was officially opened by Chairman Peter Coles on the 11 April. The PCC treats patients from Bexley and surrounding areas as well as Dartford, offering expert patient care. It provides a range of clinical services delivered by Queen Mary's Hospital staff and those from DVH.
The 5 May was International Day of the Midwife. In celebration our Maternity Department had a board displaying many of the reasons why they love midwifery and what it means to them. Our midwives in conjunction with the RCM arranged for hampers filled with goodies to be delivered to all work areas and homemade cakes galore were eaten in the afternoon.	

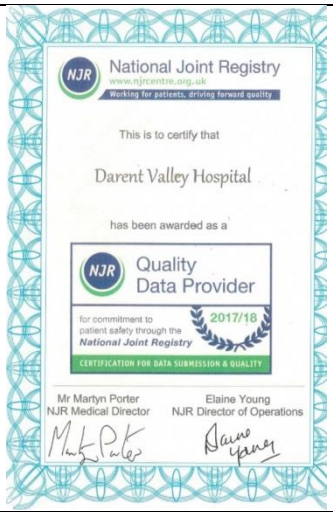
	To celebrate Nurses Day an exhibition and bake off competition were held in the Trust's Board Room. Staff were invited to come along and view items throughout many of our nurses careers. There were old uniforms, photographs, books, medical equipment and much more on display. Gareth Johnson MP for Dartford also popped in for a look at the exhibition.
Our Neonatal Outreach Team innovatively improved the service they offer to babies and children under the age of 2, protecting them against respiratory syncytial virus (RSV) bronchiolitis. In order to improve their service, the team spent 18 months changing the way they identify patients. This resulted in the number of children immunised increasing significantly from just 14, 2 years ago to 39 so far this year. In addition, the team have implemented nurse led clinics.	
	Consultant Urologist, Professor Sriprasad was appointed as full Professor of Urology for the Canterbury Christ Church University (CCCU). He is accorded the title of 'Professor of Urology'. Professor Sriprasad is the Pathway Director for the MCh (Urology) post graduate course in the Institute of Medical Sciences, CCCU and also works on translational research. He is the first full professor of Dartford and Gravesham NHS Trust.
June	
Our Research Team celebrated the "I am Research" day by manning a stall in the main foyer of the hospital. Patients and staff met the research team and discussed trials taking place at the hospital. Our team found this really rewarding and they also had excellent feedback from patients and their families about how research had helped them; the day was really well received.	

	The Outpatients Department at Erith Hospital relocated to Queen Mary's Hospital. The Trust thanked all the dedicated staff and volunteers at Erith Out-patients for their contribution to the Trust, its services and the patients over their many years of service.
Francoise Iossifidis, Anaesthetic Consultant, accepted the post of Deputy Medical Director. Her role focusses on improving and developing our clinical governance practice across the Trust.	
	The Trust celebrated staff members who had worked at the Trust for the past 20 or 30 years at our Long Service Awards. Gerard Sammon, Acting Chief Executive spent time chatting to all of the staff individually before presenting them with their long service badges and certificates.
Representatives from Europa attended Willow Ward to see the new play equipment, a wooden galleon ship, they have been fundraising for. Europa wished to support the project as they are a local company, and an employee, Chris McGurk, found out that the play equipment in the wards garden had been condemned, and therefore children were unable to go outside due to health and safety. Europa agreed to support the project and were delighted to officially 'launch' the ship with hospital staff on Thursday 14 June.	
	Diabetes Week 2018 saw adult diabetes team travel around different wards with their 'Diabetes Roadshow' trolley. The trolley was full of information and quizzes about diabetes ranging from details on hypoglycaemia, when to test for ketones and how to make a safe discharge. The team also handed out insulin awareness cards and diabetes pocket guides.

Rob Smith, co-anchor of the BBC South East Today programme came along to the Pine Therapy Unit to film in preparation for the #NHS70 event. He interviewed one of our volunteers, Joan Grant who herself had suffered from breast cancer and is now volunteering as a way of saying thank you for the wonderful care she received from the NHS.	
INVESTORS IN PEOPLE | Silver Until 2021	In June theTrust was proud to receive the Silver Investors in People Award. This was the first time that the Trust had received the higher level award.
July	
Members of the Executive Team visited wards and departments at all of our hospital sites, marking the NHS70 birthday and thanking staff for their hard work and dedication to our patients. From noon there was also a tea party with lots of staff and patients stories on display plus many NHS artefacts used in healthcare over the years. Steve Fenlon, Medical Director gave an engaging speech about the history of NHS and also cut the NHS70 cake.	
	The Marvellous Roald Dahl film crew came to capture the Paediatric Epilepsy work at Darent Valley Hospital this week. Emily Bell said "It was a fun day of filming and interviewing. Thank you to the families who were there to support us".
When Carillion went into liquidation in mid-January the Trust worked with the PFI provider to identify a suitable alternative provider of all of the services previously provided by Carillion. July saw the Serco take responsibility for all facilities services on site at Darent Valley Hospital.	
August	
	The Hospital at Home Team (HAHT) who started their service on 1st August 2008 celebrated their 10th Birthday. The HAHT provide short term acute medical care within the homes of patients. Over the years the team have expanded from 4 team members to 10 and have embraced the use of digital technology for the care of patients.

Gareth Johnson MP accompanied by Siobhan Callanan, Director of Nursing visited our Emergency Department, Pine Therapy Unit, Willow Ward and the Special Care Baby Unit. Gareth chatted with staff about the challenges faced at the hospital especially during the recent hot weather and thanked them for their hard work and dedication.	
September	
	On Thursday 6 September the Trust's Annual General Meeting took place in the Philip Farrant Centre. The meeting was very well attended and provided an overview of the Trust's performance for the year, April 2017 to March 2018. The POPS team gave an engaging presentation about the Trust's developments in surgical pre-assessment of older patients.
A good evening was had by all at this year's Annual Staff Awards. Congratulations to all of the finalists, winners and runners up. Also thank you to the children on Willow Ward who made all the 'star' badges for staff to wear on the evening.	
	The Trust held a Health and Wellbeing day on Monday 10 September at DVH. The event was extremely well attended with several hundred staff members going along throughout the day. Feedback after the event was very positive and staff enjoyed lots of different stalls giving out advice and free samples. Cycle to work, Tropic Cruelty-free skincare, Care First, Tusker, Vivup, Unison, Neyber, Infection Control were there to name just a few.
October	
A warm welcome was made to Louise Ashley, our new Chief Executive. Louise worked as Chief Operating Officer and Chief Nurse at Central London Community Healthcare NHS Trust before becoming our CEO on 15th October 2018.	

November	
	Well done to our Cancer Team who are currently 18th in the country and the only Trust in Kent to be meeting the "Cancer Treatment within 62 days of GP referral" Cancer Targets. This truly demonstrates the sustained hard work and dedication of the cancer team as they continue to put patients and their families first.
In February 2018 the Trust submitted an entry into the Academy of NHS Fab Stuff for work undertaken in 2017, on the Rapid Improvement Event - From 'Can't Do' to 'Can Do'. The submission was subsequently voted by NHS colleagues as one of Roy Lilley's weekly 'PiccaLilley' winners, which is amazing. As a result the Trust was invited to the annual award extravaganza which was held in central London on Thursday 15 November 2018**.**	
	Congratulations to everyone at Queen Mary's Hospital who are involved in collecting and inputting the data for the National Joint Registry. Queen Mary's has been named as a NJR Quality Data Provider for 2017/18 and have been awarded certification for data submission and quality. This scheme is designed to offer hospitals a blueprint for reaching standards relating to patient safety through National Joint Registry (MJR) compliance and to reward those who have met targets in this area. It is a unique award which demonstrates the high standards being net by the Trust. As well as a hard copy of the certificate the award emblem will be uploaded to DGT's dashboard on the MJR's Surgeon and Hospital Profile website page. Well done to everyone who has been involved in this project.

Our Obstetrics and Gynaecology Team is pleased to announce that they have been 'highly commended' by the Royal College of Obstetricians and Gynaecologists for the specialised teaching and training of their junior doctors, placing them as the best in the country for overall professional development, and in the top-ten for obstetrics and gynaecology training. The RCOG assesses the quality of training delivered in Obstetrics and Gynaecology training units across the UK each year using Training Evaluation Forms completed by trainees	
December	
	On Tuesday 27November the Trust held its Annual Volunteer's Get-Together to celebrate and thank our team of over 150 volunteers for their time and commitment given to the Trust, and the patients at our Hospitals. Louise Ashley, Trust CEO, presented a number of Long Services Awards ranging from 1yr to 15yrs.
The Mayor of Dartford, Cllr David Mote and his wife Ellen were invited to Darent Valley Hospital on Thursday 29 November 2018 to officially open the new Valley Park Radio studio. After a long fundraising campaign new broadcasting equipment has been installed to stream their shows over the Internet, allowing them to be heard beyond the Hospital's four walls for the very first time.	
	Our Orthopaedic Departments at Darent Valley Hospital and Queen Mary's Hospital have been awarded a Quality Data Provider Certificate by the National Joint Registry (NJR) in recognition of the high quality orthopaedic audit data collected and submitted relating to hip, knee, ankle, elbow and shoulder joint replacements. Being part of the NJR process helps us to identify good practice and recognise any early warnings of issues which would affect the choices made in joint replacement surgery - ensuring a high level of patient safety and governance so our patients can feel confident that they will receive the best and most up-to-date care from the Trust.

January	
Louise Ashley, CEO & Peter Coles, Chairman invited Heather Phillips, Amy Tebbutt, Iris Treliving, Elizabeth Wells & Jill Sowle who have been volunteering at the Hospital since it opened in 2000. The tea and cake were just a small way of saying thank you for all of the time the volunteers have dedicated to the hospital.	
	Our Parkinson's Clinical Nurse Specialist Drinda Harrington has set up a Facebook page specifically for our Parkinson's patients and their families. Please can you share and follow: @DVHParkinsons The new #DVHParkinsons Facebook page is for sharing information, forthcoming events and peer support.
February	
Our Hospital at Home Team are leading the way by using Current to deliver healthcare in the community. Current, a wearable monitor, remotely monitors a patient's vital signs, including respiration rate and oxygen saturation through a single, wireless device.	
	Our Childhood Constipation Service's Team have had another accolade, not only were they the winners of a Nursing Times Award, they have now had their educational video endorsed by the National Institute for Health and Care Excellence (NICE). NICE have endorsed the video which offers guidance in the management of childhood constipation. View the video here: http://www.thepoonurses.uk/
March	
Last year Sarah Haslam, Mouth Care Nurse and Helen Filmer, Learning Disability Nurse carried out a pilot project to raise awareness of the importance of mouth care for patients with a learning disability which was covered in The Dental Nursing magazine. The good news is that on the 8th March 2019 this work has now become part of Public Health Guidance for Oral Care and People with Learning Disabilities	

	On 12 March 2019 to raise awareness for both Nutrition and Hydration Week and Swallowing Awareness Day our Speech & Language Therapists, Dietetics Team and Serco Catering Team hosted a texture modified meals “come dine with me” event on Spruce ward. This engaged staff, patients and visitors in tasting a variety of new products, offering an enhanced visual and taste experience. The range has been developed to offer more choice to patients, enabling patients to choose more freely in their selection.
On Friday 15th March Wura, FY1, Dinali, FY2, Tracy and Denise all manned a stand at the South Thames Foundation School programme fair to promote Dartford and Gravesham NHS Trust to all the attendees.	

Focus on our volunteers

The Trust is extremely grateful to our wonderful team of volunteers who generously give up their time for free, bringing their energy and enthusiasm to enhance patient experience, and valuable skills to assist staff in many areas.

As we look forward to the Long Term NHS Plan, the role of volunteer is recognised as a crucial one to help Trust's deliver outstanding care to their patients. Volunteers can bring comfort and companionship to patients who find themselves in hospital without any family or friends able to visit, and help ease pressure on staff to deliver bedside assistance, preparing for meal times and providing stimulating activities.

Currently we have around 150 active volunteers at the Trust, who last year gave us 23,400 hours of their time for free. Each year we hold an annual Volunteers Get Together for volunteers to social and celebrate all that they do. Louise Ashley, the new Trust CEO attended the event in November and expressed her gratitude for all that they do for our patients and the Trust, and presented their Long Service Awards. Furthermore Louise and Peter Coles, Trust Chairman invited our longest serving volunteers to an afternoon tea in the CEO's Office, and served them tea and cake. Louise and Peter heard all about what had brought the ladies to volunteering and their experiences at the Hospital since it had opened.

There are a myriad of ways to volunteer at the Trust, on the wards and in admin areas. Our Meet and Greeters welcome patients and visitors, and guide them to their destination. Our Chaplaincy service help deliver spiritual support, and our Valley Park Radio volunteers offer free entertainment to patients at their bedside, and now also over the internet so patients can continue listening once discharged. Our Dementia Buddies and Caring Companions help support nursing staff care for patients with Dementia and other cognitive impairment.

The Trusts charity; Valley Hospital Charity, and its special funds continue to receive a great deal of support from the local community. It is testament to the quality of care provided by our staff that we have such support from grateful patients and relatives, and reflective of our reputation and the good work the Charity does to secure support from local businesses, schools and religious/community groups. In the last year Valley Hospital Charity launched its own website, which has allowed the Charity to receive online donations and for supporters to create fundraising pages within the site. This has also provided a greater opportunity to showcase how charitable funds have been used to improve patient experience, by enhancing the Hospital environment, investing in new equipment, and providing the little things extras that can make such a difference to a patient's time in hospital.

https://www.valleyhospitalcharity.org.uk

We recruited 225 walkers to take part in our 3 different distance walks at Stride4Life, our flagship fundraising event held on 8th July 2018. The fun day, held in the grounds of the Darent Valley Hospital which precedes the walks, was well attended by members of the public, and there was an exciting array of stalls and entertainment in the arena for families to engage with. Stride4Life activities delivered £36,000 for the Cancer Fighting Fund in 2018, one of Valley Hospital Charity's special funds.

Following the success of the inaugural Ride4Life event to Paris in 2017, Ride4Life 2019 sees a new team take on the 336 mile cycle ride over 4 days from Darent Valley Hospital to Amsterdam in June. This is raising money for 2 projects at Darent Valley, one to benefit breast cancer patients, and the other the Special Care Baby Unit.

Performance Analysis

The Trust ended the 2018/19 financial year with a £17.2m deficit against the control total set of a £5.1m deficit. The Trust deficit was driven by significant overspends on pay and non-pay against plan.

The Trust staff survey results, in relation to the 10 main themes, are broadly in line with the national average for acute Trusts on each theme. However, the Trust scored better than average for quality of appraisals compared to the national average. The Trust did not receive the best or worst score in any of the 10 themes compared to other acute Trusts.

The Trust continues involved in a number of collaborations. It is part of two Sustainability and Transformation Partnerships, one for Kent and Medway and the other in South East London and is a founding member of the GSTT Group Alliance. The Trust is actively engaged with the local community, primarily through social media and our volunteers.

The Trust was inspected by the Care Quality Commission in November and December 2017 and a number of issues were identified for improvement. In response to this the Trust has developed a Trust Wide Improvement Plan which continues to support the organisation on its journey from 'requires improvement' to 'outstanding'. In February 2019, the Trust received the Routine Provider Information Request (RPIR) which indicates that an unannounced visit will be undertaken in at least one core service in the six months following the request, this visit had not taken place by the end of March 2019.

Performance against our 2018/19 plans

The Trust's annual objectives for 2018/19 were based on four themes, listed below, with a number of sub-objectives being identified for each theme:

- Excellent quality and safety of care for patients
- Living within our budget
- Embedding clinical and organisational strategy
- Promoting excellent workforce

Directors identified the risks to the achievement of each of these objectives and reported on how these were being managed via the Board Assurance Framework (BAF). During 2018/19 the BAF was reviewed at each meeting of the Audit Committee, and by the Trust Board every 2 months. In addition, the Quality and Safety Committee, Finance Committee and Workforce Committee have reviewed strategic risks from the BAF which were relevant to their committees.

The Trust Board receives a monthly integrated performance report that sets out the performance against national and local key performance indicators (KPI's). Detailed analysis on actions taken and performance is reported to and monitored by the Trust Board and sub-committees on specific KPI's of national and local priority. In addition, the Trust maintains live clinical and business information systems accessible to all staff via the Trust Intranet with key performance metrics presented in summary dashboards. There are also intranet links to specialty reports associated with the dashboard data.

Excellent quality and safety of care for patients

The Trust's latest Hospital Standardised Mortality Rate (HSMR) was 90.9 for the 12 month period January 2018 to December 2018. The HSMR figure is based on average mortality rates across England with a figure of 100 being used to represent that average.

There were 15 cases of C.difficile occurring > 72 hours post admission to hospital against a Trust objective of 23 cases; this is the same number on last year's outturn although the maximum number

has reduced (15 cases against maximum of 24 cases). There was just one case of Trust-assigned MRSA bacteraemia. This is a decrease on last year's outturn of five cases (the same decrease as on the previous year however in 2017/18 there were six Trust assigned cases).

The Trust has regular interaction with its stakeholder group and healthcare partners, listening to the needs of the local community. The Trust also has patients attend its Trust Board to learn from their experiences. The Trust has established a Stakeholder Council whose purpose is to ensure local accountability for the services that the Trust provides which meets quarterly.

The Trust has also undertaken a patient engagement programme to help inform the engagement strategy. A number of events were arranged and invitations were sent to all those on the Trust membership list as well as the Stakeholder Council members and other patient groups within the Trust.

The Trust has continued to have patients and carers attend the Board and in 2018/19 five such stories were presented to the Board. Additionally the Board also received presentations from clinical teams which highlighted the innovations and improvements being made in patient care within the Trust.

Living within our budget

The Trust ended the 2018/19 financial year with a £17.2m deficit. The plan was to not exceed a £5.1m deficit however clinical income reduced significantly in the year and cost pressures around capacity and safety generated overspends against the plan.

The Trust achieved its financial plan up to month 5 so achieved the Q1 position and achieved the A&E target for Q1 and therefore received £0.77m (£0.54m for the financial position and £0.23m for A&E) from the Provider Sustainability Fund (SPF). However, not achieving the financial target after Month 5 which means the whole quarter 2 PSF was not achieved and every month since.

Both pay and temporary staffing budgets were overspent this year even though the Trust worked extremely hard to reduce bank and agency usage. The Trust delivered £9.3m of savings in 2018/19 through its normal savings programme and Financial Recovery Programme without affecting patient care or quality.

Embedding clinical and organisational strategy

During 2018/19 a new clinical governance structure was introduced. This structure was part of the wider clinical strategy of shared governance. The clinical directorates have been re-organised into four clinical groups which have a triumvirate arrangement with a clinical director, associate director of nursing (or equivalent) and an associate director of operations. The second initiative has been the implementation of Multi-disciplinary Accelerated Discharge events (MADE). These also improve patient flow through early escalation and improved communications. Both initiatives have delivered significant improvements to the patient's experience.

The Trust maintained good performance against referral to treatment targets and Cancer targets. However, pressures within the system reflected the national position in regards to the A&E 4 hour target and the Trust did not meet its trajectory in that area.

