KING'S COLLEGE HOSPITAL NHS FOUNDATION TRUST ANNUAL REPORT AND ACCOUNTS 2019-20

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King's College Hospital NHS Foundation Trust

Annual Report and Accounts 2019/20

Presented to Parliament pursuant to Schedule 7, paragraph 25(4) (a) of the National Health Service Act 2006

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SECTION

GLOSSARY

ACRONYM	MEANING
BAF	Board Assurance Framework
BREEAM	Building Research Establishment Environmental Assessment Method
BAME	Black, Asian and Minority Ethnic
CCS	Crown Commercial Services
CCU	Critical Care Unit
CHP	Combined Heat and Power
CIP	Cost Improvement Programme
CO2	Carbon Dioxide
COO	Chief Operating Officer
CQC	Care Quality Commission
CQRG	Clinical Quality Review Group
CQUIN	Commissioning for Quality and Innovation
DHSC	Department of Health and Social Care
DIPC	Director of Infection Prevention and Control
DNA	Did Not Attend
DSPT	Data Security and Protection Toolkit
ECS	Emergency Care Standard (four-hour target)
ED	Emergency Department
EDS	Equality Delivery System
EMS	Environmental Management Scheme
EPR	Electronic Patient Record
ERAS	Enhanced Recovery after Surgery
ESR	Electronic Staff Record
FFT	Friends and Family Test
FSM	Financial Special Measures
FTSUG	Freedom to Speak Up Guardian
GIRFT	Getting It Right First Time
GMC	General Medical Council
GSTT	Guy’s and St Thomas' NHS Foundation Trust
H&S	Health and Safety
HFMA	Healthcare Financial Management Association
HIN	Health Innovation Network
HR	Human Resources
ICO	Information Commissioner's Office
ICT	Information Computer Technology
IFRS	International Financial Recording Standards
IGSC	Information Governance Steering Committee
ISO	International Organization for Standardization
IT	Information Technology
JSCC	Joint Staff Consultative Committee
KCH	King's College Hospital (Denmark Hill)

ACRONYM	MEANING
KCL	King's College London
KE	King's Executive
KFM	King's Facilities Management
KHP	King's Health Partners
KITE	King's Improvement Through Engagement
KWfW	King's Way for Wards
LGFC	Lambeth GP's Food Co-op
LGBT	Lesbian, Gay, Bisexual, Transgender
MRSA	Meticillin-resistant staphylococcus aureus
NCEPODS	National Confidential Enquiry into Patient Outcome and Death Studies
NED	Non-Executive Director
NHSI	NHS Improvement
NICE	National Institute for Health and Care Excellence
OHSEL	Our Healthy South East London
PbR	Payment by Results
PHE	Public Health England
PPE	Personal Protective Equipment
PRUH	Princess Royal University Hospital
PSF	Provider Sustainability Fund
PTL	Patient Tracking List
QARC	Quality Assurance and Research Committee
QI	Quality Improvement
R&I	Research and Innovation
QPPC	Quality, People and Performance Committee
RGD	Regulatory Governance Department
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RTT	Referral to Treatment
SDEC	Same Day Emergency Care
SDMP	Sustainable Development Management Plan
SDU	Sustainable Development Unit
SHMI	Standardised Hospital-level Mortality Index
SIRO	Senior Information Risk Owner
SLAM	South London and Maudsley NHS Foundation Trust
SOF	Single Oversight Framework
UCC	Urgent Care Centre
ULEZ	Ultra Low Emission Zone
USP	Unique Selling Point
VBHC	Value Based Healthcare
VR	Virtual Reality
WRA	Workplace Risk Assessment
WRES	Workforce Race Equality Scheme

INTRODUCTION

Interim Chair's Statement

I have been Chairman of the Trust for just over a year, and as a local resident, King's College Hospital has been my local hospital for many more. In both capacities, when meeting with and listening to teams and as a member of the local community, I have witnessed first-hand – and am proud of – the patient-focused care that the Trust delivers.

However, when I accepted this role, I was also fully aware that the Trust faced significant challenges in terms of its financial and operational performance.

Since his appointment, Clive Kay has attracted high-calibre and talented senior leaders to his executive team. For the first time in many years, King's has the stable executive leadership that it needs to improve both its operational and its financial performance – and improve it must.

I am pleased that under Clive's leadership, the Board has begun to see a move in the right direction. As well as improved financial management, the executive team have begun to address the underlying operational issues that have hindered the Trust's operational capability in the past.

Therefore, the Board and I are pleased that the Trust delivered an improved year end position against its 2019/2020 control total. Additionally, its financial recovery programme is both robust and realistic without compromising on the delivery of either patient care or its services.

The Trust did not meet its core access targets and must continue to address these as a matter of urgency. However, the recovery plans that have been put in place in areas such as the Emergency Department and diagnostics have shown initial promise. Additionally, greater collaboration with the regulators and partners, demonstrates that the executive is determined to put in place the right checks and balances to eliminate these issues permanently.

Nationally, the NHS is facing a period of unprecedented change, including significant and increased pressure on services. As the Chairman of two Trusts, both must embrace the opportunities afforded by greater collaboration and partnership working. This will enable us to build robust and sustainable health systems at a borough level across south-east London as well as develop specialised services for patients from across the country.

Therefore, at the end of 2019, King's and Guy's and St Thomas' NHS Foundation Trust agreed to work in even closer collaboration, further strengthening our existing ties for the benefit of patients and staff. As a first step, both Trusts agreed to establish a Committee in Common. This will accelerate progress in areas where we are already engaged and move towards two organisations working together with one voice, helping to make our services more sustainable for the benefit of patients and the communities we are part of.

In the past year King's has also taken an active role in a number of key partnerships. The Trust has supported the ongoing development of the south-east London integrated care system, Our Healthier South East London, and the transition of our six clinical commissioning groups into a single entity. Alongside the other members of King's Health Partners, the Trust is working in partnership with Royal Brompton and Harefield NHS Foundation Trust to develop plans to transform care for people with heart and lung disease.

We must ensure that the momentum that King's has achieved in the past year is not lost. The Trust must be commended for its response to the COVID-19 pandemic. The expert planning and execution enabled it not only to manage the first surge of patients in all three of its hospitals but also to ensure that it will be in a good position to treat patients who contract this serious and debilitating virus in the future.

I would also like to take this opportunity to thank our Governors and Members for their ongoing support both for the Board and everyone who works at King's. Both groups have always been passionate advocates and critical friends of the Trust.

Finally, I would like to echo and reinforce Clive's praise for all our staff. Everyone I have met has been a passionate and proud advocate not only of providing the very best care but also of the Trust's future role in delivering the very best services. Most importantly, it is also very clear from the patients who I have had the privilege to speak to as Chairman, that they cherish King's as their local hospital at the heart of their community.

Sir Hugh Taylor
Interim Chair

PERFORMANCE REPORT

Chief Executive's Statement

My first year at King's has been both rewarding and challenging in equal measure. I would like to start by thanking our Chairman, Sir Hugh Taylor, the Board and our partners for their support. I would also like to pay special tribute to our staff, for the compassionate and safe patient care they provide and for making me feel so welcome.

While the Trust remains in financial special measures, a more transparent and inclusive approach to budget setting combined with tighter control and oversight in areas such as pay and the cost improvement programme has yielded a better than expected year-end position. I am delighted to say that we have ended the 2019/2020 financial year with an adjusted financial performance deficit of £149.3 million as opposed to the original budgeted adjusted financial performance deficit of £169.6 million. The overall deficit reduced to £115.0m in 2019/2020 compared with £177.6m in 2018/19.

In terms of patient care, King's has continued to report excellent outcomes in terms of mortality using the Summary Hospital-level Mortality Indicator (SHMI). However, delivering consistent operational performance has been more difficult. This year, King's failed either to maintain or improve its patient access standards in emergency, elective, cancer and diagnostic care.

Achieving the Emergency Care Standard has proved challenging for hospitals across the capital. Increased attendances, particularly in frail, elderly patients, placed additional demand on the Trust. As a result, King's did not meet its performance target. The Trust also failed to meet its targets in cancer and diagnostic testing. Factors in this failure included a year-on-year increase in cancer referrals as well as specific issues in some diagnostic specialties. Also, despite reducing the waiting list by 6,300 cases, Referral to Treatment performance remained unsatisfactory. King's has the sixth largest RTT waiting list in England, and we are grateful to the regulators and system partners for their support in this area.

At the end of 2019, the Trust implemented a number of recovery programmes. For example, pathway redesign, improving clinic capacity, and increasing telephone assessment and virtual clinics have begun to produce some performance improvement.

This year, King's has again maintained its position as a leading teaching and research Trust. As well as being the second-highest recruiting Trust for clinical and trials-based research, King's has pioneered innovative new treatments. I am very proud that King's was the first Trust to offer adult CAR T-cell therapy in England.

As with every Trust, our workforce defines who we are. I have witnessed outstanding care and been inspired by my colleagues on countless occasions. Our staff exemplify the highest standards of patient care, even at a time when the NHS is facing its most formidable and devastating challenge in decades.

King's must continue to foster a workforce culture that is inclusive, and celebrates the diversity of its staff and the communities we serve. Therefore, I am personally committed to ensuring that every member of staff can realise their full potential.

This year, we have invested in our staff networks and improved promotion opportunities through a bespoke staff careers portal. We have continued to support staff through A Healthier King's, recruiting a staff psychologist and providing staff with the means to improve their working environments to improve their morale. We have also invested in our advanced leadership, management and leadership apprenticeship training to strengthen the Trust's leadership capability. These programmes will create future cohorts of talented and experienced leaders for King's and the NHS as a whole.

As a result of these and other initiatives, our 2019 NHS staff survey results improved in nine of the eleven survey themes. Critically, we saw significant positive improvement in support for line managers, staff morale and quality of appraisals.

Finally, I would like to pay tribute to everyone at the Trust and across the NHS for their response to COVID-19. Under incredibly pressured and constantly evolving circumstances, King's and our colleagues rose to the challenge. From transforming wards to treat the increasing number of COVID-19 patients, retraining and redeploying staff, and collaborating on global vaccine research, our own provision of care and support for one another never faltered. Just as COVID-19 will continue to be part of our lives, the Trust will continue to play a key role in mitigating and hopefully one day eradicating this dreadful pandemic in the UK and globally.

Since I first trained as a clinician, I have been aware of the reputation of King's in terms of putting patients first, its teaching and its innovative research. Today, I am incredibly proud to be part of this organisation and to lead its incredible staff into the future.

Professor Clive Kay
Chief Executive

Overview of Performance

The overview is a summary providing information about the Trust, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Purpose

King's College Hospital NHS Foundation Trust has as its principal purpose the provision of goods and services for the purposes of the health service in England.

Activities

King's College Hospital NHS Foundation Trust is renowned for the international reputation of its specialty services. These include the tertiary services for liver disease and transplantation, neurosciences, diabetes, cardiac services, haematology and foetal medicine.

For people across south-east London and Kent, King's College Hospital is the designated major trauma centre, as well as a heart attack centre and the regional hyper acute stroke centre. The helipad at King's College Hospital, which opened in November 2016, has reinforced the hospital's position as a major trauma centre for the south of England.

The Trust provides services to local residents of the London Boroughs of Lambeth, Southwark, Bromley, Bexley and Lewisham from its sites at King's College Hospital (Denmark Hill), Princess Royal University Hospital, Farnborough Common, and Orpington Hospital. It also provides services at Beckenham Beacon and Queen Mary's Hospital, Sidcup. These include accident and emergency services, maternity, care of the elderly, orthopaedics, diabetes, ophthalmology, oncology, dermatology and many more. The Trust provides a number of community based services including dentistry.

The Trust has a reputation as a pioneer in medical research, with a record of innovation in a number of key fields. It is home to a number of leading clinical units and research centres, such as the Clinical Age Research Unit, the HIV Research Centre and the Harris Birthright Centre. Developments have recently begun to establish a new leading-edge Haematology Institute.

Brief History

King's College London was founded in 1829. Clinical teaching in the medical faculty was dependent on the Middlesex Hospital until 1839 when King's College London gained its own hospital in Portugal Street, which was rebuilt in 1861.

Established in 1840, the original King's College Hospital – a former workhouse – was based on Portugal Street, Holborn, close to Lincoln's Inn Fields in central London. It was first used as a training facility for students at King's College London, but quickly developed into a major hospital for the area.

The hospital moved to its Camberwell site in 1913.

King's became part of the NHS in 1948 as a teaching hospital. The 1960s saw the introduction of a new dental school, maternity block (now the Ruskin Wing) and the King's Liver Unit. This was followed by the Normanby College of Nursing, Midwifery and Physiotherapy. In 1995 the UK's first specialist Motor Neurone Disease Care and Research Centre was established, and the Weston Education Centre was opened in 1997, accommodating the medical school, library and lecture theatres. A new Accident and Emergency Department was opened in the same year.

King's College Hospital gained Foundation Trust status on 1 December 2006. Following the dissolution of South London Healthcare Trust, King's took over Princess Royal University Hospital (PRUH) and Orpington Hospital in October 2013.

Following a financially challenging 2017/18, the Trust was placed in Financial Special Measures on 11 December 2017 for breach of its NHS Provider Licence, having been in enhanced oversight for some years before that. Enforcement undertakings were issued in February 2018 and updated in August 2018. Financial Special Measures remain in place.

Structure

In January 2017, the Trust moved from six to three clinical divisions/sites. They are:

- Urgent Care, Planned Care and Allied Clinical Services (UPACs)
- Networked Care
- Princess Royal University Hospital and South Sites (PRUH).

By aligning the divisions in this way, the Trust was able to group the resources required for delivering similar types of care so that it could improve patient pathways and increase the efficiency of service delivery. It also aimed to provide clearer accountability. Alongside this, the Trust has a corporate centre that provides HR, finance, IT and other support to the organisation.

More about the Trust governance model can be found on page 41.

Our strategic objectives

During 2019/20, the Trust has been working to achieve the following strategic objectives:

- An empowered and engaged workforce
- Deliver excellent local care
- Deliver our operational plan
- Use our resources effectively
- Be at the cutting edge of research and innovation
- Be an active and engaged partner.

Sections later in this report outline how we have met these objectives.

Risks to achieving our strategic goals

The Trust's approach to managing risk is outlined in the accountability report later in this document (page 94). The Trust has identified a number of risks that could affect the delivery of its strategy including:

- Financial constraints: the Trust has recorded a significant deficit in recent years and has stretching budget reduction targets in place.
- Increased demand for health services and a constrained site: these limit opportunities for expansion and the Trust's ability to meet access targets is made more difficult.
- Capital constraints: the Trust has limited access to capital monies, an aging estate and a significant maintenance backlog.
- Workforce constraints: attracting and retaining staff.

These are covered in more detail on page 94 in this report.

King's Health Partners
The Trust is part of King's Health Partners (KHP), one of the UK's first and foremost Academic Health Science Centres. The partnership was established in 2009, incorporating King's College London, King's College Hospital, Guy's and St Thomas', and South London and Maudsley NHS Foundation Trusts.

Sustainability and Transformation Partnership
King's is a partner in Our Healthier South East London (OHSEL), the Sustainability and 155Transformation Partnership that covers the London boroughs of Bexley, Bromley, Greenwich, Lambeth, Lewisham and Southwark. This comprises CCGs, local authorities, acute provider Trusts, Bromley Healthcare and primary care.

Details of Overseas Operations and Subsidiaries

King's Commercial Services Limited is the company established to oversee some key commercial operations on behalf of the Trust. It has continued to diversify income by expanding commercial activities both in the UK and overseas. It has now been in operation for 10 years.

KCH Management Limited continues to develop a hospital management and consultancy business both in the UK and overseas, predominantly in the Middle East. There are currently two outpatient clinics and a full-scale inpatient hospital open in Dubai. The company operates a successful international recruitment business covering nurses and doctors for both King's and other healthcare organisations. In 2019/20 the recruitment team recruited 733 nurses to the UK and 235 to the Trust to support our efforts to reduce the nurse vacancy rate. The company delivered a surplus of £0.7m to the Trust.

Viapath LLP is a pathology venture jointly owned by King's, Guy's and St Thomas' and Serco plc. The venture delivered a surplus attributable to King's in Viapath's 2019 financial year of £0.4m.

King's Facilities Management LLP (KFM) was created to provide a fully managed service across nine diagnostic and treatment facilities. These include theatres, adult critical care, radiology, cardiac catheter laboratories, liver laboratories, endoscopy, renal dialysis, children's critical care and dental. KFM maintains these facilities and equipment, and provides consumables, implants and devices used during clinical procedures.

Separately, KFM provides an end-to-end procurement and supply chain function for the Trust, working with operational leads to identify future requirements for equipment and consumables. KFM seeks to contribute to the Trust through the identification and delivery of cost improvement programme savings through more focused contract management. During 2019, the Trust transferred the management of its outpatient pharmacy service to KFM from Lloyds Pharmacy.

The Trust has consolidated a contribution of £5.9m from KFM for 2019/20.

Financial Performance and Sustainability

2019/20 remained a challenging year for the Trust's finances as it continued its focus on financial control, recovery and improvement. The financial improvement plan was underpinned by an improved approach to budget setting that included pay reductions against run rate, mainly in agency spend, and a Cost Improvement Plan. The Trust has continued to improve the programme management of the financial improvement plan to mitigate either slippage on particular savings projects or the need to cover the impact of cost pressures.

The control total provided by NHS Improvement (NHSI) at the start of 2019/20 was a deficit of £169.6m. This included £45m of an overall financial improvement plan made up of pay reductions and the cost improvement projects. The Trust and NHSI recognised at the time of accepting the control total that there was a risk of £10m under delivery against the financial improvement plan and this materialised during the year with an overall saving of £40.6m achieved. The final outturn was a control total deficit of £149.3m (excludes Provider Sustainability Funding (PSF)), impairment costs and the impact of capital donations/grants), which is slightly better than the year-end forecast submitted at the end of the third quarter.

Liquidity and Capital

In 2019/20 the Trust drew down £146.4m of interim revenue and capital support loans. £129.7m represented cash support against the Trust 2019/20 deficit, with the remaining £16.7m designated as approved funding against 2019/2020 capital projects.

Total capital expenditure in 2019/20 was £35.8m. Significant areas of expenditure included the continued construction of the CCU, ICT infrastructure and device upgrades, and medical equipment. The Trust also continued to invest in the buildings infrastructure to ensure the most pressing maintenance needs were addressed. In recent months the main theatres complex at the King's College Hospital (KCH) site has been extensively refurbished.

Borrowings and Capital Plan

The Trust's reported total borrowings include past expenditure on the Private Finance Initiative (PFI) schemes for the Golden Jubilee Wing and Ruskin Wing at KCH and the PRUH, and total £144.6m.

The majority of the Trust's borrowings are with the Department of Health and Social Care (DHSC) and comprise capital loans of £146.1m and revenue/working capital loans of £644.9m. The DHSC has announced that these loans will be converted to Public Dividend Capital in 2020/21.

Going Concern

IAS 1 requires management to undertake an assessment of the NHS Foundation Trust's ability to continue as a going concern.

The Trust has prepared its accounts on a going concern basis based on the requirements of the DHSC Group Accounting Manual that: "DHSC group bodies must prepare their accounts on a going concern basis unless informed by the relevant body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity".

Due to the size of the financial deficit, the Board has carefully considered whether the accounts should be prepared on the basis of being a 'Going Concern' and whether there are uncertainties which may impact on the entity's ability to continue as a going concern.

The Trust recorded a deficit for 2019/20 before additional provider stability funding, capital grants and impairments of £149m and is projecting further substantial annual deficits before additional funding once the current regime of block funding and top-up payments comes to an end.

The temporary Covid-19 block funding and top up payment regime introduced from 1 April 2020 has reduced the level of uncertainty over funding whilst in operation as has the government's announcement about the conversion of interim loans into Public Dividend Capital (see note 17).

However, funding arrangements beyond the current block arrangements, due to end on 31 July 2020, remain unclear and the group's access to financial recovery funding will be dependent on both acceptance and delivery of the financial recovery plans and continuation of support from the Department of Health and Social Care. This represents a material uncertainty that may cast significant doubt as to the group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the going concern basis were not appropriate.

However, as the Directors have a reasonable expectation that this will be the case, they have therefore prepared these financial statements on a going concern basis.

COVID-19

The end of the financial year has provided a significant new challenge with the emergence of Corona Virus Disease 2019 (COVID-19). At the close of the financial year, the Trust is at a crucial point, and it is becoming clear that it will be dealing with COVID-19 for many months to come. The Trust has responded well to the challenge, with plans being implemented at an early stage. It has steadily increased the number of wards that have been allocated specifically to care for COVID-19 patients, as well as increasing critical care capacity. At no point to date has the Trust been unable to meet demand for health care and it has continued to provide excellent and compassionate care during this pandemic.

As of 31 March 2020, the number of patients who had tested positive for COVID-19 at King's was 417. King's had successfully discharged home 163 patients. Sadly, 31 patients had died. The Trust has made difficult decisions and operational changes in order to increase bed capacity to treat COVID-19 patients and release staff to reallocate them as needed, while ensuring it continues to deliver high quality care for all our patients including:

- Instigating the gold-silver-bronze command structure designed to provide the Trust with a clear and easy to understand process for strategic planning and decision making in times of crisis. Gold command is now responsible for strategy and overall management of the Trust; silver is responsible for developing a tactical plan or response; and bronze is implementing the tactical plan on the ground.
- Stopping all elective inpatient activity, with the exception of life-threatening conditions.
- Changing staff roles and responsibilities to ensure clinical and non-clinical staff can meet the needs of King's during these challenging times. Staff affected have been provided with the appropriate training and support to upskill them. Wellbeing hubs have been set up to provide members of staff with a space to take a break and learn stress management techniques, and staff testing for COVID-19 is in place.
- Ensuring adequate provision of personal protective equipment (PPE) in line with PHE guidance, providing fit-testing and fit-checking of PPE.
- Procuring additional medical equipment and supplies as demand increases.
- Extending the seven-day working model to clinical and non-clinical areas to support our staff on the frontline.
- Strengthening our 'deteriorating patients' quality improvement workstream through the development of a COVID-19-specific resource to enable our staff to recognise early patient deterioration, assess patients in a systematic way and initiate early escalation with safety prioritised at all times.
- Ensuring appropriate and robust financial governance frameworks are in place to support a fast-moving situation.

- Opened part of the new Critical Care Unit to provide additional critical care capacity for very sick patients.
- Established a Board Sub-committee to provide Board assurance that issues related to staff and patient safety, care and experience are effectively managed.

The Trust response to the pandemic has been creative and innovative in many ways, and has driven transformative change to service delivery including, for example, the use of virtual clinics to ensure it continues to deliver outpatient activity.

Nevertheless, there has been a significant impact on delivering 'business as usual' activity. As part of the COVID-19 response, a recovery work stream has been established to ensure that the Trust is in a position to a move back to business as usual in due course.

PERFORMANCE ANALYSIS

Summary of performance

The Trust has put considerable emphasis on improving performance against the core NHS access targets for emergency care, referral to treatment (RTT), cancer treatment and diagnostics, and recovery programmes, which are regularly monitored, are in place for all targets except cancer.

Access to services

The Trust continues to have high levels of general and acute bed occupancy on its acute sites at King's College Hospital (KCH) (98.2%) and the PRUH (98.6%) for the period April 2019 to March 2020. In the absence of additional escalation beds that we can open, this restricts our ability to respond to peaks in demand above expected levels.

Similar to last year, 2019/20 continues to be challenging in terms of our ability to maintain and improve on patient access standards for emergency, elective, cancer and diagnostic care. We have seen a 3.6% increase in elective patients (including day cases) and whilst the overall number of emergency admissions remains relatively stable compared to last year, we have seen a 7.1% increase in tertiary admissions.

We continue to see more patients attending our emergency department (ED) and urgent care centres on the KCH site with a 3.2% increase in patients for the period April 2019 to March 2020. There was a reduction in patients seen at the PRUH, which meant an overall increase of 1.1% patients seen overall by the Trust. We also continue to see an increase in frail elderly patients attending our ED on both acute sites who then require subsequent admission to the hospitals. This places additional pressure on wider capacity within the Trust across beds (including the step-down beds at Orpington Hospital that we provide), outpatient clinics and diagnostic services.

The Trust's ED four-hour performance based on monthly ED situation report return submissions is 76% for the full-year period 2019/20, which is lower than the 77.6% achieved for the same period in 2018/19. Performance has reduced on both the KCH and PRUH sites this year compared with 2018/19, but we have also seen an increase in attendances at both sites.

Cancer referral into the Trust continues to rise with an 11% increase for the period April 2019 to March 2020 compared with the same period in 2018, which puts pressure on our ability to deliver the two-week waiting time and 62-day time-to-first-treatment cancer standards. As can be seen from the table below, the Trust met the target for patients referred by their GP, but not for patients referred through the national screening programme.

We have also seen increasing pressure on our ability to deliver against the national 99% target for patients waiting less than six weeks for a diagnostic test. Whilst we have improved our waiting time performance during the year, it had increased to 92.2% by the end of the year, with specific pressure on demand and capacity in endoscopy modalities across the Trust and non-obstetric ultrasound test provision at the PRUH.

Referral to Treatment (18 Weeks)

Delivery against the Referral to Treatment (18 weeks) performance standard continues to be a challenge for the Trust for 2019/20. King's has delivered a 0.32% increase in the year-on-year volume of completed pathways for the period April 2019 to March 2020, and has the fourth-largest RTT waiting list in England. The total waiting list has reduced by over 5,800 cases in the year to March which is the sixth largest reduction in England. Only seven other Trusts with a waiting list of more than 50,000 patients have seen a reduction in its size, whereas all other large providers have seen an increase in their waiting list.

King's continues to work closely with NHSI and NHSE, and local and specialised commissioners to develop and invest in plans to improve our overall RTT compliance and eliminate 52+ week breaches. These plans link with Trust transformation programmes in outpatient redesign and theatre productivity improvement to maximise the use of our day case and inpatient theatres, and outpatient clinics in-week, and to reduce the number of on-the-day cancellations by looking at trends and improving our processes at pre-operative assessments. We have also continued to use an insourcing provider to deliver additional in-week and weekend capacity in endoscopy provision, as well as private providers to support test provision at the PRUH.

We continue to work with other NHS and independent sector providers to provide additional capacity, specifically in bariatric surgery, elective orthopaedics and neurosurgery to reduce the number of over-52 week breach and longer waiting patients. There were 262 breaches of the 52-week standard at the start of 2019, which reduced to 131 breaches by August 2019, but has increased to 196 by the end of March 2020.

Cancer Treatment within 62 Days

Referral demand for cancer services continues to rise with an 11% increase in two-week-wait referrals from GPs, comparing April 2019 to March this year against 2018/19, with particular in-year increases in colorectal surgery, gynaecology and dermatology. As a result we have been compliant with the two-week-wait GP referral standard in four months in 2019/20. In the later stages of Q3 this year, we have seen increased numbers of two-week-wait breaches in dermatology and colorectal surgery.

We have not been compliant with the 62-day GP referral-to-treatment standard during 2019/20, where we have reported an average monthly performance of 73.7% compared with the national 85% target. Increased numbers of breaches have been reported for the urology, colorectal, upper gastrointestinal (UGI) and hepato-pancreato-biliary (HPB) and lung tumour sites.

A comprehensive action plan is in place for both acute sites which is reviewed weekly, specific to tumour types, to improve performance for the two-week-standard and the 62-day time to first definitive treatment standards.

In urology, there are multiple actions in place to ensure that there is sufficient clinic capacity to see new two-week-wait patients within seven days, in line with agreed timed pathway; and enabling same-day suspected prostate cancer MRI scans on the first day of clinic attendance.

The EBUS service went live at the PRUH in August 2019, and a lung pathway has been developed for KCH for suitable patients to be scheduled at the PRUH, where patients would previously have been scheduled at Guy's and St Thomas'.

Increased numbers of colorectal patients referred are being triaged in telephone assessment clinics, and more virtual clinics have been introduced to reduce the proportion of patients who require a new outpatient appointment.

Diagnostic Test within Six Weeks

The Trust has not been compliant with the 99% target since December 2017, but performance has been better than our operating plan trajectory until December 2019. We implemented a new waiting list reporting system from November this year, and have seen a number of diagnostic test areas where available capacity has exceeded demand, particularly in endoscopy.

There is a particular capacity gap within the PRUH endoscopy service, which has resulted in a significant backlog of patients waiting on the activity diagnostic (DM01) waiting list as well as surveillance patients. South East London Cancer Alliance Network demand and capacity modelling suggests that the PRUH needs a minimum 100% increase in its capacity to comply with two-week-targets as well as urgent and routine diagnostic demand. External funding has been gained to support additional scope to purchase and image capture equipment which will give greater flexibility in the use of the Day Surgery Unit capacity.

Radiology continues to utilise additional capacity, including the use of independent sector providers and mobile imaging scanners, and by providing additional sessions in-house, in order to meet the changes in pathways and demands from cancer and emergency pathways. There are ongoing issues with imaging equipment due to its age but work is in progress to replace some of our oldest CT and MRI machines.