Promoting excellent workforce

The Trust completed a census survey, meaning all staff in post on 1st September 2018 were able to respond. The survey return rate was 44%. The national average response rate for acute Trusts was also 44%. While the Trust response rate was in line with the national average, this was a reduction from the Trusts response rate of 48% last year. The 2018 staff survey results while in line with national average for acute Trusts do demonstrate a reduction in the Trusts performance from the previous year.

The Trust's mandatory training rates have continued to improve throughout the year, and the Trust has been above its target of 85% compliance at the end of 2018/19. The appraisal rate at the end of the year was at 85%.

Summary of Quality Account

A Quality Account is intended to aid public understanding of what the organisation is doing well, where improvements in service quality are required, what the priorities for improvement are in the coming year and how the organisation has involved service users, staff and others with an interest in the organisation in determining those priorities for improvement. A summary of the Trust's Quality Account for 2018/19 is contained below. The full Quality Account for 2018/19, will be posted on the Trust's website (www.dvh.nhs.uk) and the Trust's pages on the NHS Choices website (www.nhs.uk).

The priorities set out in the Quality Account have continued to develop the standards of patient care provided by the Trust.

(1) The Trust has continued work to reduce the number of Methicillin-Resistant Staphylococcus Aureus (MRSA) bloodstream infections and to progress the reduction trajectory for gram negative bacteraemias in 2018/19. Gram-negative refers to the staining technique used to identify, for example, the E-coli bacteria commonly found to be the causative agent in urinary tract infections. The Trust has had one MRSA case this year and 34 cases of E-coli bacteraemia, a reduction on the 47 cases in 2017/18. For C-difficile cases the Trust has also achieved the national target with 15 cases against a target of 23. Health care acquired infections (HCAI) will continue to be a priority for 2019/20 and the Trust is part of the Kent and Medway Systems-Wide HCAI Reduction Collaborative, and Kent and Medway-wide actions are in the process of being developed.

(2) Safeguarding vulnerable groups by increasing the levels of staff trained in awareness of the Mental Capacity Act (MCA) to support the care and safeguarding of vulnerable patients has been a Trust priority for 2018/19. The Trust has completed a Training Needs Analysis (TNA) for mental capacity training and this is included in the Safeguarding training with the content revised to meet core skills framework. Safeguarding Adults level 2 is now part of mandatory training for staff.

(3) The Trust was an outlier in mortality for patients treated following a fractured neck of femur and the Board decided this should be a priority. The Trust has developed a care pathway with input from an Orthogeriatrician for each patient. This specialised support has reduced the relative mortality risk back to within expected parameters. In addition, every case is investigated for learning, and the service has created ring-fenced orthopaedic beds.

We have focussed on improving patient experience in 2018/19 with three priorities which seek to understand what it is like to be a patient using our Trust services. (4) We said we would improve patient experience by promoting better privacy and dignity and reduce the occurrence of avoidable mixed sex breaches and (5) improve telephone responses to patient calls regarding appointments in the Outpatients Department.

Although the Trust has not reached the target of zero mixed sex accommodation breaches an internal Trust trajectory has been in place since November 2018 in order to maintain focus and continue to strive for continued reduced numbers of mixed sex accommodation breaches. In 'Appointments' a dedicated phone number is in place. This number is given to patients for use if they need to change a new patient appointment. Switchboard also direct all appointment calls to initially to this number. The Trust has dedicated call handlers in place responding to calls.

(6) The Trust had a priority to increase use of the Birth Centre. All women have a birth planning meeting with their named midwife at 36 weeks gestation. The Birth Centre option is discussed at this meeting. The aim to achieve 15% delivery rate on the Birth Centre has been achieved.

For our three clinical effectiveness priorities, we said we would, (7) evaluate the outcomes from the proactive care of older people having surgery (POPS) project; (8) demonstrate that the Trust has responded to findings from mortality reviews; and (9) transfer the role of the obstetric scrub to main theatres via a collaborative partnership

The Trust has seen improvements in each of these areas and has achieved an improvement in the outcomes for patients undergoing emergency laparotomy. This has been confirmed by the Trust results in the national audit. Learning from deaths is established in the Trust, the process is also achieved. Plans to remove Midwives from the role of scrub nurse are progressing and this priority has been partially achieved.

The Quality Account lists all of the national audits in which Trust staff and departments have participated. These national audits are important because the audit outcomes provide a picture of clinical care, both locally and across the NHS. When each National Clinical Audit Report is produced, the outcomes are reviewed within the Trust to see how we benchmark against the national picture and to identify any improvements which can be made.

The Trust Board takes a direct interest in the experiences of patients who use our services. Every other month, a patient attends the Board and tells us about their experiences at one of our hospitals. These patient stories are both positive and negative and we continue to learn from both.

The Quality Account also details the priorities the Trust has set for 2018/19. To agree these priorities the Board takes into account feedback on the experience of service users, including complaints received. In addition, whilst the outcomes of clinical audits identify areas where the Trust is doing well, audit also flags up areas where improvement is required and this is reflected in the priorities set for next year.

The Trust has set the following priorities for 2019/20 under the headings: Patient Safety, Patient Experience and Clinical Effectiveness.

Patient Safety

- Continued reduction of MRSA bacteraemias and progress on a reduction trajectory for gram-negative bacteraemias.
- Further developing the culture of reporting incidents within the Trust with reliable processes that will build a supportive environment and so reduce avoidable harm.
- Working to increase seven day working in clinical services and show a reduction in length of stay and readmissions within 30 days.

Patient Experience

- Implementing our public and patient engagement plan to improve the way we engage and receive feedback from our patients.
- To engage with patients who have learning difficulties (LD) to implementing the (NHSI) benchmark standards and increasing the percentage of our LD community registered on the patient administration system.
- To develop services to support the transition of children and young people to adult services provided by the Trust, specifically epilepsy and sickle cell pathways.

Clinical Effectiveness

- To continue work to reduce mortality in patients with fractured neck of femur as reported by the Hospital Standardised Mortality Ratio (HSMR).
- To improve the care and treatment of patients admitted following a stroke and to see this reflected in the published sentinel stroke national audit (SSNAP) data.
- To achieve the NHS England Continuity of Carer standard of 20% of women having continuity of carer throughout their maternity journey.

Emergency Preparedness

The Emergency Preparedness, Resilience and Response (EPRR) work plan was extremely busy in 2018/19 involving simulation exercises and training which was possible due to a low number of internal and external incidents.

In the summer Darent Valley Hospital was stood up to major incident on the M25 involving a coach which had rolled off the carriageway. The hospital received a number of walking wounded patients all of whom were discharged on the same day. Our inclement weather plans had been tested during the snow caused by the "Beast from East". Following this our plans were re-assessed and revised, in readiness to respond to winter. Despite forecasts we were fortunate to escape any significant inclement weather in North Kent. With the exception of the major incident there were no other significant incidents for the Trust.

However, it was an active year from and exercise and training perspective. Two live exercises were carried out, one with Kent Fire & Rescue Service and one with Kent Police. These tested fire activation in a plant room and the response to a security incident. The ability to facilitate multiagency exercises promotes shared awareness and joint working which ultimately will improve incident response.

In addition a number of site wide and local exercises were carried out to test and develop business continuity plans which included medical gas failure, maternity department evacuation and pharmacy power failure. The lessons learnt from these will be incorporated into Trust and service level plans to improve resilience.

The Trust continues to be engaged in joint EPRR training with Maidstone & Tunbridge Wells and East Kent Hospitals University Foundation NHS Trusts. In 2018, the EPRR teams piloted joint decontamination training at Kent County Showground, supported by specialist responders from the fire and ambulance services. This proved a successful and effective environment to train a large number of staff who will deliver a standardised response across the acute hospitals in Kent.
NHS England annual EPRR Assurance outcome for 2018 rated the Trust as "Substantially Compliant" against the Core Standards for EPRR and this was presented to the Trust Board in December 2018.

In terms of readiness and resilience for EU Exit, the Trust complied with all aspects of Government advice and conducted a full self-assessment regarding both local risks and potential for wider impacts. The Trust has engaged fully with Regional EU Exit planning events and the daily and weekly systems for Situation Reporting.

Looking forward to 2019/20 the work plan will continue to develop business continuity plans with developing technology and changes in site infrastructure as well as live training and exercising throughout the year.

Sustainability Report

Sustainability at the Dartford and Gravesham NHS Trust has continued to be driven at the hospital in 2018/19 through lifecycle projects and developing the energy centre asset utilisation.

All NHS organisations have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets, we can improve health, both in the immediate and long term even in the context of rising cost of natural resources. We can reduce these costs and effects by using environmentally friendly solutions. Demonstrating that we consider the social and environmental impacts ensures that the legal requirements in the Public Services (Social Value) Act (2012) are met.

In order to fulfil our responsibilities for the role we play, Dartford and Gravesham NHS Trust continues to have the following sustainability mission statement set out in our Sustainability Policy.

Dartford and Gravesham NHS Trust is focused on improving environmental sustainability including:

- Carbon emissions reduction
- Minimising usage of natural resources
- Preparing the Trust for extreme weather events
- Preparing communities for extreme weather events
- Promoting healthy lifestyles and environments
- QIPP efficiency savings which don't relate to in scope activities
- Clinical and care models

As a part of the NHS, public health and social care system, we recognise our duty to contribute towards the ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34% (from a 1990 baseline). This is equivalent to a 28% reduction from a 2013 baseline by 2020.

Utilities – Energy

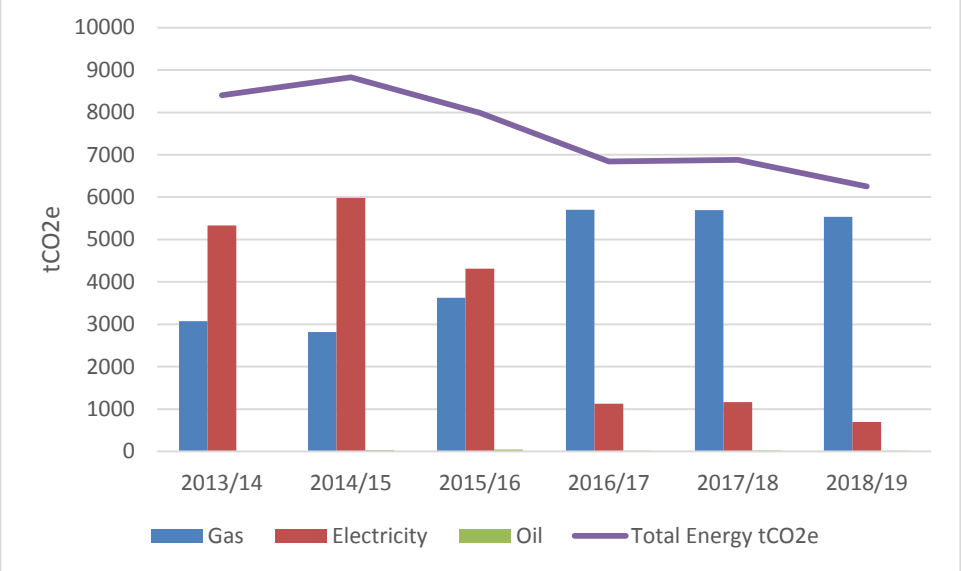
This section provides a high level view of how the Trust is performing in relation to energy performance, carbon emissions and sustainability. The Trust has spent £1,098k on energy in 2018/19 which represents a decrease of approximately 7.7% on the previous year. Since the CHP (Combined Heat & Power) was commissioned in 2015/16, changing the primary energy source from 'grid' to locally generated electricity, and implementation of other energy efficiency strategies such as controls to optimise plant operations, a steady reduction in energy use has continued, as evident from the Energy & Carbon table below.

Energy & Carbon Table

RESOURCE	UNIT	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Gas	kWh	16,685,620	15,226,049	19,670,516	30,974,494	30,910,799	30,096,592
	tCO2e	3,071	2,816	3,628	5,699	5,693	5,537
Oil	kWh	50	116,900	175,855	47,776	91,485	64,455
	tCO2e	0.01	31.81	47.66	13.20	25.24	17.82
Electricity	kWh	11,965,067	12,102,143	9,327,303	2,739,218	3,303,510	2,457,369
	tCO_2e	5,330	5,982	4,311	1,129	1,161	696
Total Energy	tCO_2e	8,401	8,830	7,987	6,841	6,879	6250
Total Energy Spend	£	1,490,955	1,446,400	1,257,320	1,184,914	1,184,297	1,098,035

In striving to achieve the 28% reduction of carbon emissions by 2020 on a 2013 baseline, as set out by the Climate Change Act 2008, we understand the importance of embedding sustainability within our daily working lives. The below graph demonstrates a continual decreasing trend in tonnes of carbon dioxide equivalent (tCO_2e) from the baseline year of 2013. At present, we are pleased to report that from energy alone the Trust has made a 25.6% reduction in tCO_2e. With future energy efficiency projects planned over the forth coming year, it is anticipated that the Trust should reach and could potentially exceed, the 28% target reduction.

CO_2 Released (Energy) Graph



Utilities - Water

The Trust has suffered with a significant leak over the year which has unfortunately seen an increase in consumption, as evident in the below table. The Trust continues to monitor water consumption and is working to manage its consumption.

Water Table

Water	UNIT	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	m3	107,581	101,794	108,309	89,935	91,943	113,490
	tCO_2e	113	107	114	95	97	119
Total Spend	£	250,634	166,455	210,563	203,415	210,549	233,789

Sustainability

We know that to support energy efficiency projects, it is important to engage staff in sustainability and actively encourage behavioural change, to help reduce our consumption of the planets finite resources. The Trust has engaged Low Carbon Europe Ltd, an external specialist, to support this important work. We continue to work with our staff and partner organisations to reduce our impact on the environment. Some of the projects we are working on are around improving our hospitals infrastructure. For example, the Trust is now planning to reduce the voltage of its electrical transformers. Based on a projected total annual energy consumption of 12,271,665 kWh, the total potential savings are predicted to be: Annual Energy Saving: 556,518 kWh (4.53%), Annual Carbon Saving: 156,315 kgCO2, Annual Financial Saving: £55,652. Additionally, the Trust plans to invest some £50k in LED lighting upgrades in the coming year to further reduce our hospitals energy consumption.

The Trust has embedded energy reducing measures into its work flow when carrying out capital investment into its premises, these considerations form an integral part planning and implementing our ward refurbishments and upgrades. Along with investigating and identifying energy efficiency initiatives the Trust continues to embed sustainability across the organisation. Internal communications were developed to support the Sustainable Health and Care week in June 2018 and Recycle week in September 2018. Coinciding with Recycle week, we organised in conjunction with our waste team, a recycle 101 event, promoting correct waste segregation. Since January 2019, the Trust with its partners has been running an energy behaviour campaign leading up to an energy awareness event that was held on NHS Sustainability Day, 21st March 2019.

To help support these sustainable events, gain a better understanding across the Trust about sustainability and generate further potential sustainable initiatives, the Green watch network, a sustainability champions network has also been developed. Alongside this, the Sustainable Development Management Plan and the associated action plan is currently being updated, which upon completion will enable a senior level sustainable steering group to be developed for taking ownership to progress the sustainable actions within it.

Annual Plan 2019/20

The Board has already agreed on five strategic priority areas for 2019/20 and these are aligned to a set of defined objectives. The strategic priority areas are:

1. Quality
2. Workforce
3. Strategy
4. Finance
5. Operations

These are aligned to a set of defined objectives.

- Maintain and improve the quality of services delivered by DGT
- Make DGT a great place to work for everyone
- Implement and embed the clinical and organisational strategy
- Deliver the 2019/20 financial plan
- Deliver all NHS constitutional and contractual standards

In 2019/20 the Board will introduce Board KPIs to help the Board define and measure progress against these priorities and objectives. The Board KPIs will serve to be an effective means of communicating performance across the organisation, to our partners and stakeholders as well as regulatory bodies. The proposed list provides a high-level focus across a range of performance areas.

Each of the strategic priority areas above are supported by detailed scorecards, which are in development or being refreshed for 2019/20. The scorecards will include detailed operational KPIs which will be monitored by relevant Trust committees to ensure delivery against agreed performance targets e.g. the detailed finance scorecard is monitored at the Finance and Investment committee, whilst the quality and safety scorecard is monitored by the Quality and Safety Committee.

Whilst the purpose of a high-level set of Board KPIs is to provide the Board with assurance that the Trust objectives are being achieved, it is also recognised that Board KPIs are an effective means of driving, measuring and communicating performance across an organisation, to partners and stakeholders as well as regulatory bodies. It is important that front line members of staff understand the key priorities and objectives of the organisation, just as Executive or Non-executive directors of the Board. In this way the Trust can be sure that everyone is working in the same direction to achieve the overall Trust vision.

SECTION B: ACCOUNTABILITY REPORT

Summary Financial Performance 2018/19

The Trust ended the year with a £17.2m deficit against the control total £5.1m deficit. In 2018/19 the Trust deficit was driven:

- by under performance against income and significant overspends on pay and non-pay against the plan;
- year-end QIPP delivery was £9.3m against the target of £13.3m;
- because of the adverse variance the Trust was unable to secure all of the £5.1m PSF funding (only £2.7m was secured);

However, the Trust continued to strengthen its Programme Management Office with lessons learnt to manage the savings programme and it also introduced a new management structure to manage financial performance.

The Trust's Statutory and Department of Health Financial Duties

As an NHS Trust, the organisation has a number of statutory and Department of Health financial duties, which are explained below.

Breakeven duty awaiting DH re option for 5 year period

The statutory breakeven duty is formally measured over a three year period or a five year period, if agreed with NHS Improvement. The Trust has agreed a 5 year period. The requirement is to achieve breakeven on an Income and Expenditure basis within an allowable tolerance of 0.5% of turnover. In 2018/19, the Trust reported a £14.8m deficit against the breakeven duty. This resulted in a cumulative deficit position of £29.06m, 10.9% of turnover. The in-year breakeven duty deficit is different to the deficit reported against the control total due to IFRS impact of reporting PFI "on balance sheet" of £2.4m.

Capital Cost Absorption Duty

The Trust is required to achieve a Department of Health target rate of return on capital employed of 3.5% The Trust achieved this target in 2018/19.

External Finance Limit (EFL)

The Trust is required to demonstrate that it has managed its cash resources effectively by staying below an agreed limit on the amount of cash drawn from the Department of Health. The Trust delivered an under spend of £4,437m EFL.

Capital Resource Limit (CRL)

The Trust is expected to manage its capital expenditure within its agreed CRL. The Trust delivered £5.6m of capital expenditure, which equals its agreed internal capital programme as reported to the Trust Board and NHSI. The CRL of £5.6m was under spent by £0.1m after adjustments for donated assets and asset disposals were taken into account.

Better Payment Practice Code (BPPC)

The Trust is required to pay its suppliers promptly in accordance with the Confederation of British Industry's BPPC and has also signed up to the Prompt Payments code. This requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust performance, against the BPPC target by value of 95%, was 81.0%, compared to last financial year of 88.8%. 88.8% of its trade suppliers were paid within terms this year, compared to 73.2% last year.

Directors Report

The Trust Board and Sub-Committees

The role of the Trust Board is to determine the strategic direction of the Trust, to monitor in-year performance against its plans and ensure that the affairs of the Trust are well-managed. The Trust Board operates in accordance with Standing Orders, Standing Financial Instructions, a Scheme of Matters Reserved for the Board and a Scheme of Delegation.