Emergency Care Standard

Achieving the ED four-hour performance standard continues to be a significant challenge among London Trusts as well as at King's, on both its KCH and PRUH sites. Sustained high levels of bed occupancy throughout the year and an overall lack of patient flow within both of our acute sites is preventing any positive impact on performance improvement.

Emergency care improvement programmes with detailed action plans are in place for both acute sites, which are reviewed through working groups on both sites. Increased executive oversight is provided through regular reporting and progress against our recovery plans to the King's Executive and Board committees.

As part of the Trust's commitments to implement same day emergency care (SDEC) pathways under the NHS Long Term Plan, an Acute Medicine Unit opened on 1 July 2019, and an SDEC facility for surgery has been piloted from October 2019 at KCH. A further reconfiguration of services took place on 20 January 2020 at KCH, including the creation of a 16-bed Medical Assessment Unit, in place of the Clinical Decision Unit, which would previously have managed medical and other specialty patients.

At the PRUH the key areas of focus include ED flow and escalation, extended ambulatory emergency care provision and facilitating early discharges. Extended operating hours have been put in place for 12 hours each day per week as well as embedding nurse-to-nurse referral for both medical and surgical patients. Site flow meetings now review discharge lounge utilisation three times per day and e-Board noting is driving improved early discharge planning and the number of discharges prior to 11am.

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Single Oversight Framework performance for 2019/20

Single Oversight Framework Indicator		Kings College Hospital NHS Foundation Trust												
	Target	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total for 2019/20
RTT Incomplete Performance	92.0%	77.5%	78.8%	78.6%	78.4%	78.0%	78.7%	78.9%	79.5%	78.9%	79.5%	80.4%	76.8%	78.7%
Cancer 62 day referral to treatment - GP Referral	85.0%	76.8%	77.4%	67.3%	75.6%	74.4%	71.2%	72.9%	74.1%	73.1%	64.6%	68.6%	66.8%	72.2%
Cancer 62 day referral to treatment - Screening Service	90.0%	94.3%	92.7%	84.9%	83.6%	85.9%	87.8%	84.8%	92.6%	90.8%	87.5%	86.5%	80.3%	87.4%
Diagnostic Waiting Times Performance < 6 Wks	> 99%	91.8%	91.1%	93.7%	94.2%	92.9%	93.8%	94.1%	92.5%	90.1%	88.5%	93.3%	81.0%	91.6%
A&E 4 hour performance (Sitrep)	95.0%	71.7%	73.5%	70.0%	73.6%	73.0%	73.2%	72.2%	69.3%	67.7%	69.0%	71.4%	74.0%	71.5%
Summary Hospital-level Mortality Indicator (SHMI)	< 1	0.96	0.96	0.97	0.96	0.96	0.95	0.96	0.95					0.96
VTE Risk Assessment	95.0%	97.7%	97.8%	98.1%	97.7%	97.9%	97.7%	97.8%	96.6%	97.9%	97.8%	98.2%	98.4%	97.8%
Clostridium difficile rates	110	13	10	11	20	12	10	17	9	12	13	9	14	150

Infection Prevention and Control

The Trust continues to monitor all other instances of healthcare-associated infections as a matter of priority. In 2019/20 there were 0 cases of meticillin-resistant staphylococcus aureus (MRSA) at the Trust.

In 2019/20 there were 80 cases of C. difficile across the Trust. This was unfortunately higher than the target set by the Department of Health and Social Care (DHSC) of 71 cases but consistent with last year when there were also 80 cases.

C. difficile performance

	Cases in 2018/19	DHSC site quota for 2019/20	Cases in 2019/20
Total C. difficile cases at King's	80	71	80

Clinical Outcomes

King's continues to report excellent outcomes in relation to mortality. As a Trust, its mortality, as assessed using the NHS Digital Summary Hospital-level Mortality Indicator (SHMI), is 0.95, although there are differences between the two main Trust sites – KCH and the PRUH. This is generally as a result of differences in the demographics of the two patient groups.

Mortality is lower than expected or as expected for: trauma, stroke, acute myocardial infarction, pneumonia, sepsis, acute kidney injury, hip fracture, endocrine surgery, bariatric surgery, nephrectomy, hip and knee replacement surgery, emergency laparotomy and renal replacement therapy.

More detail on the Trust's clinical outcomes can be found in the Quality Account, due to be published later in 2020.

Research and Innovation

Research and Innovation (R&I) is one of King's defining characteristics. It is a central part of the offer of care we make to our patients and their families, and our staff.

The Trust R&I Five-year Strategy was published in April 2019 and significant progress has already been made in meeting the three main aims:

Aim 1 - Increase commercial and academic research activity ensuring equity of access for all patients and staff.

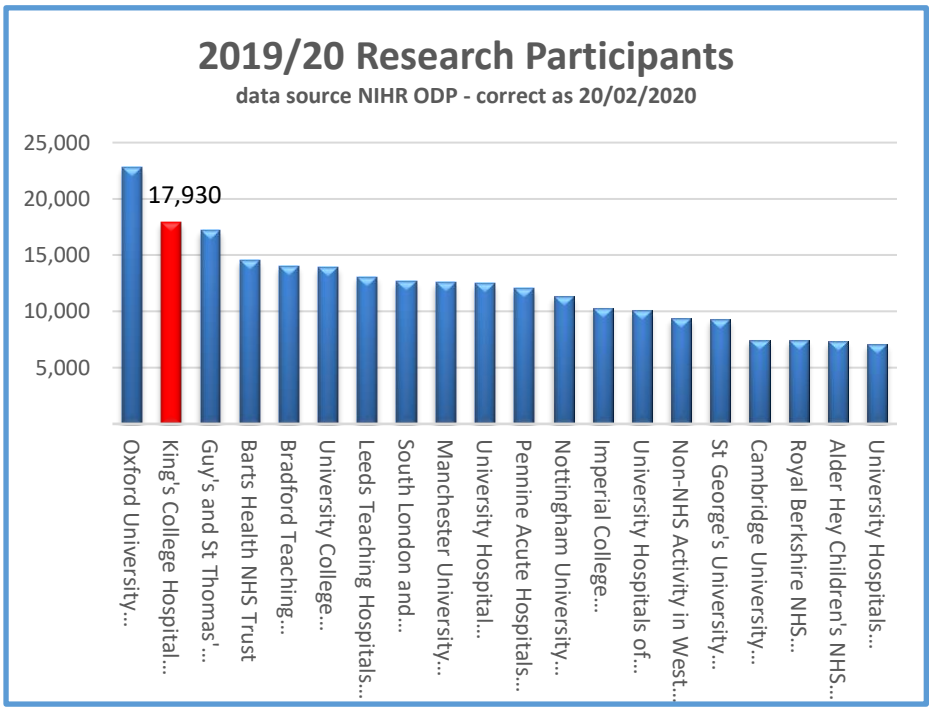
Aim 2 - Develop an Advanced Therapies and Biomedical Sciences hub to develop/deliver therapies that are based on cells, genes and small molecules

Aim 3 – Develop a Trust-wide, supportive research culture, including a workforce which appreciates and is skilled in the conduct and use of research and innovation outputs.

The Trust annual research meeting – R&I Strategy, One Year on – was held on 24 March 2020.

R&I Performance

King's has had an extremely successful year in clinical and trials-based research, with it currently the second highest recruiting Trust in the UK (data correct as of 19/02/2020).



This performance has been possible due to a number of factors including robust R&I leadership, fully staffed and functioning R&I governance and contracts department, and the hard work and dedication of clinical research teams. This data includes a number of new research-active clinical areas at the PRUH.

During the year patients have had the opportunity to participate in 835 studies across 30 different research-active specialties.

King’s has also had a successful year with respect to commercial research with 307 patients enrolled into 74 commercial studies, generating income in excess of £15.8 million.

Other research highlights for 2019/20 include:

- Gudrun Kunst awarded **Macintosh Professorship** by the Royal College of Anaesthetists in recognition of recent achievements, include the consolidation and expansion of clinical trials leadership teams in anaesthesia and perioperative medicine at King's and across South London.

- **UCART19** (allogeneic-engineered T cells expressing anti-CD19 chimeric antigen Receptor (CAR)) is an ‘off the shelf’ CAR T-cell product with activity against leukaemia and lymphoma cells. This **world-first study** is being used in patients with relapsed acute lymphoblastic leukaemia (ALL), a patient population with few treatment options. The **global Chief Investigator** for this international trial is a KCH investigator and KCH is the lead centre.

- Following a two-day review by international inspectors, King’s retained the **International Parkinson’s Centre of Excellence status** until 2023. In addition, its clinical service related to the Parkinson’s Centre came **top of more than 500 Trusts** taking part in the mandatory UK national audit by Parkinson’s UK (2019).

- **BOPP** trial. King’s received a **£2.2 million grant** from the NIHR HTA scheme to deliver this UK multicentre study in patients with cirrhosis and small varices. This establishes King’s as a leader in portal hypertension research.

- King’s is currently the **highest recruiting Trust in the UK** within the reproductive health and childbirth specialty, mainly driven by the significant research contribution from the Fetal Medicine Research Institute.

- The musculoskeletal (MSK) team won an **award for Top Recruiter** at the seventh National Institute for Health Research Orthopaedic Trauma Society (OTS) Musculoskeletal Trauma Trials Awards. This recognises the rapid growth of MSK research activity at the Trust’s orthopaedic department.

- Dr Philip Hopkins, Critical Care Research and Clinical Informatics Lead, was awarded the **Established Investigator Award** by the Faculty of Intensive Care Medicine (FICM).

Freedom to Speak Up Guardian

All NHS Trusts and NHS Foundation Trusts are required by the NHS contract to have a named Freedom to Speak Up (FTSU) Guardian. The way the role is implemented is up to each individual Trust. There is also a National FTSU Guardian whose role is to advise NHS Trusts and Guardians on best practice, to enable staff to speak up safely in their local Trusts. At King's we have implemented our FTSU model. Jen Watson, Director of Nursing in Networked Care, has been the Trust's FTSU Guardian since 2017 and King's has a network of ambassadors to promote the importance of being able to speak up across the Trust. In recognition of the importance of the role, a second FTSU Guardian, Dr Stefan Karwatowski, a consultant cardiologist, was appointed at the PRUH and south sites. More information about FTSU Guardians can be found in the Quality Account.

Anti-Bribery Policy
King's has a zero-tolerance policy towards fraud and bribery. Appropriate policies are in place and the Counter Fraud Team ensures compliance, overseen by the Audit Committee.

Community Engagement
The Trust recognises the importance of working with patients, stakeholders and the wider community to ensure that service delivery meets their needs. A summary of how the Trust has met this goal in the last year can be found on pages 61.

Equality and Human Rights
Patient safety, outcome quality and experience are at the centre of everything we do at King's. The creation of an inclusive, fair and equal employment and care environment is a critical part of our strategy. Our patient population, and our staff body, is more diverse than the UK's national population. For all these reasons, we have a moral and ethical – as well as a legal – duty to treat everyone fairly and without discrimination. So our vision, which applies to staff, patients, and patients' families, is to be 'effortlessly inclusive'.

Our aims and our objectives in pursuit of that vision are:

1. To treat everyone with respect and dignity at all times
2. To challenge discriminatory behaviour and practice
3. To recognise and embrace diversity
4. To ensure equal and easy access to services
5. To ensure equal access to employment and development opportunities
6. To consult and engage with staff, patients and their families to ensure that the services and the facilities of the Trust meet their needs.

We have a number of policies in place that ensure we deliver these aims, and human rights and equality implications are core to our decision-making processes.

Caring for the Environment

Summary of Performance

Sustainability reporting is an important element of the Trust's performance and the need to minimise negative impacts on the environment and operate as a sustainable and efficient organisation is recognised.

In 2019 King's was recognised for excellent sustainability reporting as part of its annual report, receiving a certificate of excellence, awarded by the Sustainable Development Unit (SDU), NHS Improvement and the Healthcare Financial Management Association (HFMA). High-quality reporting on sustainability is recognised as a fundamental way in which organisations can demonstrate their commitment to embedding environmental, social and financial sustainability.

2019/20 was a year in which there were a number of positives for the Trust in terms of environmental performance. The PRUH and Orpington Hospital both reduced their carbon emissions linked to energy use by 4%. This continues a very positive trend and means there has been a total reduction of more than 30% over the past five years.

Carbon emissions related to energy use at KCH increased by 4% after three consecutive years of reductions. This was due to the increased use of the gas-powered combined heat and power (CHP) engines which are used to generate heating and electricity across most of the site. As a result of the greening of electricity supplied by the grid, it is now becoming disadvantageous to the Trust's carbon footprint to generate its own electricity and heating using CHP engines. This issue will be examined in the Trust's new Energy Strategy due in 2020/21.

Energy costs were impacted by commodity price rises with an increase in gas costs of 9% and electricity costs of 7%. The revenue the Trust gained from selling electricity to the electricity grid decreased by 1%.

In other areas, waste tonnage increased by 2% as a result of increased activity and water consumption increased by 1%.

Table 1: Environmental Performance

	2018-2019	2019-2020	% Change	Variance
Energy Management				
Energy Expenditure (£)	£6,216,761	£6,713,380	8 %	£496,619
Energy Consumption (kWh)	139,109,821	147,526,557	6 %	8,416,735
Energy Carbon Emissions(TCO_2)	27,782	28,337	2 %	555
Waste Management				
Waste (tonnage)	5,525	5,653	2 %	128
Waste Management Expenditure (£)	£1,781,684	1,850,000	4 %	68,316
Water Management				
Water Consumption (m3)	293,531	295,478	1%	1,947

Environmental Strategy

King's Environmental Strategy details objectives and targets for the following environmental themes:

1. Improving the patient experience
2. Designing and maintaining the built environment
3. Waste management
4. Pollution prevention
5. Energy and CO_2 management
6. Water
7. Sustainable procurement
8. Low carbon transport and travel
9. Staff engagement and ownership
10. Working with our stakeholders
11. Governance and finance.

A copy of the Trust's Annual Carbon and Energy Report and Environmental Strategy can be obtained from: kch-tr.foi@nhs.net. The Trust is currently producing a Sustainable Development Management Plan, which will replace the Environmental Strategy and is due to be published in the second quarter of 2020.

Greenhouse Gas Emissions

The Sustainable Development Unit (SDU) identified that by 2015 the NHS needed to achieve a 10% reduction in carbon dioxide (CO_2) emissions compared with 2007. This was an interim target to support the NHS in meeting the targets set out under the Climate Change Act (2009) of a 34% reduction by 2020.Through the Climate Change Act (2019), the government has committed to reduce emissions by at least 100% of 1990 levels (net zero) by 2050.

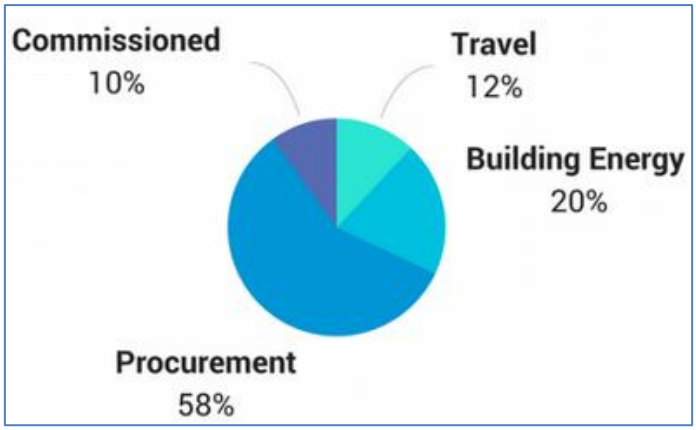
Carbon emissions related to energy use have increased by 2% compared with last year, equating to a rise of 555 tonnes to 28,337 tonnes. However, the PRUH and Orpington Hospital have both reduced their carbon emissions by 4%. This is the fourth and fifth year in a row, respectively, that they have reduced their carbon emissions. KCH increased its emissions by 4% having previously reduced its emissions three years in a row.

This year the amount of electricity sold by the Trust to the electricity grid increased by 42% to 8,886,586 kWh.

Progress Against Carbon Reduction Targets

To date KCH has achieved a reduction of 8% in CO_2 emissions related to energy use compared to the 2007/08 base-year.

The NHS targets above include emissions from energy (20%), procurement (58%), travel (12%) and commissioned (10%). This is shown in the illustration below from the Centre for Sustainable Healthcare. The Trust currently measures and reports progress against energy use. However, it will aim to work towards reporting by all areas.



It is increasingly challenging to reduce energy consumption on site because King's is a growing Trust. This will increase its energy consumption as it increases in size and activity. All new buildings and refurbishments are being designed by the projects team with energy efficiency and sustainability as a priority.

It is now clear that the continued use of the CHP engines at KCH will have an increasingly negative impact on the ability of the Trust to meet its carbon reduction target. This is because the government has invested heavily in decarbonising the grid by decommissioning coal-fired power stations and developing wind turbine farms. It is now the case that the electricity purchased from the grid has a lower carbon footprint than that generated by the Trust using the CHP engines. It is estimated that shutting down the CHPs would deliver an additional carbon emissions reduction of over 8,000 tonnes but could cost the Trust over £1 million per annum in cost savings that are delivered as a result of running the CHPs.

This issue will be looked at in more detail in 2020/21 as part of the Trust's Energy and Carbon Strategy.

Carbon emissions related to energy use have increased by 2% compared with last year, equating to a rise of 555 tonnes to 28,337 tonnes. This year the amount of electricity sold by the Trust has increased by 42%, which means the amount of electricity the Trust has supplied to the grid totalled 8,886,586 kWh.

Procurement and Supply Chain

KFM (a wholly owned subsidiary of the Trust) provides a fully managed service across all clinical areas, including providing all required clinical supplies and equipment along with maintenance, training and technical support, endoscopy decontamination, sterile services, renal dialysis support, outpatients pharmacy, radiology IT, transformation and project management. KFM also runs a procurement and contract management service for all departments.

Its strategy is to design and implement sustainable operational activities/processes that are focused on adding significant value whilst reducing waste and the carbon footprint across the Trust:

- A large proportion of King's direct carbon footprint originates from delivery vehicles into the Trust. We are constantly reviewing deliveries into the KFM warehouse and subsequently into the Trust to make sure they are optimised, and use electric vehicles for onsite services.
- We are reducing the use of paper. We discourage printing unless absolutely necessary, especially for meetings. We have discontinued paper salary slips this year and will be introducing e-signature for documents next year.
- We are deploying technology wherever possible to reduce our carbon footprint. Our new purchase-to-pay IT procurement system has removed a large number of legacy paper-based

processes. We are planning to use the least-cost routing software to ensure delivery miles are minimised.
- We are encouraging flexible/home working when possible to reduce travel.
- When we inherit and redesign legacy NHS services we are doing this in ways which minimise waste and carbon footprint. For example, in 2020 we are planning to move to electronic-only prescribing for the outpatients pharmacy, which we took over in October 2019.
- A tighter grip on and control of the ordering and management of clinical supplies is reducing waste and avoiding the need to dispose of stock that is past its expiry date.
- We are urging suppliers to use less packaging wherever possible.

Waste Management

Waste resource and management continue to improve significantly year on year. The Trust's strategic aim is to use a holistic approach in the year ahead to deliver both performance and financial savings. Gaining better value for money is a key target for the 2020/21 period.

In 2019/20, the Trust produced 5,653 tonnes of waste and spent a total of £1,85 million on its disposal. This is an increase of 2% in tonnes of waste and a 4% increase in costs. Both the increase in tonnage and the Retail Price Index (RPI) in 2019/20 contributed to the 4% increase in financial costs.

The recycling target for the Trust is to achieve 75% within a five-year plan. In the year 2019/20, the Trust recycling rate was 30% and this has increased by 1% on 2018/19.In the year ahead, the Trust aims to achieve its target by taking a number of actions:

- Improve training for all staff with a new communication campaign, not only to improve the waste profile but also to increase the recycling rate. It is hoped that waste training will become mandatory.
- Placing a strong emphasis on reducing the volume of plastic waste used across the Trust. By redesigning the current disposal rooms, the waste team aims to make it convenient for all staff to segregate waste conveniently and correctly.
- Removing individual staff under-desk bins in non-clinical areas. The individual bins were replaced with centralised bins located strategically making it accessible and convenient for all staff to use.
- Perhaps our most successful initiative this year has been the introduction of the Green Champions programme. Green Champions is a volunteer staff group which includes clinical and non-clinical staff and aims to promote recycling initiatives and environmental practices in their areas of work. By increasing communication, it is hoped that the staff group and the waste management team will implement the current and future innovations more effectively and efficiently.

Other improvements include the expansion of the offensive waste (tiger bags) segregation at KCH, diverting this type of waste away from the infectious waste stream (orange bags). In addition, we will continue to improve the segregation of offensive waste for the rest of the Trust.

Environmental Management System

King's has successfully operated an Environmental Management System (EMS) accredited to ISO 14001 since October 2012. This covers the activities and responsibilities of the Capital, Estates and Facilities Department on the KCH, PRUH and Orpington Hospital sites which are now audited regularly against the standard.

The EMS enables effective environmental risk management by our staff and contractors and drives continual improvement. King's continued commitment to the maintenance of this accreditation

provides a system of assurance that the department is compliant with waste and environmental legislation.

All the main partners of King's are accredited to an EMS, which demonstrates that they take their environmental responsibility seriously. These include Medirest (Compass Group), Veolia, Bywaters, Vinci, ISS and Sodexo.

Energy and Carbon Management Strategy

In 2018 and 2019 detailed Energy Audits were carried out at KCH, PRUH and Orpington Hospital by an energy consultancy with specialist expertise in CHP plants in order to produce an energy strategy specific to each site. CHPs are effectively small power stations

These site-specific strategies include an action plan of energy efficiency projects designed to reduce energy consumption and costs and move us closer to reaching the target of reducing CO_2 emissions by 34% by 2020. The action plan will enable the Trust to choose from a selection of possible measures and see which make best financial sense to invest in and which save the most carbon and costs.

In 2020, a Trust Energy Strategy will be produced which will summarise the key elements from each site-specific strategy in a single document and be presented to the Board for approval.

King's has forecast that carbon emissions related to energy consumption will increase by 1% in 2020/21 to a total of 28,620 tonnes as a result of opening the new Critical Care Unit and other operational changes.

Energy Cost Inflation

The total cost of energy is now £6,713,380. This is an increase of 8% or £496,619 on the previous year. This is a result of an increase in gas costs of 9% and electricity costs of 7%.

Energy costs are set to change again, with increasing electricity and decreasing gas prices forecast. This will result in an increase of over 3% for electricity costs and a decrease in gas costs of over 3% in the 2020/21 financial year. Utility costs are made up of energy costs and non-energy costs. Each year the non-energy cost portion of the invoice grows larger than the energy related costs. For example, the Carbon Tax, Climate Change Levy (CCL) is set to increase by 20% for gas in 2020/21 resulting in the total cost of CCL on gas being approximately £105,021.

The Trust ensures value for money by procuring gas and electricity through Crown Commercial Service (CCS) Framework agreements. CCS is an executive agency and trading fund of the Cabinet Office of the UK Government. It is the largest buyer of gas and electricity in the UK, which aims to deliver savings on costs through significant aggregation. The Trust has applied to join the CCS Framework Agreement in order to purchase diesel oil, which will bring further assurance of value for money.

Capacity Market and Electricity Penalty Charge Avoidance

These two schemes involve using the Trust's CHP engines at the KCH site in order to generate electricity when called upon because there is stress on the electricity grid during October to March. If successful, the Trust receives a refund on its electricity bill. The Trust received a £152,127 credit on its electricity bill in March 2020 this year. However, due to government legislation this benefit will reduce in 2020 and end in January 2021.

The Trust received a retrospective payment of £23,000 this year for its participation in the capacity market in 2018/19 and £1,500 for October to December 2019

Water Efficiency

The Trust has increased its water consumption by 1% or 1,947 cubic metres since last year. This is due to a broken water meter being replaced and accurate consumption now being recorded for that building.

The Trust joined the CCS Water & Waste Water Services Framework Agreement for April 2019. That has expected savings of 2 - 5 % over the lifetime of the contract against the prevailing rate that retailers would be charging. Retailers currently invoice using the retail price, published by Thames Water, which is expected to increase by 3.67% in April 2020.

King's have been working closely with Veolia to implement water-reduction measures. The first stage has been to install water meter data loggers across the KCH site. This was completed in March 2015 and now all water consumption data is available on the Fusion automatic monitoring and targeting system. This system provides the detailed water consumption data required to carry out leak detection and other consumption analysis later in the project.

In 2018, the second stage involved engaging Veolia Water Services to carry out a leak detection survey of KCH, PRUH and Orpington Hospital. The results were very positive as no major leaks were found.

Stage three was also carried out in 2018, whereby water efficiency audits were carried out across the three sites to identify any water efficiency opportunities, particularly relating to toilets, showers, urinals and taps. This resulted in three survey reports which recommended the installation of hydro-cell urinal control systems to reduce water wastage. It is thought that these would provide sensible savings for the Trust without compromising patient safety from waterborne infection risks. A number of other water efficiency measures were rejected for infection control reasons as they worked by reducing or slowing the flow of water and therefore increasing the risk of waterborne infections. In 2020, a business case will be produced in order to gain funding to deliver the project.

Energy Efficiency Projects

The Trust has continued to invest in energy efficiency projects and in 2019/20 has focused on developing LED lighting proposals, including a project to retrofit the Golden Jubilee Wing with a new lighting system.

Energy Efficient Lighting

King's has continued to replace the old and inefficient external lighting around the Trust with LED lighting. This will improve visibility and the patient staff experience as well as reducing carbon emissions and operational costs. LED lighting has been ordered to upgrade most of the external lighting on the KCH site and all external lighting at Orpington Hospital. The PRUH is a PFI building rather than being owned by the Trust, however, so we will be working with them in the longer term to develop an LED lighting project for the site. Projects are in place to install LED lighting in the Ruskin Wing and Hambleden Wing entrances and in front of Unit 6 at KCH. This will greatly improve health, safety and security in this area of high traffic.

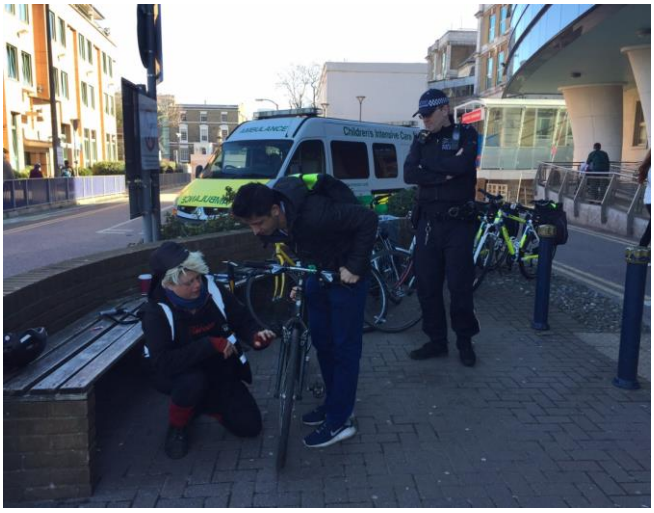
The energy audits carried out in 2018 have identified that LED lighting projects at KCH generally have paybacks of over 11 years making it difficult to justify a business case in many areas of the Trust. We are, however, developing a project to install an LED lighting solution for the main PFI hospital building at KCH . An options proposal has been completed to identify the best choice of

system for the building. A tender specification is now being developed in order for the Trust to be able to move to the tender stage. This is expected to improve the patient and staff experience and reduce energy costs related to lighting by at least 50%.

Designing and Maintaining the Built Environment

King's aims to attain 'Excellent' under the Building Research Establishment Environmental Assessment method (BREEAM) on all new build projects and 'Very Good' on all major refurbishments.