The Trust Board comprises a Chairman and five Non-Executive Directors, appointed by the Secretary of State via NHS Improvement, and eight Executive Directors (only five of whom have voting rights – [v] shown below), led by the Chief Executive. The Non-Executive Directors bring a range of skills and expertise from outside the Trust. Their role is to hold Executive Directors to account.

The Trust Board meets monthly, in public (except for August when there is no meeting). The dates, times and venues are advertised in the foyer at Darent Valley Hospital and on the notice board at Queen Mary's Hospital, Sidcup. It is also on the Trust's internet site (www.dvh.nhs.uk) where agenda and papers for the public sessions are also made available.

Board membership as at year-end is shown below along with Trust Board attendance.

	2018									2019			
Name	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	MAR *
Louise Ashley								✓	✓	✓	✓	×	✓
Andy Brown	✓	×	×										
Steve Fenlon	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Siobhan Callanan	✓	✓	✓	×		✓		×	✓	✓	✓	✓	×
Pam Dhesi	✓	✓	✓	✓		✓		✓	✓	✓	×	×	×
Louise Lester				✓		✓		✓	✓	✓	✓	✓	✓
Lorraine Mills	✓	✓	✓	×		✓		✓	✓	✓	✓	×	✓
Leslieann Osborn	✓	✓	✓	×		✓		×	✓	✓	✓	✓	✓
Sue Braysher									✓	✓	✓	✓	×
Gerard Sammon	✓	✓	✓	✓		✓							
Dave Horne											✓	✓	✓
Peter Coles	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Lynn Gladwell	✓	✓	✓	✓		×		×	✓	×	✓	✓	✓
Gill Jenner	✓	×	✓	×		✓		✓	✓	✓	✓	✓	✓
Karen Taylor	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	×
David Warwick	✓	✓	×	✓		✓		✓	✓	✓	✓	✓	✓
Steve Wilmshurst	✓	✓	×	✓		✓		✓	✓	✓	✓	✓	✓

Note 'x' in the table above denotes apologies for absence and * denotes an extraordinary meeting. During the year 2018/19 there was a number of changes to membership of the Board. The changes are detailed below:

Chief Executive Officer
Susan Acott was initially seconded to East Kent Hospitals Trust on 16 October 2017 before taking up the seconded post on a permanent basis. Her final day of service with this Trust was 1 April 2018. She was replaced by Gerard Sammon in an interim position until 14 October 2018. Louise Ashley took up the post on a permanent basis on 15 October 2018.

Deputy Chief Executive Officer
Gerard Sammon assumed the role of Interim Chief Executive Officer on 16 October 2017 until 14 October 2018 when he was seconded to Kent Community Health NHS Foundation Trust for a period of one year. Dr Stephen Fenlon has acted as Deputy Chief Executive in addition to his position as Medical Director since October 2017.

Director of Finance
Lorraine Clegg migrated to her married name during the year and is now known as Lorraine Mills.

Director of Strategy and Planning
Leslieann Osborne was seconded to the position following a period where she held the role on an interim basis. She also continues with performance monitoring and has been in this post since 16 October 2017 overall.

Director of Human Resources
Louise Lester became Acting Director of Human Resources on 8 July 2018 and Andy Brown left the Trust on 15 July 2018.

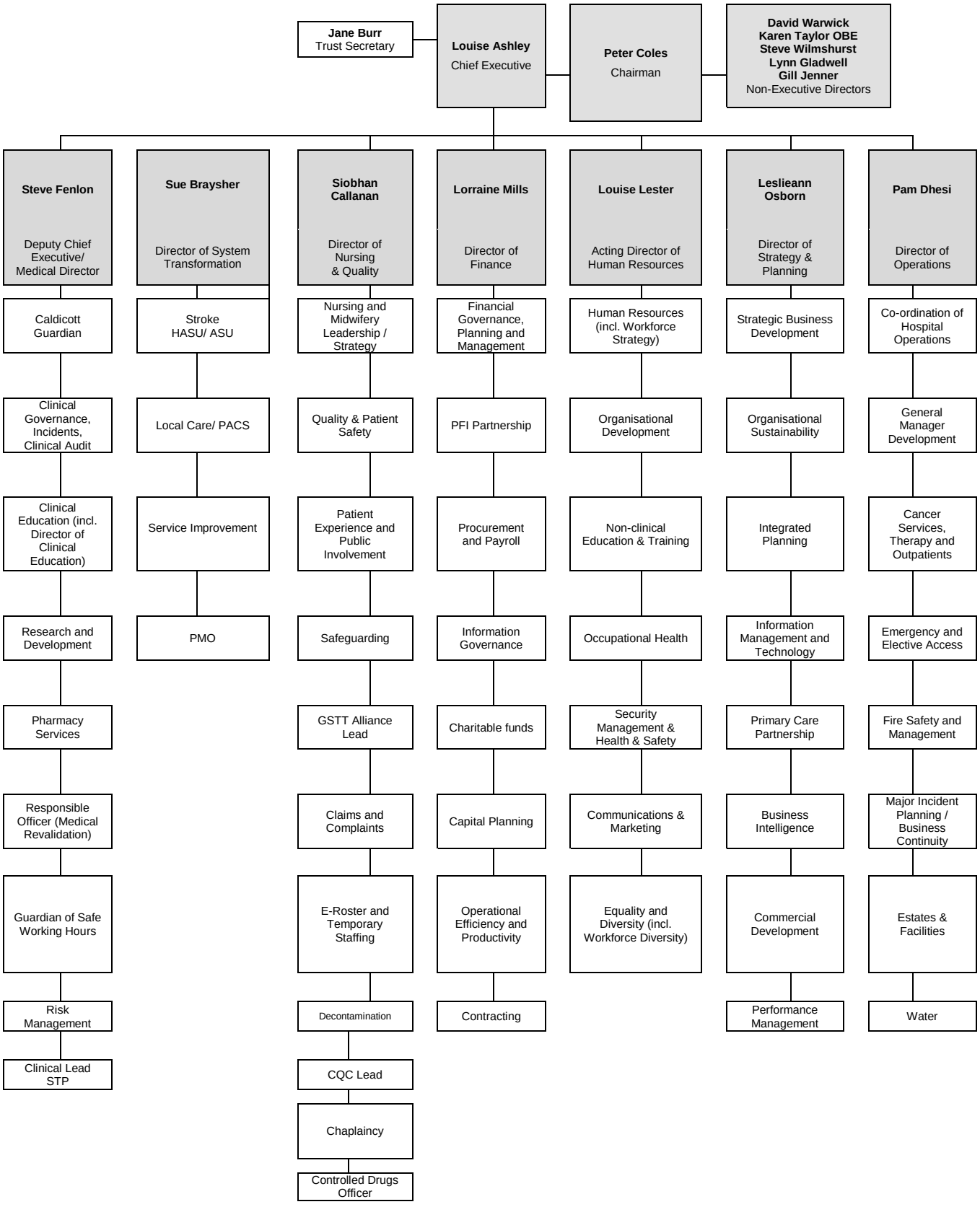
Director of System Transformation
Sue Braysher formally joined the Board on 1 December 2018.

Director of Operations
Dave Horne (Deputy Director of Operations) acted as Director of Operations in place of Pam Dhesi from 1 April 2019. Attendance at Board meetings prior to this was in place of Pam Dhesi but without formal acting up status.

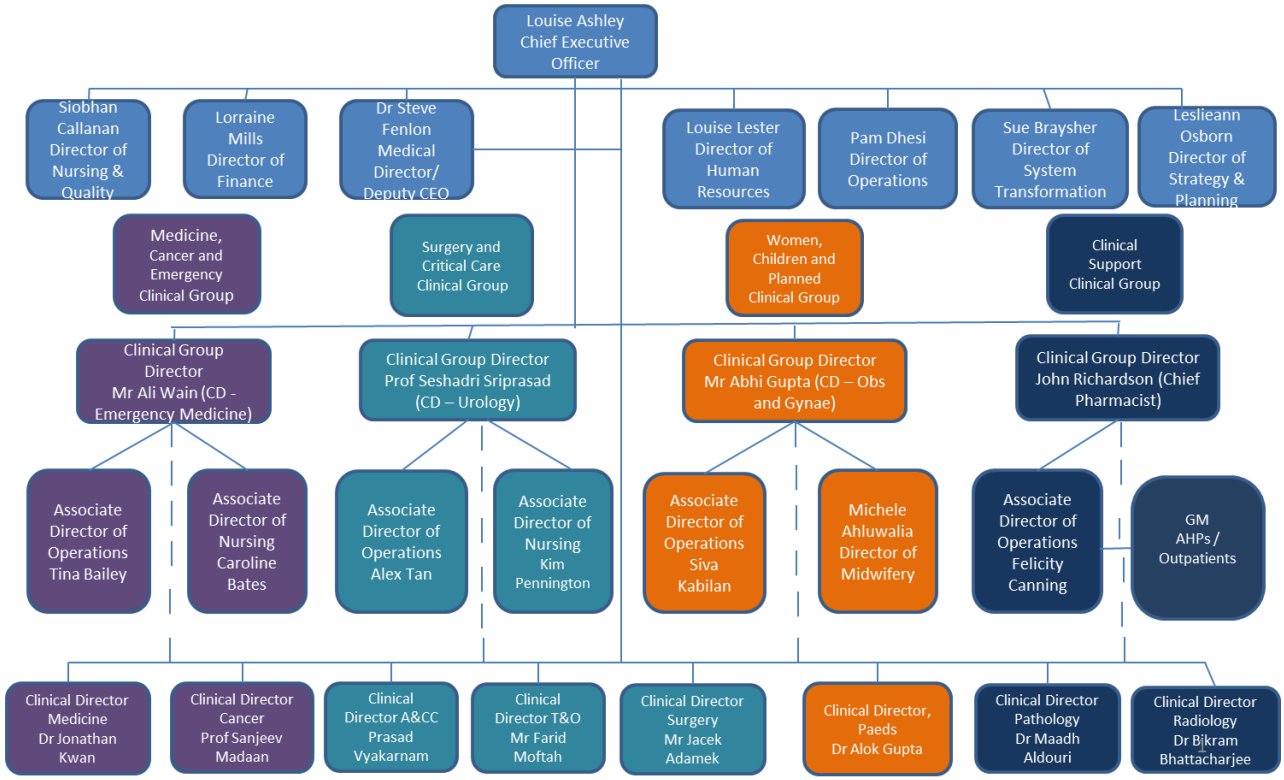
Non-Executive Directors
There have been no changes to the non-executives on the Board during 2018/19.

Executive Portfolio Structure

An executive leadership team supports the Chief Executive in managing the Trust, with each Director holding a portfolio of responsibilities:



The organisation is structured into a number of corporate and clinical directorates. Corporate departments are each responsible to an Executive Director with clinical areas being structured in clinical groups with each having a triumvirate leadership team. The clinical leadership teams are made up of a Clinical Group Director, an Associate Director of Operations and an Associate Director of Nursing or Therapies.



Trust Board Committees

The Board has established eight sub-committees to assist it in meeting its role and duties. The functions of the committees are outlined below:

The Audit Committee - supports the Trust Board in its responsibility to maintain the highest standards of conduct and accountability for its use of public funds by providing assurance on the Trust's internal financial controls and compliance with accounting and statutory standards. The Audit Committee meets every two months and membership consists of five Non-Executive Directors. The members during 2018/19 were:

- Karen Taylor (Committee Chair)
- David Warwick
- Steve Wilmshurst
- Dr Gill Jenner
- Lynn Gladwell

The Director of Finance, Assistant Director of Finance, the Medical Director and the Trust Secretary attend all meetings, together with Internal and External Auditors and other Executive Directors of the Trust as required. The Chair of the Committee presents the minutes of each Audit Committee meeting to the Trust Board. The Trust Board also receives an Annual Report of the Committee's activities and an effectiveness report, ahead of the Board's consideration of the Annual Report and Accounts.

The Quality & Safety Committee - is accountable to the Trust Board for the consistent implementation of good systems of clinical governance, clinical effectiveness and risk within the Trust. It is the overarching Committee providing the Trust Board with assurance on all aspects of clinical practice. The Committee meets monthly and is chaired by a Non-Executive Director. Its membership includes a Non-Executive Director Chair, the Trust Chairman and Trust officers ensuring a range of clinical and managerial expertise.

The Finance Committee - is responsible for ensuring the Trust has an appropriate financial strategy that monitors and scrutinises financial performance against plan. The Finance Committee is chaired by a Non-Executive Director and meets monthly. Membership comprises Non-Executive Directors, the Chief Executive and Director of Finance.

The Partnership Board - is the forum where representatives from the Trust and its PFI partners (The Hospital Company [Dartford] Limited and Serco) meet to discuss the strategic and operational development of the site and its services together with PFI contractual issues. The Partnership Board has a rolling chair between the Trust Chairman and the Chairman of the Hospital Company.

The Remuneration Committee - the Chairman and all Non-Executive Directors form the Remuneration Committee, which determines the rates of pay and contracts of the Executive Directors against a Department of Health framework. The Remuneration Committee is chaired by a Non-Executive Director of the Trust Board.

The Charitable Funds Committee - oversees the governance of Dartford and Gravesham NHS Trust Charitable Fund (working name Valley Hospital Charity) on behalf of the Trust Board (in accordance with the Trust's duties as sole Trustee of the Fund). The Committee is chaired by a Non-Executive Director. Membership comprises a Non-Executive Director Chair, the Chief Executive, Director of Finance, Trust Secretary and officers of the Trust.

The Workforce Committee – the Workforce Committee oversees all aspects of the Trust's approach to its workforce – in particular workforce planning, organisational development, resourcing, deployment and talent development – ensuring these are aligned with the Trust's strategy and business plans. Membership of the Committee includes Non-Executive Directors, the Director of Human Resources and officers of the Trust, with the Chair being a Non-Executive Director.

The Equality, Diversity and Inclusion Committee – this committee was formed during 2018/19 and oversees equality and diversity issues and initiatives from a staff and patient perspective. This Committee has representation from all the protected characteristics from across the Trust as well as Executive and Non-Executive representation.

Additional Disclosures

Pension Liabilities

The treatment of pension liabilities is as noted in the accounting policy note in the accounts and the remuneration report.

Directors' Interests

The Trust has a proactive process requiring directors to make an annual Declaration of Interests, which is recorded in the Register of Interests. The Trust Board, and sub-committees of the Board, routinely asks for any conflicts of interests to be declared at the outset of each meeting, to capture any interests in respect of matters on the agenda. The Register of Interests is maintained by the Trust Secretary and is open to public inspection.

The notifiable interests of Trust Board members in 2018/19 are set out below:

	Peter Coles Trust Chair	Managing Director, Peter Coles Consulting Ltd (provides consultancy services to the NHS). His wife has her own consultancy business, Sara Coles Ltd, which provides services to the NHS
	Karen Taylor OBE Non-Executive Director Audit Committee Chair Remuneration Committee Chair	Director of the Centre for Health Solutions at Deloitte LLP, since November 2011.
	David Warwick Non-Executive Director Finance Committee Chair	Joint owner of Warwicks Ltd, a management and financial consultancy company.
	Steve Wilmshurst Non-Executive Director Quality and Safety Committee Chair	Co-Director, Aviemore Associates Ltd, a quality assurance consultancy.

	Lynn Gladwell Non-Executive Director Charitable Funds Committee Chair	Director UBB Waste (Essex) Ltd Director UBB Waste (Essex) Holdings Ltd Director UBB Waste (Essex) Intermediate Ltd Director UK Power Networks Services Ltd Director Power Asset Development Co Ltd
	Gill Jenner Non-Executive Director Workforce Committee Chair	No declared interests.
	Louise Ashley Chief Executive	No declared interests.
	Steve Fenlon Acting Deputy Chief Executive/ Medical Director	No declared interests.
	Louise Lester Acting Director of Human Resources	No declared interests.

	Lorraine Mills Director of Finance	No declared interests.
	Pam Dhesi Director of Operations	No declared interests.
	Leslieann Osborn Director of Strategy and Planning	No declared interests.
	Siobhan Callanan Director of Nursing and Quality	No declared interests.
	Sue Braysher Director of System Transformation	Bluebell Woods Consultancy Ltd 20 days worked for East Kent CCGs

	Dave Horne Acting Director of Operations from 1 April 2019	No declared interests.
	Gerard Sammon Acting Chief Executive until 14 October 2018 thereafter seconded to Kent Community Health NHS Foundation Trust	No declared interests.
	Andy Brown Director of Human Resources until 15 July 2018	No declared interests.

Statement of the Directors' Responsibilities

Each Director confirms that as far as they are aware, there is no relevant audit information of which the Trust auditors are unaware, and they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Cost allocation and charges for information

The Trust has complied with HM Treasury's guidance on setting charges for information, as set out in Appendix 6.2 to Treasury's 'Managing Public Money' guidance.

Serious untoward incidents involving data loss or confidentiality breaches

The Trust has undertaken a more positive and pro-active approach to information governance incidents and the shared learning from such.

All incidents are regularly reported to the Trust's Information Governance Committee and the Trust has introduced an IG newsletter which is available to all staff. Details of the reported incidents are documented to improve the shared learning from the incidents across the Trust.

Below is the summary of serious incidents requiring investigation involving personal data as reported to the Information Commissioners Office in 2018/19:

SUMMARY OF DATA SECURITY AND PROTECTION INCIDENTS REPORTED TO THE ICO AND/OR DHSC 2018/2019				
Date of incident (month)	**Nature of incident**	**Number affected**	**How were data subjects informed**	**Lesson learned**
May-2018	Disclosed in error – staff payroll data	six	By email to their work and personal email accounts	Increased staff awareness that the recent migration to NHSmail meant that email addresses for staff should be checked for accuracy before shared with others for use
Nov-2018	Unauthorised access – of Trust system	six	Face to face with hand delivered letter	Increased staff awareness that system access is auditable and staff should not access records that are not part of their job role and that usernames and passwords should not be shared under any circumstances
Dec-2018	Unauthorised access – of Trust system	three	Not applicable	Not applicable - the investigation found that the unauthorised access of three patient records was not upheld

Statement of Internal Control (SIC)

The introduction of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 new legislation in May 2018 focussed attention on all flows of personal information held by the Trust for staff and patients.

The Trust's information asset data flows were reviewed identifying that appropriate controls are in place and that risks are being managed effectively.

Senior Managers were involved in this process providing assurance to the Trusts SIRO (Senior Information Risk Owner) that the exercise had been completed and will be reviewed annually.

From April 2018 a new Data Security and Protection Toolkit (DSPT) replaced the Information Governance Toolkit (IGT). By completing the new toolkit, the Trust is able to demonstrate that they are implementing the ten Data Security Standards (introduced by the National Data Guardian) and as a consequence are meeting their statutory obligations on data protection and data security.

In October 2018 the Trust welcomed an audit from the Information Commissioners Office. The purpose of the audit is to provide the ICO and the Trust with an independent assurance of the extent to which the Trust is complying with data protection legislation.

An Executive Summary of the results of the audit is available on the ICO website - ICO Audit.

Fraud

The Trust has an Anti-fraud, Bribery & Corruption Policy and response plan to ensure that these matters are dealt with in a consistent and proper manner. This policy has been developed to take into account the requirements of the Bribery Act. The Director of Finance is the executive lead. As indicated in the Governance Statement the Trust engages external expertise in relation to counter fraud and the Audit Committee agrees an annual work plan and receives regular updates from the Counter Fraud Manager. The Audit Committee and Board have also agreed a Bribery Statement setting out the Trust's position on this matter. Additionally the Board undertook a Bribery Act development session in December 2018.

Annual Governance Statement

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the NHS Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS 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 Trust Accountable Officer Memorandum.

This statement describes the governance framework that has been in place for the period 01 April 2018 to 31 March 2019, to assure the Board of progress against the Trust's planned objectives. The Executive Team and Board have been fully involved in agreeing the strategic priorities for the Trust, via the development and approval of the Trust's Annual Plan for 2019/20.

In addition to the internal governance and control framework, to fulfil the wider objectives of the Trust requires effective partnership working across the wider health community in both Kent and south east London. Key partnerships in 2018/19 included:

- Guys and St Thomas's NHS Foundation Trust (GSTT) via the GSTT Healthcare Alliance
- Carillion and Serco in the transition of facilities management provider for the Trust
- Medway NHS Foundation Trust for the North Kent Pathology Service joint venture
- South East London and Kent and Medway STPs
- Dartford Gravesham and Swanley CCG regarding system transformation initiatives

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Dartford and Gravesham NHS 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 Dartford and Gravesham NHS 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

The Board has detailed in its Annual Governance Statement the mechanism and controls in place to ensure good governance including standing orders, risk management processes and an effective committee structure. The Board is satisfied that guidance on methods of good corporate governance is appropriate, up-to date and implemented.

The Medical Director is the Executive Director lead for risk within the Trust. All senior managers have risk management as a defined responsibility within their job descriptions and are active components of the risk and control framework. In addition, all directorates and sub-specialities have identified clinical governance and risk leads. There is a forum for clinical governance and risk management within each Directorate and the majority of clinical sub-specialties. The Trust has introduced a 'Clinical Group Structure' during the year which has introduced a triumvirate structure to ensure that risks are considered from different points of view and are mitigated accordingly. Directorates present their highest risks to the Risk Management Committee on a rolling basis and directorate risks are also discussed in performance management meetings monthly.

Staff receive training on the management of risk in the core induction (for new starters) and the Risk Management Strategy is available to staff via the Trust's intranet, together with a comprehensive

range of other policies and guidance. This includes the procedures for incident reporting, managing complaints, risk assessment, investigation of incidents, health and safety and 'being open' with staff and patients. The Risk Management Strategy is in the process of being reviewed and will take into account the new Clinical Group Structure.

Additional advice on good practice can be obtained from a range of professional and specialist staff. The Trust has a Governance team whose remit includes clinical risk management, clinical governance (including clinical audit and effectiveness), complaints, the Patient Advice and Liaison Service (PALS) contacts, claims handling and the management of all clinical and non-clinical incident reporting.

The Trust has worked closely with NHS Improvement (NHSI), which is responsible for overseeing the performance management, clinical quality and governance of NHS Trusts. Performance against the national priorities set out in the 'Single Oversight Framework for NHS Providers' is discussed at the monthly Provider Oversight Meetings held between the Trust and NHSI covering the themes of quality of care; finance and use of resources; operational performance; strategic change; and leadership and improvement quality. Throughout the year, feedback from NHSI has remained positive with agreed actions which have been completed.

The Trust was inspected by the CQC in late 2017, with the report issued in March 2018 and rating the Trust as 'requires improvement'. A number of issues were raised against the well-led domain, including in relation to the organisational structure and accountability. The Trust has sought to address these and other findings through delivery of its improvement plan.

NHS Improvement undertook a review into the Trust's financial governance to establish the extent to which the Trust's structures, systems and processes were sufficient to support delivery of the financial improvement required for 2018/19 and beyond. They also assessed the Trust's response to the CQC well-led recommendations in relation to broader governance matters such as structures and accountability.

The report found that the engagement of clinical and non-clinical staff was high, the new 'shared governance' model was valuable in holding leaders to account and that there were areas for improvement in terms of governance but that there was a positive direction of travel.

The risk and control framework

Risk assessment is a core aspect of the Trust's Risk Management Strategy. A comprehensive Risk Register is in place and consists of risks identified from across the organisation, at both Corporate and Directorate level. Within the Register, an assessment is made of the level of current risk (based on a 5x5, likelihood x impact matrix), alongside details of the control measures required to mitigate the risk to the lowest practicable and/or acceptable level.

The management of corporate risks and/or those rated as 'high' is overseen by the Risk Register Committee which, in 2018/19, was chaired by the Medical Director. All Executive Directors are members of the Risk Register Committee. The Committee meets monthly to consider progress with actions to mitigate existing risks and consider the rating of newly-identified risks. The output of the Risk Register Committee's oversight is then received at both the Quality & Safety Committee and the Audit Committee, whose task is to consider whether the mitigating actions being taken are sufficient, in relation to the level of risk.

A number of new risks were identified in-year, but mitigated to an acceptable level. The risks rated as 'high' at the end of 2018/19 are described below:

Risk Identifier	Risk Description	Risk Score Likelihood x Severity
1376	Insufficient nursing staff	4x4=16
1757	Performance of the Emergency Department – ability to manage the 4 hour target	4x4=16
1867	Medical staffing vacancies	4x4=16
1901	High bed occupancy	5x4=20
1986	Clinical coding	4x4=16
2013	Prevention, management and control of MRSA across the Trust	4x4=16
2064	Non-compliance with safety alerts	4x4=16
2019	Pathology accreditation	4x4=16
2096	Blood science results delays	4x4=16
2121	Lack of staff in Pathology	4x4=16
2124	CAMHS provision for children and young people	4x4=16

In addition to the Risk Register, the Trust has a Board Assurance Framework (BAF), which captures strategic risks to the achievement of the Trust's objectives. Each objective is led by an Executive Director, who has responsibility for managing the risks to its delivery, and overseen by at least one sub-committee of the Board. The BAF is maintained by the Trust Secretary and is updated regularly through detailed reviews at Board sub-committees and discussion with each lead director, prior to the full BAF being reported to the Audit Committee. The Audit Committee reviews the BAF at every meeting and also selects risks for detailed scrutiny. Directors attend the Audit Committee to explain in detail how the risks to the achievement of the relevant objective are being managed. The BAF is also reviewed by the Trust Board on a bi-monthly basis.

The BAF was reviewed by internal audit in February 2019 and was given a reasonable assurance rating. Actions on the recommendations made by TIAA have already been put in place to ensure the assurance offered by the BAF is robust.

Reported incidents, including complaints, are managed via Directorate governance meetings. More significant incidents are discussed and monitored at a corporate level by the Serious Incident Declaration Group held on a weekly basis and the Trust's Patient Safety Committee, which is accountable to the Quality Safety Committee which ultimately reports to the Trust Board.

The Audit Committee receives a regular report on the outcome of external assessments and keeps a detailed log of these assessments. This includes inspections by regulatory bodies such as the Care Quality Commission, the Medicines & Healthcare Products Regulatory Agency, and the Health and Safety Executive, as well as accreditation and certification agencies such as the Clinical Pathology Accreditation. The report also includes details on the state of readiness for any upcoming external assessments. This report is also submitted to the Quality and Safety Committee on a six-monthly basis.

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.

Information governance

All Board members were compliant with Information Governance training requirements during 2018/19. The Trust continues to take a more positive and pro-active approach to information governance incidents. During 2018/19 there were 3 notifiable incidents reported to the Information Commissioner's Office.

During 2018/19 the Trust had two audits regarding Information Governance. One was conducted by the Trust's internal auditors who were able to give reasonable assurance as the outcome. However the Trust also had a full audit undertaken by the Information Commissioners Office, which resulted in 81 recommendations for the Trust which has been incorporated into an on-going action plan monitored through the Information Governance Committee.

The Trust continues with its Information Governance newsletter which is available to all staff and details of the reported incidents are documented to improve the shared learning across the Trust.

There is an information governance report taken to each Audit Committee meeting for information, discussion and assurance.

Annual Quality Account

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year.

The Trust's Quality Account for 2018/19 is summarised in the main body of the annual report and demonstrates the Trust's achievements, some of the challenges and the focus for the coming year. The Quality Account is subject to assurance arrangements which internally include Executive input, draft and final submissions to the Quality and Safety Committee and final approval by the Board. Externally the Quality Account is shared with Dartford, Gravesham and Swanley CCG, who are the Trust's most significant Commissioner, the Kent Health Overview and Scrutiny Committee and Healthwatch.

The Audit Committee each year receives the Auditor's report on the Trust's Quality Account. The report assesses whether the performance information reported in the Quality Account is reliable and accurate, and the lead director and officer responsible for the production of the Quality Account attend the Audit Committee to respond to the findings of the audit.

Counter Fraud and Bribery

The Trust is committed to promoting and maintaining a standard of honesty and integrity, and to eliminate fraud and illegal acts committed within the Trust. It undertakes rigorous investigation and disciplinary action where appropriate and seeks recovery of any losses where possible. The Trust has adopted best practice and has an Anti-Fraud, Bribery and Corruption Policy. The Trust publicises the procedure for staff to report any concerns about potential fraud and corruption as well as having an anti-bribery statement on its website. Any concerns raised are investigated by our local counter-fraud specialists or the NHS Counter Fraud Authority as appropriate and all investigations are reported to the Audit Committee. Additionally the Board undertook a Bribery Act development session in December 2018.

Significant issues

The findings of all audit reports issued to date from the Internal Annual Plan, as well as progress against any outstanding at this time, have been reported to the Audit Committee through interim reports during the year. The major issues, or themes, that emerged from the internal audit work or other work or issues have been set out below.

a) Financial Deficit

The Trust reported a deficit position of £17.2m for 2018/19 at year end (subject to audit). This was an adverse variance to the control total set £5.1m. The Trust worked closely with NHSI to ensure that the drivers of the deficit were known and explored and that all possible avenues of reducing the deficit were explored. The Trust put in place a range of controls during the financial year which will continue in to 2019/20.

b) Never Events

During 2018/19 there were three 'never events'. All three incidents were investigated and an action plan is in place. All three were reported to the Board and progress on the action plan has been monitored through the Quality and Safety Committee.

29/5 Incorrect connection to air outlet – Trust in progress to removing outlets
21/9 Wrong site anaesthesia block – action plan in progress
14/1 Incorrect connection to air outlet

c) NKPS

The North Kent Pathology Service (a joint operation between Medway NHS Foundation Trust and Dartford and Gravesham NHS Trust) was formed in June 2018 and has seen a number of incidents and issues following the merger of the previously separate Pathology services. There has been investment in the managerial resource and executive support of both the human resource and clinical quality issues that have arisen to ensure all incidents or issues are investigated, appropriately reported and patient follow-ups conducted.

Board and Committee Structure

The Board committees are established with clear terms of reference and lines of reporting. The terms of reference establish the remit of each meeting, its membership, attendance, quorum requirements and reporting responsibilities. The committees complete an annual self-review for effectiveness and submit an annual report of the work undertaken to the Board.

- The Audit Committee provides assurance to the Board in relation to the effectiveness of controls to minimise or mitigate the principal risks to the Trust and its regulatory compliance obligations;
- The Quality & Safety Committee has delegated authority to ensure the ongoing development and delivery of the Trust's objectives as they pertain to quality and safety;
- The Partnership Board, where representatives from the Trust, The Hospital Company (Dartford) Limited and Serco meet to discuss the strategic and operational development of the site and its services together with PFI contractual issues;
- The Finance Committee oversees the financial planning, monitoring and effective use of exchequer funds and to ensure there are appropriate policies and procedures in place;
- The Workforce Committee, established to oversees all aspects of the Trust's approach to its workforce.
- The Charitable Funds Committee oversees the governance of Dartford and Gravesham NHS Trust Charitable Fund on behalf of the Board;
- The Remuneration Committee sets appropriate remuneration and terms of service for the Chief Executive, other Executive Directors, and other senior employees.
- The Equality, Diversity and Inclusion Committee. The role and purpose of this new Committee is to enable the Board to carry out its responsibilities for the equality and diversity agenda within the Trust. The sub-committee will provide strategic direction, leadership and support for promoting and maintaining equality, diversity and inclusion issues in line with the Trust's strategic objectives. The sub-committee has a remit for and oversees the diversity agenda for both staff and patients.

The Board receives the minutes and/or a report from each meeting of the aforementioned committees in a timely manner, from the Chairman of each committee and are included in Board papers which are published on the Trust's website, apart from reports containing confidential information. All Board

sub-committees are chaired by nominated Non-Executive Directors. This ensures that any issues of concern requiring escalation to the Board are highlighted. The scheduling of key meetings enables escalation to take place promptly, if required. In accordance with national guidance, the Audit Committee produces an annual report of its activities, which it also submits to the Board. In addition, the Audit Committee undergoes a full self-assessment and the Board uses the Audit Committee Annual Report as part of its assurances prior to it approving the Trust's Annual Report and Accounts.

In addition to the above committees, there are a range of other committees, structures and processes in place to oversee and manage any issues relevant to particular aspects of risk and governance. In this respect the Trust has, for example, an Infection Control Committee, a Patient Safety Committee, a Health and Safety Committee, a Resuscitation Committee, a Medicines Management Committee, a Safeguarding Committee and a Patient Experience Committee. Details of the Trust's full committee structure can be obtained from the Trust's website (www.dvh.nhs.uk).

The Trust has a process in place regarding Regulation 5 – Fit and Proper Persons Requirement; Directors and Regulation 20; Duty of Candour. A self-declaration of being Fit and Proper, plus extensive disclosure and barring scheme searches (DBS), insolvency and bankruptcy register searches. Additionally the Board undertakes an annual evaluation of its effectiveness, in accordance with corporate governance best practice.

The importance of the triangulation of understanding, challenge and assurance between committees is recognised and reflected through cross membership and reporting mechanisms. Attendance records are maintained for the Trust Board and its main committees. The attendance record for the Board is reported within the body of the Trust's Annual Report.

All sub-committees' Terms of Reference are currently under review as part of the annual effectiveness review of each committee and this process will be completed by the end of June 2019.

Board/ Sub Committee	Number of meetings during 2018/19	Average Attendance of Members 2018/19
Trust Board	11 (10 Board meetings and 1 Extraordinary Board)	**85%**
Audit Committee	7 (6 Audit Committee meetings and 1 Extraordinary Audit Committee)	**94%**
Quality and Safety Committee	11	**82%**
Partnership Board	1	**100%**
Finance Committee	11	**81%**
Workforce Committee	6	**87%**
Charitable Funds Committee	4 (3 Charitable Funds Committee meetings and 1 Extraordinary Charitable Funds Committee)	**72%**
Remuneration Committee	2	**91%**
Equality, Diversity and Inclusion	First meeting 24 April 2019	**N/A**

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

The Board comprises of the Chairman, five Non-executive Directors, the Chief Executive and seven Executive Directors, three of whom are non-voting. The Trust appointed a substantive Chief Executive during 2018/19 who took up post in October 2018. Non-executive Directors are appointed by NHSI and are not employees of the Trust but receive remuneration for the role at

nationally agreed rates. Executive Directors are employees and details of Director remuneration is set out in the Annual Report.

The Trust Board meets monthly in public (except for August where there is no Board meeting), and its agenda is focused around the key aspects of quality, productivity and innovation, assurance and strategy. A dynamic programme of agenda items is actively managed throughout the year to ensure the Board receives the information and considers the matters it requires to perform its duties efficiently and effectively. A key tenet of the information the Board receives each month is a comprehensive integrated performance report, which contains up to date details of performance across a range of indicators.

During the year the Board held three formal development workshops aimed at improving the Board's understanding of key strategy and governance areas including IM&T strategy, CQC Engagement and the Bribery Act.

There have been a number of Board personnel changes during the year:

Name	Change
Gerard Sammon	Acting Chief Executive until 14 October 2018 – seconded to Kent Community Health NHS Foundation Trust until October 2019
Louise Ashley	Joined the Board as Chief Executive 15 October 2019
Andy Brown	Resigned as Director of Human Resources 15 July 2018
Louise Lester	Joined the Board as Acting Director of Human Resources 8 July 2018
Leslieann Osborn	Continued to serve on the Board with a change of title to Director of Strategy and Planning
Sue Braysher	Change of title to Director of System Transformation and formally joined the Board on 1 December 2018.
Lorraine Clegg	Migrated to her married name during the year and is now known as Lorraine Mills
Dave Horne	Dave Horne (Deputy Director of Operations) acted as Director of Operations in place of Pam Dhesi from 1 April 2019.
Karen Taylor	Non-executive Director appointment extended until 31 Jan 21
Steve Wilmshurst	Non-executive Director appointment extended until 21 Apr 22

The decision makers for the Trust are deemed to be the Trust Board. The Trust has a pro-active process requiring Executive and Non-executive directors to make an annual Declaration of Interest, which is recorded in the Register of Interests. The Trust Board and sub-committees routinely ask for any conflicts of interest to be declared at each meeting, to capture any interests in respect of matters on the agenda. The Register of Interests is maintained by the Trust Secretary and is open to public inspection. The Board interests are also published in the Trust Annual Report and separately shown on the Trust website and thereby the Trust is compliant with 'Managing Conflicts of Interest in the NHS' guidance.

Performance, Quality and Finance

The Trust Board has exercised its duty to monitor performance through the integrated performance reports that it receives at each monthly meeting which are scrutinised in detail at the Board. These reports are a product of the revised monthly performance meetings that review Group performance against all key national and local targets as well as performance in respect of incident reviews, complaints and expected services changes.

The operational performance section of the Integrated Performance Report has continued to develop throughout 2018/19 and provides a summary report against all key national and locally agreed performance targets as well as more detailed analysis against the five CQC domains.

The Finance Performance Report includes a full monthly review of financial performance, covering income and expenditure against budget, analysis of the pay, non-pay and income position, performance against the Financial Recovery Plan and also reports the balance sheet, working capital and cash position of the Trust. The Trust engaged an external team to assist the Trust in delivering against the challenging Trust financial position. The delivery of transformation plans and projects in support of these objectives has been reported through both the Finance Committee and the Board. The Board takes collective responsibility for the operational and financial performance of the organisation and has maintained a strong focus on patient safety, ensuring that clinical safety has not been compromised by the financial pressures facing the organisation and has applied a range of measures to access, clinical standards, the output of clinical quality and patient experience surveys, the causes of serious incidents, the reasons for complaints and the effectiveness of our services.

The Trust has taken measures to assure itself regarding the quality and accuracy of elective waiting time data and risks in relation to this. Elective activity and waiting times are reviewed in detail at a weekly Access Meeting, chaired by a senior General Manager with at least one Executive Director in attendance. Waiting times and backlogs for outpatients, diagnostics and elective Patient Tracking Lists (PLT) are all reviewed to ensure patients are seen chronologically and/or by clinical need. Data is produced to monitor trends to support this. The Trust Access Policy is regularly reviewed in line with national guidance and agreed with commissioners and all performance submissions to NHS England are authorised by an Executive. Audits are undertaken periodically for further assurance.