Lambeth GP Food Co-op participants at Jennie Lee House Garden



Dr Bike session at King's College Hospital

Lambeth GP Food Co-op market stall

Table 2: Greenhouse Gas Emissions

		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Value Change	% Change
Non-Financial Indicators (1,000 tCO2e)	Total Gross Emissions	36.0	33.5	32.4	29.6	30.6	1.0	3.5
	Total Net Emissions	33.2	31.2	30.3	27.8	28.3	0.5	1.9
	Gross Emissions (Scope 1 - direct- gas consumption)	23.4	22.3	23.0	21.5	24.0	2.5	11.6
	Gross Emissions (Scope 2 - indirect - imported electricity)	12.6	11.2	9.3	8.0	6.6	-1.4	-17.9
	Gross Emissions (Scope 3 - indirect - transmission & distribution losses)	n/a	n/a	n/a	n/a	n/a	0	0.0
Related Energy Consumption (million kWh)	Electricity (non-renewable)	25.6	27.3	26.5	28.3	25.8	-2.5	-8.8
	Electricity (renewable)	0	0.017	0.028	0.030	0.032	0.002	7.1
	Gas	126.7	121.2	125	117	130.6	13.6	11.6
	LPG	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	0.0
Financial Indicators (£s million)	Expenditure on energy	5.6	5.04	5.5	6.2	6.7	0.5	8.1
	Expenditure Accredited Offsets	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Greenhouse Gas Emissions (1,000 tCO_2e)

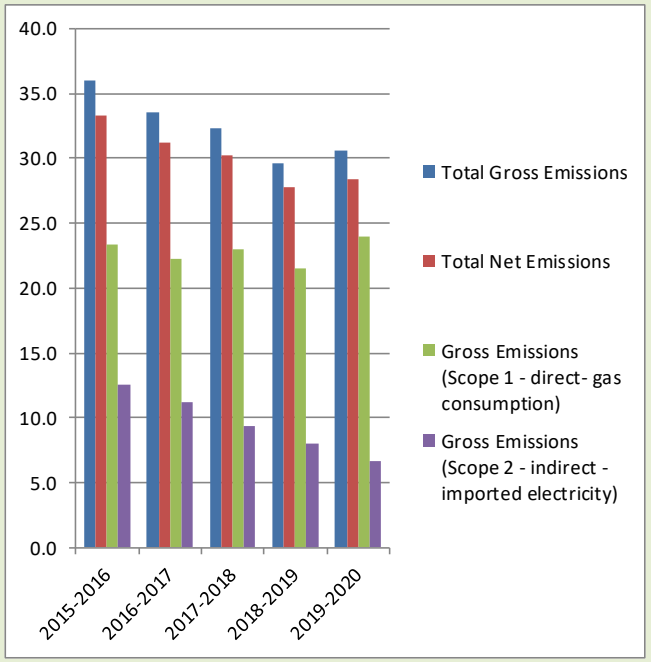
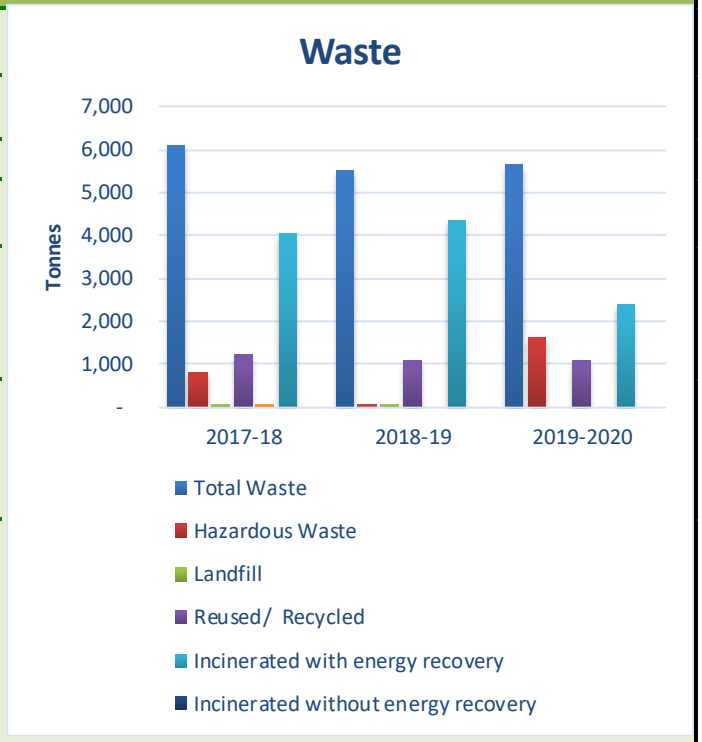


Table 3: Waste Management

			2017-18	2018-19	2019-2020	Value Change	% Change
Non - Financial Indicators (tonnes)	Total Waste		6,075	5,525	5,653	128	2
	Hazardous Waste	Total	795	13	1,632	1,619	12,451
	Non Hazardous Waste	Landfill	24	23	80	57	249
		Reused/ Recycled	1,222	1,058	1,067	9	1
		Incinerated with energy recovery	4,034	4,354	2,361	-1,993	-46
		Incinerated without energy recovery	-	-	99	99	
Financial Indicators (£s)	Total Waste (£s)		1,779,158	1,781,684	1,850,000	68,316	4



King's Critical Care Unit (KCCU)

The new King's Critical Care Unit (KCCU) has been designed to support world-class care and to achieve BREEAM very good rating in support of the Trust's aspirations for an environmentally friendly campus. It has been designed to achieve optimum energy performance by using a high-performance building fabric including integral blinds within the curtain wall that track the sun's path, low air leakage rates, high efficiency lighting solutions with an integral intelligent control system, energy efficient building services and roof-mounted photo voltaics. Energy for space heating and domestic hot water will be provided by connecting to the combined heat and power plant heating and cooling network.

Low Carbon Transport and Travel

Travel Plan

A new Travel Plan has been produced for the PRUH. This will go to the Board for approval in the second quarter of 2020. This is an opportunity to demonstrate the Trust's commitment to sustainability. The overarching aim of the plan is to support and encourage more sustainable travel for staff, students, patients and visitors to the site.

The Travel Plan includes a monitoring mechanism, targets to reduce single occupancy trips to the hospital by 5% within five years and a range of measures to encourage more sustainable travel, based on the findings of detailed staff, visitor and patient surveys undertaken in 2019.

Optima Highways has been appointed as the hospital's Travel Plan Coordinator to assist the Trust with the implementation of the plan in its first year. A Travel Plan Steering Group will be formed and will meet regularly to agree which measures are to be implemented and to oversee progress.

Dr Bike Cycle Mechanic Sessions

Free Dr Bike sessions were delivered by Cycle Confident in 2019/20 and have been arranged for the next 12 months on the third Thursday of every month at KCH until March 2021. Sessions have also been arranged for the spring and summer at the PRUH. In addition, the Trust will promote cycle skills courses delivered by Cycle Confident. Cycle Confident provides free basic, urban and advanced cycle skills sessions for people who live, work or study in certain boroughs, including Lambeth and Southwark. In 2020/21, the Trust will install sliding security gates on the staff cycle stores at KCH and the PRUH and two secure cycle storage hangers at Orpington Hospital in order to improve security and encourage cycling.

Patient Transport

The patient transport service at the Trust is ever growing. Since 2011, the number of individual patient transport journeys has increased from 5,500 per month to an average of 17,000 in 2019/20.

In addition, there has been a change in the procurement of transport services, which has seen CCGs coming together to procure their own transport services, taking responsibility away from hospital Trusts. This change has led to an estimated 20% increase in the number of patient transport vehicles visiting the sites. This has a negative impact on carbon emissions and air quality.

The Trust continues to support the government's initiatives to reduce carbon emissions, which were introduced in 2019 to help improve air quality. King's has replaced most of its fleet vehicles and currently meets the Euro 6 and Ultra Low Emissions required standard and continues with its aim to replace its larger fleet vehicles by 2025 with a drive to introducing electric vehicles. There is currently a steering group looking at sustainable travel plan programmes that would include

infrastructure to accommodate appropriate electric charge (EV) points in preparation for the upcoming changes.

As a Trust, we continue to improve on our overall efficiency savings as well as focus on the environment by reducing the number of driving routes, with a view to minimising the environmental impact and to realising measurable savings on vehicle costs. Therefore, King's is engaged in various schemes and working with other Trusts to merge patient transport services to benefit overall efficiency and reduce its carbon foot print.

Working With Our Stakeholders

Lambeth GP Food Co-op
King's has continued to work with the Lambeth GP Food Co-op (LGPFC) to deliver a patient-led gardening project. The Food Co-op is a co-operative of patients, doctors, nurses and Lambeth residents. It seeks to involve patients with chronic health conditions from nine GP surgeries across Lambeth in growing their own crops, encouraging both healthy eating and the physical exercise gained from gardening. The crops are grown on KCH land and at local GP surgeries. Eight large planters for growing vegetables, containing 2 tonnes of soil each, have been built in the garden of Jennie Lee House at KCH. These are all tended by groups of patients and led by experienced group leaders.

One of the attractions of the co-op is that its members get to eat and sell the food they produce. The Co-op operates a monthly market stall over the summer and autumn selling its produce at KCH in the Wellspring Restaurant with the support of Medirest staff. The stall offers KCH staff a unique opportunity to buy vegetables grown by patients in the hospital and has proved to be very popular with a growing number of staff becoming loyal and supportive customers. Produce grown at Jennie Lee House features in the new Lambeth GP Food Co-op recipe book that is available on the stall.

For patients who are particularly isolated, have lost confidence in leaving their house or are suffering from anxiety or low mood, the sessions provide a safe environment in which to rebuild their confidence. The Food Group provides an alternative for GPs to offer patients.

Jennie Lee House was visited by NHS England in 2018/19 and it has included the work of the LGFC at the Trust in its list of exemplary gardens for health across the NHS. The list can be found on the LGFC website. Patients and staff from the Jennie Lee House garden were presented to HRH The Duchess of Cornwall on her visit to LGFC in February 2019.

Over the past year LGFC has discussed the possibility of enabling children from the critical care wards to become involved in vegetable growing at the garden.

Hebe Foundation Summary 2019

2018 was the fourth year that the Trust's Capital Estates and Facilities team hosted a Junior Apprentice event for the Hebe Foundation. The Hebe Foundation is an organisation that works with all young people aged 13-20 to help them discover and use their talents. It provides young people with a safe environment in which to expand their minds, learn new skills and discover their talents in fun creative ways.

The Junior Apprentice, based on the hit television show The Apprentice, is an accredited Core Skills, Business and Leadership project active across six London boroughs. Beginning with an exciting three weeks of full-time activities, around 120 young people battle it out over a series of team challenges designed to develop, teach and inspire each individual, while bringing forth the talents each one has.

The task for participants in 2019 was to bid for the Trust's catering tender, with a diverse menu alongside a business plan for their company. They were also asked to review King's current Patient Food Service Quality Round.

Amie Buhari, Founder and Chief Executive of the Hebe Foundation, wrote the following about the day: "The Foundation's Clapham site candidates visited King's in August as part of our Junior Apprentice flagship project. All 28 of our young people were buzzing with excitement to pitch to such an iconic establishment and worked extremely hard on their given brief."

"The apprentices were passionate about this task from the very beginning and were motivated to pitch to a community-orientated hospital. Through their elaborate research, including primary research at the hospital, they were able to capture the attention of the judges.

"On pitch day, all apprentices were full of enthusiasm to share their ideas with the judges. They came prepared with an array of menu choices catering to the different dietary requirements of patients, such as kosher and vegan alternatives alongside consideration of those with diabetes and dementia.

"As ever, there are always slight obstacles with facilitating a 'Dragon's Den', but thanks to the staff at King's College Hospital, the Hebe team were able to claim their victory and all candidates walked away feeling proud of their involvement and hard work."

Governance

The Trust's existing Environmental Strategy will be superseded by the Sustainable Development Management Plan (SDMP) in order to embed sustainability across the organisation and demonstrate commitment to the Climate Change Act and other legislative drivers. This will include a Sustainable Development Action Plan that identifies, prioritises and monitors the actions needed to improve sustainability performance whilst reducing the carbon footprint. This will be governed by a Sustainability Committee and progress reported to the Board. The SDMP will be submitted to the Board for approval in the summer of 2020.

The strategic report was approved by the Board of Directors on 18 June 2020 and signed on its behalf by:

Professor Clive Kay
Chief Executive

Date: 1st July 2020

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Significant issues and events since the end of 2019/20

The COVID-19 pandemic is ongoing and has had a material impact on the Trust's ability to deliver the full range of services normally provided.

The performance report was approved by the Board of Directors on 18th June 2020 and signed on its behalf by:

Professor Clive Kay
Chief Executive

Date: 1st July 2020

ACCOUNTABLITY REPORT 2019/20

2.1 Directors' Report

Governance Framework

King's governance framework comprises its membership body, the Council of Governors and the Board of Directors.

The Trust's membership is drawn from patients, staff and individuals from the local constituencies it serves. More information about recruiting and involving members in the life of King's starts on page 61.

The Council of Governors is elected by the membership or appointed in accordance with the Trust Constitution and the 'fit and proper' persons test described in the provider licence. The Council of Governors is responsible for representing the interests of members and stakeholders in the governance of King's. The Council of Governors exercises statutory powers, such as the appointment or removal of non-executive directors, appointing the external auditor, approving mergers, acquisitions and significant transactions, holding the non-executive directors individually and collectively to account, and representing the interests of members and the public. The Council of Governors meets formally four times per year to discharge its duties. The matters specifically reserved for the Council's decision are set out in the Trust's Constitution. More information about the Council of Governors, including its composition and terms of office, can be found on page 54.

Led by the Chair, the Board of Directors sets King's strategy, determines objectives, monitors performance and ensures that adequate systems are maintained to measure and monitor effectiveness, efficiency and economy. It decides on matters of risk and assurance, and is responsible for delivering high quality and safe services. It provides leadership and effective oversight of King's operations to ensure it is operating in the best interests of patients within a framework of prudent and effective controls that enables risk to be assessed and managed. Further information about King's internal controls and approach to clinical and quality governance can be found in the Annual Governance Statement starting on page 94.

The Board of Directors, comprising the Chair, non-executive directors and executive directors, are collectively responsible for the success of King's. All directors meet the 'fit and proper' persons test. The terms of office and voting rights of each director is recorded in later in this section of the annual report. The Board considers that all of its non-executive directors are independent in character and judgement, including Professor Richard Trembath, who is the representative from the Medical School at King's College London. Non-executive directors bring a breadth of expertise to the Board and provide objective and balanced opinions on matters relating to King's business. The independence of non-executive directors is tested at interview and at their annual performance review.

The Board meets quarterly and has a formal schedule of matters specifically reserved for its decision. The Board delegates some other matters to its committees and the executive directors.

The Trust's Constitution sets out the roles and responsibilities of the membership body, Council and the Board. It also details the procedures for resolving any disputes between the Council of Governors and the Board of Directors. To develop an understanding of the views of members and governors, Board members attend meetings of the Council of Governors and its committees, the Annual Members' Meeting and community events.

Board of Directors

Executive directors are full-time King's employees. Non-Executive directors are appointed by the Council of Governors on a four year fixed-term contract. The Council of Governors has the power to remove Non-Executive directors. Executive Directors manage the day-to-day running of King's whilst the Chair and the Non-Executive Directors provide strategic and board-level guidance, support and challenge. The Board benefits from the wide range of skills and experience of its members, gained from NHS organisations, other public bodies and private sector organisations. The skills portfolio of the directors, both executive and non-executive, includes accountancy, audit, education, management consultancy, commercial, communications, transformation and medicine. This broad coverage of knowledge and skills strengthens the effectiveness of the Board, giving assurance that it is balanced, complete and appropriate to supporting King's in meeting its objectives.

During 2019/20, the Board of Directors comprised:

Interim Chair	Sir Hugh Taylor
Non-Executive Directors	Faith Boardman (to 17th March 2020) Professor Jonathan Cohen Professor Ghulam Mufti Dr Alix Pryde (to 31st October 2019) Sue Slipman Christopher Stooke Professor Richard Trembath Nicholas Campbell-Watts (from 2nd January 2020) Steve Weiner (from 2nd January 2020)
Chief Executive	Professor Clive Kay
Chief Finance Officer	Lorcan Woods
Executive Director of Workforce (became Chief People Officer September 2019)	Dawn Brodrick
Chief Nurse	Dr Shelley Dolan (to August 2019) Prof Nicola Ranger (from July 2019)
Chief Medical Officer (Professional Standards)	Dr Kate Langford (September 2019 – February 2020) Dr Leonie Penna (from February 2020)
Chief Medical Officer (Clinical Strategy and Research)	Professor Julia Wendon (from September 2019)
Chief Digital Information Officer	Beverley Bryant (from September 2019)
Executive Director of Integrated Governance	Caroline White (from September 2019)
Chief Strategy Officer	Jackie Parrott (from September 2019)
Denmark Hill Site Chief Executive and Group Deputy CEO	Bernie Bluhm (from February 2020)
PRUH and South sites CEO	Jonathan Lofthouse (from February 2020)

Following a restructure of portfolios and posts, the following posts were disestablished.

Executive Managing Director (PRUH and South Sites) – role disestablished	Fiona Wheeler (to September 2019) (Acting)
Chief Operating Officer September 2019 to February 2020 – role disestablished	Bernie Bluhm (from Feb 2019)
Chief Nurse/Acting Deputy Chief Executive	Dr Shelley Dolan (to August 2019)
Executive Medical Director	Professor Julia Wendon (to August 2019)
Director of Strategy and Commercial – role disestablished September 2019	Abigail Stapleton (left July 2019)
Director of Improvement, Informatics and ICT	Lisa Hollins (left August 2019)

Non-Executive Directors

Sir Hugh Taylor

Sir Hugh was appointed as interim Chairman of King's in February 2019 and commenced the role at the beginning of March 2019. He had a long and distinguished career in the civil service, which included senior roles in the Department of Health and NHS Executive, the Cabinet Office and the Home Office.

His most recent appointment before joining the Trust was as Permanent Secretary at the Department of Health, from which he retired in July 2010. Sir Hugh is also Chair of Guy's and St Thomas' NHS Foundation Trust.

Voting Board Member. Term in Office: 1st March 2019 to January 31st 2021

Faith Boardman

Faith Boardman lives in Lambeth, and brings 40 years of public service at both the local and the national levels. She has a proven track record of delivering service improvements in large public sector organisations that are dealing with substantial change, and with financial, performance and customer challenges.

She has been Chief Executive of both the Child Support Agency (1997-2000) and more recently at Lambeth Council (2000-2005). She is Chair of Trustees for Vauxhall City Farm and London Ecumenical Aids Trust, and was formerly a non-executive member of the Metropolitan Police Authority. She is the Board's Senior Independent Director.

Voting Board Member. Term in office: March 2012 to March 2020 (re-appointed 2016 for a further four-year term)

Nicholas Campbell-Watts

Nicholas Campbell-Watts has spent much of his career predominantly at a senior level in the voluntary sector, working with people and communities experiencing multiple and complex health and social care challenges, linked to mental health, learning disabilities, homelessness or offending.

Currently working for Certitude, a London charity, he has a track record of involvement in system and organisational change and transformation and also previous experience as a Non-Executive Director at Lambeth NHS Primary Care Trust. Nicholas lives in Lewisham, has lived and worked in South London for over 30 years and is married with three children.

Voting Board Member. Term in office: January 2020 to Current (four-year term)

Professor Jonathan Cohen

Professor Cohen completed his medical degree at Charing Cross Hospital Medical School in 1975 and has worked in the NHS in the field of infectious diseases for over 30 years, becoming Chair and Head of Department at Hammersmith Hospital and Imperial College School of Medicine. His research interest is severe bacterial infections and he has an international reputation for his work in helping to develop new forms of treatment for sepsis and septic shock.

He was the founding Dean of Brighton and Sussex Medical School, which has already provided over 1,000 new doctors to the NHS. He has also served as member or Chair for a wide range of national and international bodies, and spent five years as Editor-in-Chief of the International Journal of Infectious Diseases. He is immediate past President of the International Society for Infectious Diseases, a Trustee of Versus Arthritis and Chair of the Appeal Panel for NICE.

Voting Board Member. Term in office: September 2015 to Current (re-appointed December 2019 for a further four-year term)

Professor Ghulam Mufti OBE

Professor Mufti has worked at the Trust since 1985 when he was appointed as a senior lecturer/consultant haematologist. His current appointment is Professor of Haemato-oncology, Clinical Director of Pathology and Head of the Department of Haematology, one of the largest in Europe. Ghulam is internationally renowned for the research and treatment of myelodysplastic syndromes (MDS) and other pre-leukaemic diseases, and has published over 400 original papers in medical journals.

He is a founding member of the International MDS Foundation Board, Chair of the UK MDS Forum and Member of GSTS Members' Board. He was formerly a member of the scientific committee of Leukaemia and Lymphoma Research. In 2017 he was awarded an OBE for services to haematological medicine. He was a nominated Non-Executive Director representing King's College London on the Board of Directors from December 2012 to November 2016. In January 2017, he re-joined the Trust Board as an appointed Non-Executive Director.

Voting Board Member. Term in office: January 2017 to Current (four-year term)

Sue Slipman

Sue Slipman was the founding Chief Executive of the Foundation Trust Network, the national trade association for authorised and aspirant Foundation Trusts in the NHS. She was also Director of the campaigning charity The National Council for One Parent Families, and ran the Gas Consumers Council.

She was an Executive Director at Camelot, where she held the role of Director of Corporate Responsibility before becoming Director of Communications. She has been Chair of the Financial Ombudsman Service and has held a number of non-executive positions in public life.

Voting Board Member. Term in office from July 2012 to current (re-appointed 2016 for a four-year term)

Christopher Stooke

Christopher graduated in economics from Durham University and started his accountancy career at PwC. He was made partner in 1990 and was responsible for the audit of a number of blue chip companies in the UK and Europe, mainly in the financial services sector. From 2003 to 2009 he was Chief Financial Officer of Catlin Group, the FTSE 350 insurer.

He is now a non-executive chairman of two companies, a non-executive director at a third company and three charities (including King's College Hospital Charity), in addition to King's. He has lived in south London almost all his life and is now based in Dulwich.

Voting Board Member. Term in office: November 2011 to Current (re-appointed 2015 for a four-year term. Term extended to May 2020)

Professor Richard Trembath

Professor Trembath completed his medical degree at Guy's Hospital Medical School, University of London, in 1981. He is a clinician scientist, internationally recognised for sustained contributions to medical science through the development and application of genetics and genomics to an enhanced understanding of the pathogenesis of rare and common human disease. He has championed translational bio-medical research and provides leadership for academia in the UK and beyond. His research interests include the identification and characterisation of genes and the molecular pathways underlying a range of human common and rare disorders.

He is the Executive Dean, Faculty of Life Sciences and Medicine, King's College London, and Professor of Medical Genetics. From 2011 to 2015 he was Vice-Principal for Health at Queen Mary, University of London, and a non-executive director of Barts Health NHS Trust. He was a founding Director of the National Institute for Health Research Comprehensive Biomedical Research Centre in association with Guy's and St Thomas' NHS Foundation Trust. He is a Fellow of the Academy of Medical Sciences and a former Senior Investigator for the National Institute of Health Research.

Voting Board Member. Term in office: December 2016 to current (four-year term)

Stephan Weiner

Steve has spent most of his career in finance with international consumer goods group Unilever. He retired from his role as Global Controller and part of Unilever's finance leadership team in 2018.

He has extensive experience in making operational and commercial decisions involving large budgets and complex financial constraints, and in leading and developing multicultural teams.

Voting Board Member. Term in office: January 2020 to current (one-year term)

Executive Directors

Professor Clive Kay

Professor Clive Kay joined King's as Chief Executive in April 2019. Clive has extensive clinical and leadership experience, and prior to taking up his position at King's he was Chief Executive at Bradford Teaching Hospitals NHS Foundation Trust from January 2015. Previously he was Clinical Director of Radiology (2001-2006) and subsequently the Medical Director (2006-2014) at Bradford. Prior to working at Bradford, Clive was a Visiting Associate Professor of Radiology at the Medical University of South Carolina. He was a Member of Council of the Royal College of Radiologists, and former Chairman of both the Royal College of Radiologist's Scientific Programme Committee and the British Society of Gastrointestinal and Abdominal Radiology. He is currently a Fellow of the Royal College of Radiologists and a Fellow of the Royal College of Physicians of Edinburgh.

Voting Board Member. Term in office: April 2019 to current (permanent contract, six-month notice period)

Bernie Bluhm

Bernie began her career in the NHS as a nurse, mainly in A&E. She has extensive Board experience, not only as a chief operating officer but also in other senior executive roles focused on transformation and service redesign.

Voting Board Member. Term in office: February 2019 to current (interim appointment, fixed-term contract)

Dawn Brodrick CB

Dawn joined King's in October 2015. Previously she worked at the Department for Communities and Local Government, where she held the position of Director for People, Capability and Change.

Dawn has held director and senior human resources positions at HM Revenue and Customs, the Department for Work and Pensions and Jobcentre Plus. In 2015 she received an Order of the Bath (CB) in the Queen's Birthday Honours for services to public administration.

Voting Board Member. Term in office: October 2015 to current (permanent contract, six-month notice period)

Beverley Bryant

Beverley joined King's College Hospital and Guy's and St Thomas' NHS Foundation Trusts as Chief Digital Information Officer in September 2019.

Prior to this, she worked as Chief Operating Officer for System C Healthcare. Previously, Beverley has held a number of senior leadership roles within the NHS. She was Director of Digital Technology for NHS England and Improvement, and Director of Performance and Improvement (NHS Leeds/Mid Yorkshire Hospitals NHS Trust). She has also held senior health-related roles as Managing Director for Capita Health, and Chief Information Officer for the Department of Health.

Non-Voting Board Member. Term in office: September 2019 to current (permanent contract, six-month notice period)

Jonathan Lofthouse

Jonathan joined the Trust in February 2020. He is responsible for the overall management of the PRUH and South Sites division. Prior to this, he was Director of Improvement at Liverpool University Hospitals NHS Foundation Trust. He has previously held senior operational roles in a number of organisations. These include the Royal Orthopaedic Hospital NHS Foundation Trust, Barts Health NHS Trust and NHS Grampian.

Non-Voting Board Member. Term in office: February 2020 to current (fixed-term contract, 2 month notice period)

Jackie Parrott

Jackie joined King's in September 2019. She has a joint role, with responsibility for strategy at both King's College Hospital NHS Foundation Trust and Guy's and St Thomas' NHS Foundation Trust.

Jackie has over 32 years' NHS experience, having started her career as a management trainee in south-east London. Having managed surgical services and some medical specialties she joined Guy's and Lewisham Trust in 1991 as a General Manager for women's services at Guy's Hospital. When Guy's and St Thomas' was formed she moved on to manage a wide range of specialist services including cancer, medical physics, haemophilia/haematology, cardiothoracic and renal services.

Her career has spanned both operational and strategic management with a number of policy, planning and partnership roles held from 2000 and as part of a job share from 2002. In 2010, she became Joint Director of Strategy and then Director of Strategy in 2013.

Non-Voting Board Member. Term in office: September 2019 to current (permanent contract, 6 month notice period)

Dr Leonie Penna

Leonie joined the Board as acting Chief Medical Officer (Professional Standards) in February 2020. She has worked at King's since 2003, when she started work as a consultant in obstetrics and foetal medicine. She was the lead for obstetrics until 2010 when she became the Clinical Director for obstetrics and gynaecology. In 2017 she became the Divisional Medical Director for Urgent, Planned and Allied Clinical Services. Throughout her previous leadership roles she has maintained a clinical profile as a high-risk obstetrician with an interest in foetal monitoring and has continued to be active in both postgraduate and undergraduate education in Women's Health.

Voting Board Member. Term in office: February 2020 to current (six-month secondment)

Prof Nicola Ranger

Professor Nicola Ranger joined King's as Chief Nurse and Executive Director of Midwifery in July 2019. Prior to this she was Chief Nurse at Brighton and Sussex University Hospitals NHS Trust.

Nicola was previously Chief Nurse at Frimley Health NHS Foundation Trust. She has also held a number of senior nursing roles at University College London Hospital NHS Foundation Trust and Surrey and Sussex Healthcare NHS Trust. Earlier in her career she worked at George Washington University Hospital (Washington) and Mount Sinai Medical Centre (New York) in the United States

Voting Board Member. Term in office: July 2019 to current (permanent appointment, six-month notice period)

Professor Julia Wendon

Professor Wendon is an intensive care consultant. She has earned a worldwide reputation for the care of critically ill patients, particularly those with liver disease.

Julia joined King's in 1989, became a consultant in 1992, and more recently served as Clinical Director for Critical Care. She has played a key role in developing King's liver service, including the expansion of the Liver Intensive Care Unit from eight to its current 19 beds. She has published over 150 papers on acute liver failure, and between 2008 and 2013 was the Trust's research and development lead

Voting Board Member. Term in office: November 2015 to current (honorary contract, six-month notice period)

Caroline White

Caroline joined King's as Executive Director of Integrated Governance in September 2019. Caroline is a registered nurse having specialised in cancer nursing early in her career. Prior to joining King's, her role was International Healthcare Risk Director for an insurer of healthcare providers globally. She worked with insured public, private and governmental healthcare providers internationally on governance, risk management, patient safety and quality matters.

She has previously held senior NHS nursing, governance and risk management roles in acute, community and commissioning organisations. She was Director for Integrated Governance and Clinical Director for Hounslow and Richmond provider arms during Transforming Community Services. She also led governance and nursing in Wandsworth borough during the establishment of Clinical Care Groups.

Non-Voting Board Member. Term in office: September 2019 to current (fixed-term contract, two month notice period)

Lorcan Woods

Lorcan joined King's in July 2018. He has overall responsibility for the Trust's financial strategy. This includes the development and delivery of the Trust's financial plan and ensuring that effective financial management and control is maintained across the organisation.