Board Capability and Capacity

The Chief Executive is clinically qualified along with the Medical Director and Director of Nursing and Quality. The Director of Finance and Acting Director of Human Resources are also appropriately professionally qualified and accountable to their professional body in addition to the Trust. The Non-Executive directors (NED) bring extensive experience and expertise from an array of private and public organisations and sectors including finance, commerce, clinical and quality. Collectively the NED component of the Board is suitably qualified to discharge it functions and duties.

All Executive and Non-Executive Directors along with all other staff have their performance and competencies reviewed on an annual basis through a comprehensive appraisal system. All Board members and Deputy Directors are required to make fit and proper persons declarations and undergo the checks that are associated with it. Additionally the Trust has a robust recruitment process in place.

The Trust commissioned an external Well-led Review in February 2019 and the Board begins its series of workshops in April 2019. Additional recommendations following these will be incorporated into the Board development programme for 2019/20 and beyond.

Sustainability

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that it obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Safer Staffing and Workforce Planning

The Trust reviewed its nursing and midwifery workforce in 2018/19 using the following:

- Acuity and dependency data - Safer Nursing Care Tool (SNCT)
- Service or speciality provided was reviewed; this includes any geographical changes during the last six months.

- An in-depth review of actual staffing levels occurred (both temporary and substantively employed) over the review period.
- The registered to unregistered nursing skill mix was assessed – Professional judgement.
- The registered nurse to bed ratio for each shift was assessed against national guidance.
- The Care hours per patient day (CHPPD) metric was used to triangulate information.
- Current staffing shortfalls for each ward were considered.
- A review of key nursing and midwifery quality indicators; this includes reviewing falls, hospital acquired pressure ulcers, complaints, FFT rates and 'harm events' as per national guidelines and the case load in general.
- clinical staff professional judgement which has informed the review of nursing and midwifery establishments, roles and budgets.
- Comparison with peers.
- Medical staff are recruited largely on the basis of need. Their time and abilities are matched to the identified need through job planning managing both their time commitment and productivity expectation.
- Consultant job planning guidelines were reviewed in 2018/19 and the clinical groups are responsible for annual review of all consultant job plans.
- Junior medical staff planning is linked to the delivery of training and managed through rostering and medical exception reporting. There are currently no acuity models or recommended safe staffing levels for any grade of medical staffing.

Patients' daily acuity and dependency reviews are in place and safety huddles take place three times daily. The conduct of the daily safety brief or safety huddle supports the planning of and allocation of staff in the wards to ensure patient safety is not compromised. Through the daily safety meetings, staffing levels are assessed, managed and deployed across the Trust. This ensures flexible working and allows staff allocation to the right place at the right time to meet patient needs and making best use of available resources.

The Trust has in place a number of short, medium and long term strategies. These cover a variety of workforce issues including recruitment and retention, health and wellbeing and employee relations. The Trust has a Workforce Committee where strategic workforce issues are discussed and agreed. In December 2018 the Committee had a particular focus on 'Developing Workforce Strategies' where the strategies for extending safer staffing reviews for other clinical staff groups and areas was discussed. This Committee reports directly to the Board and the minutes of the meeting are submitted as part of the Board papers following each sub-committee meeting.

CQC

The Trust is fully compliant with the registration requirements of the Care Quality Commission and following advice from the CQC during 2018/19 registered with the CQC to provide care to patients detained under the Mental Health Act.

Review of economy, efficiency and effective use of resources

As Accountable 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 team and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Executive Directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control also provide me with assurance via

regular meetings and submission of reports to the aforementioned committees. The BAF and Risk Register processes provide me with evidence that the effectiveness of controls to manage the risks to the organisation have been reviewed, and scrutinised appropriately.

Further evidence is provided by a range of reports including clinical audit and reports from external agencies, following inspections and/or accreditation visits. Additionally, where required independent consultants are engaged to review particular areas of risk and make recommendations for improvement.

The Audit Committee approves the Internal Audit Plan for the year and receives details of the findings from each of the Internal Audit reviews that are undertaken. The Internal Audit reviews undertaken in 2018/19, and the assurance conclusion reached, are detailed below:

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
IT Strategy / Digital Roadmap (carried forward from 2017/18)	Assurance	-	-	**Substantial Assurance**	**-**
Radiology Standard Operating Procedures (carried forward from 2017/18)	Advisory	-	-	**-**	**An assurance opinion was not allocated to this audit as it was an advisory review.**
IT Disaster Recovery (carried forward from 2017/18)	Assurance	-	-	**Limited Assurance**	**-**
IT Disaster Recovery Follow Up	Assurance	10	10	**Substantial Assurance**	**Draft report awaiting management agreement to finalise.**
CQC Action Plan	Assurance	8	8	**Reasonable Assurance**	-
Review of CLW Rota System	Assurance	10	10	**Substantial Assurance**	-
GDPR Compliance Audit	Assurance	10	10	**Reasonable Assurance**	-
Data Security and Protection Toolkit Part 1	-	5	5	**-**	**An assurance level was allocated following completion of Part 2 of this audit.**
Data Security and Protection Toolkit Part 2	Assurance	5	5	**Reasonable Assurance**	**-**
Cyber Security Maturity Assessment	Assessment	10	10	**-**	**An assurance opinion was not allocated to this audit as it was an assessment review.**
Data Quality (Bed Occupancy)	Assurance	10	10	**Reasonable Assurance**	-
Critical Financial Assurance	Assurance	15	15	**Reasonable Assurance**	**Draft report awaiting management agreement to finalise.**
Assurance Framework and Risk Management	Assurance	10	10	**Reasonable Assurance**	-

The Board and Committees also play a part in the identification of potential new Trust-level risks. This complements the 'bottom up' process of risk identification that is in place within the Clinical Groups and corporate directorates, from which risks are escalated onto the Trust risk register and to inform the BAF. In this way, a dynamic view of strategic risks is maintained that in turn ensures that the BAF reflects all areas on which the Board should be seeking assurance in relation to the objectives of the Trust. The top risks will be discussed at a Board Workshop in April 2019 for final agreement on the top/key risks facing the organisation in the coming year and therefore shaping the BAF and the Board agenda. This will formalise the 'top down/bottom up' process in place for identifying, reporting and managing risks within the Trust, and a more developed understanding of individual managers and members of staff of their responsibility with regard to risk management. The Clinical Group management teams have placed great emphasis on the review of their risk registers during 2019/20 and these will now be more up to date and relevant than in previous years.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve polices, aims and objectives, therefore the framework can only provide reasonable and not absolute assurance of effectiveness.

Governance and internal control of the organisation is an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the policies, aims and objectives of Dartford and Gravesham NHS Trust.
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Conclusion

In conclusion, in my capacity as Accountable Officer, I have reviewed the internal control measures in place at Dartford and Gravesham NHS Trust and believe that there are no significant internal control issues other than those identified within the Annual Governance Statement all of which are known to our regulators, commissioners and population, through Board papers and or meetings with the relevant parties.

Signed: Date: 24 May 2019

Louise Ashley
Chief Executive

REMUNERATION AND STAFF REPORT

Remuneration

'Senior managers' are defined as 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.' The Chief Executive of the Trust confirms that this definition only applies to the members of the Trust Board or as listed in the table below.

Tables below show details of salaries, allowances and any other remuneration and pension entitlements of senior managers. No significant awards have been made in the past to senior managers. No compensation is payable to former senior managers and no amounts included in the above are payable to third parties for the services of senior managers.

Salary and pension entitlements of senior managers

Name and Title	2018/19							2017/18						
	Salary (bands of £5000) £000	**Other Remuneration (bands of £5000) £000**	**Expense payments (taxable) to the nearest £100**	**Performance Pay and bonuses (bands of £5000) £000**	**Long term performance pay and bonuses (bands of £5000) £000**	**All pension-related benefits (bands of £2,500) £000**	**Total (bands of £5000) £000**	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Expense payments (taxable) to the nearest £100	Performance Pay and bonuses (bands of £5000) £000	Long term performance pay and bonuses (bands of £5000) £000	All pension-related benefits (bands of £2,500) £000	Total (bands of £5000) £000
Ashley L. - Chief Executive *	**80-85**	**-**	**-**	**-**	**-**	**75.0-77.5**	**155-160**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Acott S. - Chief Executive *	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	75-80	-	-	-	-	260.0-262.5	335-340
Braysher S. - Director of Strategic Development *	**100-105**	**-**	**1,000**	**-**	**-**	**0**	**100-105**	55-60	0	0	0	0	0	55-60
Brown A. - Director of Human Resources	**25-30**	**-**	**-**	**-**	**-**	**0**	**25-30**	95-100	-	-	-	-	40.0-42.5	135-140
Bunnett L. - Director of Estates & Facilities/Director of Strategic Estates & Capital *	**105-110**	**-**	**100**	**-**	**-**	**37.5-40.0**	**140-145**	95-100	-	-	-	-	67.5-70.0	165-170
Callanan - S. - Director of Nursing & Quality *	**100-105**	**-**	**300**	**-**	**-**	**52.5-55.0**	**155-160**	45-50	-	-	-	-	-	45-50
Mills L formerly Clegg L. - Director of Finance	**120-125**	**-**	**-**	**-**	**-**	**117.5-120.0**	**235-240**	115-120	-	-	-	-	-	115-120
Dhesi P. - Director of Operations	**105-110**	**-**	**-**	**-**	**-**	**17.5-20.0**	**120-125**	100-105	-	-	-	-	60.0-62.5	160-165
Fenlon S. - Medical Director	**120-125**	**45-50**	**1,200**	**-**	**-**	**0.0-2.5**	**170-175**	120-125	45-50	-	-	-	47.5-50.0	215-220
Juett L. - Director of Estates & Facilities *	**70-75**	**-**	**700**	**-**	**-**	**10.0-12.5**	**80-85**	5-10	0	0	0	0	0.0-2.5	5-10
Leivers-Carruth V. - Director of Nursing & Quality *	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	50-55	-	-	-	-	25.0-27.5	75-80
Lester L. - * Acting Director of Human Resources	**50-55**	**-**	**-**	**-**	**-**	**27.5-30.0**	**80-85**	-	-	-	-	-	-	-
Osborn L. - Director of Strategic Development & Performance/Director of Strategy & Planning (Interim) *	**95-100**	**-**	**300**	**-**	**-**	**2.5-5.0**	**100-105**	90-95	-	-	-	-	27.5-30.0	120-125
Sammon G. - Deputy Chief Executive-Director of Strategy & Planning/Interim Chief Executive *	**75-80**	**-**	**500**	**-**	**-**	**0**	**75-80**	125-130	-	-	-	-	57.5-60.0	185-190

Sofat J. - Chairman *	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	0-5	-	-	-	-	-	0-5
Coles P. - Non Executive Director/Chairman *	**25-30**	**-**	**-**	**-**	**-**	**-**	**25-30**	25-30	-	-	-	-	-	25-30
Findley D. - Non Executive Director *	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	0-5	-	-	-	-	-	0-5
Gladwell L. - Non Executive Director *	**5-10**	**-**	**-**	**-**	**-**	**-**	**5-10**	0-5	0	0	0	0	0	0-5
Jenner G. - Non Executive Director *	**5-10**	**-**	**-**	**-**	**-**	**-**	**5-10**	0-5	0	0	0	0	0	0-5
Taylor K. - Non Executive Director	**5-10**	**-**	**-**	**-**	**-**	**-**	**5-10**	5-10	-	-	-	-	-	5-10
Warwick D. - Non Executive Director	**5-10**	**-**	**-**	**-**	**-**	**-**	**5-10**	5-10	-	-	-	-	-	5-10
Wilmshurst S. - Non Executive Director	**5-10**	**0**	**0**	**0**	**0**	**0**	**5-10**	5-10	0	0	0	0	0	5-10

The all pension-related benefits column represents an estimate of the increase in pension benefits accrued in year, adjusted for inflation, multiplied by a representative 20 years and reduced by employee pension contributions. Therefore this does not reflect any payments made to the individual.

'-' in the Pension benefit column denotes 2018/19 or 2017/18 figures not available to calculate Pension related benefits.
N/A in the columns 2017/18 denotes that the Director commenced in or was not a Director in the previous year.
0 on the Pension benefit column denotes either that the Director is not part of the pension scheme or the benefit calculated is negative.
S. Fenlon figures relate to both their posts as Medical Director and clinical roles.

* Director changes 2018/19
Ashley L - commenced 15th October 2018
Sammon G - went on secondment 14th October 2018 – secondment period 1 year, salary, expenses and pension related benefits pro-rated to 14/10/2018
Mills L - Changed her name from Clegg L on 1st April 2018
Juett L - started 28th Feb 2018 and left 31st December 2018
Bunnett L - was Director of Strategic Estates and Capital from 28th Feb 2018 to 31st December 2018, Reverting to Director of Estates 31st December 2019
Braysher S - Director of Improvement 1st April to 31st October 2018
Braysher S- Director of System Transformation 1st November to date
Braysher S - formally joined the Board on 1st December 2018
Lester L - Acting Director HR from 8th July 2018
Sofat J. - left the Trust on 3rd April 2017
Findley D. - left the Trust on 31st December 2017
Acott S. - went on secondment from 16th October 2017
Brown A - left the Trust on the 31st July 2018

Director changes 2018/19

Chief Executive Officer

Susan Acott was initially seconded to East Kent Hospitals Trust on 16 October 2017 before taking up the seconded post on a permanent basis. Her final day of service with this Trust was 1 April 2018. She was replaced by Gerard Sammon in an interim position until 14 October 2018. Louise Ashley took up the post on a permanent basis on 15 October 2018.

Deputy Chief Executive Officer

Gerard Sammon assumed the role of Interim Chief Executive Officer on 16 October 2017 until 14 October 2018 when he was seconded to Kent Community Health NHS Foundation Trust for a period of one year. Dr Stephen Fenlon has acted as Deputy Chief Executive in addition to his position as Medical Director since October 2017.

Director of Finance

Lorraine Clegg migrated to her married name during the year and is now known as Lorraine Mills.

Director of Strategy and Planning

Leslieann Osborne was seconded to the position following a period where she held the role on an interim basis. She also continues with performance monitoring and has been in this post since 16 October 2017 overall.

Director of Human Resources

Louise Lester became Acting Director of Human Resources on 8 July 2018 and Andy Brown left the Trust on 15 July 2018.

Director of System Transformation

She joined the Trust on 30 October 2017 as Director of Improvement. She formally joined the Board on 1 December 2018 as Director of System Transformation.

Director of Operations

Dave Horne (Deputy Director of Operations) acted as Director of Operations in place of Pam Dhesi from 1 April 2019.

Director of Estates and Facilities

Lesley Juett commenced as Director of Estates and Facilities on 28th February 2018 and resigned as of 31 December 2018.

Non-Executive Directors

There have been no changes to the non-executives on the Board during 2018/19.

Remuneration Committee

The Trust has an established Remuneration Committee to advise and assist the Board in meeting its responsibilities to ensure appropriate remuneration, allowances and terms of service for the Chief Executive and Executive Directors. Membership of the committee consists of Trust Chair and all Non-Executive Directors. The Chief Executive and Directors remuneration is determined on the basis of reports to the Remuneration Committee taking account of any independent evaluation of the post, national guidance on pay rates and market rates. The Trust has had in place a Policy for Determining the Remuneration of the Chief Executive and Executive Directors since January 2015 The policy is reviewed annually by the Remuneration Committee however there is provision for the policy to be reviewed earlier in the event of change in guidance or to meet any legal requirements.

Pay rates for the Chair and Non-Executive Directors of the Trust is determined in accordance with national guidance.

The Trust does not operate any system of performance-related pay for pay which is overseen by the Remuneration Committee, and no proportion of remuneration is dependent on performance conditions. The performance of Non-Executive Directors is appraised by the Chair. The performance of the Chief Executive is appraised by the Chair. The performance of Trust Executive Directors is

appraised by the Chief Executive. Annual pay increases are implemented in accordance with national pay awards for all other NHS staff.

The Chief Executive and all substantive Directors are employees of the Trust (i.e. have a Trust contract of employment) as at 31st March 2019, and those who are substantive (ie not in an acting or seconded position) are subject to a maximum six-month' notice period. Termination arrangements are applied in accordance with statutory regulations as modified by national NHS conditions of service agreements (specified in Whitley Council/Agenda for Change), and the NHS pension scheme. The Remuneration Committee will agree any severance arrangements for senior managers within Department of Health guidelines.

Pension Benefits

The table below shows the pension benefits of the Executive Directors. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

Name and title	Real increase in pension at pension age (bands of £2500) £000	Real increase in pension lump sum at pension age (bands of £2500) £000	Total accrued pension at pension age at 31 March 2019 (bands of £5000) £000	Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5000) £000	Cash Equivalent Transfer Value at 1 April 2018 £000	Real Increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Employers Contribution to Stakeholder Pension £000
Ashley L - Chief Executive	**2.5-5.0**	**7.5-10.0**	**35-40**	**110-115**	579	**97**	**807**	**12**
Mills L formerly Clegg L. - Director of Finance	**5.0-7.5**	**0.0-2.5**	**45-50**	**120-125**	714	**179**	**914**	**17**
Lester L. - * Acting Director of Human Resources	**0.0-2.5**	**0.0-2.5**	**10-15**	**25-30**	121	**39**	**178**	**8**
Brown A. - Director of Human Resources	**-**	**-**	**25-30**	**65-70**	530	**-**	**523**	**4**
Bunnett L. - Director of Estates & Facilities/Director of Strategic Estates & Capital	**0.0-2.5**	**5.0-7.50**	**30-35**	**90-95**	551	**110**	**677**	**15**
Callanan - S. - Director of Nursing & Quality	**2.5-5.0**	**7.5-10.0**	**35-40**	**110-115**	17	**782**	**800**	**15**
Dhesi P. - Director of Operations	**0.0-2.5**	**2.5-5.0**	**40-45**	**130-135**	811	**123**	**958**	**15**
Fenlon S. - Medical Director	**0.0-2.5**	**-**	**50-55**	**130-135**	914	**116**	**1,057**	**18**
Juett L. - Director of Estates & Facilities	**0.0-2.5**	**0**	**0-5**	**0**	1	**12**	**17**	**10**
Osborn L. - Director of Strategic Development & Performance/Director of Strategy & Planning (Interim) *	**0.0-2.5**	**-**	**25-30**	**75-80**	542	**63**	**621**	**13**
Sammon G. - Deputy Chief Executive-Director of Strategy & Planning/Interim Chief Executive *	**0.0-2.5**	**-**	**35-40**	**90-95**	549	**53**	**663**	**17**

Ashley L - commenced 15th October 2018
Lester L - acting Director of Human Resources from 8th July 2018
Brown A - left 31st July 2018
Juett L - left 31st December 2018
Sammon G - went on secondment on the 14th October 2018

Where a Director left or joined the Trust during the year, the **real increase** in Pension, lump sum and Cash Equivalent Transfer Value (CETV) has been pro-rated accordingly
'-' denotes figures not available in order to calculate the increases

A Cash Equivalent Transfer Value (CETV) is the actuarially-assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2005/06 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/Member in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid Director/Member in Dartford and Gravesham NHS Trust in the financial year 2018/19 was £170,000 to £175,000 (2017/18, £170,000 to £175,000). This was 5.09 times (2017/18, 5.7 times) the median remuneration of the workforce, which was £33,969 (2017/18 was £30,183).

In 2018/19, 8 employees received remuneration in excess of the highest paid director/ member (2017/18, there were 11 employees). Remuneration ranged from £17,460 to £224,502 (in 2017/18 the range was £16,375 to £265,079).

The calculated remuneration (annualised month 12) top end of the range has decreased by £40k, this is due to additional locum payments received in month 12 2017/18 for one Medical Consultant and was not wholly representative of that financial year.

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Temporary staffing has been included, based upon the current rates of pay for each staffing group.

The above information includes the annualised value of additional sessions and overtime paid. Staff that are recharged out have been excluded from the above calculations.

Signed: Date: 24 May 2019
Louise Ashley
Chief Executive

Staff Report

The Trust is committed to equality and diversity, but is currently reshaping its approach by assessing its compliance with the NHS Equality Delivery System 2 and Workforce Race Equality Standard. The Trust will also start to assess compliance against some new indicators, namely the Workforce Disability Equality Standard and Gender Pay Gap report.

The Trust has incorporated equality and diversity principles within policies, for example People with Disability in Employment Policy, Equality, Diversity and Human Rights Policy, Dignity and Respect at Work Policy, Recruitment Policy etc.

The Workforce Committee review the profile of the Trust's workforce by protected characteristics annually. This report also examines recruitment and access to training by protected characteristics. Staff surveys are reviewed by protected characteristics where these are requested in the national staff survey. The Trust publishes its workforce diversity report annually.

The table below sets out the staff numbers in 2017/18 and 2018/19.

	WTE				£000s			
	2018/19			2017/18	2018/19			2017/18
Average Staff Numbers	Total	Permanently Employed	Other	Total Prior Year	Total	Permanently Employed	Other	Total Prior Year
Medical and Dental	413	372	41	410	46,135	36,836	9,299	45,380
Administrative and Clerical	266	238	28	266	13,096	11,346	1,750	12,366
Healthcare Assistants and Other Support Staff	1,093	983	110	1,076	29,753	25,839	3,914	26,918
Nursing & Midwifery Registered	1,142	1,009	133	1,148	52,158	45,268	6,890	50,163
Scientific, Therapeutic and Technical Staff	314	291	23	300	15,213	13,468	1,745	14,227
Ambulance Staff	5	5	-	7	260	258	2	349
Healthcare Scientists	86	84	2	57	4,325	4,249	76	2,851
Total	3,319	2,982	337	3,264	160,940	137,264	23,676	152,254
Staff Engaged on Capital Projects (included above)	*11*	*11*	-	*7*	*596*	*596*	-	*267*

Below is an account from our 2019 workforce diversity report, providing an overview of how the Trust responds to the equality agenda (data as of 31st January 2019):

Age - The working age of the Trust's workforce profile has some distinct differences in comparison to the local population. There are less employees under the age of 25 within the Trust (4.96%) compared with the local population, which is likely due to the frequent requirement for graduates and higher qualifications / advanced training within healthcare professions. This mirrors the national picture, which shows that 6% of NHS staff are under 25.

The average age of a Trust employee is 42.98 – NHS Employers state that 43 is the average age of an NHS employee. The age profile of the workforce has remained largely the same since 2015 – however there has been an increase in the proportion of staff over 45. Allied Health Professionals are proportionately a younger workforce; conversely, admin and clerical staff are proportionately older.
Non-medical pay-bands – there is a correlation between age and enhanced pay at the lower and upper ends of the banding spectrum. This is a feature of the Agenda for Change banding system where knowledge, training and experience are a proportionate means of grading roles.
Medical pay-bands – there is a correlation between age and seniority across the medical pay-bands as well. However the degree of this is in keeping with the expectation of the level of experience required to obtain the more senior positions.

Analysis shows that staff are less likely to go through an employee process if they are aged 26 – 30, including disciplinary processes.

Disability - The proportion of staff disclosing a disability has increased slightly, to 3.56%. This however remains significantly different to the local population at 16.3%.
It is positive that the amount of unknown responses has reduced. However meaningful analysis is not possible due to the significant proportion of individuals choosing not to disclose (19.3%). The Trust can take some reassurance from the proportion of disabled workers that are reflected in Staff Survey respondents, which in 2018 was 17.8% of respondents, and more closely reflects the local population. However it should be noted that the staff survey question was changed to "do you have any physical or mental health conditions, disabilities or illnesses that have lasted or are expected to last for 12 months or more", which may impact on individual responses.

It is also important to note that of all the protected characteristics, disability status is the most likely to change through someone's career, and staff may choose not to advise the Trust of a change of status from that recorded when they joined the Trust.

Ethnicity - The ethnicity profile of the workforce remains relatively consistent with previous years, with significantly more workers from non-white backgrounds (29.87%) compared to the local population (15.25%). NHS Employers indicate that nationally, 22% of NHS staff are from non-white backgrounds - at DGT, 68.12% of staff are from white backgrounds. However, how the ethnic make-up of the Trust has changed over the last 5 years – there has been a slight decrease in the proportion of White staff, and increases in BAME staff. The medical staff group is the most ethnically diverse staff group, followed by nursing and midwifery. The highest proportion of White British staff is within admin and clerical, which is the same position as last year.

Gender - The Trust primarily provides services to the local population of Dartford, Gravesham and Swanley. The profile of the local population is a 49% male, 51% female split, whereas the current workforce gender profile shows that 17.53% staff are male and 82.47% of staff are female. This shows a small increase in male representation from the previous year of 0.12%. NHS Employers indicate that 77% of the NHS workforce is female, and 23% male.

The most gender-diverse staff group is medicine, followed by Add Prof Scientific and Technical. NHS Employers indicate that 22% of all male staff are medical, whereas 5% of all female staff are medical. The profile of the Board has increased to 71.43% female. NHS Employers state that nationally, 41% of Board positions are held by women and have set a target of 50 / 50 by 2020.

	Male	Female	Total	Male %	Female %
Directors (Exec and Non Exec)	5	9	14	35.71%	64.29%
Total Senior Managers (8a-8d)	44	132	176	25.00%	75.00%
Band 8A	22	91	113	19.47%	80.53%
Band 8B	13	20	33	39.39%	60.61%
Band 8C	3	11	14	21.43%	78.57%
Band 8D	6	10	16	37.50%	62.50%
All other staff (non-medical)	318	2,522	2840	11.20%	88.80%
Consultants	111	34	145	76.55%	23.45%
FY1 FY2	17	36	53	32.08%	67.92%
All other M&D	111	94	205	54.15%	45.85%
Total	606	2827	3433	17.65%	82.35%

Religious belief – The proportion of staff choosing not to disclose their religion over the last 4 years has reduced from 22.81% (in 2018) to 21.72% (in 2019). the most religiously diverse groups is medical and dental. Analysis shows that staff who declare themselves to be Atheist are more likely to go through an employee relations process and a disciplinary process.

Sexual orientation – it is difficult to make comparisons with the local population as although reporting has improved there is still a significant amount of unknown data.

The Trust initiated ESR Employee Self Service in 2016 and this has allowed our staff to access elements of their own ESR record and update personal information including religion and sexual orientation; this has supported the increase in disclosure of staff information re protected characteristics as outlined above.

Staff sickness, absence and ill health retirements

The Trust had the following sickness absence and ill health retirements for (2017/18) is also shown).

	18/19	17/18
Total days lost	25,815	24,522
Total staff years	2,958	2,864
Average working days lost	9	9
Number of persons retired early on ill health grounds	2	1
Total additional pensions liabilities accrued in the year (£000s)	247	16

N/A – information not available at the time of draft accounts, this information will be included when received for the final accounts.

Reporting of other compensation schemes - exit packages 2018-19	Number of compulsory redundancies Accounts 31 Mar 2019 2018/19 No.	Cost of compulsory redundancies Accounts 31 Mar 2019 2018/19 £000	Number of other departures agreed Accounts 31 Mar 2019 2018/19 No.	Cost of other departures agreed Accounts 31 Mar 2019 2018/19 £000	Total number of exit packages Accounts 31 Mar 2019 2018/19 No.	Total cost of exit packages Accounts 31 Mar 2019 2018/19 £000	Number of departures where special payments have been made Accounts 31 Mar 2019 2018/19 No.	Cost of special payment element included in exit packages Accounts 31 Mar 2019 2018/19 £000
Exit package cost band (including any special payment element)								
<£10,000	0	0	10	29	**10**	**29**	0	0
£10,000 - £25,000	1	14	1	11	**2**	**25**	0	0
£25,001 - £50,000	0	0	2	61	**2**	**61**	0	0
£50,001 - £100,000	0	0	0	0	**0**	**0**	0	0
£100,001 - £150,000	0	0	0	0	**0**	**0**	0	0
£150,001 - £200,000	0	0	0	0	**0**	**0**	0	0
>£200,000	0	0	0	0	**0**	**0**	0	0
Total	**1**	**14**	**13**	**101**	**14**	**115**	**0**	**0**

Exit packages: other (non-compulsory) departure payment	Payments agreed Accounts 31 Mar 2019 2018/19 No.	Total value of agreements Accounts 31 Mar 2019 2018/19 £000	Payments agreed Accounts 31 Mar 2018 2017/18 No.	Total value of agreements Accounts 31 Mar 2018 2017/18 £000
Voluntary redundancies including early retirement contractual costs				
Mutually agreed resignations (MARS) contractual costs				
Early retirements in the efficiency of the service contractual costs				
Contractual payments in lieu of notice	13	101	12	87
Exit payments following employment tribunals or court orders				
Non-contractual payments requiring HMT approval (special severance payments)*	*i*			
Total**	**13**	**101**	**12**	**87**

Note: Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Agenda for Change Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pension scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

Off-Payroll Engagements

The Trust is required to report arrangements where individuals are paid through their own companies. Since April 2017 the Trust has assessed the employment status for all intermediaries. Any engagements which are assessed to fall under IR35 are processed through payroll.

The tables below outline the Trust position regarding off-payroll engagements.

Table 1: Off-payroll engagements longer than 6 months
For all off-payroll engagements as of 31st March 2019, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2019	3
Of which, the number that have existed:	
for less than one year at the time of reporting	0
for between one and two years at the time of reporting	0
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more year at the time of reporting	3

Table 2: New Off-payroll engagements
For all new off-payroll engagements, or those reaching six months duration between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for more than six months

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	0
Of which…	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to Department) and are on the departmental payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year	0
No. engagements that saw a change to IR35 status following the consistency review	0

Table 3: Off-payroll board member/senior official engagements
For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the year	0
Number of individuals that have been deemed “board members, and/or senior officers with significant financial responsibility” during the financial year. This figure includes both off-payroll and on-payroll engagements	12

Trade union (TU) facility time reporting

In line with regulation, all employers must publish information on facility time, which is agreed time off from and individual's job to carry out a trade union role. The trade union (facility time publication requirements) regulations require the Trust to publish this information and for 2018/19 this is contained within the Annual Report and published on the Trust website.

a) **TU representative** – the total number of employees who were TU representatives during the year 2018/19.

Number of employees who were TU representatives during 2018/19	23
FTE employee number	19.62

b) **Percentage of time spend on facility time** – how many employees who were TU representative officials employed during 2018/19 spent 0%, 1%-50%, 51%-99% or 100% of their working hours on facility time.

0%	5
1%-50%	17
51%-99%	0
100%	0

c) **Percentage of pay bill spent on facility time –** the figures in the table below determine the percentage of total pay bill spent on paying employees who were TU representatives for facility time during 2018/19.

Total cost of facility time	£40639
Total pay bill	£137,266,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.030%

d) Paid TU activities – as a percentage of total paid facility time hours, how many hour were spent by employees who were TU representatives during the relevant period on paid TU activities.

Time spent on paid TU activities as a percentage of total paid facility time hours calculated as: (total hours spend on paid TU activities by TU representatives during 2018/19 ÷ total paid facility time hours) x 100	19.34%

SECTION C: FINANCIAL STATEMENTS 2018 to 2019

Statement of the chief executive's responsibilities as the Accountable Officer of the Trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the *NHS Trust Accountable Officer Memorandum.* These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the Trust;
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed: Date: 24 May 2019
Louise Ashley
Chief Executive

Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

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

By order of the Board

Signed: Date: 24 May 2019
Louise Ashley
Chief Executive

Signed: Date: 24 May 2019
Lorraine Mills
Director of Finance

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF DARTFORD AND GRAVESHAM NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dartford and Gravesham NHS Trust ("the Trust") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health Group Accounting Manual 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.2 to the financial statements which indicates that the Trust has incurred a deficit in 2018-19 of £17.0 million. After technical adjustments it has a cumulative deficit of £29.0 million against the breakeven duty. The financial plan set for 2019-20 is based on a break even position including non-recurrent funding, delivery of a £10.4 million efficiency programme and the Trust anticipates loan support to be drawn down of £6.7 million, including £2.9 million to fund its revenue plans. These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information in the Annual Report

The Accountable Officer is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health Group Accounting Manual 2018/19. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health Group Accounting Manual 2018/19.

Directors' and Accountable Officer's responsibilities
As explained more fully in the statement set out on page 65, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on page 64 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources
Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in its use of resources.

Qualified conclusion
Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects Dartford and Gravesham NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2019.

Basis for qualified conclusion
In assessing the controls in place to secure the Trust's financial resilience we identified that the Trust has recorded a deficit of £17.0 million for the 2018-19 financial year. This is an adverse variance of £17.0 million from the financial control total that was agreed with NHS Improvement for the year. During the year the Trust has drawn down net borrowings of £20.8 million in order to support it in managing its working capital obligations.

The Trust is forecasting achieving a break even financial performance for 2019-20 as a result of receipt of non-recurrent funding through the Provider Sustainability Fund and Financial Recovery Funding. It is anticipated that during the year borrowings of £6.7 million will be need to be drawn down, including £2.9 million to enable the Trust to meet its working capital obligations. Achievement of the budgeted break even requires the Trust to deliver an efficiency plan of £10.4 million, of which £1.0 million is considered to be high risk. The requirements for borrowing during the year and the risk relating to non-achievement of the efficiency requirements, as well as the material uncertainty recognised relating to going concern recognised in the Trust's accounting policies at note 1.2, mean that there we were unable to verify there were sufficient arrangements in place to ensure financial resilience.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources
As explained in the statement set out on page 64, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust.

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017 as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters
We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES
This report is made solely to the Board of Directors of Dartford and Gravesham NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT
We certify that we have completed the audit of the accounts of Dartford and Gravesham NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Fleur Nieboer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL

May 2019

Statement of Comprehensive Income

	Note	2018/19 £000	2017/18 £000
Operating income from patient care activities	3	233,923	224,194
Other operating income	4	32,868	28,874
Operating expenses	6, 9	(267,065)	(256,642)
Operating surplus/(deficit) from continuing operations		**(274)**	**(3,574)**
Finance income	12	60	19
Finance expenses	13	(15,881)	(15,194)
PDC dividends payable		(915)	(1,518)
Net finance costs		**(16,736)**	**(16,693)**
Other gains / (losses)	14	8	7
Surplus / (deficit) for the year from continuing operations		**(17,002)**	**(20,260)**
Surplus / (deficit) for the year		**(17,002)**	**(20,260)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	1,447	(1,097)
Revaluations	17	860	6,239
Total comprehensive income / (expense) for the period		**(14,695)**	**(15,118)**
Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(17,002)	(20,260)
Remove net impairments not scoring to the Departmental expenditure limit		(194)	5,518
Remove I&E impact of capital grants and donations		(26)	(55)
CQUIN risk reserve adjustment (2017/18 only)		-	(960)
Adjusted financial performance surplus / (deficit)		**(17,222)**	**(15,757)**

1. The impairment reversal and revaluation relates to non current assets (property) valuation as at 31/03/2019. In line with the Treasury Financial Reporting manual (FREM) impairments and revaluation are not considered to be part of the organisation's operating position.

2. Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. The net impact of donations and the annual donated depreciation is adjusted and reported as technical.

The notes on pages 73 to 108 form part of this account.

Statement of Financial Position

	Note	31 March 2019 £000	31 March 2018 £000
Non-current assets			
Property, plant and equipment	15	143,436	142,631
Total non-current assets		**143,436**	**142,631**
Current assets			
Inventories	19	3,023	2,941
Receivables	20	15,724	21,083
Cash and cash equivalents	21	8,150	4,827
Total current assets		**26,897**	**28,851**
Current liabilities			
Trade and other payables	22	(23,569)	(31,468)
Borrowings	24	(5,683)	(5,324)
Provisions	25	(1,533)	(135)
Other liabilities	23	(3,412)	(2,721)
Total current liabilities		**(34,197)**	**(39,648)**
Total assets less current liabilities		**136,136**	**131,834**
Non-current liabilities			
Borrowings	24	(103,439)	(84,915)
Other liabilities	23	(632)	(685)
Total non-current liabilities		**(104,071)**	**(85,600)**
Total assets employed		**32,065**	**46,234**
Financed by			
Public dividend capital		58,515	57,989
Revaluation reserve		54,964	52,657
Income and expenditure reserve		(81,414)	(64,412)
Total taxpayers' equity		**32,065**	**46,234**

The notes on pages 73 to 108 form part of these accounts.

The financial statements on pages 69 to 72 were approved by the Board on 24/05/2019 and signed on its behalf by

Louise Ashley
Chief Executive
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	**57,989**	**52,657**	**(64,412)**	**46,234**
Surplus/(deficit) for the year	-	-	(17,002)	**(17,002)**
Impairments	-	1,447	-	**1,447**
Revaluations	-	860	-	**860**
Public dividend capital received	526	-	-	**526**
Taxpayers' equity at 31 March 2019	**58,515**	**54,964**	**(81,414)**	**32,065**

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	**56,914**	**47,515**	**(44,152)**	**60,277**
Taxpayers' equity at 1 April 2017 - restated	**56,914**	**47,515**	**(44,152)**	**60,277**
Surplus/(deficit) for the year	-	-	(20,260)	**(20,260)**
Impairments	-	(1,097)	-	**(1,097)**
Revaluations	-	6,239	-	**6,239**
Public dividend capital received	1,075	-	-	**1,075**
Taxpayers' equity at 31 March 2018	**57,989**	**52,657**	**(64,412)**	**46,234**

Statement of Cash Flows

	Note	2018/19 £000	2017/18 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(274)	(3,574)
Non-cash income and expense:			
Depreciation and amortisation	6	7,317	7,711
Net impairments	8	(194)	5,518
Income recognised in respect of capital donations	4	(102)	(129)
Amortisation of PFI deferred credit		(53)	(53)
(Increase) / decrease in receivables and other assets		5,648	(7,000)
(Increase) / decrease in inventories		(82)	91
Increase / (decrease) in payables and other liabilties		(6,632)	5,174
Increase / (decrease) in provisions		1,398	33
Net cash generated from / (used in) operating activities		**7,026**	**7,771**
Cash flows from investing activities			
Interest received		60	19
Purchase of property, plant, equipment and investment property		(6,132)	(8,004)
Sales of property, plant, equipment and investment property		-	71
Receipt of cash donations to purchase capital assets		102	129
Net cash generated from / (used in) investing activities		**(5,970)**	**(7,785)**
Cash flows from financing activities			
Public dividend capital received		526	1,075
Movement on loans from the Department of Health and Social Care		20,784	14,261
Movement on other loans		(15)	(16)
Capital element of PFI, LIFT and other service concession payments		(2,014)	(1,807)
Interest on loans		(577)	(246)
Interest paid on PFI, LIFT and other service concession obligations		(15,233)	(14,896)
PDC dividend (paid) / refunded		(1,204)	(1,310)
Net cash generated from / (used in) financing activities		**2,267**	**(2,939)**
Increase / (decrease) in cash and cash equivalents		**3,323**	**(2,953)**
Cash and cash equivalents at 1 April - brought forward		**4,827**	**7,780**
Cash and cash equivalents at 1 April - restated		**4,827**	**7,780**
Cash and cash equivalents at 31 March	21	**8,150**	**4,827**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care 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

The FReM (financial reporting manual) states that: “The anticipated continuation 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”

In the public sector an organisation is considered to remain a going concern if it is anticipated that services will continue to be delivered from the same location by a public sector organisation. Following the submission of a financial plan to NHS Improvement and the agreement of contracts with CCGs and NHS England there is sufficient certainty of the intention to continue providing services through the public sector in this location for the foreseeable future.