Lorcan was a board director at Four Seasons Health Care; an investment held by the private equity firm Terra Firma, where he also held a number of board positions in the healthcare, renewable energy and infrastructure sectors. Prior to this he worked in senior roles at Unilever internationally.

Voting Board Member. Term in office: July 2018 to current (permanent, six-month notice period)

To contact an Executive send an email to the Foundation Trust Office at kch-tr.FTO@nhs.net

Board Meetings and Committees

The Board of Directors meets regularly throughout the year. It also holds a series of strategy discussions and workshops.

The Board has six Committees, which also meet regularly and are each chaired by a Non-Executive Director. The Board approves terms of reference for Board Committees, which set out the remit and delegated authority of each Committee. Each Committee completes an annual review and self-assessment which is then presented to the Board.

In addition to regularly reporting to the Board of Directors, Committee minutes are a standing item on each Board agenda. Patient stories and/or video stories are a regular item on the agenda.

Audit Committee
The Audit Committee is chaired by Non-Executive director Christopher Stooke and its membership is composed entirely of Non-Executives. It is responsible for providing independent assurance to the Board of Directors in a range of areas including internal control, governance, fraud, corruption, impropriety and externally reported financial performance. The internal audit function is provided by KPMG and the external audit function is provided by Deloitte. Deloitte was appointed by tender in 2016 for a period of three years, with the option to extend for a further two years. KPMG was re-appointed by tender in early 2020 for a three year period. King's has a zero-tolerance policy towards fraud and bribery and this Committee is responsible for overseeing the work of the Local Counter Fraud Specialist.

The internal and external auditors regularly attend Committee meetings, as do the Chief Financial Officer and Chief Executive, although they are not members of the committee. The Trust Chair, the Lead Governor and other members of the executive team attend meetings of the Committee by invitation. The broad knowledge and skills of the members and attendees strengthens the effectiveness of the Committee. King's is satisfied that the Committee is sufficiently independent.

Finance and Commercial Committee
The Finance and Commercial Committee is chaired by Non-Executive Director Sue Slipman and is authorised by the Board of Directors to review activities falling within its terms of reference and from time to time to act on behalf of the Board. Its membership is composed of three Non-Executive Directors, the Chief Finance Officer, the Chief Operating Officer, Chief Digital Information Officer, Executive Director of Integrated Governance and either the Chief Nurse or the Chief Medical Officer – Professional Standards. The Committee's key responsibility is to provide assurance to the Board of Directors of the delivery of the Trust's budget and financial recovery programme as well as compliance against NHSI governance and financial risk ratings. The overriding responsibility is to assure the Board that its finances and commercial interests are well run by reporting, reviewing and monitoring on areas such as financial strategy/budgets, resource implications of risk assessments from other committees, funding requirements, income and expenditure and CIP updates including RAG-rated proposals. The Committee also gives advice to the Board on the development of future year budgets and financial recovery plans as well as providing assurance to the Board on the operational and financial delivery of the Trust's commercial entities, including KFM, KCS and Viapath.

Major Projects Committee
The Major Projects Committee is authorised by the Board of Directors to review activities falling within its terms of reference and from time to time to act on behalf of the Board. Its membership comprises three Non-Executive Directors, the Chief Finance Officer, the Chief Operating Officer, the Chief Digital Information Officer and the Executive Director of Integrated Governance. The key purpose of the Committee is to oversee the Trust's major

projects and satisfy the Board that initiatives are professionally and properly directed to provide assurance to the Board. The Committee discharges its duties by reporting, reviewing and monitoring on areas such as the Trust's major improvement and transformation programmes, including digital, clinical and other Trust-wide transformation programmes, and being satisfied that day-to-day risks and issues are handled by the relevant executive group. It also supervises the delivery of major commercial programmes including those that form the main components of the commercial strategy. The range of projects within its sphere of responsibility includes the delivery of the longer term financial strategy, including associated savings and cost-improvement plans, developing and delivering benchmarking projects (such as the model hospital and GIRFT programmes), implementing the Trust's capital plans, including estates and equipment, major IT programmes, such as electronic health records and other digital initiatives, and the Trust's major commercial programmes.

Quality, People and Performance Committee
The Quality, People and Performance Committee is authorised by the Board of Directors to investigate any activity within its terms of reference and from time to time to act on behalf of the Board. It is chaired by Non-Executive Director Professor Jon Cohen and its membership comprises three Non-Executive Directors, the Chief Nurse, the Chief Medical Officer (Professional Practice), the Chief Operating Officer, the Chief People Officer and the Executive Director of Integrated Governance. The Committee's role is to provide assurance to the Board through monitoring and reviewing the overall quality and safety of services, the workforce, and the operational and performance of the Trust and information governance. This includes reporting on operation and quality performance, serious incidents inquests, complaints and concerns management and quality improvement, and patient safety proposals and initiatives. The Committee is also responsible for ensuring that the services delivered by the Trust comply with all external regulatory requirements including CQC registration. This includes considering the performance indicators and national targets for quality, risk, control and clinical governance which have been established in the organisation, and its associated assurance processes within which safety, workforce and operational issues should be considered.

Strategy, Research and Partnerships Committee
The Strategy and Partnerships Committee is a standing committee of the Trust Board of Directors. Chaired by Sir High Taylor, its membership is composed of five Non-Executive Directors, including the Trust Chair, the Chief Executive Office, the Chief People Officer and the Chief Medical Officer – Clinical Strategy and Research. The Committee is concerned with the medium- to longer-term perspective taken by the Trust and supervises the development and discharge of strategic partnerships and relationships. It considers all aspects of the Trust's engagement in external partnerships and relationships, particularly in respect of King's Health Partners, the STP, integrated care systems and CCGs, and ensures that the development, management and implementation of the Trust's overall strategy matches the Trust's expectations. The Committee's remit is to oversee the ongoing development of, and approve, the Trust's strategy and priorities for all aspects of the Trust's activity, including clinical, people, estates and commercial ventures, following consultation with stakeholders as appropriate.

Remuneration and Appointments Committee
The Remuneration and Appointments Committee is chaired by the Interim Trust Chair Sir Hugh Taylor. On behalf of the Board of Directors, this Committee agrees Executive Directors' remuneration and terms of service. Together with the Chief Executive, Committee members form a panel for the appointment of Executive Directors. More information can be found in the Remuneration Report on page 66.

Committee-in-Common
The Trust and Guy's and St Thomas' NHS Foundation Trust (GSTT) have a number of longstanding partnerships in place. The two Trusts are working increasingly collaboratively and have a number of joint appointments in place. In order to ensure there is good governance in place, the Board has to establish a committee-in-common with GSTT. This Committee will ensure decision making between the two Trusts is aligned where relevant and will provide oversight of joint working between the two organisations.

Evaluation and Development of the Board
Executive directors hold a weekly meeting to monitor and respond to current issues, particularly in relation to quality, performance and finance. The Chair and non-executive directors hold informal meetings regularly to discuss matters relating to the running of King's without the Executive Directors present. The Board did not undertake any formal evaluation during 2019/20.

Collectively the Board holds development sessions periodically throughout the year to allow for deeper discussion and investigation of key topics.

Board members also undertake personal development on an ongoing basis. All Executive and Non-Executive Directors have an annual performance appraisal and personal development plan, which forms the basis of their individual development. The performance of Executive Directors is reviewed by the Chief Executive and considered by the Remuneration and Appointments Committee.

The process for evaluating the performance of the Chair and Non-Executive Directors was agreed in consultation with the Council of Governors.

In line with the Constitution, only the Council of Governors may terminate the tenure of the Chair and the Non-Executive Directors.

Board of Directors - Meetings, Attendance, Committee Memberships

Board of Directors (Current Members)	Board and Committee Attendance 2019/20											
	Board of Directors	Audit Committee	Education & Workforce Development Committee	Finance & Performance Committee	Finance & Commercial Committee	Quality Assurance & Research Committee	Quality People and Performance Committee	Strategy & Partnership Committee	Major Projects	Remuneration & Appointments Committee	Freedom to Speak up Guardian	
Total number of meetings held	5	9	1	6	3	4	2	2	1	3	2	
Non-Executive Directors												
Sir Hugh Taylor**/*** Trust Chair	5			1			1	2	1	3		
Sue Slipman Deputy Chair / Non-Executive Director	3	2		5	3			1		2	2	
Faith Boardman Senior Independent Director / Non-Executive Director	4	4	1		2	2	2	2	1	3	2	
Professor Jon Cohen	5	1	1			4	2	2		2		
Professor Ghulam Mufti	5		0			4	2			2		
Dr Alix Pryde*	2(3)	6(6)								2		
Chris Stooke	4	6		6	2				0	1		
Professor Richard Trembath	4		0		1	4		2		1		
Nicholas Campbell-Watts	1(1)						1		1			
Steve Weiner	1(1)								1			
Executive Directors												
Clive Kay**/*** Group Chief Executive	5	6/6	1	4	2	4	1	2	1			
Lorcan Woods** Chief Financial Officer	5	9		5	3				1			
Bernie Bluhm Interim Site Chief Executive, DH	4			4	1	3	1		0			
Dawn Brodrick Executive Director of Workforce Development	4		1	4			2	2			2	
Professor Nicola Ranger* Chief Nurse and Executive Director of Midwifery	3(3)			2(2)	0	2	1					
Professor Julia Wendon Executive Director for Clinical Strategy & Research (Join GSTT)	5		1	5		4		2				
Beverley Bryant* Chief Digital Information Officer (Joint GSTT)	2(3)			0(1)	0				0			

Board of Directors (Current Members)	Board of Directors	Audit Committee	Education & Workforce Development Committee	Finance & Performance Committee	Finance & Commercial Committee	Quality Assurance & Research Committee	Quality People and Performance Committee	Strategy & Partnership Committee	Major Projects	Remuneration & Appointments Committee	Freedom to Speak up Guardian	
Caroline White* Executive Director of Integrated Services (Joined September 2019 – present)	2(3)	3(3)		1(1)	3		2		1			
Dr Leonie Penna* Acting Chief Medical Officer (Joined February 2020 - present)	1(1)											
Jonathan Lofthouse* Interim Site Chief Executive PRUH and South Sites (Joined February 2020 – present)	1(1)											
Jackie Parrot* Chief Strategy Officer (Joint GSTT)	1(1)							2				
	Board Members no longer in post											
Kate Langford* Executive Medical Director (Professional Standards)	1(2)			1(1)	3	1	2					
Dr Shelley Dolan* Acting Deputy Chief Executive and Chief Nurse	2(5)	2(5)	0	3(4)		3					0	
Lisa Hollins* Executive Director of Improvement, Informatics & ICT	2(5)		0	4(6)								
Abigail Stapleton* Director of Strategy	2(5)		1	2(5)								
Fiona Wheeler* Acting Executive Managing Director, PRUH (February 2019 – present)	1(5)											

***** Board Members who joined/left the Trust at a point during 2019/20; therefore, would not have been able to attend all meetings within the reporting year. The total number of meetings each person attended are indicated in the following format: x(y), with 'x' being the number of meetings attended by the Board member, and 'y' the maximum number. of meetings they would have been able to attend during the reporting period.

**REMCO and Audit Committee Members are all Non-Executive Directors, but the meetings are attended by relevant Executive Members as noted in the table.

*** The Chair and Chief Executive are ex-officio members of all committees.

Council of Governors

The Council of Governors is made up of elected and appointed stakeholders. Elected governors make up the majority of the Council; appointed stakeholder governors include representatives from CCGs, partner health provider organisations Guy's and St Thomas' and South London and Maudsley, and local councils, which play an important part in stakeholder relations. Governors are elected by the members of the Trust. The membership constituencies include patients, staff and residents from Bromley, Lambeth, Lewisham and Southwark.

The composition of the Council, names of individual governors and their terms of office can be found in the tables on page 57. To contact a Governor, send an email to the Foundation Trust Office at kch-tr.FTO@nhs.net

Function and Meetings of the Council of Governors

The Council of Governors met four times during the reporting period. The attendance of individual governors at these meetings, which were held in public, is detailed in tables on page 57.

All directors are invited to attend Council meetings. Individual directors, executive and non-executive, regularly present items at Council meetings, in accordance with the planned agenda.

The Council of Governors has two key functions, which are to hold Non-Executive Directors to account for the performance of the Board and to represent the interests of members and the public. The Council of Governors also has specific responsibilities, which include the appointment, remuneration and removal of the Chair and other Non-Executive Directors. During the reporting period, the Council of Governors:

- received and considered the Annual Report and Accounts and the auditor's report on the accounts
- received regular updates on the operational and financial performance challenges facing the Trust
- held Non-Executive Director review sessions.

The Council of Governors elects one of its members to be the Lead Governor for a period of one year. The Lead Governor acts as a communication link between Governors and the Board of Directors. In very rare circumstances the Lead Governor will act as a direct communication link between regulators such as NHSI and the Council of Governors where it is inappropriate for regulators to communicate directly with the Trust Chair or Trust Secretary.

Governors in the Community

Governors are active within the community, helping to facilitate communication between the Trust, members and the local communities of Southwark, Lambeth, Bromley and south-east London more widely. Governors are pivotal to sharing the Trust's vision and performance with key stakeholders.

As guardians of the community interest, the Council of Governors ensures that the needs of members are considered in the planning of future services.

Governor Committees
The Council of Governors has committees which provide the opportunity to delve deeper into issues that are of interest to members, patients and the local community. All governors are eligible to sit on governor committees, with the exception of the Nominations Committee, for which governors stand and are elected.

Membership and Community Engagement Committee
This committee monitors membership recruitment and reviews the engagement and experience strategy, ensuring that membership continues to be representative as well as identifying ways in which the membership can be more actively involved.

Committee members are encouraged to provide feedback about the engagement activity they have been personally involved with, both within and outside the Trust's various sites, and opportunities for facilitating communication between governors and the membership are explored.

The Council was asked to disestablish this committee in March 2020. Its responsibilities will be assumed by the full Council.

Patient Experience and Safety Committee
This Committee acts as a reference group for the Trust's planned activity relating to patient experience and safety. Committee members are involved with a range of initiatives to improve patient experience and safety and to monitor progress against King's quality priorities.

Strategy Committee
This Committee reviews the Trust's strategy and annual forward plan, and feeds back to the Council of Governors.

Nominations Committee
This Committee is responsible for determining and administering the selection process for the appointment and remuneration of the Chair and Non-Executive Directors, and recommending the preferred candidates to the Council of Governors for appointment. This includes consideration of the structure, size and composition of the Board. It also monitors the performance of Non-Executive Directors and makes recommendations to the Council of Governors for the reappointment or removal of individual Non-Executive Directors.

During the period the Committee met a number of times. It worked with external recruitment providers to fill vacancies on the Board. It recommended the appointment of two new Non-Executive Directors and the reappointment of an existing Non-Executive Director. Committee members had received relevant training in prior years.

The membership of the Committee is shown in the table overleaf.

Non-Executive Directors Review Sessions
The Council of Governors was due to hold a review session during March 2020, at which Non-Executive Directors were to be questioned on how they discharged their duties to provide constructive challenge and strategic expertise to the executive team and what level of assurances they received. However, this meeting was cancelled due to the unfolding COVID-19 pandemic.

Governor Development and Engagement
King's is committed to providing support and training for governors and opportunities to engage with staff, directors, members and one another. Two governor development days were organised during the year. Governors have also received presentations from external speakers invited to committee meetings and workshops in order to give different perspectives on relevant issues.

Governors, members and directors came together to share ideas about King's vision and future plans at community events and the Annual Members' Meeting. All governors are invited to attend meetings of the Public Board of Directors. Nominated governors are also invited to observe all Board sub-committee meetings with the exception of the Strategy, Research and Partnerships Committee.

Governors attended a number of external events hosted by organisations such as Deloitte and NHS Providers during the reporting period.

Current Nominations Committee Membership

Nominations Committee Members	**Status**	**Constituency**
Sir Hugh Taylor	Current	n/a – Chair of the Trust and Council of Governors
Pam Cohen	Retired	Public Governor Southwark (to November 2019)
Emmanuel Forche	Current	Patient Governor
Paul Cosh	Current	Patient Governor (from March 2020)
Jane Allberry	Current	Public Governor Southwark
Dr Devendra Singh Banker	Current	Public Governor Bromley (from March 2020)
Claire Wilson	Current	Staff Governor Allied Health Professionals

Council of Governors – Meetings and Attendance (three Council of Governor meetings during the reporting period*)

Council of Governors Tenures and Meeting Attendances, April 2019 – March 2020				
		Constituency	**Tenure**	**Meetings Attended**
Patient Governors	Derek St Clair Cattrall*	Patient	01/12/2017-30/11/2020	0(3)
	Paul Cosh	Patient	01/12/2017-30/11/2020	3 (3)
	Andrea Towers*	Patient	01/12/2016-30/11/2019	2(3)
	Emmanuel Forche	Patient	01/12/2017-30/11/2020	3(3)
	Kirsty Alexander	Patient	01/12/2019 - 30/11/2022	0(1)
	Billie McPartlan	Patient	01/12/2017 - 30/11/2022	0(1)
	Alan Doctors	Patient	01/12/2020 - 30/11/2022	0(1)
Public Governors	David Jefferys	Bromley	01/02/2020 - 31/01/2023	3(3)
	Jane Clark**	Bromley	01/02/2017 -31/01/2020	3(3)
	Diana Coutts-Pauling*	Bromley	01/02/2017 -31/01/2020	2(3)
	Penny Dale*	Bromley	01/02/2017 -31/01/2020	3(3)
	Tony McPartlan	Bromley	01/02/2020 - 31/01/2023	0(0)
	Devendra Singh Banker	Bromley	01/02/2020 - 31/01/2023	0(0)
	Sonia Case	Bromley	01/02/2019 - 31/01/2023	0(0)
	Alfred Ekellot	Lambeth	01/12/2017 -30/11/2020	1(3)
	Christopher North*	Lambeth	01/12/2017 -30/11/2019	2(3)
	Marcus Ward	Lambeth	01/12/2019 - 30/11/2022	0(0)
	Barbara Goodhew	Lambeth	01/12/2017 -30/11/2020	3(3)
	Victoria Silvester	Southwark	01/12/2017 -30/11/2020	3(3)
	Stephanie Harris	Southwark	01/12/2017 -30/11/2020	3(3)
	Jane Allberry	Southwark	01/12/2017 -30/11/2020	3(3)
	Hilary Entwistle	Southwark	01/12/2019 - 30/11/2022	0(0)
	Pam Cohen*	Southwark	01/12/2017 - 30/11/2020	2(3)
	Susan Wise	Lewisham	01/02/2020 - 30/11/2023	0(3)
Staff Governors	Kevin Labode	Admin, Clerical and Management	01/12/2017-30/11/2020	2(3)
	Claire Wilson	Allied Health Professionals	01/12/2017-30/11/2020	2(3)
	Mike Dowling	Nurses and Midwives	01/12/2019 -30/11/2020	0(1)
	Carole Olding	Nurses and Midwives	01/12/2017-30/11/2020	2(3)
	Ashish Desai	Medical and Dentistry	01/12/2017-30/11/2020	1(3)
Stakeholder Governors	Anne Marie Rafferty	King's College London	01/10/2016-30/09/2019	0(3)
	Cllr Jim Dickson	Lambeth Council	23/02/2015-22/08/2018	1(3)
	Dr Di Aitken	Lambeth CCG	28/02/2019 - 31/03/2022	2(3)
	Charlotte Hudson	South London and Maudsley NHS Foundation Trust	14/03/2018-13/03/2021	2(3)
	Phidelma Lisowska	Joint Staff Office	02/07/2016-01/07/2019	3(3)
	Richard Leeming	Southwark Council	03/11/2017 - 30/09/2021	0(3)
	Cllr Robert Evans	Bromley Council	19/11/2016 - 18/11/2019	0(3)
	Dr Noel Baxter	Southwark Clinical Commissioning Group		1(1)

* March 2020 Council of Governors meeting was cancelled, hence only three meetings within the period.

****** Completing the tenure of office of a vacant seat left by a governor who demitted and joined at a point during 2019/20; therefore, would not have been able to attend all meetings within the reporting year. The total number of meetings attended are indicated in the following format: x(y), with "x" being the number of meetings attended by the Board member, and "y" the maximum number of meetings they would have been able to attend during the reporting period.

Board Members attend the Public Council of Governor meetings.

Management framework

The Board of Directors is the key decision-making body at the Trust. It is responsible for ensuring compliance with the Trust's provider licence, constitution, mandatory guidance issued by NHS Improvement, and with relevant statutory requirements and contractual obligations.

Commercial opportunities and activities are subject to scrutiny by the Board of Directors, to ensure that benefits derived from non-NHS income are channelled into supporting King's core NHS activities without incurring significant financial or reputational risk. Information about King's services outside the UK can be found in the performance report on page 16.

Information, development and evaluation

Directors and governors are supplied with information to enable them to discharge their duties.

The performance of the Board of Directors, its committees and individual directors are subject to regular review, as outlined on page 51. The Board is committed to the NHS/CQC Well-Led Framework and was inspected by the CQC during January and February 2018/19. A full action plan was drafted following receipt of the report in June 2019 and this was regularly reviewed by both the executive management team and the relevant Board committee.

Company directorships and other significant interests and commitments

King's maintains a register of interests for its directors and governors. Arrangements to view the register can be made by contacting the Foundation Trust Office at kch-tr.FTO@nhs.net.The register is also published on the Trust's website.

Board members and governors are asked to declare any interests and to self-certify that they meet the eligibility criteria set out in the Trust's Constitution. In addition, governors and directors are subject to a check by the Disclosure and Barring Service.

Political Donations

The Trust has made no political donations during 2019/20.

Better Payments Practice Code (BPPC)

King's has a responsibility to meet the Better Payments Practice Code (BPPC). This focuses on the speed at which the Trust pays its invoices to the private sector and to other NHS organisations. The BPPC requires the NHS Trusts to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

The target is to pay 95% of invoices, in terms of value and volume, within 30 days.

Better Payment Practice Code - measure of compliance

The Better Payment Practice Code requires the Foundation 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 the earlier. The target is to pay 95% of invoices, in terms of value and volume, within 30 days.
The Foundation Trust's performance against this target was as follows:

	Group 2019-20		**Group** 2018-19	
	Number	**£000**	Number	£000
Non-NHS trade invoices:				
Paid in the year	**133,774**	**730,956**	138,757	638,422
Paid within target	**129,378**	**708,518**	132,863	586,893
Percentage paid within target	**97%**	**97%**	96%	92%
NHS trade invoices				
Paid in the year	**4,251**	**78,508**	4,976	112,007

Paid within target	**4,115**	**76,980**	4,663	110,478
Percentage paid within target	**97%**	**98%**	94%	99%
Total trade invoices				
Paid in the year	**138,025**	**809,464**	143,733	750,429
Paid within target	**133,493**	**785,498**	137,526	697,371
Percentage paid within target	**97%**	**97%**	96%	93%

Late Payment of Commercial Debts (Interest) Act 1998	**2019-20**	2018-19
	£000	£000
Compensation paid to cover debt recovery costs under this legislation	**12**	3

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £743.9m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

For the interest charges, the total liability is the total paid – there is no additional accrued liability to pay (the charges are either settled very quickly after being raised or are successfully overturned through negotiation with the supplier). The interest which has been charged has been from commercial suppliers.

Cost Allocation Requirements

King's has complied with the cost allocation and charging guidance issued by HM Treasury.

Summary of the Trust's financial performance

The Trust's deficit for the year was £115.0m and this includes the asset impairment of £3.2m. This charge relates to impairments that arise from a clear consumption of economic benefits or service potential in the asset. The NHS Improvement financial performance control total measures the surplus (deficit) before impairments and after removing the income and expense impact of capital donations/grants. The Trust's financial deficit against the control total was £149.3m.

Because of the continuing service provider relationship that the Trust has with NHS England and CCGs, and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. The Trust has limited powers to borrow or invest surplus funds and financial assets. Liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Full details of financial performance in 2019/20, the responsibilities of the Accounting Officer and a statement from the auditors can be found in the Annual Accounts 2019/20 later in this report.

Income Disclosures

King's is a public benefit corporation and its principal purpose is the provision of goods and services for the purposes of the health service in England. During the reporting period, income from the provision of goods and services for the purposes of the health service in England was greater than from the provision of goods and services for any other purpose. Income received from non-NHS services is directly invested in the provision of NHS services and does not impact the services provided to NHS patients. For the financial year 2019/20, no surplus was available for reinvestment.

Full details of financial performance in 2019/20, the responsibilities of the Accounting Officer and a statement from the auditors can be found in the Annual Accounts 2019/20 on pages later in this report.

Responsibility of Directors for Preparing the Annual Report and Accounts

Directors are responsible for preparing the Annual Report and Accounts. The Directors of King's College Hospital NHS Foundation Trust consider that the Annual Report and Accounts 2019/20, taken as a whole, are fair, balanced and understandable, and provide the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

The Directors have taken all reasonable 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 auditor is aware of that information. So far as the Directors are aware, there is no relevant audit information of which the Trust's auditors are unaware.

Accountability and Audit

Deloitte LLP continued as external auditor during 2019/20. The firm was reappointed on 17 March 2016 for a three-year term which started in July 2016 with the option to extend a further two years. It was extended for one year during 2019.

The Board of Directors maintained a system of evaluating and continually improving effectiveness of risk management and internal control processes. KPMG continued as internal auditors during 2019/20, having been re-appointed in March 2016, providing a comprehensive internal audit function. The internal audit plan is discussed with Executive Directors, Non-Executive Directors and the Audit Committee.

The Board of Directors ensures effective scrutiny of financial and operational matters through its designated committees and by receiving reports from the executive which present a balanced and understandable assessment of King's performance and forward plans. Information about King's financial, quality and operational objectives and performance, including clinical outcome data, is published to allow members and governors to evaluate its performance.

Furthermore, all the Board Directors have made enquiries of fellow directors and the Trust's internal and external auditors through the Board of Directors' meeting and Audit Committee, and taken any steps required to give effect to their duties to the Trust to exercise reasonable care, skill and diligence.

The Audit Committee is responsible for reviewing the effectiveness of the external auditors and does this via a survey of key stakeholders, which is reported to Board.

Independence of the External Auditor

King's external auditor, Deloitte, has communicated the following matters to the Audit Committee:

- The principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between King's, directors and the auditor.
- Any safeguards adopted and the reasons why they are considered to be effective.
- Any independent partner reviews.
- The overall assessment of threats and safeguards.
- Information about the general policies and processes for maintaining objectivity and safeguarding independence when undertaking non-audit work.

Ensuring the Trust is Well-led

The Trust has a governance framework in place that aims to ensure it is well-led. Quality governance, the approach to risk management and internal control are outlined elsewhere in this report. The Board, through its committee, assures itself in relation to patient care. More detail on this can be found in the

Annual Governance Statement below and the Quality Account in section three of this document. Details of the development and evaluation of the Board can be found earlier in this section.

Stakeholder Engagement

The Trust continues to work with a wide range of stakeholders, including local Healthwatch groups, CCGs, local MPs and local authorities. It is actively engaged in developing integrated care systems in the relevant local authority areas (Bromley, Lambeth and Southwark). The Trust has good relationships with a number of local charities and community groups.

Putting our Patients and Public in Focus

King's membership

King's membership is split into four constituencies: public, patient, voluntary/community groups and staff.

Public membership – anyone who is 16 years old or over and lives within the London Boroughs of Lambeth, Southwark, Bromley or Lewisham is entitled to become a public member.

Patient membership – anyone who is 16 years old or over and lives outside the four boroughs but has been a patient of King's in the past six years, or has been the carer of a patient of King's in the past six years, is entitled to become a patient member.

Staff membership – All staff that have employment contracts lasting more than 12 months are automatically opted into membership. They have the option to opt out should they wish. King's Volunteers and full-time employees of King's contractors are also eligible to become members, though they have to opt in to become a member.

Associate membership – Any voluntary or community organisation working in our boroughs or serving our patients and communities can join King's as an Associate member. Associate membership provides an opportunity to increase partnership working and communication between King's and local voluntary and community groups for the benefit of our patients and their families.

Membership strategy 2019-20

King's delivered the final year of its three-year membership strategy in 2019/20
The vision set out in the strategy is that, by July 2020, the King's membership will be a more representative and active community of patients, citizens and local voluntary and community organisations who work with us to improve and support our services.

On 31st March 2020, our patient and public membership stood at 10,580. This remains within our target of between 9,800 and 11,100 members.

There are now around 60 voluntary and community organisations which have joined King's as Associate members.

Membership communication

We have distributed our membership leaflets for adults and a dedicated young person's leaflet across our sites and online.

Our monthly e-bulletin reaches over 4,000 members. Associate members also received regular e-bulletins during the year.

Annual Members' Meeting 2019
Two Annual Members Meetings were held in autumn 2019/20, one in Southwark and one in Bromley, attended by a total of 150 members/Associate members and volunteers. The meetings included a Trust update on finance and quality, presentations from clinical staff about developments in both our EDs and a governors' update, with question and answer sessions.

Members' Talk Back programme
We delivered the second year of our Members' Talk Back workshops through 2019-20, designed to involve members more proactively in King's service developments. We engaged over 200 members in workshops on the following topics from April 2019- March 2020:

- Outpatient letters and communication (KCH and PRUH)
- Mental health care at King's (KCH and PRUH)
- Cardiovascular outpatient services (KCH)
- Emergency departments (KCH and PRUH)

Member engagement in quality programmes
Over 150 King's members and Associate members also participated in a range of other events or gave feedback in other ways, to support the Trust's quality priorities and transformation projects across our sites, including:

- King's cancer patient experience programme
- King's Health Partners programmes including haematology, neurosciences and the development of proposals for a lung and heart centre in partnership with Royal Brompton and Harefield NHS Foundation Trust
- The development of King's Accessible Information Policy
- Ward-based quality reviews as part of multidisciplinary teams.

We had the highest ever number of members (around 70 in total) participating in our annual Patient Led Assessments of the Care Environment (PLACE) in autumn 2019 across our sites at KCH, the PRUH and Orpington Hospital.

Associate membership
The voluntary and community organisations which have joined the Trust as Associate members have engaged with it in a range of ways during 2019/20. Associate membership has enabled King's to build partnerships with a range of local organisations and both increase awareness of the Trust's services and the support available to our patients in the community. Some of the highlights this year have included:

- The Prince's Trust awarded King's Achieve Club status. This enables the Trust's hospital education service and the play therapy team to use the Prince's Trust resources to support young people to gain accreditations and qualifications while they are in hospital.
- Local carers groups including Southwark Carers, Carers4Carers and Lambeth Carers Hub and Bromley Well Carers Support Services have taken part in drop-in visits to older people's wards and our outpatient areas to support carers and relatives of patients using KCH and the PRUH
- Local mental health groups have informed the development of our mental health strategy, and partnerships have been established with Lambeth and Southwark groups, including Mosaic Clubhouse and Southwark Wellbeing Hub, to better connect patients with mental health needs with voluntary sector support.
- Local groups including Southwark Disablement Association and Deaf Access Bromley have advised on the development of the Trust's policy on accessible information.

Current membership numbers:

Public constituency	2019/20
At year start (1 April)	7,850
New members	125
Members leaving	171
At year end (31 March)	7,804

Staff constituency	2019/20
At year start (1 April)	12,231
New members	2,653
Members leaving	2,385
At year end (31 March)	12,499

Patient constituency	2019/20
At year start (1 April)	2,771
New members	79
Members leaving	74
At year end (31 March)	2,776

King's Volunteers

The Volunteer Service continues to have a significant positive impact across the Trust, in line with organisational priorities to improve the patient and visitor experience.

Key highlights

- 592 volunteers engaged with 148,538 patients and visitors and supported them by giving 31,000 hours of their time
- End of Life Companion Volunteer Service was launched
- One to One Volunteer Support was launched
- Young person's volunteering pilot, funded by the Pears Foundation, was launched, with young volunteers supporting patients across our sites
- Volunteers awarded for their efforts internally through the King's College Hospital Charity-funded King's Stars Awards and externally through Southwark Stars Awards
- Care Quality Commission praised the Volunteer Service in its most recent inspection report: "The Trust is recognised for the outstanding contribution of volunteers who help and support staff, patients and those who visit the hospitals."
- Volunteers assisted in reducing Did Not Attends (DNAs) in outpatient clinics
- Successfully secured funding from NHSE and NHSI for winter pressures volunteer support
- Successfully secured funding from King's College Hospital Charity for 2020/22
- The Volunteer Service Team won Team of the Year at the King's Stars Awards.

In addition to our core volunteering roles, such as befriending, help with mealtimes and assisting the Chaplaincy, we continue to innovate by creating new roles to respond to the needs both of patients and staff.

We have introduced one-to-one support, where staff are able to refer patients who they feel would benefit from more one-to-one attention. There have been 195 individual visits made. In partnership

with our palliative care team, we have developed an end-of-life companion role, where trained volunteers focus on supporting individuals and families.

Our volunteer guides have developed and produced a detailed floor-by-floor map of the KCH site. This is available to the public on our helpdesks and to staff via the intranet. We also introduced a mobile information booth manned by volunteers. In the warmer months the booth is outside the Golden Jubilee Wing and during the winter months or wet weather is at the Ruskin Wing entrance of the hospital, a busy thoroughfare for patients and visitors

Volunteers continue to be involved in one-off opportunities, including supporting World Sepsis Day and Hand Hygiene Day, Mock OCSEs, distribution of leaflets and posters for various Trust initiatives, assisting with the Christmas tree decoration in the chapel to name just a few.

We also know how important staff well-being is, so in January we introduced monthly stress-buster events supported by our volunteers, which give staff the opportunity to spend time with our Pets as Therapy dogs as well as receive hand massages. These have been extremely popular, with over 300 staff attending to date.

The Home Hamper Scheme offers patients a food parcel to take home with them on discharge. There have been 474 referrals over the past year. All food for this initiative has been charitably donated. At KCH, we are grateful for the support of Morrison's Peckham, which generously provides us with the opportunity to host collections at various times of the year. At the PRUH, we are thankful to the Friends of PRUH for their ongoing support of the scheme.

We also partner with external charities, bringing in their volunteers to further enhance the patient experience. Pets as Therapy has been heavily requested across the Trust and we now have a cohort of 14 volunteers at KCH supporting patients in our paediatric emergency department, stroke and surgical wards, to name a few. These volunteers have engaged with 3,169 patients. We are actively seeking Pets as Therapy volunteers for the PRUH and south sites.

The Volunteer Service has also partnered with The Literacy Trust to get youngsters thinking about the workplace from a young age through its Words for Work, Dream Big programme. A class of six-year-olds from a Camberwell primary school visited the Trust. Five different staff teams were involved in the visit: catering, security, anaesthesiology, infection control and radiology. The students met representatives from these teams and got a tour of these departments. They also enjoyed a surprise visit to the helipad. We have also partnered with Education and Employers working with the charity to engage staff to have conversations with young people about their careers, raising awareness of the huge variety of different roles within the Trust and to understand the different pathways into the NHS. The programme supports young people from the local community across all King’s sites to think about a career in the healthcare sector, to acquire the knowledge, skills and experience they need, and to realise their ambitions regardless of their circumstances. As part of the sessions, the volunteer service is promoted with the understanding that it is a route to gaining experience of the NHS.

In addition, the Volunteer Service secured funding from Health Education England and Education and Employers to trial a structured work experience programme. A successful pilot was completed over the summer of 2019.

Externally, we continue to be seen as a centre of volunteer excellence and have frequent conversations with and visits from hospitals and charities. The Head of Volunteering has also been a speaker at several conferences: National Volunteering Forum on Digital Tools for Volunteer Management; Ipswich Volunteering Conference focusing on Diversity in Volunteering; and Volunteer Management Conference 2020.

The amount of support that our volunteers provide is evidenced in the number of hours they give and how many people they support. Alongside these, it is the feedback we receive from patients and their families that show the true measure of the difference our volunteers make.

"A volunteer saw I was lost and asked if I needed help to find something. He was very helpful and helped me find the clinic."

"During a three-week stay on Lister Ward, I benefited greatly from the wonderful volunteers on the ward. There was a mixture of all age groups, and each one was a breath of fresh air to the patients as they spent time on the ward. I especially appreciated the many cups of tea they made me, in my own big mug, just to my liking, which helped me keep well hydrated during my stay. The school students seemed so mature, caring and willing, and I am sure that their experience of volunteering will be an advantage in their lives. Many hoped to pursue careers in health-related or caring settings, and their time as volunteers should help them achieve this. There was even a volunteer hairdresser, who amazingly was able to wash and trim my hair in spite of my being totally bed bound and immobile due to my serious injuries. This was a huge morale boost, and as beneficial as any number of tablets etc. My thanks to all those behind the scenes who help recruit, train and support the volunteer programme; it is a valuable asset to the Trust, and makes a real difference to the patient experience."

Staff find the support of a volunteer invaluable as the comments from different departments show.

"It adds a personal touch to the department. Having someone who can add that little bit extra that other staff just do not have the time to do I think is really nice for the patient experience."

"I would like to take this opportunity to thank all of our pharmacy volunteers for their hard work and dedication. They have given their own time to assist staff and patients coming to the pharmacy, as well as their pharmacy colleagues. They have really become an important part of the team and we are most grateful for their contribution.".

"The ED volunteers are invaluable colleagues, supporting our team to give the best we can to our patients. As a group, they have embraced our team and our patients and make a real difference to the most vulnerable."

Volunteering also makes a difference to the volunteer themselves, as some of them state.

"Without King's volunteering, my life would be empty."

"Volunteering has allowed me to gain valuable skills, such as improve my communication, and has also given me the confidence I needed to pursue my career goals. Every patient deserves to have a good hospital visit, and I would like to make sure that does happen. You really do get to have a positive impact when talking to the patients and volunteering does allow you to make a difference in someone's day."

Lastly, the Volunteer Service is indebted to King's College Hospital Charity for its continued support and we are grateful that the Charity has agreed a further two years of funding for the Volunteer Service from April 2020.

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2.2 REMUNERATION REPORT

The information provided in this part of the remuneration report is not subject to audit.

Foreword

The Trust has had a number of changes at Board level. The Remuneration and Appointments Committee has worked with the Chief Executive and Chief People Officer to ensure that the resilience of the leadership team has been maintained throughout the year and has made a number of changes to the executive management structure in support of this. The Committee has also agreed a number of joint appointments with Guy's and St Thomas' NHS Foundation Trust. There have been no changes to the Trust's remuneration policies in the past year. Taking into consideration national pay agreements, the Board agreed a 1% cost-of-living increase for all very senior and executive staff. The paragraphs below outline the key activities of the Committee during the year.

Sir Hugh Taylor, Chair of the Remuneration Committee

The Annual Statement

The following very senior management (VSM) appointments were made in 2019/20:

- Caroline White as Executive Director, Integrated Governance
- Drs Kate Langford and Leonie Penna as Chief Medical Officers (consecutively)
- Jonathan Lofthouse as Interim Site CEO (PRUH)
- Jackie Parrot as Chief Strategy Officer, jointly with Guy's and St Thomas' NHS Foundation Trust.
- Beverly Bryant as Chief Digital Information Officer, jointly with Guy's and St Thomas' NHS Foundation Trust.
- John Palmer as site CEO and Deputy Chief Executive (KCH) (joins the Trust in May 2020)

The Remuneration and Appointments Committee also agreed a number of changes to the structure of the senior leadership team which aim to provide better, stronger leadership to the Trust.

Senior Manager Remuneration Policy

There have been no changes to the Trust's remuneration policies during 2019/20. All new appointments were made within standard NHS terms and conditions; this includes establishing earn-back clauses on posts that attract a salary of more than £150k.

The remuneration and terms of service of the Chair and Non-Executive Directors are determined by the Council of Governors, taking account of market and survey data from relevant benchmark sources which can include the Foundation Trust Network and the Trust's NHS peer group. More information about this process and the role of the Council of Governors' Nominations Committee can be found on page 56.

Remuneration for King's most senior managers (directors accountable to the Chief Executive) is determined by the Remuneration and Appointments Committee, which comprises the Chair and the Non-Executive Directors. See page 52-3 for committee membership and meeting attendance.

The work of the Remuneration and Appointments Committee is informed by relevant benchmark data, periodic assessments conducted by independent remuneration consultants and by salary awards and terms and conditions applying to other NHS staff groups. The work of the committee is supported by the Chief Executive and the Chief People Officer, who are not members of the Committee.

The Trust's strategy and annual planning processes set key business objectives which, in turn, inform individual and collective objectives for senior managers. Individual performance and that of

King's as a whole is closely monitored, discussed throughout the year and forms part of the annual appraisal.

Details of senior employees' remuneration can be found on pages 70. Note 4.7 in the annual accounts sets out accounting policies for pensions and other retirement benefits.

The Trust has taken a number of steps to ensure that the salaries for Executive Directors and Chief Officers are reasonable, especially where payment is more than £150,000. These steps include:

- posts are evaluated using a recommended independent external agency. The Trust commissions Hays Executive to undertake this task in line with the Hays job evaluation scheme
- Hays considers a number of factors in the evaluation, comparing similar-sized Trusts and functions/complexity, factoring in the London market dimension and the relative remuneration amongst the Shelford Group, of which King's is a member. Hays provides the Trust with a salary range and recommendation
- the Remuneration and Appointments Committee agrees the salary range and benefits package before the post is advertised based on the advice from Hays Executive and market advice from the executive search organisation
- due cognisance is given to the VSM annual pay survey, which includes executive pay levels.
- the post is advertised and once appointed and remuneration agreed via the Remuneration and Appointments committee, the Trust seeks guidance from NHSI to support the salary range
- the Department of Health and Social Care Pay, Pensions and Employment Services Branch is informed and Lord Prior (Formerly Minister for NHS Productivity, Department of Health and Social Care) has in turn provided further guidance as appropriate
- the only non-cash element of the most senior managers' remuneration packages is pension-related benefits accrued during membership of the NHS Pension Scheme. Contributions into the scheme are made by both the employer and employee in accordance with the statutory regulations
- the Trust does not consult with staff on its senior staff remuneration. This is solely a matter for the Remuneration and Appointments Committee.

Service Contract Obligations
All senior managers have a standard King's service contract. Each individual Executive Director and Non-Executive Director has their appointment date, contract status and notice period (for Executive Directors only) listed in the Director's report.

Policy on Payment for Loss of Office
All senior managers are required to have a six-month period in their service contract. Policy for loss of office is in line with the NHSI VSM guidance and the Trust has a policy of not paying over contractual entitlement.

Compensation in the event of early termination for substantive directors is in accordance with contractual entitlements, as set out in the Agenda for Change national terms and conditions of service. There were no exceptions to this policy during 2019/20.

Diversity and Inclusion
In line with the Trust policy on diversity and inclusion, the Remuneration and Appointments Committee has considered the diversity at the most senior levels of the organisation as part of a wider review of talent management and succession.

Non-Executive Director Remuneration Framework
Remuneration for Non-Executive directors and the Chair is at a spot rate and is not pensionable. It has not been reviewed for a number of years, and will be subject to formal review by the Council of Governors during 2020/21.

Senior Manager Remuneration Framework

	Explanation
Salary	Senior manager pay is awarded on a spot rate and is not subject to incremental increase. Senior managers may, at the discretion of the Remuneration and Appointments Committee, be awarded a cost–of-living increase, in line with the rest of the Trust (in 2019/20 this was 1%).
Pension benefits	Senior managers may opt to be members of the NHS Pension Scheme. Contributions to the scheme are made by the employee and the employer in line with statutory regulations.
Performance-related pay	In general, senior managers do not receive performance-related pay.
Earn-back	In line with NHS policy, directors with salaries above £150k will be subject to 'earn back'. This means that x% of their salary is at risk unless they achieve the objectives agreed at the start of the year.
Other employee benefits	King's does not offer other employee benefits.
Performance Management Framework	Performance is managed on an annual baseline in line with the financial year. Individual objectives are agreed with line managers, in line with the Trust Strategy and monitored throughout the year. The Trust has an online appraisal process which is used by all staff.

Annual Report of the Remuneration and Appointments Committee
The membership, meetings and attendance of the Remuneration and Appointments Committee can be found on page 52. The Chief Executive and Chief People Officer attended the Committee for relevant agenda items but were not full members. During 2019/20 the Committee took advice from Hays and used executive search agencies to fill key posts.

The Committee took a number of reports during the year including:

- The appointments outlined on page 66.
- The resignations of a number of directors, including the Director of Strategy.
- The strengthening of operational senior management, which led to the appointments of site CEOs at the KCH and PRUH sites as well as splitting the Chief Medical Officer role.
- Establishing a joint Chief Digital Information Officer role and joint strategy roles with Guy's and St Thomas' NHS Foundation Trust.
- Establishing a Board level governance role in the form of the Executive Director of Integrated Governance.

There have been no other major decisions on senior managers' remuneration or substantial changes relating to senior managers' remuneration in 2018/19.

The committee agreed to award senior managers a 1% pay increase, in line with the national pay award for Agenda for Change staff.

The Committee engaged the services of a recruitment company to support the recruitment of a number of posts including the Chief Medical Officer and the two site Chief Executives. The estimated cost of these services was £40k. A process is in place to ensure the appointment of

recruitment consultants complies with the Trust's procurement policy, and will invite tenders as appropriate.

The information in this section of the remuneration report is subject to audit.

Median Salary Disclosures

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.

	2019-20 (bands of £5,000)	2018-19 (bands of £5,000)
Band of highest paid director/member's total remuneration	**295-300**	265 - 270
Median total remuneration (£)	**36,583**	35,211
Ratio	**8.1**	7.6

In 2019/20: 0 (2018/19: 0) employees received remuneration in excess of the highest-paid director/member. Remuneration ranged from £17.7k to £298k (2018/19: £17.5k to £292k).
Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The information in this section of the remuneration report is not subject to audit.

Director and Governor Expenses

1 Executive Director received travel and subsistence expenses totalling £18 in 2019/20 (2018/19: two, £3,190).
0 Non-Executive Director received travel and subsistence expenses in 2019/20 (2018/19: 0).
1 Governor received travel and subsistence expenses totalling £390 in 2019/20 (2019-20: 0).

The information in this section is subject to audit.

Salary and pension entitlements of senior managers

Remuneration

		2019-20			2018-19		
Name	**Title**	**Salary & Fees (bands of £5,000)**	**Pension Related Benefits (bands of £2,500)**	**Total (bands of £5,000)**	**Salary & Fees (bands of £5,000)**	**Pension Related Benefits (bands of £2,500)**	**Total (bands of £5,000)**
Chairman and Non-Executive Directors							
Ian Smith	Chair	-	-	-	55 - 60	-	55 - 60
Sir Hugh Taylor	Interim Chair	45 - 50		45 - 50	0 - 5		0 - 5
Faith Boardman	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Professor Ghulam Mufti	Non-Executive Director	10 - 15	-	10 - 15	15 - 20	-	15 - 20
Sue Slipman	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Chris Stooke	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Professor Jonathan Cohen	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Dr Alix Pryde	Non-Executive Director	5 - 10	-	5 - 10	10 - 15	-	10 - 15
Professor Richard Trembath	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Nicholas Campbell-Watts	Non-Executive Director	0 - 5	-	0 - 5	-	-	-
Steve Weiner ***	Non-Executive Director	-	-	-	-	-	-
Executive Directors							
Nicholas Moberly	Chief Executive	-	-	-	130 - 135	-	130 - 135
Peter Herring	Chief Executive	-	-	-	265 - 270	-	265 - 270
Professor Clive Kay	Chief Executive	295 - 300	-	295 - 300	-	-	-
Alan Goldsman	Interim Chief Financial Officer/Director of Financial Recovery/ Interim Director of Strategy	-	-	-	15 - 20	-	15 - 20
Iain Alexander	Interim Chief Financial Officer	-	-	-	120 - 125	-	120 - 125
Lorcan Woods	Chief Financial Officer	190 - 195	42.5 - 45.0	200 - 235	145 - 150	32.5 - 35	180 -185
Professor Julia Wendon *	Chief Medical Officer (Clinical Strategy and Research)	240 - 245	-	240 - 245	225 - 230	-	225 - 230
Dr Kate Langford ***	Chief Medical Officer (Professional Standards)	85 - 90	-	85 - 90	-	-	-
Dr Leonie Penna *	Chief Medical Officer (Professional Standards)	25 - 30	-	25 - 30	-	-	-

Dr Michelle (Shelley) Dolan	Chief Nurse/Acting Deputy Chief Executive	75 - 80	-	75 - 80	190 - 195	260 - 262.5	450 -455
Professor Nicola Ranger	Chief Nurse	115 - 120	-	115 - 120	-	-	-
Dawn Brodrick	Executive Director of Workforce Development/Chief People Officer	155 - 160	-	155 - 160	150 - 155	-	150 - 155
Abigail Stapleton **	Director of Strategy and Commercial	30 - 35	-	30 - 35	120 - 125	27.5 - 30	150 - 155
Jackie Parrott ***	Chief Strategy Officer	-	-	-	-	-	-
Bernie Bluhm	Denmark Hill Site Chief Executive and Group Deputy CEO	185 - 190	-	185 - 190	25 - 30	-	25 - 30
Lisa Hollins *	Director of Improvement, Informatics and ICT	140 - 145	12.5 - 15.0	155 - 160	140 - 145	15 - 17.5	155 - 160
Jane Bond	Director of Capital and Estates	-	-	-	55 - 60	12.5 - 15.0	65 - 70
Steve Bannister	Interim Director of Capital, Estates and Facilities	15 - 20	-	15 - 20	170 - 175	-	170 - 175
Peter Pentecost	Financial Recovery Director	-	-	-	105 - 110	-	105 - 110
Fiona Wheeler	Acting Executive Managing Director PRUH and South Sites	115 - 120	-	115 - 120	20 - 25	-	20 -25
Beverley Bryant ***	Chief Digital Information Officer	55 - 60	-	55 - 60	-	-	-
Caroline White	Executive Director of Integrated Governance	95 - 100	-	95 - 100	-	-	-
Jonathan Lofthouse	PRUH and South Sites CEO	20 - 25	-	20 - 25	-	-	-

*** Salary relating to non-managerial role**

Professor Julia Wendon		195 - 200	-	195 - 200	180 - 185		180 -185
Dr Leonie Penna		20 - 25	-	20 - 25			
Lisa Hollins		80 - 85	-	80 - 85	-		-

**** Amounts attributable to the Trust's subsidiary companies**

Abigail Stapleton		15 - 20	-	15 - 20	70 - 75		70 - 75

***** Salary paid by Guy's and St Thomas' NHS Foundation Trust**

Steve Weiner	Non-Executive Director	15 - 20	-	15 - 20	-	-	-
Dr Kate Langford	Chief Medical Officer (Professional Standards)	210 - 215	-	210 - 215	-	-	-
Jackie Parrott	Chief Strategy Officer (from April 2019)	150 - 155	10.0 - 12.5	160 - 165	-	-	-
Beverley Bryant	Chief Digital Information Officer	110 - 115	-	110 - 115	-	-	-

****** Also Chairman of Guy's and St Thomas' NHS Foundation Trust**

Hugh Taylor	Interim Chair

Salary and pension entitlements of senior managers

Sir Hugh Taylor	Interim Chair	1 April 2019 - 31 March 2020
Faith Boardman	Non-Executive Director	1 April 2019 - 17 March 2020
Professor Ghulam Mufti	Non-Executive Director	1 April 2019 - 31 March 2020
Sue Slipman	Non-Executive Director	1 April 2019 - 31 March 2020
Chris Stooke	Non-Executive Director	1 April 2019 - 31 March 2020
Professor Jonathan Cohen	Non-Executive Director	1 April 2019 - 31 March 2020
Dr Alix Pryde	Non-Executive Director	1 April 2019 - 31 October 2019
Professor Richard Trembath	Non-Executive Director	1 April 2019 - 31 March 2020
Nicholas Campbell-Watts	Non-Executive Director	2 January 2020 - 31 March 2020
Steve Weiner	Non-Executive Director	2 January 2020 - 31 March 2020
Professor Clive Kay	Chief Executive	1 April 2019 - 31 March 2020
Lorcan Woods	Chief Financial Officer	1 April 2019 - 31 March 2020
Professor Julia Wendon	Executive Medical Director	1 April 2019 - 31 August 2019
Professor Julia Wendon	Chief Medical Officer (Clinical Strategy and Research	1 September 2019 - 31 March 2020
Dr Kate Langford	Chief Medical Officer (Professional Standards)	1 September 2019 - 31 January 2020
Dr Leonie Penna	Chief Medical Officer (Professional Standards)	1 February 2020 - 31 March 2020
Dr Michelle (Shelley) Dolan	Chief Nurse/Acting Deputy Chief Executive	1 April 2019 - 28 August 2019
Professor Nicola Ranger	Chief Nurse	29 July 2019 - 31 March 2020
Dawn Brodrick	Executive Director of Workforce Development/Chief People Officer	1 April 2019 - 31 March 2020
Abigail Stapleton	Director of Strategy and Commercial	1 April 2019 - 31 July 2019
Jackie Parrott	Chief Strategy Officer	1 September 2019 - 31 March 2020
Bernie Bluhm	Chief Operating Officer	1 April 2019 - 31 January 2020
Bernie Bluhm	Denmark Hill Site Chief Executive and Group Deputy CEO	1 February 2020 - 31 March 2020
Lisa Hollins	Director of Improvement, Informatics and ICT	1 April 2019 - 31 March 2020
Steve Bannister	Interim Director of Capital, Estates and Facilities	1 April 2019 - 30 April 2019
Beverley Bryant	Chief Digital Information Officer	1 September 2019 - 31 March 2020
Fiona Wheeler	Acting Executive Managing Director PRUH & South Sites	1 April 2019 - 30 September 2019
Caroline White	Executive Director of Integrated Governance	1 September 2019 - 31 March 2020
Jonathan Lofthouse	PRUH and South Sites CEO	1 February 2020 - 31 March 2020

None of the Non-Executive or Executive Directors received benefits in kind in 2018/19 or 2019/20.

B) Pension Benefits

This pension information is provided by the NHS Business Services Authority - Pensions Division annually.

Name	Title	Real Increase in pension at age 60 (bands of £2,500)	Real Increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2020 (bands of £5,000)	Lump sum at age 60 at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employer's Contribution to stakeholder pension
		£000			£000	£000	£000	£000	
Executive Directors									
Dr Michelle (Shelley) Dolan	Chief Nurse	(5.0 - 7.5)	22.5 - 25.0	60 - 65	295 - 300	-	-	-	-
Lisa Hollins	Director of Improvement, Informatics and ICT	0 - 2.5	(0 - 2.5)	50 - 55	115 - 120	866	15	923	-
Abigail Stapleton	Director of Strategy and Commercial	(0 - 2.5)	-	-	-	28	-	-	-
Lorcan Woods	Chief Financial Officer	2.5 - 5.0	-	5 - 10	-	34	18	81	-
Prof Nicola Ranger	Chief Nurse	(5.0 -7.5)	12.5 - 15.0	50 - 55	155 - 160	1,073	21	1,155	-

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for them.

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 disclosure applies. The CETV figures and 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.

The real increase in CETV 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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less, the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

Following the government's announcement that all public sector pension schemes will be required to provide the same indexation on the Guaranteed Minimum Pension (GMP) as on the remainder of the pension, the NHSPS has revised its method to calculate the CETV values. The real increase in CETV will therefore be impacted as it will include any increase in CETV due to the change in GMP methodology.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in the NHS 2015 Scheme. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Remuneration report

The disclosures in the remuneration report fulfil our obligations under the Health and Social Care Act 2012.

Signed:

Date:

1st July 2020

Professor Clive Kay
Chief Executive and Accounting Officer

2.3 Staff Report

The information in this section of the staff report is not subject to audit.

The following tables provide information on staff costs and numbers during 2018/19. The Trust is also required to make a number of disclosures in its staff report. These are also detailed below.

The information in this section of the staff report is subject to audit.

Workforce costs

	Group	
	2019-20 Total	2018-19 Total
	£000	£000
Salaries and wages	**552,335**	524,627
Social security costs	**55,464**	53,262
Apprenticeship levy	**2,617**	2,489
Employer contributions to NHS Pensions	**63,393**	60,238
Employer contributions to NHS Pensions paid by NHS England on behalf of the Trust	**27,192**	-
Temporary staff (including bank and agency)	**67,017**	63,563
Total gross employee benefits	**768,018**	704,179
Recoveries from other bodies in respect of staff cost netted off expenditure	-	-
Total employee benefits	**768,018**	704,179
Of which		
Costs capitalised as part of assets	**(306)**	(750)
Total employee benefits excluding capitalised costs	**767,712**	703,429

Workforce data

Group	Total 2019/20	Permanent 2019/20	Other 2019/20	Total 2018/19	Permanent 2018/19	Other 2018/19
Medical and dental	2,304	883	1,421	2,112	834	1,278
Administration and estates	2,817	2,235	582	2,582	2,258	324
Healthcare assistants and other support staff	1,368	1,291	77	1,340	1,235	105
Nursing, midwifery and health visiting staff	4,960	3,826	1,134	4,818	3,766	1,052
Nursing, midwifery and health visiting learners	7	1	6	11	1	10
Scientific, therapeutic and technical staff	1,578	1,231	347	1,556	1,218	338
Healthcare science staff	333	288	45	337	295	42
Social care staff	17	14	3	15	15	0
Other	0	0	0	0	0	0
Total average numbers	**13,384**	**9,769**	**3,615**	**12,771**	**9,622**	**3,149**

The information in this part of the staff report is not subject to audit.