Contracts have been agreed with the Commissioners for the provision of healthcare services for 2019/20.

The Trust is part of Kent and Medway STP which is planning as a system to achieve financial balance by 2021.

The Trust has been set a £11.7m deficit Control Total prior to additional funding available to the Trust (Marginal Rate Emergency Threshold (MRET) £3.5m, Provider Sustainability Funding (PSF) £5.6m and Financial Recovery Funding (FRF) £2.6m. With these additional sources of funds the Trust would achieve a breakeven position if the financial Control Total is delivered. To achieve this, the Trust must work with its system partners to deliver both internal and system efficiencies and transformation schemes. The requirement in 2018/19 to achieve the A&E 4 hour wait trajectory to secure part of the PSF has been removed in 2019/20 and therefore the only requirement to secure the additional sources of funding is to achieve the financial control total.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the matters referred to above represent a material uncertainty that may cast significant doubt on the Trust’s ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Note 1.3 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the

most significant effect on the amounts recognised in the financial statements. Critical judgements have been applied in areas of accounting to PFI (note 28) and Pensions (note 10).

Note 1.4 Sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset or liability recorded in note 15.

Note 1.4.1 Provisions and Contingencies

In considering the amounts to be accounted for under provisions and contingent liabilities the Trust makes a judgement on the likelihood of liabilities arising in respect of pensions, public and employers liability and injury benefit.

Note 1.4.2 Assets and liabilities

The preparation of the accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Note 1.4.3 Impairment of inventories

Where necessary, the difference between the cost of the stock and its estimated market value, based upon stock turn rates, market conditions and trends in consumer demand. Due to the nature of the inventory balances held and the write off performed by the Trust at year end, no provision was deemed necessary.

Note 1.4.4 Allowances for doubtful receivables

Allowances are made for doubtful receivables in respect of non NHS balances for estimated losses resulting from the subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods.

Note 1.5 Income

Note 1.5.1 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.

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. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end this portion of revenue is deferred as a contract liability.

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.

Revenue from research contracts
Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. At contract inception, the Trust assesses the outputs promised in the research contract to identify as a performance obligation each promise to transfer either a good or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Trust recognises revenue as these performance obligations are met, which may be at a point in time or over time depending upon the terms of the contract.

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 1.5.2 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 1.5.3 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 1.6 Expenditure on employee benefits

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

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

Note 1.8 Property, plant and equipment

Note 1.8.1 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.

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.

Note 1.8.2 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.

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

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

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

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

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

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

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

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

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

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

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

Impairments
In accordance with the 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 1.8.3 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 1.8.4 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 1.8.5 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transaction

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Note 1.8.6 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 is shown in the table below:

	Min life Years	**Max Years life**
Land	99	99
Buildings, excluding dwellings	17	82
Dwellings	99	99
Plant & machinery	5	15
Transport equipment	7	7
Information technology	5	8
Furniture & fittings	5	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.

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

Note 1.10 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 1.11 Charitable Funds

Having considered the materiality of Charitable Funds the Trust adopted policy of non-consolidation of Charitable Funds.

Note 1.12 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions

that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

Note 1.13 Financial assets and financial liabilities

Note 1.13.1 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 1.13.2 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 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 1.13.3 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 1.14 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 1.14.1 The Trust as lessee

Finance lease
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 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 lease
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.

Leases of land and buildings
Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Note 1.15 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 25.2 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 1.16 Contingencies
Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in notes where an inflow of economic benefits is probable. Trust do not have contingent assets in 2018-19.

Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.17 Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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

Note 1.18 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 1.19 Foreign exchange
The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

• monetary items are translated at the spot exchange rate on 31 March
• non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
• non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items

Note 1.20 Operating Segments
The Trust operates as a single operating segment. The board of directors, led by the Chief Executive is the chief operating decision maker within the Trust. It is only at this level that revenues are fully reported and the overall financial and operational performance of the Trust is assessed. The chief mechanism for financial management and control is the monthly finance report presented by the Finance Director to the Board of Directors. This report is made public at the meeting and via the Trust's website.

Note 1.21 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM.*

Note 1.22 Losses and special payments
Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, 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 1.23 Gifts
Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.24 Transfers of functions to / from other NHS bodies / local government bodies
There were no transfer of functions to or from NHS bodies or local government.

Note 2 New standards

Note 2.1 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

Note 2.2 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 requires that all leases are reflected on the statement of financial position (SOFP) as assets reflecting the right to use an asset and a liability to pay for that right. Currently, only finance leases are reflected on the SOFP and these leases are counted as capital expenditure which scores against capital resource limits set by HM Treasury.

Clearly, a change in the classification of leases from off-SOFP to on-SOFP will have an impact on the level of capital resource limits and how expenditure is scored against those limits.

The new standard will affect both the statement of comprehensive income (SOCI) and the cash flow statement. Under the current arrangements, operating lease rentals are an operating expense but these will be replaced under IFRS 16 by depreciation and interest charges. In the cash flow statement the cost of leases will be shown as financing costs rather than operating costs.

Metrics such as EBITDA will also be affected as, currently, operating lease rentals are included in this calculation but under the new standard they will be excluded.

The total cost of the lease over its life will not change as it will be the total amount paid to the lessor but rather than the current straight line rental charge the new interest costs will be higher at the start of the lease period than the end. Depreciation will probably continue to be calculated on a straight line basis but, overall, the impact of lease arrangements will be higher at the start of the lease period than at the end.

The standard includes new disclosure requirements. Some of these will require judgement because the standard requires disclosures to be made to provide users of the accounts sufficient information to assess the effect that leases have on the entity's financial position.

A table will be included when new standards are adopted in the notes to the accounts which will include:

- Depreciation charge for right-of-use assets by class of underlying asset
- Interest expense on lease liabilities
- The expense relating to short-term leases and leases of low-value assets which are not taken onto the SOFP
- The expense relating to variable lease payments not included in the measurement of lease liabilities
- Income from subleasing right-of-use assets
- Total cash outflow for leases
- Additions to right-of-use assets
- Gains or losses arising from sale and leaseback transactions
- The carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.5

Note 3.1 Income from patient care activities (by nature)	**2018/19 £000**	**2017/18 £000**
Elective income	45,274	42,418
Non elective income	84,333	79,515
First outpatient income	19,917	18,864
Follow up outpatient income	15,748	14,689
A & E income	18,863	17,279
High cost drugs income from commissioners (excluding pass-through costs)	13,165	11,477
Other NHS clinical income	32,372	37,513
Private patient income	645	555
Agenda for Change pay award central funding	2,225	-
Other clinical income	1,381	1,884
Total income from activities	**233,923**	**224,194**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2018/19 £000**	**2017/18 £000**
NHS England	25,842	24,847
Clinical commissioning groups	201,837	195,153
Department of Health and Social Care	2,225	-
Other NHS providers	1,275	1,755
Non-NHS: private patients	645	555
Non-NHS: overseas patients (chargeable to patient)	313	346
Injury cost recovery scheme	1,057	788
Non NHS: other	729	750
Total income from activities	**233,923**	**224,194**
Of which:		
Related to continuing operations	233,923	224,194

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

	2018/19 £000	2017/18 £000
Income recognised this year	313	346
Cash payments received in-year	172	184
Amounts added to provision for impairment of receivables	21	104
Amounts written off in-year	17	53

Note 4 Other operating income

	2018/19 £000	2017/18 £000
Other operating income from contracts with customers:		
Research and development (contract)	387	372
Education and training (excluding notional apprenticeship levy income)	5,986	5,281
Non-patient care services to other bodies	16,002	11,650
STF)	2,689	2,838
Other contract income	7,585	8,537
Education and training - notional income from apprenticeship fund	64	14
Receipt of capital grants and donations	102	129
Amortisation of PFI deferred income / credits	53	53
Total other operating income	**32,868**	**28,874**
Of which:		
Related to continuing operations	32,868	28,874

	2018/19 £000	2017/18 £000
***The main areas of other income are:**		
Income from provision of mortuary services	**156**	143
Funding income for stoma/colorectal services	**97**	71
Sale of films	**122**	52
Radiology Income (non NHS bodies)	**493**	509
Income from medical notes	**10**	34
Occupational Health income	**151**	129
PFI Support (previously within NHS England revenue from patient care)	**4,500**	4,500
Staff accommodation rental	**601**	543
Winter funding	**-**	1,653
Post grad	**251**	19
Private ambulance services	**79**	-
Cancer Alliance Funding	**215**	-
Other	**910**	884
Total	**7,585**	**8,537**

Note 5 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	3,359
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-

Note 6 Operating expenses

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	6,308	6,946
Purchase of healthcare from non-NHS and non-DHSC bodies	816	1,034
Staff and executive directors costs	159,331	150,587
Remuneration of non-executive directors	64	64
Supplies and services - clinical (excluding drugs costs)	29,509	25,799
Supplies and services - general	492	404
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	18,815	17,717
Inventories written down	-	-
Consultancy costs	582	1,138
Establishment	1,401	1,215
Premises	12,310	11,259
Transport (including patient travel)	696	497
Depreciation on property, plant and equipment	7,317	7,711
Net impairments	(194)	5,518
Movement in credit loss allowance: contract receivables / contract assets	18	-
Movement in credit loss allowance: all other receivables and investments	-	104
Audit fees payable to the external auditor		
audit services- statutory audit	56	52
other auditor remuneration (external auditor only)	12	12
Internal audit costs	60	97
Clinical negligence	11,337	10,863
Legal fees	912	192
Insurance	217	106
Research and development	414	440
Education and training	2,435	1,890
Rentals under operating leases	242	233
Early retirements	563	-
Redundancy	14	43
LIFT)	12,300	11,774
Hospitality	15	16
Other	1,023	931
Total	**267,065**	**256,642**
Of which:		
Related to continuing operations	267,065	256,642

*Services from NHS bodies does not include expenditure which falls into a category elsewhere within operating expenses.
*** Other auditor's remuneration relates to audit fees for work carried out on the quality accounts.

**** The main areas of other expenditure are;	**2018/19**	2017/18
	£000	£000
Nuclear medicine outsourcing	**215**	452
Radiology remote access	**256**	229
Other	**552**	250
	1,023	**931**

Note 7 Other auditor remuneration

	2018/19 £000	2017/18 £000
Fee of auditor financial statements	**47**	**43**
Other auditor remuneration paid to the external auditor:		
All assurance services not falling within items 1 to 5	10	10
Total	**10**	**10**

Note 7.1 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 8 Impairment of assets

	2018/19 £000	2017/18 £000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	-	35
Changes in market price	(194)	5,483
Total net impairments charged to operating surplus / deficit	**(194)**	**5,518**
Impairments charged to the revaluation reserve	(1,447)	1,097
Total net impairments	**(1,641)**	**6,615**

Note 9 Employee benefits

	2018/19 Total £000	2017/18 Total £000
Salaries and wages	124,156	116,563
Social security costs	12,842	12,191
Apprenticeship levy	632	592
Employer's contributions to NHS pensions	14,260	13,352
Termination benefits	14	43
Temporary staff (including agency)	9,632	9,514
Total gross staff costs	**161,536**	**152,255**
Recoveries in respect of seconded staff	-	-
Total staff costs	**161,536**	**152,255**
Of which		
Costs capitalised as part of assets	596	267

Note 9.1 Retirements due to ill-health

During 2018/19 there were 2 early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £247k (£16k in 2017/18).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Average number of employees (WTE basis)

	2018/19 Total no	2018/19 Permanent	2018/19 Other	2017/18 Total no	2017/18 Permanent	2017/18 Other
Medical and dental	**413**	**372**	**41**	410	369	41
Ambulance staff	**5**	**5**	**-**	7	7	-
Administration and estates	**266**	**238**	**28**	266	243	23
Healthcare assistants and other support staff	**1,093**	**983**	**110**	1,076	949	127
Nursing, midwifery and health visiting staff	**1,142**	**1,009**	**133**	1,148	990	158
Nursing, midwifery and health visiting learners	**-**	**-**	**-**	-	-	-
Scientific, therapeutic and technical staff	**314**	**291**	**23**	300	275	25
Healthcare science staff	**86**	**84**	**2**	57	57	-
Social care staff	**-**	**-**	**-**	-	-	-
Other	**-**	**-**	**-**	-	-	-
Total average numbers	**3319**	**2982**	**337**	3264	2890	374
Of which:						
Number of employees (WTE) engaged on capital projects	**11**	**11**	**-**	7	7	-

Note 10 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 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

Note 11 Operating leases

Note 11.1 Dartford and Gravesham NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Dartford and Gravesham NHS Trust is the lessee.

The Trust has a number of operating leases for specific medical equipment. All new leases are made on the basis of the standard PASA Master Lease agreement (MLA) terms. There is no contingent rent for these items. Renewals are made on an individual lease by lease basis and determined by business case assessment. There is no provision for the lessee to enter into any arrangement for a secondary lease period.

Lease equipment includes:

Triple Point Leasing Gamma Camera - terminates Nov 2024
Siemens - MRI Scanner - terminates April 2019
CHG Meridian - Lithotripsy Machine - terminates May 2023

	2018/19 £000	2017/18 £000
Operating lease expense		
Minimum lease payments	242	233
Contingent rents	-	-
Less sublease payments received	-	-
Total	**242**	**233**

	31 March 2019 £000	31 March 2018 £000
Future minimum lease payments due:		
- not later than one year;	127	278
- later than one year and not later than five years;	637	510
- later than five years.	68	196
Total	**832**	**984**
Future minimum sublease payments to be received	-	-

Note 12 Finance income

Finance income represents interest received on assets and investments in the period.

	2018/19 £000	2017/18 £000
Interest on bank accounts	60	19
Total finance income	**60**	**19**

Note 13 Finance expenditure

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

	2018/19 £000	2017/18 £000
Interest expense:		
Loans from the Department of Health and Social Care	648	297
Main finance costs on PFI and LIFT schemes obligations	7,569	7,776
Contingent finance costs on PFI and LIFT scheme obligations	7,664	7,121
Total interest expense	**15,881**	**15,194**
Total finance costs	**15,881**	**15,194**

Note 14 Other gains / (losses)

	2018/19 £000	2017/18 £000
Gains on disposal of assets	8	71
Losses on disposal of assets	-	(64)
Total gains on disposal of assets	**8**	**7**
Total other gains	**8**	**7**

Note 15 Property, plant and equipment - 2018/19

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2018 - brought forward	**14,845**	**114,266**	**161**	**218**	**18,457**	**12**	**7,737**	**7,187**	**162,883**
Additions	-	789	-	956	1,694	2	2,173	7	**5,621**
Impairments	(703)	(1,969)	-	-	-	-	-	-	**(2,672)**
Reversals of impairments	-	4,313	-	-	-	-	-	-	**4,313**
Revaluations	-	(3,329)	(77)	-	-	-	-	-	**(3,406)**
Disposals / derecognition	-	-	-	-	(911)	-	(832)	-	**(1,743)**
Valuation/gross cost at 31 March 2019	**14,142**	**114,070**	**84**	**1,174**	**19,240**	**14**	**9,078**	**7,194**	**164,996**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**-**	**-**	**-**	**11,757**	**-**	**2,905**	**5,590**	**20,252**
Provided during the year	-	4,266	-	-	1,417	2	1,602	30	**7,317**
Revaluations	-	(4,266)	-	-	-	-	-	-	**(4,266)**
Disposals / derecognition	-	-	-	-	(911)	-	(832)	-	**(1,743)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**12,263**	**2**	**3,675**	**5,620**	**21,560**
Net book value at 31 March 2019	**14,142**	**114,070**	**84**	**1,174**	**6,977**	**12**	**5,403**	**1,574**	**143,436**
Net book value at 1 April 2018	**14,845**	**114,266**	**161**	**218**	**6,700**	**12**	**4,832**	**1,597**	**142,631**

Note 15.1 Property, plant and equipment - 2017/18

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2017 - as previously stated	**13,853**	**116,898**	**159**	**149**	**28,013**	**-**	**5,978**	**7,154**	**172,204**
Additions	-	3,390	-	69	2,878	12	1,815	33	**8,197**
Impairments	-	(3,697)	-	-	(4,222)	-	-	-	**(7,919)**
Reversals of impairments	-	1,304	-	-	-	-	-	-	**1,304**
Revaluations	992	(3,629)	2	-	(7,650)	-	-	-	**(10,285)**
Disposals / derecognition	-	-	-	-	(562)	-	(56)	-	**(618)**
Valuation/gross cost at 31 March 2018	**14,845**	**114,266**	**161**	**218**	**18,457**	**12**	**7,737**	**7,187**	**162,883**
Accumulated depreciation at 1 April 2017 - as previously stated	**-**	**4,657**	**-**	**-**	**17,959**	**-**	**2,237**	**4,766**	**29,619**
Provided during the year	-	4,217	-	-	1,946	-	724	824	**7,711**
Revaluations	-	(8,874)	-	-	(7,650)	-	-	-	**(16,524)**
Disposals / derecognition	-	-	-	-	(498)	-	(56)	-	**(554)**
Accumulated depreciation at 31 March 2018	**-**	**-**	**-**	**-**	**11,757**	**-**	**2,905**	**5,590**	**20,252**
Net book value at 31 March 2018	**14,845**	**114,266**	**161**	**218**	**6,700**	**12**	**4,832**	**1,597**	**142,631**
Net book value at 1 April 2017	**13,853**	**112,241**	**159**	**149**	**10,054**	**-**	**3,741**	**2,388**	**142,585**

Note 15.2 Property, plant and equipment financing - 2018/19

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2019									
Owned - purchased	14,142	3,987	84	1,174	6,635	12	5,403	1,574	**33,011**
On-SoFP PFI contracts and other service concession arrangements	-	110,083	-	-	-	-	-	-	**110,083**
Owned - donated	-	-	-	-	342	-	-	-	**342**
NBV total at 31 March 2019	**14,142**	**114,070**	**84**	**1,174**	**6,977**	**12**	**5,403**	**1,574**	**143,436**

Note 15.3 Property, plant and equipment financing - 2017/18

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2018									
Owned - purchased	14,845	3,797	161	218	6,221	12	4,832	1,597	**31,683**
On-SoFP PFI contracts and other service concession arrangements	-	110,469	-	-	-	-	-	-	**110,469**
Owned - donated	-	-	-	-	479	-	-	-	**479**
NBV total at 31 March 2018	**14,845**	**114,266**	**161**	**218**	**6,700**	**12**	**4,832**	**1,597**	**142,631**

Note 16 Donations of property, plant and equipment

The following donations were received for the purchase of property, plant and equipment during the year, there were no restriction or conditions imposed by the donor. There was no difference between the cash provided and the fair value of the assets acquired.

	2018/19
	£000
LUCAS - Resusitation	6
Kanmed V3 Twin Baby Bed with Warmers	9
Galleon Play Unit in Willow Garden	21
swings for Willow palyground	10
Maternity bedside recliner chairs	7
Video Nasopharyngoscope (F.E.E.S (fibreoptic endoscopic swallowing))	26
Portable Medtronic Capnostream (Capnography)	15
Portable SP02 Oximeters (EBME 12491-12498)	8
	102

Note 17 Revaluations of property, plant and equipment

Land and buildings were valued by an independent valuer Montagu Evans (RICS registered valuers) as at 31st March 2019. The valuation was prepared under International Financial Reporting Standards (IFRS) which requires the statement of assets at Fair Value. Within this broad definition, assets should be valued at Market Value or, if no market exists for a property, which may be rarely sold or it is a specialised asset, an income or depreciated replacement cost (DRC) approach should be adopted. The DRC approach is based on a Modern Equivalent Asset (MEA) with the same floor area as the existing buildings and offering the same service potential. Gross valuation was £128m. The valuation requirements of IAS 16 were applied together with regard to Department of Health and Social Care Group Accounting Manual 2018/19 which sets out the accounting policies to be followed by NHS Trusts and also relied on RICS Valuation Global Standards 2017.

Note 18 Disclosure of interests in other entities

The Trust does not have any interest in other entities

Note 19 Inventories

	31 March 2019	31 March 2018
	£000	£000
Drugs	945	1,264
Consumables	2,062	1,665
Energy	16	12
Other	-	-
Total inventories	**3,023**	**2,941**

Inventories recognised in expenses for the year were £19,382k (2017/18: £17,383k). Write-down of inventories recognised as expenses for the year were £0k (2017/18: £0k).

Note 20.1 Trade receivables and other receivables

	31 March 2019 £000	31 March 2018 £000
Current		
Contract receivables*	14,018	-
Trade receivables*	-	12,502
Accrued income*	-	6,004
Allowance for impaired contract receivables / assets*	(918)	-
Allowance for other impaired receivables	-	(282)
Prepayments (non-PFI)	1,484	1,869
PDC dividend receivable	328	39
VAT receivable	812	951
Total current trade and other receivables	**15,724**	**21,083**
Of which receivables from NHS and DHSC group bodies:		
Current	**10,401**	15,135

*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 20.2 Allowances for credit losses - 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward	**-**	**282**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	900	(282)
New allowances arising	18	-
Allowances as at 31 Mar 2019	**918**	**-**

Includes Injury Cost Recovery allowances for credit losses

Note 20.3 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 - as previously stated	**264**
Prior period adjustments	-
Allowances as at 1 Apr 2017 - restated	**264**
Increase in provision	**104**
Amounts utilised	**(86)**
Unused amounts reversed	-
Allowances as at 31 Mar 2018	**282**

Note 21 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	**4,827**	**7,780**
At 1 April (restated)	**4,827**	**7,780**
Net change in year	3,323	(2,953)
At 31 March	**8,150**	**4,827**
Broken down into:		
Cash at commercial banks and in hand	6	3
Cash with the Government Banking Service	8,144	4,824
Total cash and cash equivalents as in SoFP	**8,150**	**4,827**
Total cash and cash equivalents as in SoCF	**8,150**	**4,827**

Note 22.1 Trade and other payables

	31 March 2019 £000	31 March 2018 £000
Current		
Trade payables	6,271	8,190
Capital payables	2,265	2,784
Accruals	11,075	12,987
Social security costs	4	1,580
Other taxes payable	-	1,764
Accrued interest on loans*	-	57
Other payables	3,954	4,106
Total current trade and other payables	**23,569**	**31,468**
Of which payables from NHS and DHSC group bodies:		
Current	5,527	8,026

*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 . IFRS 9 is applied without restatement therefore comparatives have not been restated.

Other Payables

	31 March 2019 £000	31 March 2018 £000
- include outstanding pension contributions	**2,031**	1,906

Note 23 Other liabilities

	31 March 2019 £000	31 March 2018 £000
Current		
Deferred income: contract liabilities	3,359	2,668
PFI deferred income / credits	53	53
Total other current liabilities	**3,412**	**2,721**
Non-current		
PFI deferred income / credits	632	685
Total other non-current liabilities	**632**	**685**

Note 24 Borrowings

	31 March 2019 £000	31 March 2018 £000
Current		
Loans from the Department of Health and Scoial Care	3,422	3,294
Other loans	15	15
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle	2,246	2,015
Total current borrowings	**5,683**	**5,324**
Non-current		
Loans from the Department of Health and Scoial Care	41,795	21,011
Other loans	-	15
Obligations under PFI, LIFT or other service concession contracts	61,644	63,889
Total non-current borrowings	**103,439**	**84,915**

Note 24.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	Other loans £000	PFI and LIFT schemes £000	Total £000
Carrying value at 1 April 2018	**24,305**	**30**	**65,904**	**90,239**
Cash movements:				
Financing cash flows - payments and receipts of principal	20,784	(15)	(2,014)	**18,755**
Financing cash flows - payments of interest	(577)	-	(7,569)	**(8,146)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	57	-	-	**57**
Application of effective interest rate	648	-	7,569	**8,217**
Carrying value at 31 March 2019	**45,217**	**15**	**63,890**	**109,122**

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2018	**-**	**85**	**50**	**135**
Arising during the year	563	837	10	**1,410**
Utilised during the year	-	(2)	(10)	**(12)**
At 31 March 2019	**563**	**920**	**50**	**1,533**
Expected timing of cash flows:				
- not later than one year;	563	920	50	**1,533**
Total	**563**	**920**	**50**	**1,533**

Legal claims are in respect of Employment Tribunal costs including legal fees; other costs are in respect of CNST claims excess element only

Note 25.2 Clinical negligence liabilities

At 31 March 2019, £212,907k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Dartford and Gravesham NHS Trust (31 March 2018: £206,393k).

Note 26 Contingent assets and liabilities

	31 March 2019	31 March 2018
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	-	-
Employment tribunal and other employee related litigation	(80)	(115)
Redundancy	-	-
Other	(50)	-
Gross value of contingent liabilities	**(130)**	**(115)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(130)**	**(115)**
Net value of contingent assets	**-**	**-**

Contingent liability is in respect of Employment Tribunal case with low probability of successful claim

Other - property legal issue

Note 27 Contractual capital commitments

	31 March 2019	31 March 2018
	£000	£000
Property, plant and equipment	373	69
Total	**373**	**69**

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The contract provides for the construction and operation of a new hospital, which was fully operation from 11th September 2000. Although the total length of the project is 67 years, the Trust has the option to terminate the contract after 32 years and every 5 years thereafter. The PFI arrangement was refinanced on 31 March 2003, which provided a cash benefit of £1,527k for which the gain will be spread over the remainder of the 32 years and on-going annual benefit (at current prices) of £2,187k. At the end of the contract term the assets transfers to the Trust in full. Under IFRIC12, the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and the payments comprise two elements, inputted finance lease charges and service charges. Within the operating expenditure future commitments, a judgement is made on inflation to arrive at future costs.

Note 28.1 Imputed finance lease obligations

Dartford and Gravesham NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2019 £000	31 March 2018 £000
Gross PFI, LIFT or other service concession liabilities	**128,048**	**137,632**
Of which liabilities are due		
- not later than one year;	9,584	9,584
- later than one year and not later than five years;	38,336	38,336
- later than five years.	80,128	89,712
Finance charges allocated to future periods	(64,158)	(71,728)
Net PFI, LIFT or other service concession arrangement obligation	**63,890**	**65,904**
- not later than one year;	2,246	2,015
- later than one year and not later than five years;	11,874	10,651
- later than five years.	49,770	53,238

Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	31 March 2019 £000	31 March 2018 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**492,116**	**525,448**
Of which liabilities are due:		
- not later than one year;	30,390	29,593
- later than one year and not later than five years;	130,472	126,827
- later than five years.	331,254	369,028

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2018/19 £000	2017/18 £000
Unitary payment payable to service concession operator	**29,548**	**28,478**
Consisting of:		
- Interest charge	7,569	7,776
- Repayment of finance lease liability	2,015	1,807
- Service element and other charges to operating expenditure	12,300	11,774
- Contingent rent	7,664	7,121
Total amount paid to service concession operator	**29,548**	**28,478**

Note 28.4 Impact of IFRS treatment - current year

The information below is required by the Department of Heath for budget reconciliation purposes

	2018/19 £000	2017/18 £000
Revenue consequences of IFRS: PFI and other items under IFRIC12		
Depreciation charge	**4,166**	4,073
Interest expense	**15,233**	14,897
Impairment charge / reversal - AME	**(187)**	80
Impairment charge / reversal - DEL	**-**	-
Other expenditure (from UP)	**12,300**	11,774
Other income - amortisation of PFI deferred income / credits	**(53)**	(53)
Revenue receivable from subleasing	**-**	-
Impact on PDC dividend payable	**558**	578
Total IFRS expenditure (IFRIC12)	**32,017**	**31,349**
UK GAAP / ESA10 (net of any sublease income)	29,769	28,601
Net IFRS change (IFRIC12)	**2,248**	**2,748**
Capital consequences of IFRS: PFI and other items under IFRIC12		
Capital expenditure on an IFRS basis	**-**	-
Capital expenditure on a UK GAAP basis	**477**	636

Note 29.1 Financial Risk Management

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the NHSI. The borrowings are for 1 – 10 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2019 are in receivables from customers and Injury Cost Recovery, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from internally generated funds and capital investment loans obtained following review of the affordability of Trust capital plans against the national CDEL set by DH and HMT. The Trust is not, therefore, exposed to significant liquidity risks.

Note 29.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied restrospectively 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.

Carrying values of financial assets as at 31 March 2019 under IFRS 9	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	13,100	-	-	**13,100**
Cash and cash equivalents at bank and in hand	8,150	-	-	**8,150**
Total at 31 March 2019	**21,250**	**-**	**-**	**21,250**

HM Treasury new adaptation of what constitutes a financial instrument in the public sector has the effect of bringing Injury Cost Recovery (ICR) within the scope of IAS 32, and consequently IFRS 7 disclosures. ICR debtors is therefore now included within financial asset disclosures required by IFRS 7. HM Treasury has confirmed that this adaptation should not be employed retrospectively as the retrospective approach for transitioning to IFRS 9 and 15 has been withdrawn per the FReM.

Carrying values of financial assets as at 31 March 2018 under IAS 39	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available-for-sale £000	Total book value £000
Trade and other receivables excluding non financial assets	18,224	-	-	-	**18,224**
Cash and cash equivalents at bank and in hand	4,827	-	-	-	**4,827**
Total at 31 March 2018	**23,051**	**-**	**-**	**-**	**23,051**

Note 29.3 Carrying value of financial liabilities

IFRS 9 Financial Instruments is applied restrospectively 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 £000	Held at fair value through the I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	45,217	-	**45,217**
Obligations under PFI, LIFT and other service concession contracts	63,890	-	**63,890**
Other borrowings	15	-	**15**
Trade and other payables excluding non financial liabilities	23,565	-	**23,565**
Total at 31 March 2019	**132,687**	**-**	**132,687**

	Other financial liabilities £000	Held at fair value through the I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			
Loans from the Department of Health and Social Care	24,305	-	**24,305**
Obligations under PFI, LIFT and other service concession contracts	65,904	-	**65,904**
Other borrowings	30	-	**30**
Trade and other payables excluding non financial liabilities	31,468	-	**31,468**
Total at 31 March 2018	**121,707**	**-**	**121,707**

Note 29.4 Maturity of financial liabilities

	31 March 2019 £000	31 March 2018 £000
In one year or less	29,248	36,792
In more than one year but not more than two years	21,553	2,555
In more than two years but not more than five years	31,329	28,042
In more than five years	50,557	54,318
Total	**132,687**	**121,707**

Note 30 Losses and special payments

	2018/19		2017/18	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	2	-	7	1
Bad debts and claims abandoned	8	17	21	54
Total losses	**10**	**17**	**28**	**55**
Total losses and special payments	**10**	**17**	**28**	**55**
Compensation payments received		-		-

Note 31.1 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 £57k, and trade payables correspondingly reduced.
Reassessment of allowances for credit losses under the expected loss model resulted in a £618k 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 £2,694k.

Note 31.2 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 32 Related parties

Dartford & Gravesham NHS Trust is a corporate body established by order of the Secretary of State for Health.

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Dartford & Gravesham NHS Trust or material transactions with the Department and with other entities for which the Department is regarded as the parent Department.

	Income 2018/19 £000	Income 2017/18 £000	**Receivables 2018/19 £000**	Receivables 2017/18 £000
Bexley CCG	**38,370**	37,437	**442**	1,945
Bromley CCG	**2,939**	1,854	**3**	163
Dartford Gravesham & Swanley CCG	**143,946**	143,474	**1,742**	-
Greenwich CCG	**4,763**	4,213	**39**	160
Guys & St Thomas NHS Foundation Trust	**123**	-	**233**	129
Health Education England	**5,986**	5,487	**439**	382
Kent Community Health NHS Foundation Trust	**509**	430	**94**	-
Kings College NHS Foundation Trust	**2,004**	2,634	**904**	776
Lewisham & Greenwich NHS Trust	**643**	590	**247**	214
Medway CCG	**3,874**	4,053	**-**	85
Medway NHS Foundation Trust **	**11,256**	3,534	**1,110**	1,440
NHS England	**33,065**	34,202	**2,709**	5,627
Oxleas NHS Foundation Trust	**425**	490	**105**	210
Queen Victoria Hospitals NHS Foundation Trust	**741**	746	**570**	364
Royal Surrey Hospital NHS Foundation Trust	**367**	372	**-**	-
Thurrock CCG	**2,398**	2,396	**64**	-
West Kent CCG	**1,744**	1,404	**82**	-
Dartford & Gravesham NHS Charity	**321**	338	**550**	542

** Increase in the main relates to North Kent Pathology Service

	Expenditure 2018/19 £000	Expenditure 2017/18 £000	**Payables 2018/19 £000**	Payables 2017/18 £000
Dartford Gravesham & Swanley CCG	**-**	60	**-**	232
Guys & St Thomas NHS Foundation Trust	**1,469**	2,347	**931**	1,809
HMRC	**13,474**	12,773	**4**	3,344
Kent Community NHS Foundation Trust	**1,400**	1,350	**282**	263
Maidstone & Tunbridge Wells NHS Trust	**4,807**	4,608	**837**	1,408
Medway NHS Foundation Trust **	**3,812**	994	**1,240**	1,046
NHS Blood and Transplant Authority	**1,128**	1,006	**81**	-
NHS Litigation Authority	**11,445**	10,966	**-**	-
NHS Pension Scheme (own staff employers and employees)	**14,260**	13,352	**2,031**	1,915
Oxleas NHS Foundation Trust	**5,536**	4,878	**594**	1,409
West Kent CCG	**-**	-	**-**	106
Dartford & Gravesham NHS Charity	**318**	328	**-**	8

** Increase in the main relates to North Kent Pathology Service

Note 32.1 Joint operations

The trust is in joint operation with Medway NHS Foundation Trust in respect of pathology laboratory services (North Kent Pathology Service).

Note 33 Transfers by absorption

The Trust did not have any transfers by absorption in the year where the trust has been either the receiving or divesting party.

Note 34 Prior period adjustments

No comparative information has been restated due to either a change in accounting policy or material prior period error.

Note 35 Events after the reporting date

There are no non-adjusting event after the reporting period (e.g. major purchases, classifications of an asset held for sale or announcement of commencement of major restructuring.

Note 36 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	34,310	150,071	38,165	137,328
Total non-NHS trade invoices paid within target	25,117	133,297	20,288	111,321
Percentage of non-NHS trade invoices paid within target	73.21%	88.82%	53.16%	81.06%
NHS Payables				
Total NHS trade invoices paid in the year	2,138	37,219	2,160	35,710
Total NHS trade invoices paid within target	698	18,459	424	14,986
Percentage of NHS trade invoices paid within target	32.65%	49.60%	19.63%	41.97%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 37 External financing

The trust is given an external financing limit against which it is permitted to underspend:

	2018/19 £000	2017/18 £000
Cash flow financing	**15,958**	**16,466**
Finance leases taken out in year		
Other capital receipts		
External financing requirement	**15,958**	**16,466**
External financing limit (EFL)	**20,395**	**16,466**
Under spend against EFL	**4,437**	**-**

Note 38 Capital Resource Limit

	2018/19 £000	2017/18 £000
Gross capital expenditure	5,621	8,197
Less: Disposals	-	(64)
Less: Donated and granted capital additions	(102)	(129)
Charge against Capital Resource Limit	**5,519**	**8,004**
Capital Resource Limit	5,647	8,354
Under spend against CRL	**128**	**350**

Note 39 Breakeven duty financial performance

	2018/19 £000
Adjusted financial performance deficit (control total basis)	(17,222)
IFRIC 12 breakeven adjustment	2,435
Breakeven duty financial performance deficit	**(14,787)**

Note 40 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Breakeven duty in-year financial performance		115	206	393	361	1,834	235	(7,649)	(382)	(12,129)	(14,787)
Breakeven duty cumulative position	2,745	2,860	3,066	3,459	3,820	5,654	5,889	(1,760)	(2,142)	(14,271)	(29,058)
Operating income		141,935	157,195	169,244	177,204	209,942	226,116	224,593	248,546	253,068	266,791
Cumulative breakeven position as a percentage of operating income		2.0%	2.0%	2.0%	2.2%	2.7%	2.6%	(0.8%)	(0.9%)	(5.6%)	(10.9%)

In 2015-16 the Trust key drivers of the deficit were reduced income from CCG's due to higher penalties and both pay and non pay expenditure overspends; although the Trust did deliver the £10m CIP's . The Trust and TDA (now NHSI) entered into phase 1 of GRIP and Control framework for the improvement process.

In 2016-17 the Trust key drivers of the deficit were reduced income from CCG's due to higher fines and penalties and subsequent impact on the S & T funding as the Trust could not achieve its control total. The Trust continued the GRIP and Control process to improve the outturn. The Trust planned to achieve its control total in 2017-18.

In 2017-18 the Trust deficit was driven by significant reduction in clinical income and cost pressures around capacity and safety generated overspends against the plan; because of the adverse variance the Trust was unable to secure all of the £7.3m S & T funding (only £1.1m was secured); during the financial year the Trust strengthened its Programme Management Office to manage the savings programme; the Trust also introduced an internal financial recovery plan.

In 2018-19 the Trust deficit was driven by underperformance against income and significant overspends on pay and non pay against the plan; year end QIPP delivery was £9.3m against the target of £13.3m; because of the adverse variance the Trust was unable to secure all of the £5.1m PSF funding (only £2.7m was secured); Trust continue to strengthen its Programme Management Office with lessons learnt to manage the savings programme; the Trust also introduced a new management structure to manage financial performance.