Workforce Equality Analysis

	2018/19		2019/20	
	Headcount	**%**	**Headcount**	**%**
Age				
(0-16)	1	0%	0	0%
(17-21)	95	0.8%	83	0.7%
22+	12,472	99%	12,777	99%
Ethnicity[1]				
White	5,817	46%	5,877	46%
BAME	5,826	46%	6,407	50%
Unknown	925	7%	576	4%
Gender (All staff)				
Male	3,047	24%	3,152	25%
Female	9,521	76%	9,708	75%
Gender (Senior Managers)				
Male	26	53%	21	44%
Female	23	47%	27	56%
Gender (Directors)				
Male	7	44%	8	53%
Female	9	56%	7	47%
Recorded Disability				
Yes	324	3%	335	3%
No	10,723	85%	11,186	87%
Not declared	693	6%	947	7%
Unknown	828	7%	392	3%
Sexual Orientation				
Bisexual	131	1%	150	1%
Gay	190	2%	194	2%
Heterosexual	9,683	77%	10,014	78%
Lesbian	130	1%	169	1%
Other			1	0%
I do not wish to disclose	1,736	14%	1,972	15%
Unknown	698	6%	360	3%
Religion				
Atheism	1,330	11%	1,373	11%
Buddhism	226	2%	293	2%
Christianity	6,435	51%	6,679	52%
Hinduism	443	4%	491	4%
Islam	649	5%	734	6%
Jainism	23	0%	18	0%
Judaism	40	0%	40	0%
Sikhism	118	1%	129	1%
Other	664	5%	648	5%
I do not wish to disclose	1,957	16%	2,100	16%
Unknown	683	5%	355	3%
Total Staff Numbers	**12,568**		**12,860**	

[1] The Ethnicity groups Mixed, Asian or Asian British, Black or Black British and Other used in previous reports have been amalgamated into a new group called BAME, in line with the Trust's WRES reporting. In order to show year over year variance, the figures from 2018/19 have been recategorised and percentages recalculated in this new format.

Sickness Absence data

For 2019/20 staff sickness absence data is not required by the Foundation Trust Annual Reporting Manual (FT ARM) of the DHSC Group Accounting Manual (GAM) to be disclosed in annual reports.

Information on staff sickness can be found at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

The information in this section of the staff report is subject to audit.

Early retirements due to ill-health

	2019-20	2018-19
	Number	Number
Early retirements on the grounds of ill-health	3	5
	£'000	£'000
Early retirements on the grounds of ill-health	58	165

**The cost of ill-health retirement is borne by NHS Pensions*

Termination benefits

By number of cases:	2019-20	2018-19
Exit package cost band (including any special payment element)	Total	Total
Less than £10,000	10	26
£10,000 – £25,000	3	4
£25,001 – £50,000	5	-
£50,001 – £100,000	1	2
£100,001 – £150,000	-	1
£150,001 – £200,000	-	-
Greater than £200,000	-	1
Total	19	34

Exit package cost band (including any special payment element)

By value of payments:

Exit package cost band (including any special payment element)	**2019/20 Total**	2018/19 Total
	£000	£000
Less than £10,000	**25**	95
£10,000 – £25,000	**50**	76
£25,001 – £50,000	**186**	-
£50,001 – £100,000	**52**	161
£100,001 – £150,000	**-**	117
£150,001 – £200,000	**-**	-
Greater than £200,000	**-**	930
Total	**313**	1,379

Other departures agreed are as follows:

	2019-20 Number	**£000**	2018-19 Number	£000
Mutually agreed resignations (MARS) contractual costs	**4**	**53**	9	38
Contractual payments in lieu of notice	**14**	**249**	19	204
Exit payments following Employment Tribunal or court orders (This figure includes the £930k exit package referred to in the terminations table above)	**-**	**-**	4	1,111
Total	**18**	**302**	**32**	**1,353**
Of which:				
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	**-**	**-**	-	-

Off Payroll Arrangements

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31 March 2020	6
Of which:	
number that have existed for less than one year at time of reporting	6
number that have existed for between one and two years at time of reporting	0
number that have existed for between two and three years at time of reporting	0
number that have existed for between three and four years at time of reporting	0
number that have existed for four or more years at time of reporting	0

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	9
Of which:	
number assessed as within the scope of IR35	0
number assessed as not within the scope of IR35	9
number engaged directly (via PSC contracted to Trust) and are on the Trust's payroll Trust) and are on the Trust's payroll	0
number of engagements reassessed for consistency/assurance purposes during the year	1
number of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	2
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements.	0

The Trust follows NHSI policy on off-payroll arrangements and any highly paid appointment is subject to NHSI approval and, where necessary, Trust Board approval.

During 2019/20, no Board members were off-payroll.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

This is the second year that organisations have been required by law to publish Trade Union (TU) facility time information. Our systems for robustly capturing the required figures will be improved over time and, as a result, there will be some changes to these figures in the future.

The data below is for the financial year 1 April 2019 to 31 March 2020. The amount of TU facility time during this period has reduced since last year as the Trust has had six fewer local TU reps during this period.

Relevant union officials

Number of employees who were relevant union officials during the relevant period (full-time equivalent)	*Full-time equivalent employee number*
33.2	*12165.58*

Percentage of time spent on facility time

Percentage of time	*Number of employees*
0%	0
1-50%	33
51%-99%	0
100%	1

Percentage of pay bill spent on facility time

	Figures
Provide the total cost of facility time	£103,634
Provide the total pay bill	£726,198,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.01

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: *(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*	0

Expenditure on Consultancy

On occasions the Trust brings in consultants from outside to provide advice and support that cannot be provided within the Trust. In 2019/20, King's spent £2.7m on external consultancy. This was to provide specific targeted support in areas such as financial recovery and emergency care.

	Group	
	2019/20	**2018/19**
	£000	**£000**
Consultancy costs	**2,715**	7,082

Staff Policies

The Trust's recruitment policy ensures that all applicants with a disability who meet the essential criteria are offered an interview. Successful candidates are asked what adaptations they may require to carry out their role. Similarly, staff who become disabled after commencing employment with the Trust will be supported and individual packages of support and training will be offered depending on need. King's is also recognised as a Disability Confident employer.

The Trust is committed to promoting equality of opportunity for all its employees as set out in our Equal Opportunities Policy. We believe individuals should be treated fairly in all aspects of their employment, including training, career development and promotion, regardless of disability or any other protected characteristic. King's vision, which applies to staff, patients, and patients' families, is to be 'effortlessly inclusive'.

Our aims and our objectives in pursuit of that vision are:

1. To treat everyone with respect and dignity at all times
2. To challenge discriminatory behaviour and practice
3. To recognise and embrace diversity
4. To ensure equal and easy access to services
5. To ensure equal access to employment and development opportunities
6. To consult and engage with staff, patients and their families to ensure that the services and the facilities of the Trust meet their needs.

We aim to create a culture that respects and values individual differences and that encourages individuals to develop and maximise their true potential.

The Trust has three staff networks, King's Able (our disability and long-term condition network), BAME staff network and the LGBTQ+ forum. The networks have slightly different aims, but all provide a consultation forum to present, discuss and improve issues for staff and patients. Further detail on outputs from the staff networks is provided in the A Diverse Workforce section on page 84.

The Trust has an approved counter-fraud and corruption protocol, and does not tolerate any form of fraud, bribery or corruption by its employees, partners or third parties acting on its behalf.

Our Approach to Staff Engagement and our National Staff Survey Results

The Trust has continued to support its workforce during a challenging year. In 2018/19, King's focused on four priority areas: Equality, diversity and inclusion, Health and wellbeing, Leadership development, and Ways of working and behaviours. Local engagement plans were also put in place, with leaders and managers taking ownership to make local improvements and directly increase engagement of their teams.

Trust-wide, we have a robust strategy for the four priority areas, and as part of these a number of initiatives were launched:

- Equality, diversity and inclusion: The Trust invested £10,000 for each of the three staff networks (BAME staff network, King's Able and LGBTQ+ forum), a dedicated diversity network facilitator and a new staff careers portal, King's Jobs. Further detail is provided in the A Diverse Workforce section on page 84.

- Health and wellbeing – Under the Trust's Healthier King's brand *we* continued running health and wellbeing events at all sites. The Healthier King's programme

included health MOTs, healthy eating and sleep advice and the Younger Lives programme, which offers personal recommendations on what you can do to feel healthier, happier and more energetic. The Trust also approved the recruitment of a staff psychologist to support both staff and their managers through difficult situations. In autumn 2019, the Trust invested £350,000 in the Feel Good Fund, which gave teams a budget to spend on creating a better working environment or enhancing morale. Teams decided how budgets were spent. For example, the finance department held a team-building away day and Lonsdale Ward bought new equipment for its staff kitchen area.

- Leadership development: The Trust saw a number of changes to the executive team, stabilising leadership at the executive level. Leadership programmes were also invested in and refreshed, such as the Advanced Leadership programme, Stepping into Management and Leadership Apprenticeship courses

- Ways of working and behaviours: The trust focused on specific work with our staff networks, and continued with the Not a Target campaign and helpline to raise awareness of and reduce bullying and harassment of staff.

In 2020/21, King's will continue to focus on supporting and developing its staff and creating a happy and healthy working environment so our patients receive the best care. The 2019 staff survey results will be a key catalyst for the launch of the Trust-wide organisational development programme this year.

We use the data and commentary from leavers' surveys, the quarterly Staff Friends and Family Test (FFT) and the annual Staff Survey to inform us on how staff feel about working at King's. We also get regular feedback via our Joint Consultative Committee (JCC) and the FTSU Guardians on the key concerns being raised by our staff.

The Trust employs a number of methods for ensuring staff are engaged and informed about service changes that might affect them, including newsletters, all-staff emails, monthly magazines, drop-in sessions and management cascades. The Trust sends out a daily news update and directs staff to the detailed intranet.

Survey Methodology Changes
This year the results of the Staff Survey were presented as 11 themes that all carry a score out of 10. The theme scores are calculated based on the answers to 90 weighted questions, and a higher theme score is always better. King's scores are benchmarked against other acute trusts. Key findings will no longer be reported.

Summary of Results from the 2019 NHS Staff Survey
The 2019 survey took place between 7 October and 29 November 2019 and 11,677 King's staff were eligible to complete it. It closed with a 43.2% response rate (n=5,048) which is an increase of 3.6% on the previous year. The 2019 survey had the greatest number of responses since the survey has been run at King's.

Thematic analysis of the results show that nine of the eleven themes have improved. Our overall staff engagement theme score was 6.8, which is the same as the Trust's score in 2017 and 2018.

Benchmarking King's Staff Survey Data

Scores for each indicator together with that of the survey benchmarking group (acute trusts) are presented below.

	2017/2018		2018/2019		2019/2020	
	Trust	**Acute trust average**	**Trust**	**Acute trust average**	**Trust**	**Acute trust average**
Equality, diversity and inclusion	8.3	9.1	8.3	9.1	8.4	9.0
Health and wellbeing	5.4	6.0	5.2	5.9	5.3	5.9
Immediate managers	6.4	6.7	6.5	6.7	6.7	6.8
Morale	NA	NA	5.6	6.0	5.7	6.1
Quality of appraisals	5.5	5.3	5.4	5.4	5.6	5.6
Quality of care	7.3	7.4	7.3	7.4	7.4	7.5
Safe environment – bullying and harassment	7.4	8.0	7.3	7.9	7.4	7.9
Safe environment – violence	9.3	9.4	9.2	9.4	9.3	9.4
Safety culture	6.5	6.6	6.5	6.7	6.5	6.7
Staff engagement	6.8	7.0	6.8	7.0	6.8	7.0

Staff Survey Improvement Plans

1. Trust-wide organisational development programme

The Trust is launching a Trust-wide organisational development programme following the survey results this year. The cross-cutting programme will deliver sustainable change by engaging, empowering and enabling our staff, as well as our senior leaders, to improve organisational effectiveness and health by aligning the way we work to our values and behaviours. These in turn will deliver our strategic priorities.

Improving the experience of our staff will involve multiple strands of work at Trust (system) level, local (divisional and care group) level and individual (especially leaders and managers) level. These strands will be interlinked and there will be dependencies between them. We will work with our staff to identify our levers for change and then track our progress over the year against these. At Trust level we will work together to ensure that we identify the

dependencies and enablers between our change and improvement programmes and that our enabling policies, process and the way we implement them are aligned.

'Health and wellbeing' and 'safe environment' themes are highlighted as particular areas for improvement.

To improve health and wellbeing for staff, we will launch a new staff benefits and wellbeing platform, including a financial wellbeing hub to support staff financial wellbeing. The platform will enable the Trust to promote and manage health and wellbeing initiatives and benefits offered to employees in a single environment. A staff psychologist is being recruited to support staff through traumatic incidents that happen in the workplace, support individuals to return to work after experiencing a violent or distressing incident, and offer advice to line managers on how best to support their teams.

A Violence and Aggression Steering Group has been set up which meets fortnightly. It has created an action plan with a number of different work streams. Targeted training is being delivered across the Trust, and multiple listening events have been held to develop more detailed action plans for specific areas.

2. Local improvement plans

As well as the Trust-wide programme, the results are used to influence changes at a local level. In addition to messages from members of the Executive and senior leaders, that team leaders are encouraged to take ownership of their results and initiate conversations with their colleagues about the survey and what it tells them. Improvement journeys will be created and driven at care group level through feedback from team members. Progress against these improvement journeys will be discussed at care group meetings and escalated to divisional management boards. For corporate divisions, areas are asked to create improvement plans at divisional level and discuss them at divisional management boards.

3. Improving staff feedback

The Trust is scoping a new survey engagement tool to improve staff feedback and provide valuable insight. The platform will allow transparent monitoring of progress against engagement plans, and provide a mechanism for feedback throughout the employee lifecycle.

A Diverse Workforce

King's is continuing to develop a culture which feels inclusive for everyone and continually celebrates difference. During the period of this report, we have continued to work towards the objectives in our Diversity and Inclusion Matters strategy which is based on the following twin priorities:

1. Gaining a better understanding and addressing the needs of under-represented groups at King's.
2. Cultivating a culture of inclusion.

Action taken by Staff-Led Diversity Groups

During the period of this report the Trust has:

- Strengthened governance through setting up an Equality, Diversity and Inclusion Steering Group
- Held our first diversity festival, which celebrated events linked to disability, BAME and LGBTQ+ and attracted over 200 attendees
- Held our second cohort of reverse mentoring
- Achieved Disability Confident Employer – level 2 status
- Taken action to encourage staff to declare their diversity information on our Employee Staff Record (ESR).

As part of working towards these twin priorities we continue to use the Workforce Race Equality Standard (WRES) and the Workforce Disability Equality Standard (WDES):

1. Better health outcomes for all
2. Improved patient access and experience
3. Empowered, engaged and inclusive staff
4. Inclusive leadership

These reports are published on our public website here:
https://www.kch.nhs.uk/about/corporate/equality-and-diversity

Gender Pay Gap

Information on the Gender Pay Gap can be found on our website:

https://www.kch.nhs.uk/Doc/corp%20-%20660.1%20-%20gender%20pay%20gap%20report%20-%202020.pdf

Counter Fraud and Corruption

The Trust has a number of policies in place to counter fraud and corruption and has a good track record in reporting suspected fraud. The work of the Local Counter Fraud Representative is outlined elsewhere in this report and is reported to the Audit Committee. During 2019/20 the contract with Audit One, the service that provided the Trust with counter-fraud services, came to an end and a new provider was appointed as a result of a competitive tender process.

Annual Health and Safety Summary 2019-2020

Summary

The following paragraphs provide summary information relating to principle activities associated with the management of health and safety issues for the period 1 April 2019 to 31 March 2020. The report highlights the current key priorities for the Health and Safety team in delivering a programme of work during 2020/21.

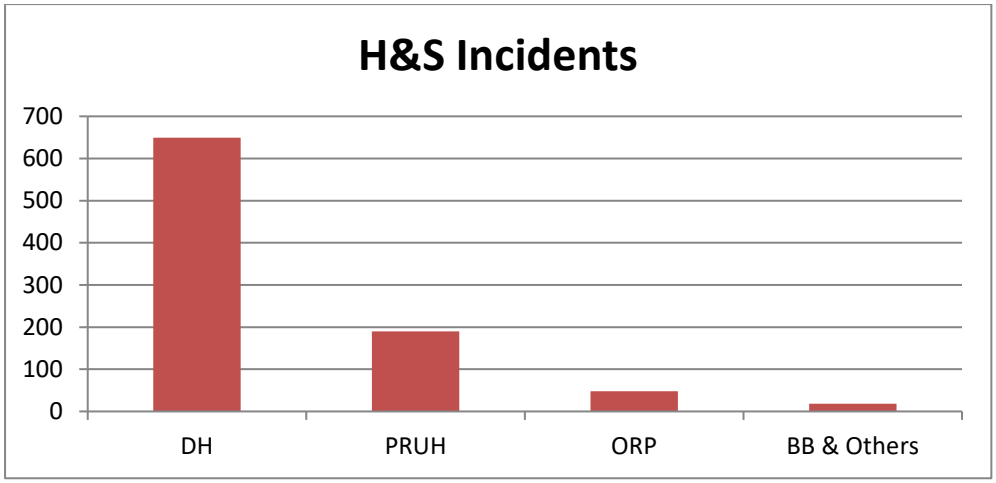
During the reporting period the Health and Safety team has continued to broaden its influence to better support all areas of the organisation, particularly clinical areas, with managing health and safety. Although limited in number, those health and safety surveys that were conducted and the team's involvement with a variety of clinical safety groups and committees have together enabled improved collaboration with all departments.

Areas where compliance may be improved have been identified and are outlined below. The surveys also identified a very positive level of willingness by staff for local health and safety management, but some lack of clarity was noted relating to particular roles and responsibilities in some areas.

Historical data illustrates that the Trust is broadly in line with earlier returns over past reporting periods, (see Section 5), with no sharp delineations from previous reports. RIDDOR notifications were below the group mean average by 6.06%. The Health and Safety team conducts a rigorous scrutiny procedure prior to submitting RIDDOR notifications in order to reduce these from being sent to the Health and Safety Executive (HSE) as per their direction. The new regulations for COVID-19, as required by the HSE, have been included in the Trust's RIDDOR reporting criteria.

Excluding COVID-19 related incidents, the reporting period saw an increase in the total number of reported accidents and incidents compared with the previous year, from 4,204 (2018/19) to 4,816 (2019/20), which represents an increase of 14.58%. The top three categories of accidents and incidents remain consistent with 2019/20: needle stick and sharps; violence, aggression and harassment; and slips, trips and falls.

Reported Health and Safety Accidents and Incidents for 2019/2020



Significant Events

The Regulatory Governance Department (RGD) was dissolved and restructured in October 2019 and embedded into the Integrated Governance Directorate as the Trust's Health and Safety team. The newly formed team has assumed a variety of responsibilities formerly held by the Capital, Estates and Facilities Directorate. These include anti-ligatures, window restrictors and assessments of areas associated with the Equality Act 2010. In addition, the Health and Safety team has also assumed the responsibility for display screen equipment (DSE) from Occupational Health.

On 10 January 2020, the HSE published 'Review of window restrictors used in health and social care' (RR1150). This review provides guidance and procedures on the use of window restrictors within a healthcare setting and supplements the document: 'Falls from windows or balconies in health and social care' (HIS5) published in 2012.

- The EU's Personal Protective Equipment Regulation 2016/425 came into force in 2019, and replaced the Personal Protective Equipment Directive 89/686/EEC, which is enacted in the UK by the Personal Protective Equipment Regulations 2002. The Regulation concerns the supply and 'placing on the market' of personal protective equipment (PPE) and places duties on economic operators throughout the supply chain (manufacturer, authorised representative, importer and distributor) to ensure compliance with the Regulation. Following the UK's planned exit from the EU in December 2020, the HSE has indicated that EU regulations will be amended to reflect UK regulations going forwards, and as such, King's Facilities Management will conform to any revised procurement regulations in due course.

- A member of staff sadly committed suicide whilst an inpatient at the PRUH in September 2019. On the day of discharge the patient committed suicide by hanging in the ward's shower room. The staff member was not considered mentally vulnerable when admitted, and the risk assessment for the ward concluded it was

"lower risk" in respect of the ligature risk assessment potential. Following the incident, a further review of risk resulted in a decision to replace all curtain rails in the Trust with anti-ligature curtain rails as an ongoing lifecycle replacement programme. As the Trust is not a mental health trust, the fiscal burden of these replacements will fall upon the Capital, Estates and Facilities (CEF) Directorate. The Health and Safety team is collaborating with the CEF to achieve the replacement programme, which is expected to be completed by Q3 2021, accounting for limitations created by the COVID-19 crisis.

- During the wet weather of July 2019, a flood occurred in the basement of the Dental Building at KCH. The flood was caused as a result of the sewers being unable to accommodate the increase of rainwater. Consequently, raw sewage leaked into the basement resulting in the need to temporarily stop dental training. It also destroyed some storage items and halted the provision of the Central Specialist Sterilisation Department (CSSD) products, such as sterilised tools and equipment, for the dental team. This severely disrupted treatment available to dental patients, as sterile equipment was not available for even basic care. The issue of sewage overflow during floods is an ongoing concern because the sewers are unable to cope with heavy downpours due their age. The CEF is aware.

- During COVID-19, a large number of Trust staff were congregating in public areas, such as Costa Coffee venues, Well-Being Hubs and dining rooms, and were not observing the required social distancing requirements. Concern and criticism of the failure of staff to follow government and Trust guidance was raised by staff and members of the public visiting the hospital. These concerns were discussed at Silver Command and the CEO sent out frequent reminders to staff to observe social distancing rules. The HSE announced in March 2020 that employers will be subject to Enforcement and Prohibition Notices, prosecution and other disciplinary measures, should they not adhere to strict social distancing measures for the workforce in the workplace.

Gaps Identified

A summary of gaps identified in health and safety (H&S) compliance are:

- Completion of executive management H&S training. Senior managers are required to attend bespoke safety management training in line with the Management of Health and Safety at Work Regulations 1999.

- Although well established in the Trust, there have been occasions where it was not possible to complete H&S audits over the reporting period due to staff level constraints. This in turn deteriorates the data gathered and affects the analysis and measurement of the safety culture in the Trust, therefore preventing remedial actions to improve upon risks identified.

- A total of 31 RIDDORs were submitted during this reporting period. Of these, one RIDDOR report failed to meet the timeline required by the HSE (10 days from an incident or 15 days for an over-seven days' period of absence from work as a consequence of the incident), due to a late report submitted from a division. For the period of this report, no RIDDORs have been reported in connection with Trust staff members contracting the COVID-19 virus whilst at work.

- Trust Staff have not been completing mandatory display screen equipment self-assessment documentation contrary to the Display Screen Equipment Regulations 1992. An estimated 180 staff members (as assessed in February2019) have completed the

self-assessment forms, representing less than 2% of Trust staff. The Health and Safety team have embarked on a programme to address this.

- There are gaps in the completion of anti-ligature assessments throughout the Trust. The highest risk areas have all had assessments completed, but the lower risk areas remain unassessed due to H&S resource restraints. A new Department of Health Estates and Facilities Alert, EFA-2019-005: 'Central Alerting System: Issues with Doorstops/Door Buffers', requires that doorstops/buffers are included in all reviews for anti-ligature assessments, and these are currently underway. The reviews are considered a priority and the Trust Health and Safety team endeavours to complete all assessments by Q3 2021, although this might be delayed due to the COVID-19 crisis.

- There have been numerous reports about the lack of PPE available to staff members with the emergence of COVID-19. Some areas have reported inadequate PPE and other concerns raised have been in connection with the lack of training in the use of PPE. Public Health England (PHE) sought to address the uncertainty regarding the use of PPE by promulgating a series of recommendations, as well as relaxing some regulations. The shortage of PPE is at a national level and it is anticipated that this will be redressed as soon as practicable.

- Pedestrians remain vulnerable in certain areas of the Trust. A lack of monitoring and policing availability prevents the proactive management of pedestrians in order to protect them from moving vehicles. Pedestrians continue to disregard direction signs despite the erection of barriers and warning signs. The current culture for some of those on foot seems to be that of wearing head/earphones, an activity that also increases the likelihood of accidents when they are not situationally aware of their environment. In addition, vehicles transiting through the Trust are paying little attention to speed limits, with the Trust having no enforcement authority available to manage these.

Legal Safety Compliance Overview

The table below outlines the main H&S legislation and identifies the proactive work that the Trust has carried out in order to comply with it.

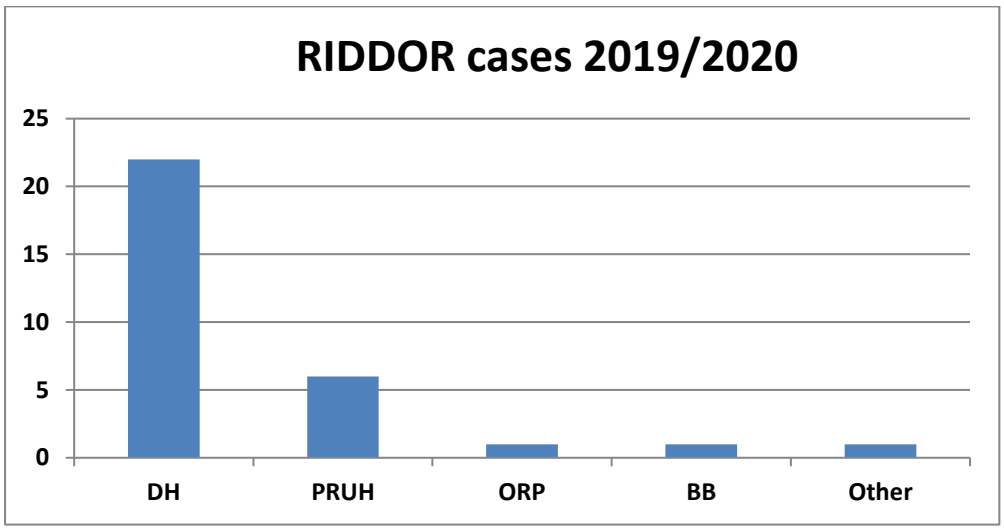
Legislation	**Description of actions**
Health & Safety at Work Act 1974	• Health & Safety Management Strategy ratified and agreed. • Competent persons in place to provide compliance advice (Health and Safety team). • Health and Safety Committee meetings held six times a year – well attended.
Management of Health & Safety at Work Regulations 1999	• Annual H&S audit programme. • Over 80% Workplace Risk Assessment (WRA) conducted in the Trust. • H&S Champion training implemented in 2019. • Divisions responsible for ensuring that they have adequate numbers of Champions. Volunteer numbers are low as revealed by audit and needs to increase.
Display Screen Equipment Regulations 1992	• The DSE self-assessment tool has been updated on Kingsweb and Occupational Health (OH) now has specialists to advise on the DSE recommendations.

Control of Noise at work Regulations 2005	• Noise at work policy currently being redrafted and expected to be ratified by Q2 2020.
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) Health & Safety Consultation with Employees Regulations 1996	• 97% reported within the HSE's required timeline. • Investigations have been implemented for all RIDDOR incidents and the findings are shared with the Occupational Safety Committee. • New RIDDOR amendments have been implemented following COVID-19. • Terms of reference have been redrafted for the H&S Committee.
Health & Safety Information for Employees Regulations (Amendment) 2009 Safety Representatives and Safety Committees Regulations 1977	• H&S representatives and trade union H&S representatives engaged. • Site-based Health and Safety Committee (PRUH and Orpington Hospital) held six times a year and is well attended by managers, trust-competent persons, trade union representatives and H&S Champions. • Reports on audits, action plan progress and risk register.

RIDDOR

A total of 31 RIDDOR reports were submitted to the HSE in 2019/20, a slight decrease of 6.06% from the previous year's total of 33. The categories in which injuries were reported were:

Injury type	2019/20	2018/19	2017/18
Sharps injuries	4	12	7
Slips, trips and falls	8	09	7
BBV splash injuries	8	02	7
Others (such as crush, burns, assaults)	11	10	6



50% of the sub-categories saw a downward trend over the reporting period. The previously leading category for reportable injuries was injuries from dirty sharps. However, in 2019/20 the leading category for reporting for an identified sub-category, that is, not 'other' was slips, trips and falls (STF) and BBV splash injuries. The majority of STF cases have been attributed to staff failing to observe and adhere to safe systems of work.

A total of 31 members of staff were absent from work as a consequence of incidents or accidents for a period of more than seven consecutive days, representing a fall of 31.5% compared with 2018/19. Total accumulated absence, however, has increased from last year's total by 9%.

RIDDOR reports accounted for 0.6% of the 4,816 H&S incidents reported in 2019/20; this is a marginal decrease on the previous year of 0.5%, and is in keeping with the downwards trend.

Violence and aggression

Violence and aggression (V&A) levels against staff members by the public have increased in the Trust during 2019/20, which reflects the nationwide trend of an increase of violence and aggression against health workers generally.

A total of 709 V&A incidents in 2019/20 represents an increase of 22.12% over the last 12 months and an increase of 50.92% since the period of 2017/18. Based on current linear projections, the anticipated increase for the next reporting period is estimated to be 808 incidents, a possible increase of 13.96%.

H&S Objectives 2020/21

Principle objectives	
1	Ensure safety of all staff and visitors to the Trust during COVID-19 crisis and beyond.
2	Assist divisions to prioritise and focus on recruiting H&S Champions and H&S representatives.

3	100% of H&S annual audits Trust-wide to be undertaken and outstanding action plans to be completed by divisions.
4	Improve the two weakest audit compliance areas (COSHH and general H&S arrangements) by further training and monitoring action plans.
5	Achieve Trust-wide compliance with Health and Safety (Sharp Instruments in Healthcare) Regulations 2013 to further drive down sharp's injuries.
6	The promulgation and delivery of reporting accident 'near misses' online via Datix.

Datix continues to provide a platform for reporting incidents and should also include the reporting of 'near misses', which at present the Trust is not capturing all the time. The 2020/21 objectives outline the key focus areas for the Trust to work on in order to improve on identified weaknesses. In addition, they form the basis of work plans for various departments to improve H&S incident reporting. Progress against these objectives will be reviewed at the Trust Health and Safety Committee and forwarded to the Quality, People and Performance Committee for information.

Improvements in H&S are ongoing across the Trust. The team is working with Trust divisions to increase compliance of audit actions and to close identified gaps. However, the comparatively small size of the team hinders rapid progress and the COVID-19 pandemic has affected its ability to close identified gaps as the team is needed to deal with new issues solely arising from COVID-19, especially given the redeployment of staff across the Trust into new and often unknown areas of work. Improvements in prioritising audits and improving H&S across the Trust will inevitably lead to a greater level of legal compliance. It is recognised that both the audit programmes and incident reporting are fundamental to King's being able to identify, analyse and address high-risk areas. This relies on the involvement of all staff and managers working with the Health and Safety team to deliver a safer environment and the team is working Trust-wide to promote this.

2.4 Disclosures set out in the NHS Foundation Trust Code of Governance Statutory Framework

King's College Hospital NHS Foundation Trust applies the principles of the NHS Foundation Trust Code of Governance (Code) on a 'comply or explain' basis. The Code is founded on the principles of the UK Corporate Governance Code, and was most recently revised in July 2014. The required disclosures in relation to the Board of Directors and the Council of Governors are outlined in section 2.1 above.

King's meets all main principles of the Code, including those relating to the development and management of patient services and accountability for the use of public resources. The composition of the Board and the Council of Governors is laid out in the Director's Report above. The Board has fewer voting executive members than non-executive members (excluding the Chair) and therefore meets the requirement of the Code. In addition, there are also a number of non-voting executive members on the Board.

The Trust is required under the NHS Foundation Trust licence condition FT4, to set out how it is able to assure itself of the validity of its corporate governance statement. The Board

signs this statement in parallel with this Annual Report, having been apprised of the information provided by external and internal auditors.

2.5 NHS Oversight Framework

NHSI issued the NHS Oversight Framework for 2019/20 (Framework), which provides the framework for NHSI to oversee providers and assist in identifying potential support needs. The Framework looks at quality of care; finance and use of resources; operational performance; strategic change; and leadership and improvement capability. The table on page 22 shows the Trust's operational performance scores.

The Trust was placed in an enhanced regime of Financial Special Measures by NHSI in 2017/18 following a substantial variation to the planned deficit for the year.

Finance and Use of Resources

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

Area	Metric	Score 2019/20 Quarter 1	Score 2019/20 Quarter 2	Score 2019/20 Quarter 3	Score 2019/20 Quarter 4
Financial sustainability	Capital service liquidity	4	4	4	4
	Liquidity	4	4	4	4
Financial efficiency	I&E margin	4	4	4	4
Financial controls	Distance from financial plan	1	1	1	1
	Agency spend	1	1	1	1
Overall scoring		4	4	4	4

2.6 Statement of the Chief Executive's responsibilities as the Accounting Officer of King's College Hospital NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require King's College Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of King's College Hospital NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the DHSC Group Accounting Manual, with particular regard to:

- Observe the Accounts Direction issued by NHSI, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the DHSC Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- Confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- Prepare the financial statements on a going-concern basis and disclose any material uncertainties over going concern.

The Accounting Officer is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the Foundation Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

Signed: Date:

1st July 2020

Professor Clive Kay
Chief Executive and Accounting Officer

2.7 Annual Governance Statement and Enhancing Quality Governance

Scope of Responsibility

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

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 or 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 King's College Hospital NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place within the Trust for the year ended 31 March 2020, and up to the date of approval of the annual report and accounts. A review of the effectiveness of the system of internal control can be found on page 106.

Capacity to Handle Risk

As Chief Executive and Accounting Officer, I have overall responsibility for risk management with the Executive Director of Integrated Governance providing operational leadership. Each Executive Director is responsible for managing the risks within their portfolio. All Executive Directors report to me and I have range of forums in place to ensure that they are held to account for the performance and delivery of individual, team and Trust objectives.

A new Risk Management Strategy was approved by the Board in March 2020, which will be rolled out and embedded into the organisation over the coming year. The Trust began the process of a significant review of its risk registers in 2019/20. The risk register assists with the development of an organisation-wide risk-awareness culture and enables risk management decision making to occur as near to the risk source as possible. This process will be a significant focus during 2020/21 to ensure that our risk management arrangements meet the requirements of the Trust. The new strategy articulates the Trust's appetite for risk, which was developed through detailed discussion at Board level.

To support the organisation to maintain good practice in risk management, new risk management training and awareness commenced in the last quarter of the year. Going forward, risk management training will be included in the Trust's induction and mandatory training programme and multi-channel availability of training and resources will be put in place. The Trust recognises that risk management is critical to patient and staff safety as well as ensuring the Trust meets its objectives, and therefore this will be taken forward with renewed vigour in 2020/21 as the Trust starts to implement the principles of the NHS Patient Safety Strategy.

The Board Assurance Framework provides a high-level management assessment process and record which enables the Trust to focus on the principal risks to delivering its strategic objectives and the robustness of internal controls to reduce or manage the risks to acceptable levels. In 2019, the Board undertook a substantive review of the Board Assurance Framework to align it with the Trust's new strategic objectives, controls and

assurances, as well as national best practice. Where required, action plans were agreed to improve controls or assurances.

Two specific facilitated Board development sessions focused on the process of the development of a comprehensive Board Assurance Framework, to provide the Trust with an effective management system for significant risks which could impact upon the delivery of annual and strategic objectives. Work will continue in 2020/21 to redefine the Board Assurance Framework and to address the recommendations made by the Trust's internal auditors in its 2019/20 review of the Framework.

In the light of this review, the following risks to strategic objectives were identified:

- Inability to meet key access targets due to delays to assessment and treatment in the ED caused by increased attendances, slow patient flow through the hospital, and backlogs in key diagnostic areas.
- Impact on the financial stability of the Trust as a result of a failure to achieve key financial targets, including income projections.
- Risks to quality and safety as a result of an aging estate and a significant equipment maintenance and replacement backlog.

The Board Assurance Framework is updated by the Trust Secretary and reviewed by the Board at each meeting.

In order to ensure that the Board received feedback directly from operational staff and patients, and in line with a 'ward to Board approach', the Board commenced Patient Safety Walkabouts and met with, and observed, members of staff, and spoke to patients and visitors in clinical areas and departments across hospital sites. Additionally, a patient was invited to attend each Board meeting to inform the Board of their experience.

In response to continual review of its effectiveness, the Board undertook a number of initiatives to improve strategy development, whilst assuring itself of the performance of the Trust. It did this by:

- Improving the Integrated Performance Report which was presented at each Board meeting;
- Revising the structure of the Board agenda and improving the quality of Board reports;
- Arranging a series of Board development sessions to debate key strategic and development issues.

The Trust's strategic objectives were reflected in each of the new committees' agendas. These objectives were monitored by the committee Chair at each meeting, supported by the Trust Secretary.

The Risk and Control Framework

As noted in the Director's Report, governance arrangements were reviewed during 2019/20, with new committee structures implemented at Board and Executive level. These new structures aim to provide renewed focus on delivering operational priorities and performance recovery plans, as well as developing the broader strategic ambition for the Trust.

To ensure the corporate and clinical governance arrangements meet the needs of the Trust, they were reviewed during the second half of the year following the appointment of the Executive Director of Integrated Governance. A further review will be considered in light of the COVID-19 crisis prior to rolling out new arrangements during 2020/21.

A Risk and Governance Committee has been in place since July 2019. Chaired by the Chief Executive, it ensures that the Trust risk and control framework is effective. A key function is regular review of the corporate risk register, which in March 2020 contained 30 risks.

Other key control and assurance processes include:

- A Performance Management Framework, including performance dashboards and integrated finance, HR, quality and operational performance report.
- Regular analysis of patient safety experience and outcomes reported to the Board and the Executive. This includes clinical audit.
- Regular Board reporting on key issues such as safeguarding children and adults, complaints, and infection prevention and control.
- Internal audit and other external review bodies, including CQC, MHRA, Royal Colleges, Health Education England and Patient Led assessments of the Care Environment (PLACE Audits).
- Quarterly performance reporting to the Council of Governors.
- Freedom to Speak Up Guardian and other workforce safeguards.
- Quality focused walkabouts by Board members.
- The annual staff survey, which provides feedback on the staff experience and concerns.
- A policy framework covering corporate, data security, information governance, HR, financial management and clinical issues, as well as a scheme of delegation and standing financial orders.

Embedding Risk Management and Incident Reporting

The Trust has an incident management process in place and actively encourages staff to report incidents through the online reporting system Datix. During 2019/20 there were 189 serious incidents and six Never Events. All incidents are reviewed through the Serious Incidents Review Panel and are reported to Commissioners.

Never Events (NE)

Never Event Category	18/19	19/20
1. Wrong Site Surgery	3	2
2. Wrong Implant/Prosthesis	0	1
3. Retained foreign object post procedure	3	2
5. Administration of medication by the wrong route	1	0
6. Overdose of insulin due to abbreviations or incorrect device	1	0
15. Unintentional connection of a patient requiring oxygen to an air flowmeter	2	1
Grand Total	10	6

During the last financial year there was a drop in the number of Never Events reported. Two key areas of focus in the previous financial year which were effective were in relation to reducing retained foreign bodies in maternity, and reducing the number of incidents of inadvertent connection of patients to air instead of oxygen.

Maternity is a high-risk area for retained foreign bodies because of the interface between the delivery suite and theatres, change in birth plans and multiple teams being involved in delivering care. There have not been any in maternity during the last financial year. The service implemented improved checking systems, which remain in place, and they continue to audit their practice. Additionally, they introduced the use of pink wrist bands to highlight

intentionally retained vaginal packs. The wristbands have been well received and are being used for other surgeries where there are intentionally retained foreign bodies.

The Trust implemented a number of improvement actions to prevent the occurrence of inadvertently connecting a patient up to air instead of oxygen. The most effective was putting in a mechanical barrier and blocking off the air outlets with a removable cap and making nebuliser machines available. A number of areas were exempt from this safeguard (theatres, intensive care and ED) and unfortunately there was one incident reported in the last financial year that occurred in one of the exempt areas. Fortunately, there was no patient harm and the department is now also applying the caps.

Serious Incidents

During 2019/20, the Trust recorded 189 serious incidents. Over half of these related to pressure ulcers, patient falls and missed or delayed diagnosis.

During the last financial year there were a number of areas of improvement the organisation focused on in terms of operational management of some services. This correlated with reported serious incidents in specialities such as endoscopy at the PRUH, ophthalmology, dermatology and urology. While capacity was an issue in most areas, there were a number of learning points, in particular around patient tracking, staffing resource and communication with patients. Challenges experienced within each service have been managed at the highest level with Executive oversight. Additionally, there has been collaborative working with external partners to improve care for these patient cohorts across the system.

To help drive improvements in relation to clinical incidents in diagnostics, the Trust continued the rollout of electronic results acknowledgement, mentoring specialties with this and monitoring its uptake. IT improvements are being managed via the digital board, which incorporates a focus on EPR results acknowledgment. Medical induction safety slides were developed for an e-learning package, which includes a section on EPR results acknowledgement. Specialty-specific actions include:

- PRUH ED-led improvement work to reduce the number of missed fracture incidents. Campaign launched in 2019: Head, Shoulders, Hips and Toes Campaign.
- Maternity services continue with its teaching programme in relation to CTG monitoring.
- Maternity Task and Finish group to review incidents of harm where mothers had gestational diabetes.

There have been a number of actions put in place to continue to reduce the number of pressure ulcers and falls of patients while in hospital. While King's is below the national average with regard to such incidents, the teams continue to drive improvements in these areas. To reduce the number of pressure ulcers, the Trust is currently completing a two-year deep-dive review of acquired pressure ulcers by BAME grouping and has launched the Say What You See campaign regarding documentation of pressure damage. There has been improved liaison with community teams on admission and discharge and there remains a great deal of focus on training, care pathways and improving resource.

To reduce patient falls, the Trust has developed an electronic integrated falls risk assessment and electronic falls care plan. The PRUH is trialling yellow socks for patients with dementia and delirium in ED. The teams have developed a decision-making algorithm to support management post-falls. There are continuous teaching programmes and promotion of best practice across the Trust. Volunteers have been recruited to be fall sitters where they carry out meaningful activities and exercise with patients. The Trust held an annual Safer Care awareness event cross sites, participated in the National Falls Awareness Week and continues to work collaboratively with Bromley CCG and Falls Service.

In addition to the formal processes, good practice and learning was shared with staff though governance meetings and informal methods such as internal e-bulletins, the intranet and Safety Net publications and meetings.

The Trust Safety Net continues to be a key method of sharing lessons learned with staff and consistently receives positive feedback from front-line staff. Grand rounds are held regularly under the Safety Net banner. Grand round topics in 2019 in relation to serious incidents were:

- Death from ligature suspension
- Transfusion incident review
- Learning from error – insulin
- Learning from dental Never Events
- An incident of preventable stroke
- Raised globulins: think plasma cell disorders and blood-borne viruses.

The Trust continues collaborative learning across organisations. Safety Connections is a collaborative between King's, KCL, GSTT and SLAM. Regular events are held on topics that allow for shared learning amongst staff. The 2019 Safety Connections annual conference was well attended by staff from King's with 300 staff attending in total. Additionally, the Patient Safety and Risk team and colleagues from other organisations held regular Safety Connections evening events. The Trust is also working with NHS Resolution to run learning events on claims. King's was going to host a learning event in relation to obstetric claims on both sites which has been postponed due to COVID-19.

The Patient Safety and Risk team hosted an event with key German healthcare stakeholders working on patient safety policy in Germany. The team also provided training on patient safety and risk management to a group of staff attending from Kazakhstan.

Key Elements of Quality Governance Arrangements

The Trust's quality governance framework has at its centre the Quality, People and Performance Committee with a membership comprising three Non-Executive Directors and the majority of the Executive Directors. A Governor Representative also attends the scheduled Committee meetings, providing a written report to the Council of Governors on the matters discussed. During 2019/20 the Quality, People and Performance reporting committees included: patient safety, patient experience, maternity board, and health and safety, all chaired by Executive Directors. The reporting structures and processes are in place across all sites down to divisional and care group level. However, a review commenced in the latter part of the financial year and will be progressed during 2020/21.

The Board receives a quarterly Integrated Performance Report and Performance Scorecard, which provides up-to-date information on key quality indicators, such as infection control, patient safety, patient experience and clinical effectiveness, highlighting current quality and safety issues and actions being taken.

The Chief Nurse provides a quarterly report to the Board of Directors on nursing numbers in comparison to an acuity-based evaluation of safe staffing levels. Nurse establishment levels are also regularly reviewed and reported to the Board. Medical staffing levels have been reviewed where particular concerns have been identified.

At the Quality, People and Performance Committee, quarterly reports addressing health and safety, patient safety, patient outcomes and patient experience are presented by the Executive Director of Integrated Governance and the Chief Nurse. The reports include

updates on quality priorities, CQC key five domains and driving improvement across the quality dimensions as follows:

- **Patient Outcomes:** mortality monitoring and review of mortality outliers, progress against NCEPODs and participation in National Audits, updates on public health priorities, NICE Quality standards
- **Patient Safety:** profile and analysis of adverse incidents and progress against related improvement work streams, serious incidents and improvement actions, adverse incident benchmarking data
- **Patient Experience:** national surveys, monthly internal How Are We Doing Survey, updates from patient opinion websites, complaints, and PALS trends and analysis, service improvements, outcome of ombudsman investigations, local CQUIN, Friends and Family Test
- **Health and Safety**: analysis of health and safety incidents, and inspection findings.

A quarterly report on infection and prevention control is provided by the Chief Nurse, who is also the Trust's Director of Infection Prevention and Control (DIPC).

The performance of divisions is formally reviewed at the divisional performance review meetings led by the Chief Operating Officer in partnership with the Medical Director and Chief Nurse. These discussions inform the monthly Performance Report, which is considered by the Board. The reports are structured so the Board can drill down to site-specific performance and quality information.

Major Risks to the Trust in 2019/20

The thematic risks to strategic objectives were identified as:

- Harm to patients as result of missed access targets. Four areas of particular concern were highlighted during 2019/20: endoscopy, ophthalmology, dermatology and 52-week RTT breaches. All were subject to detailed operational recovery plans which were reported to the Board. Remedies included additional capacity both in-Trust and in the independent sector and improvements to the management of the patient treatment list (PTL). Full harm reviews were also undertaken for endoscopy, ophthalmology and dermatology. The Trust was on track to recover its 52-week RTT position. However, the COVID-19 pandemic response will have created backlogs going into the new performance year.
- Inability to meet key access targets due to delays in assessment and treatment in the ED caused by increased attendances and slow patient flow through the hospital. Full improvement plans were agreed for both sites and were monitored by the Executive.
- Harm to patients as a result of limited theatre capacity and pressure on bed occupancy, resulting in long waits for treatment. The Trust conducted a full review of demand and capacity during 2019/20, which has resulted in changes to delivery models in key areas such as neurosurgery.
- Harm to patients as a result of delayed appointments and patients being 'lost to follow-up'.
- Impact on the financial stability of the Trust as a result of a failure to achieve key financial targets including income projections. Although financial governance has improved significantly, the Trust has a sizeable deficit. Other mitigating activity included regular financial forecasting and reporting at every level within the Trust, integrated activity, workforce and financial reporting, robust pay control and a wide-ranging cost improvement programme.
- Risks to quality and safety as a result of an aging estate and a significant equipment maintenance and replacement backlog. A clinical space group was established during 2019/20 to review use of the Trust estate, particularly on the KCH site. The Trust also embarked on a significant programme, with support from an external

partner, to address maintenance and to ensure the Trust is compliant with key safety standards.

- Risks to staff and patient safety as a result of violence and aggression. The Chief Nurse has led a programme to provide staff with skills and support to manage violence and aggression.
- Low staff morale caused by bullying and harassment, poor staff engagement, limited health and well-being and poor leadership. The staff report, earlier in this document, outlines how the Trust addressed these issues during 2019/20. During the past year the Board has also strengthened the senior operational leadership capacity and capability to provide stability to staff and improve engagement, so there is ownership and accountability at every level for delivering the Trust's recovery programmes.

The Trust also reviewed the arrangements in place for continuity of supplies and workforce in the event of a no-deal exit from the European Union.

Assurance on compliance with relevant regulations, internal policies and procedures is undertaken through the Trust's committee structure, for example, CQC registration through the Quality, People and Performance (QPP) Committee and fire regulations through the Health and Safety Committee. Compliance assessments are also undertaken by internal audit.

External Assurance

Care Quality Commission Registration

The Trust is required to register with the Care Quality Commission and its current registration status is Requires Improvement.

In 2017, the Trust received a rating of Requires Improvement Trust-wide and for the KCH and PRUH sites. Orpington Hospital received an overall rating of Good.

In early 2019, the Trust had a follow-up inspection. However, the Trust's rating remained the same as not all core areas were inspected on this occasion.

CQC Ratings

CQC's Overall Rating for King's College Hospital NHS Foundation Trust						
	Safe	**Effective**	**Caring**	**Responsive**	**Well-led**	**Overall**
Overall Trust	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement	Requires Improvement

The detailed scores show a slight improvement at the KCH site but a deterioration at the PRUH, where the ED was found to be Inadequate. The Trust was also considered inadequate in the Use of Resources domain.

Key issues highlighted in the CQC report were:

- End-of-life care improved at both sites and was considered Good (previously Requires Improvement).
- Maternity services at KCH have improved and are now considered Good (previously Requires Improvement).

- Emergency care has deteriorated at both sites, particularly at the PRUH, which is now considered Inadequate (KCH remained at Requires Improvement but had deteriorated in three domains).
- Surgery at KCH has deteriorated in two domains.

As a result of the inspectors' assessment of both ED in early 2019, the CQC wrote to the Trust indicating it would take enforcement action if the Trust did not urgently address a number of issues it found when the inspectors visited the ED at the PRUH. King's has implemented a full action plan as a result of the CQC findings. Both EDs were re-inspected in November 2019. The reports were published in February 2020 and although they found some improvement, the ratings remained unchanged.

Whilst the Trust continues to face challenges related to activity levels, it is generally meeting all the key milestones set out in its CQC Action Plan. These actions are being reviewed through the executive CQC Oversight meetings and at the Quality, People and Performance Committee.

The Trust is fully compliant with the registration requirements of the CQC.

External Visits Register

The Trust has an external visits register in place to ensure that all external visits and inspections are documented and any actions arising out of the visits are appropriately tracked. A number of visits have taken place including by the Medicines and Healthcare products Regulatory Agency (MHRA), Health Education England and the Specialist Pharmacy Agency. The Major Trauma Peer Review team also visited the Trust. The reviews generally found that the Trust provided appropriate services and a number of minor recommendations were made. These have been reported through the Quality, People and Performance Committee.

Responding to Complaints and Concerns

Complaints and concerns provide a good indication of the quality of service delivery across the Trust. The Trust received 732 complaints during 2019/20, an organisational decrease of 29% on the number received in 2018/19 (1,038). Of these complaints,449 concerned the KCH site (a 27% reduction) and 280 concerned the PRUH and South sites (a 34% reduction).

76 (10%) complaints responded to during 2019/20 have been reopened for a further response. In addition, the Trust has been notified of seven cases which have been referred to the Parliamentary and Health Service Ombudsman for an independent review, down from 12 in 2018/19.

This year we have made some changes to the way we handle complaints from the point at which they are received and this has impacted on our activity levels. We have also brought together the Patient Advice and Liaison Service (PALS) and Patient Complaints under a single management, increasing our focus on dealing with complaints from a service user perspective and continuing to offer immediate support in remedying problems wherever possible. To support the continuous high-activity levels, we have expanded the PALS team by an additional three whole-time equivalents (WTEs) and our aim is to offer a more seamless service for patients wishing to give feedback and to raise concerns.

3,438 concerns were reported by PALS, of which 46% of casework related to KCH and 54% to the PRUH and South Sites. This number does not reflect the department's total activity. While recruitment in PALS was underway, simple enquiries such as changing a hospital

appointment or following up hospital admission timeframes, were intentionally not recorded in the Datix system.

The profile of complaints has broadly remained the same as 2018/19 with clinical treatment (provided by doctor/dentist) representing 47% of total cases received. Running throughout most complaints is a concern around our communication, which has affected patient care. However, 30% of the total complaints received cited communication as the main cause for their poor experience. Alongside these are concerns relating to staff attitude, outpatient appointment arrangements and discharge decisions. Over 40% of PALS casework recorded related to communication and outpatient appointments.

The Trust received 43 complaints in March 2020 which was comparable with the previous two months. As of 23 March 2020, Complaints and PALS switched to operating a skeleton service due to COVID -19. Furthermore, as a result of the COVID-19 pandemic, the Trust commenced the NHS England and NHS Improvement's suggestion of a system-wide three-month 'pause' of the NHS complaints process to allow all healthcare providers in all sectors to concentrate their efforts on front-line duties.

To this end, the Trust has ensured that patients and the public are still able to raise concerns or make a complaint, but have managed the expectation of an investigation and response in the near future. The Trust has also updated all complainants with an open case and notified local IHCA organisations. King's continued to acknowledge complaints, log them on its systems, triage for any immediate issues of patient safety, practitioner performance or safeguarding, and take immediate action where necessary. PALS remained operational on both sites providing support by email and telephone.

As an organisation, the Trust recognises complaints as a means of improving performance. Learning from complaints is ongoing and is often linked with outcomes following clinical incident investigations. Complainants and patients have participated in meetings with staff and feedback has contributed to a number of general improvements across the organisation.

Workforce Safeguards

The nursing and midwifery workforce is reviewed twice a year in line with NHS Improvement (2018) Developing Workforce Safeguards guidance. Safer staffing nursing levels are also monitored quarterly by the Board.

The local policy for agreeing nursing and midwifery establishments sets out a cycle to review wards, theatres, endoscopy, intensive care (including paediatrics and special care) and maternity. Where possible a recognised evidenced-based tool, such as the Safer Nursing Care Tool, is used to gather acuity and dependency data that in turn informs the nursing establishment.

Currently, there are no evidence-based tools available to support the review of the EDs, outpatients and ambulatory services; these services are reviewed using benchmarking data, where available, alongside professional judgement. The Trust is currently exploring the process to review the establishment of nurses and midwifes in specialist roles. This will ensure that the nursing and midwifery workforce in totality can be reviewed twice a year as recommended by the Workforce Safeguards Guidance.

The Trust has less robust processes in place for monitoring workforce staffing levels in other areas, relying on vacancy and bank and agency data as a proxy. The Trust productivity programme, including GIRFT, reviews staffing levels across all professions. The Board receives assurances on a number of medical workforce issues including compliance with the junior doctor contract, GMC revalidation and appraisal. A Guardian of Safe Working is in

place (Dr Ed Glucksman), who reports quarterly to the Quality, People and Performance Committee. The Trust has a medical guardian for the Duty of Candour.

The Trust updates its workforce plan annually, and this includes a strategic assessment of the internal and external challenges facing the Trust.

King's has agreed a conflict of interest policy in line with NHS guidance, but there is more to do in ensuring that all relevant staff have declared any relevant interests. The Trust did not publish an up-to-date register of interest for all decision-making staff within the last 12 months as required by Managing Conflicts of Interest in the NHS guidance. This was due to be completed in March 2020, but was put on hold due to the COVID-19 response. All Board and Executive-level meetings record declarations of interest and an up-to-date Register of Directors' Interests is published on the Trust website.

The Trust has undertaken risk assessments and is in the process of developing a sustainable development management plan which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. The sustainable development management plan is due to be published in the summer of 2020.

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Workforce Race Equality Scheme is reviewed annually by the Board. The Trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UK Climate Impacts Programme (UKCIP) 2009 weather projects, to ensure that the Trust's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Board of Directors ensures that resources are used economically, efficiently and effectively by means of robust governance structures and processes. Monthly finance and performance reports are considered in detail by the Executive Finance and Performance Oversight Group and there is detailed review on a group basis at the Finance and Commercial Committee, a committee of the Board, chaired by a non-executive director, which met every two months during 2019/20. The Audit Committee receives regular reports from the Trust's internal auditors, KPMG LLP, and its external auditors, Deloitte LLP. The Board itself met in public on four occasions during 2019/20.

On 11 December 2017, the Trust was placed in Financial Special Measures by NHSI due to the substantial variation off plan. Since that time, significant improvements to the Trust's approach to budget management have been achieved.

During 2019/20, the Trust delivered savings of £40.6m, split between cost savings and improved income, as follows:

a) Significant reduction in the value of spend on agency staff.

b) Success in a number of negotiations with major suppliers of services.

c) Transformation efficiencies in theatres and outpatients.

d) Pharmacy savings.

e) Control of expenditure by clinical divisions and corporate directorates.

All savings schemes were quality-impact assessed to ensure they were not detrimental to patient care. The Chief Nurse and Medical Director were central to this assessment.

During 2019/20, the Trust established a Productivity and Transformation Board to provide assurance to the Trust Board that the Trust's CIP is on track to deliver against the overall financial target, and to provide leadership, scrutiny and accountability to key transformation programmes.

The Investment Board is a sub-committee of the King's Executive. It has the overall purpose of ensuring that resource allocation is directed to the achievement of the Trust's objectives and is in line with the current operating plan. It considers and either makes decisions on business cases or a recommendation to the King's Executive or Board, depending on the scale and nature of the investment. The Investment Board also monitors the progress of agreed projects and the realisation of savings and other benefits. The Investment Board is chaired by the Chief Financial Officer and meets monthly.

Despite the level of savings delivered during the course of the year, the Trust reported a deficit in 2019/20, and has a planned deficit in 2020/21. King's required significant, unsecured, cash support during 2019/20 and will also require it for 2020/21. We have therefore concluded that the Trust does not currently have proper arrangements in place to secure economy, efficiency and effective use of its resources. The external auditors have reflected this in their modified audit opinion that they are not satisfied, in all significant respects, King's College Hospital NHS Foundation Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Information on the Trust's going concern can be found in the annual accounts and in the performance section in this report.

Years of underinvestment in the Trust's buildings, infrastructure and equipment have placed the Trust at considerable risk in a number of areas. The estates maintenance backlog figure for the KCH site was assessed at £200 million following an independent survey in 2016/17. Numerous items of equipment are beyond economic repair and are no longer supported by manufacturers. Solutions for equipment replacement are being developed in the areas of radiology, and proposals to introduce managed equipment services are currently being explored.

During 2019/20, a number of estates compliance issues were identified. As a result, a significant rectification programme was established to ensure that the Trust's estate meets all the relevant regulatory requirements.

Data Quality Governance and Assurance

Full rollout of revised integrated performance scorecards from Trust to specialty level was completed in September 2019. This scorecard replicates the Integrated Performance Report that is published to Trust Board and relevant sub-committees.

A revised Data Quality Strategy has been implemented and the new Coding and PbR Assurance Team has been established. This team works to increase the visibility of clinical

performance related data for ward and clinical teams, thereby increasing clinical engagement and hence accuracy of data recording.

A revised monthly Data Quality Steering Group has also been re-launched, which reports into the executive-led Information Governance Steering Group meeting. It's main purpose is to provide Board level assurance that the Trust has a robust strategy to direct and implement the overall data quality agenda.

The Trust does not have an RTT-compliant module within its current Patient Administration System (PiMS) so a strategic solution of having an off-line RTT PTL has been developed and is maintained by the Trust's Business Intelligence Unit (BIU). An extensive central RTT validation team provides focussed validation on backlog and 52+ week patients, in additional to validation that is performed within the operational administration and management teams.

The central team has a number of RTT trainers who provide training to operational staff members, but also provide an audit function to wider members of the validation team to ensure consistency in the application of RTT rules to their validation work.

The Trust Access Policy is reviewed annually and this forms the basis of how operational teams are required to manage their clinical pathways. There is an annual internal audit review of data collection and reporting processes.

The Data Quality Steering Group reviews monthly data quality dashboard reports produced from the Secondary Users Service (SUS) and investigates any areas by exception. A monthly Finance Information Group (FIG) which meets with local and specialised commissioners to review its activity and financial/income reporting. A detailed work programme has been produced to address any agreed areas of concern and is reviewed by this group.

The Activity Recording Panel (ARP) reviews proposed changes to existing pathway recording and ensure consistency of data recording. It also reviews new service developments that require approval at the External ARP, which includes local and specialised commissioner representatives

Information Governance

The Trust is required to process information (personal and corporate) in line with current standards set out in statute – Data Protection Legislation (including Data Protection Act 2018 and EU General Data Protection Regulations 2016) as well as other government guidance (for example, NHS IG Assurance Framework).

Information Governance (IG) at the Trust comprises identified responsibilities and strategy, together with policy and procedures that enable staff to handle personal information in line with these requirements. This is overseen by the Trust Information Governance Steering Group (IGSG) which reports to the Risk and Governance Committee).

The Chair of the IGSG is the Chief Digital Information Officer in their role as the Senior Information Risk Owner (SIRO) with membership including key roles such as the Caldicott Guardian, Data Protection Officer, Freedom of Information Lead, Patient Records Service Managers and representatives across the Trust.

The Trust measures its compliance with the IG Assurance Framework via the NHS Digital Data Security and Protection Toolkit (DSPT). Assurance of compliance with DSPT standards is demonstrated by achievement of requirements set out in ISB 1512 Information Governance Standards Framework. This assurance is audited by King's internal auditors each year to support the Trust's position.

The Trust's 2019/20 DSPT submission achieved *a* Standards Not Met (Improvement Plan approved) rating. The key area of focus was training, which is set at 95% of all staff having completed the annual Data Security and Protection training.

IG Incidents

During the year 2019/20, in line with the NHS Improvement Serious Incident Framework (including amendments made by NHS Digital to reporting confidential breaches), the Trust reported one serious incident relating to IG and breaches of confidentiality compared with four during the previous year. This was reported to the Information Commissioner's Office (ICO) and other key regulatory bodies. Details of the incident and the actions taken are summarised below.

Incident 1

- **Description:** Ward handover sheet found in the public streets
- **Action taken by Trust:** Internal investigation was completed and root cause identified. Advice provided to all staff regarding secure disposal of ward paperwork.
- **Action taken by ICO**: None (Closed)

Review of Effectiveness of the System of Internal Controls

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to the 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, the Quality, People and Performance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The processes that have been applied in maintaining and reviewing the effectiveness of the system of internal control are described in this Annual Governance Statement and throughout the report.

The control framework in place within the Trust continues to require improvement during 2019/20. The Trust was placed into financial special measures in December 2017 for failing to comply with its licence conditions because of a failure to deliver its forecast budget, continued financial decline and a lack of financial control. The enforcement undertakings issued by NHSI include requirements to deliver financial recovery and to improve performance against the national Emergency Care Standard and the Referral to Treatment target.

During 2019/20, the Trust has focused on addressing the key issues which contributed to deterioration of the Trust's financial position. There has been particular emphasis on regaining financial control and internal efficiency and productivity in order to stabilise the Trust position. This has included:

- Refreshing Board and Executive governance structures so the Board can properly exercise its strategic leadership and decision-making role as well as being assured

that effective controls are in place to deliver Trust objectives safely and efficiently and to meet the targets and trajectories laid out in the annual plan. Importantly, this has included the establishment of a Risk and Governance Committee with a clear commitment to improve the Trust's approach to managing risk.

- Strengthening the senior operational leadership capacity and capability to provide stability to staff and improve engagement**,** so that there is ownership and accountability at every level for delivering the Trust's recovery programmes.
- Improving the quality and availability of financial and operational data so that managers at every level have the information they need to make informed decisions about their services.
- Improving the monitoring and governance of major programmes and complex contracts, including any actions arising from any regulatory oversight as well as developing more robust programme delivery and contract management approaches.
- Continuing to improve and embed financial control within the Trust by ensuring the improvements that were made during 2018/19 are fully embedded and by applying the learning from more robust grip and control to income and non-pay expenditure, so that the Trust over-performed against its 2019/20 control target. The Trust Standing Financial Orders were reviewed and updated during 2019/20.
- Improving demand and capacity planning at a service, site and Trust level to better inform operational performance management, capacity planning and a systematic approach to the deployment of all clinical staff.
- Starting to implement and embed the new risk management strategy and Board Assurance Framework so that the management of risk in the Trust is genuinely 'Ward to Board' and 'Board to Ward'.
- Addressing the equipment maintenance and estates compliance regime so that limited capital funding is appropriately targeted and prioritised.
- Reviewing the Trust approach to Duty of Candour and reporting of serious incidents to ensure that its reporting, investigations and responses are fit for purpose.

It has been noted elsewhere in the 2019/20 annual report that the Trust is not meeting key access targets including the Emergency Care Standard and Referral to Treatment targets. Weaknesses were found in the management of the ED at the PRUH and diagnostic performance has also been weak. In response:

- The Trust has reviewed emergency care and has detailed improvement plans in place on both of the sites that provide emergency care improvements. A trajectory for improvement has been agreed as part of the 2020/21 annual plan.
- In developing an understanding of why the Trust is struggling to deliver the 18-week RTT target, it has become clear that it is not managing its waiting lists as effectively as it should be. A significant programme of work is now in place to address this, including a review of capacity and demand to ensure that services are aligned to the needs of our patients. The Trust was successful in significantly reducing the number of patients waiting more than 52 weeks for treatment during 2019/20.
- The Trust has implemented a 'serious incident' response to addressing the endoscopy backlog at the PRUH and a wider diagnostics recovery plan has been developed for implementation during 2020/21.

The Trust's internal and external auditors have identified several weaknesses during the year including but not limited to the governance of the group structure, the resourcing of risk management at a care group level and the escalation of risk and data security and protection (specifically training and spot checks). An internal audit review of the Board Assurance Framework also raised a number of aspects requiring improvement.

The Board accepts that the internal control environment requires improvement. Whilst progress has been made during 2019/20, there is much more to do, including ensuring all the improvements outlined above are fully embedded as business as usual.

Conclusion

As set out above, significant internal control weaknesses have been identified during 2019/20. This annual governance statement, accountability report and specifically the paragraphs above identify what they are and how they are being addressed.

Review of Effectiveness of the System of Internal Controls Signed by:

Professor Clive Kay
Chief Executive and Accounting Officer

Date: 1st July 2020

Accountability Report Signed by:

Professor Clive Kay
Chief Executive and Accounting Officer

Date: 1st July 2020

Quality account

King's College Hospital NHS Foundation Trust
Quality Report and Accounts 2019/20

Presented to Parliament pursuant to Schedule 7, paragraph 25(4) (a) of the National Health service Act 2006

The publication of the Quality Account has been deferred due to COVID-19

ANNUAL ACCOUNTS 2019/20

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF KING'S COLLEGE HOSPITAL NHS FOUNDATION TRUST

Report on the audit of the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS AND BOARD OF DIRECTORS OF KING'S COLLEGE HOSPITAL NHS FOUNDATION TRUST

Report on the audit of the financial statements

1. Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements of King's College Hospital NHS Foundation Trust (the 'foundation trust') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and foundation trust's affairs as at 31 March 2020 and of the group's and foundation trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the group and foundation trust statements of financial position;
- the group and foundation trust statements of changes in taxpayers' equity;
- the group and foundation trust statements of cash flows; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts.

2. Basis for qualified opinion

At the group's financial year end, it was not practicable for management to perform physical counting of inventories as staff scheduled to perform this task were not available due to operational reasons arising from the foundation trust's response to the covid-19 pandemic and management needed to estimate part of the inventory amount. As a result, we were not able to attend such counts and we were unable to satisfy ourselves by using other audit procedures concerning the inventory quantities held at 31 March 2020, which were included in the group's balance sheet at £20m. Consequently we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the inventory balance be required, the performance report and accountability report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the foundation trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3. Material uncertainty relating to going concern

We draw attention to note 1.1 in the financial statements, which indicates that the group incurred a net deficit of £149 million during the year ended 31 March 2020 before additional provider stability funding, capital grants and impairments. The Department of Health and Social Care has put in alternative contracting and funding arrangements during the covid-19 outbreak which are due to expire on 31 July 2020. The group is projecting further substantial deficits before additional funding once the interim contracting and funding arrangements come to an end.

The foundation trust has net current liabilities as at 31 March 2020, due to the planned extinguishment of its £740m of Interim Support Loans through conversion into additional Public Dividend Capital during the year ending 31 March 2021.

The foundation trust has identified additional funding is required from the Financial Recovery Fund once the interim regime of block contracts and top-up payments comes to an end to enable the foundation trust to meet its liabilities. The group's access to financial recovery funding will be dependent on both acceptance and delivery of the financial recovery plans and continuation of support from the Department of Health and Social Care. Without additional funding, the group will have insufficient working capital to meet its liabilities as they fall due. If the group did not receive the additional Financial Recovery Fund income or that income was not sufficient to meet unexpected variations in its planned income or expenditure, it would have to apply for alternative funding from the Department of Health and Social Care. The outcome of such an application is uncertain.

In response to this, we:

- reviewed the group's financial performance in 2019/20, including its achievement of planned cost improvements in the year;
- held discussions with management and read pronouncements by NHS Improvement/NHS England/Department of Health and Social Care to understand the current status of contract and funding arrangements that have been agreed and regarding management's expectation around further funding requirements and the availability of funding;
- reviewed the group's cash flow forecasts and the group's latest financial recovery plan;
- challenged the key assumptions used in the cash flow forecasts by reference to NHS Improvement guidance; and
- assessed the consistency and historical accuracy of the budgeting process used by the group.

As stated in note 1.1, these events or conditions, along with the other matters as set forth in note 1.1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and the foundation trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Limitation of audit scope in respect of inventory (see basis for qualified opinion section) • Going concern (see material uncertainty relating to going concern section) • Arrangements to secure value for money (see matters on which we are required to report by exception – use of resources section) • NHS revenue and provisions • Property valuation

	• Management override of controls Within this report, key audit matters are identified as follows:  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £14m which was determined on the basis of 1.1% of operating income.
Scoping	Our group audit was scoped by obtaining an understanding of the group and its environment, including internal controls, and assessing the risks of material misstatement at the group level. Audit work was performed remotely and at the group's head offices in Denmark Hill directly by the audit engagement team, led by the engagement lead. We performed a fully substantive audit on the foundation trust and one of the foundation trust's subsidiaries, KCH Interventional Facilities Management LLP, which together account for over 99% of the revenue of the group.
Significant changes in our approach	There have not been any significant changes in our approach compared to last year.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern section, the matter described in the matters on which we are required to report by exception – use of resources section and the matter described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. NHS revenue and provisions 

Key audit matter description	As described in note 1.6, Accounting Policies and note 1.4, Critical Accounting Judgements and Key Sources of Estimation Uncertainty, there are significant judgements in recognition of revenue from care of NHS patients and in provisioning for disputes with commissioners due to: • the complexity of the Payment by Results regime, in particular in determining the level of overperformance and Commissioning for Quality and Innovation revenue to recognise; and • the judgemental nature of accounting for disputes, including in respect of outstanding overperformance income for quarters 3 and 4. Details of the Group's income, including £1,051m (2019: £983m) of Commissioner Requested Services, are shown in note 2.6 to the financial

	statements. NHS receivables are included within contract receivables of £132m (2019: £101m) shown in note 13 to the financial statements. The majority of the Group's income comes from key commissioners, increasing the significance of associated judgements. The remainder of the Group's income from NHS commissioners comes from a wider range of other commissioners, increasing the complexity of agreeing a final year-end position. The settlement of income with Clinical Commissioning Groups continues to present challenges, leading to disputes and delays in the agreement of year end positions. We have therefore concluded that there is a risk of fraud in recognition of NHS revenue as a result of the amount of judgement involved.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the recognition of NHS revenue. We performed detailed substantive testing on a sample basis of the validity of overperformance income and adequacy of provision for underperformance through the year, and evaluated the results of the agreement of balances exercise. We challenged key judgements around specific areas of dispute and actual or potential challenge from commissioners and the rationale for the accounting treatments adopted. In doing so, we considered the historical accuracy of provisions for disputes and reviewed correspondence with commissioners.
Key observations	We concluded that NHS revenue and provisions were within an acceptable range. Our work on understanding controls identified weaknesses.

5.2. Property valuation

Key audit matter description	The Group holds property assets within Property, Plant and Equipment at a modern equivalent use valuation of £488m (2019: £466m). The valuations are by nature significant estimates which are based on specialist and management assumptions (including the floor areas for a Modern Equivalent Asset, the basis for calculating build costs, the level of allowances for professional fees and contingency, and the remaining life of the assets) and which can be subject to material changes in value. The net valuation movement on the Group's estate shown in note 10 is a revaluation gain of £30m (2019: £20m). As detailed in note 1.11.3, in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by covid-19, with the result that at the valuation date, the valuer considers that they could attach less weight to previous market evidence for comparison purposes to inform opinions of value. This has in particular impacted the assessment of land values and build costs and has increased the level of risk in relation to the valuation this year.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over property valuations. We worked with Deloitte internal valuation specialists to review and challenge the appropriateness of the key assumptions used in the valuation of the Group's

	properties. We considered the impact of uncertainties relating to the covid-19 pandemic upon property valuations in evaluating the property valuations and related disclosures including the adequacy of the disclosure of the material valuation uncertainty.
Key observations	While we note the increased estimation uncertainty in relation to the property valuation as a result of covid-19, and as disclosed in note 1.11.3, we concluded that the group's valuation assumptions were within a reasonable range. Our work on understanding controls identified weaknesses.

5.3. Management override of controls

Key audit matter description	We consider that in the current year there is a risk across the NHS that management may override controls to manipulate fraudulently the financial statements or accounting judgements or estimates. This is due to the tight financial circumstances of the NHS and close scrutiny of the reported financial performance of individual organisations. The Group was allocated £37m of the Provider Sustainability Fund, contingent on achieving financial and operational targets each year. This creates an incentive for reporting financial results that are better than the control total. The Group's reported results show a deficit of £115m, equivalent to £20m better than the control total. Details of critical accounting judgements and key sources of estimation uncertainty are included in note 1.4.
How the scope of our audit responded to the key audit matter	**Manipulation of accounting estimates** Our work on accounting estimates included considering areas of judgement, including those identified by NHS Improvement. We have considered both the individual judgements and their impact individually and in aggregate upon the financial statements. In testing each of the relevant accounting estimates, we considered their findings in the context of the identified fraud risk. Where relevant, the recognition and valuation criteria used were compared to the specific requirements of IFRS. We tested accounting estimates (including in respect of NHS revenue and provisions and property valuations discussed above), focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources. We evaluated the rationale for recognising or not recognising balances in the financial statements and the estimation techniques used in calculations, and considered whether these were in accordance with accounting requirements and were appropriate in the circumstances of the Group. **Manipulation of journal entries** We used data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting. We traced the journals to supporting documentation and evaluated the

	accounting rationale for the posting. We evaluated individually and in aggregate whether the journals tested were indicative of fraud or bias. We tested the year-end adjustments made outside of the accounting system between the general ledger and the financial statements and consolidation adjustments and journals. **Accounting for significant or unusual transactions** We considered whether any transactions identified in the year required specific consideration and did not identify any requiring additional procedures to address this key audit matter.
Key observations	We agreed with management that the treatment of the accounting estimates, journal entries and significant or unusual transactions is appropriate. Our work on understanding controls identified weaknesses.

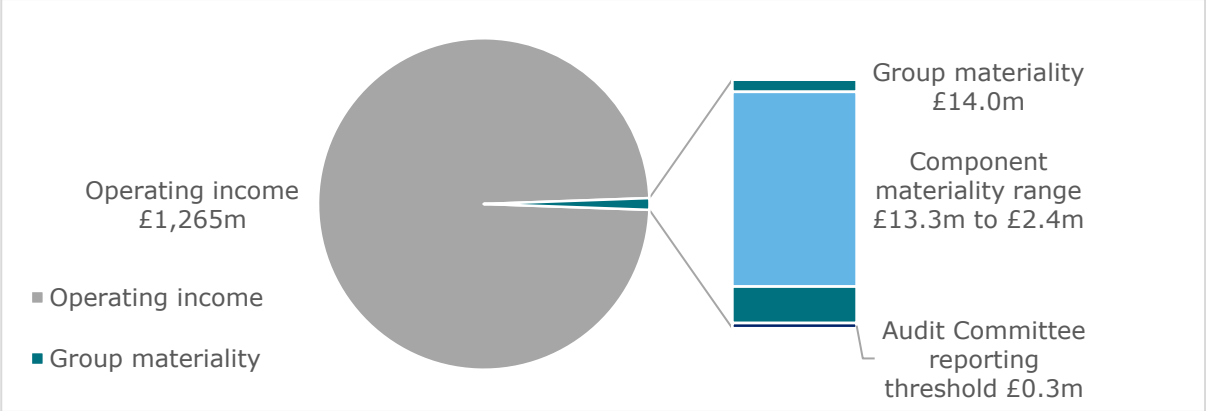
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Foundation trust financial statements
Materiality	£14.0m (2019: £11.6m)	£13.3m (2019: £11.5m)
Basis for determining materiality	1.1% of operating income (2019: 1.0% of operating income)	1.1% of operating income (2019: 1.0% of operating income)
Rationale for the benchmark applied	Operating income was chosen as a benchmark for both the group and the foundation trust, on the basis that the foundation trust is a non-profit organisation, revenue is a key measure of financial performance for users of the financial statements, and the majority of the group's operations are carried out by the foundation trust.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of group materiality for the 2020 audit (2019: 60%). In determining performance materiality, we considered the following factors:

a. the quality of the control environment, including significant control deficiencies identified in the previous audit; and
b. corrected and uncorrected misstatements identified in the previous audit; their nature, higher volume and larger aggregate size.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3m (2019: £0.3m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including internal controls, and assessing the risks of material misstatement at the group level. Audit work was performed remotely and at the group's head offices in Denmark Hill directly by the audit engagement team, led by the engagement lead.

We performed full scope audit procedures on the foundation trust and one of the foundation trust's subsidiaries, KCH Interventional Facilities Management LLP, which together account for over 99% of the operating income of the group.

Our audit work was executed at the level of materiality determined on an entity by entity basis, all of which were lower than group materiality.

At the group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

7.2, Other areas of audit scope

The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and information technology systems.

8. Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £20m held as at 31 March 2020. We have concluded that where the other information refers to the inventory balance or related balances such as operating expenses, it may be materially misstated for the same reason.

9. Responsibilities of accounting officer

As explained more fully in the accounting officer's responsibilities statement, the accounting officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the group's and the foundation trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the group or the foundation trust or to cease operations, or has no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. Opinion on other matters prescribed by the National Health Service Act 2006

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the National Health Service Act 2006; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

12. Matters on which we are required to report by exception

12.1. Use of resources

We are required to report to you if, in our opinion the NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

12.1.1. Basis for adverse conclusion

- NHS Improvement (NHSI) accepted updated enforcement undertakings from the Trust in September 2018 as it stated it had reasonable grounds for suspecting that the Trust was providing healthcare services for the purpose of the NHS in breach of its license conditions, in particular because of:
  - the Trust's financial position and performance;
  - the governance issues identified by the Care Quality Commission (CQC) in their January 2018 report and others;
  - and the Trust's performance against access standards for A&E 4 hour waits and Referral to Treatment 18 week and number of patients who had waited more than 52 weeks.

  The Trust was inspected by the CQC with its report being published in June 2020 and follow-up report focused on the Trust Emergency Department in February 2020. These reports conclude that overall the Trust 'Requires improvement' and identify weaknesses in governance arrangements.

These issues are evidence of weaknesses in proper arrangements for acting in the public interest, through demonstrating and applying the principles and values of sound governance.

- In our "Limited assurance report on the content of the Trust's 2018/19 quality report and mandated performance indicators", we issued a qualified conclusion because of errors identified in the calculation of the 62 day cancer and Accident and Emergency 4 hour wait performance indicators and made recommendations for improvement during 2019/20. The 2019/20 assurance requirements on the quality report have been removed and so we are not in a position to comment whether there have been improvements in this area. As our 2018/19 findings were raised in May 2019, we expect some of the identified issues to have persisted in the 2019/20 period being evaluated.

- Internal audit identified improvement requirements in relation to performance information in their 2019/20 internal audit programme.

These issues are evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable performance information to support informed decision making and performance management.

- The Trust incurred a deficit of £115m for the year ended 31 March 2020. The Trust's deficit before impairments, capital donations and grants and provider sustainability funding was £149m.

- The foundation trust's financial recovery plan shows substantial recurring deficits before Financial Recovery Funding over the next five years.

- In 2016/17, an independent report was provided to the foundation trust that estimated the foundation trust's backlog maintenance costs to be approximately £200m, excluding costs in respect of equipment. The foundation trust estimated at the start of 2019/20 that it had a critical maintenance backlog of £87m and further urgent spending requirements on equipment. The foundation trust does not have an up-to-date estates strategy and is substantially reliant on additional funding to meet the cost of backlog maintenance. These matters expose the foundation trust to significant risks related to the age and condition of the estate that could impact levels of service provision. The Annual Governance Statement describes the actions take during 2019/20 to address these and other matters in relation to the management of the foundation trust's estate.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions and managing and utilising assets effectively to support the delivery of strategic priorities.

- The opinion of the foundation trust's Head of Internal Audit is that only 'partial assurance with improvements required' can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and the Annual Governance Statement describes the weaknesses in control identified from his 2019/20 audit plan which have contributed to this opinion, including including tracking of turnaround reviews, data quality and assurance, care group risk management, IT strategy, access and activity data, DSP toolkit, Board Assurance Framework and group governance.

- The Board Assurance Framework did not operate effectively during the year while it was being re-designed.

These issues provide evidence of weaknesses in proper arrangements for managing risks effectively and maintaining a sound system of internal control.

12.1.2. Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in April 2020, we are not satisfied that, in all significant respects, King's College Hospital NHS Foundation Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

12.2. Annual Governance Statement and compilation of financial statements

Under the Code of Audit Practice, we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading, or is inconsistent with information of which we are aware from our audit; or
- proper practices have not been observed in the compilation of the financial statements.

We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of these matters.

12.3. Reports in the public interest or to the regulator

Under the Code of Audit Practice, we are also required to report to you if:

- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit; or
- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the foundation trust, or a director or officer of the foundation trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

We have nothing to report in respect of these matters.

13. Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

14. Use of our report

This report is made solely to the Board of Governors and Board of Directors ("the Boards") of King's College Hospital NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the foundation trust and the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

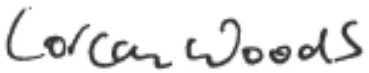
Jonathan Gooding FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
1 July 2020

Trust Accounts Consolidation (TAC) Summarisation Schedules for King's College Hospital NHS Foundation Trust

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2019/20 are attached.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
   - the financial records maintained by the NHS Foundation Trust
   - accounting standards and policies which comply with the Group Accounting Manual issued by the Department of Health and Social Care and
   - the template accounting policies for NHS Foundation Trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.
2. I certify that the TAC schedules are internally consistent and that there are no validation errors.
3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Foundation Trust.



Lorcan Woods
Chief Finance Officer
Date 1st July 2020

Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Chief Finance Officer, as the TAC schedules which the Foundation Trust is required to submit to NHS Improvement.
2. I have reviewed the schedules and agree the statements made by the Chief Finance Officer above.

Professor Clive Kay
Chief Executive
Date: 1st July 2020

King's College Hospital NHS
NHS Foundation Trust

Final Annual Accounts
for the year ended 31 March 2020

FOREWORD TO THE ACCOUNTS

King's College Hospital NHS Foundation Trust

These accounts, for the year ending 31 March 2020, have been prepared by King's College Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and comply with the guidance for NHS Foundation Trusts within the Department of Health Group Accounting Manual

Signed: Date: 1st July 2020

Professor Clive Kay
Chief Executive

Statement of the Chief Executive's responsibilities as the Accounting Officer of King's College Hospital NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require King's College Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of King's College Hospital NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis.

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

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

Signed: Date**:** 1st July 2020

Professor Clive Kay
Chief Executive

Consolidated Statement of Comprehensive Income for year ended 31 March 2020

		Group	
		2019-20	2018-19
	Note	**£000**	£000
Operating income from patient care activities	2.1, 2.2	**1,116,078**	1,005,197
Other operating income	2.1	**148,514**	111,863
Total operating income from continuing operations		**1,264,592**	1,117,060
Operating expenses	3.1	**(1,331,890)**	(1,253,576)
Operating deficit from continuing operations		**(67,298)**	(136,516)
Finance income and costs			
Finance income	5	**555**	442
Finance expenses	6	**(48,587)**	(42,851)
Public Dividend Capital dividends payable		**-**	-
Net finance costs		**(48,032)**	(42,409)
Other (losses) / gains	8	(131)	185
Share of profit of associates and joint ventures	8.1	421	1,126
Deficit from continuing operations		**(115,040)**	(177,614)
Deficit for the year		**(115,040)**	(177,614)
Other comprehensive income/(expense), that will not be reclassified subsequently to income and expenditure			
Impairments	7	**(511)**	(1,121)
Revaluations	22	**34,189**	17,442
Fair value gains/(losses) on equity instruments designated at FV through OCI		**269**	1,344
Share of comprehensive income from associates and joint ventures		**353**	-
Total other comprehensive income/(expenditure)		**34,300**	17,665
Total comprehensive expense for the year		**(80,740)**	(159,949)
Allocation of losses for the year			
Deficit for the year attributable to:			
(i) non-controlling interest; and		-	-
(ii) owners of the parent		**(115,040)**	(177,614)
Total		**(115,040)**	(177,614)
Total comprehensive expense for the year attributable to:			
(i) non-controlling interest; and		**-**	-
(ii) owners of the parent		**(80,740)**	(159,949)
Total		**(80,740)**	(159,949)

Consolidated Statement of Comprehensive Income for year ended 31 March 2020 (continued)

		Group	
	Note	**2019-20**	2018-19
Note to Statement of Comprehensive Income		**£000**	£000
Total comprehensive expense for the year		**(80,740)**	(159,949)
Add back other comprehensive expenses		**(34,300)**	(17,665)
Deficit for the year		**(115,040)**	(177,614)
Add back impairments and reversal of impairments *	3.1	**3,231**	(198)
Remove capital donations / grants I&E impact		**(547)**	(2,274)
Adjusted financial performance including PSF/FRF/MRET		**(112,356)**	(180,086)
Remove PSF, FRF and MRET funding		**(36,956)**	(9,677)
Adjusted financial performance excluding PSF/FRF/MRET		**(149,312)**	(189,763)

The Adjusted financial performance excluding PSF is the primary view which is used by the Board of Directors to monitor the Trust's financial performance and is in line with NHSI's financial performance control total.

** This is the total impairments and impairment reversals charged to the Consolidated Statement of Comprehensive Income in the year as disclosed in note 3.1 and note 7.*

The Group's deficit for the year was £115.0m and this figure includes asset impairments of £3.231m. This charge relates to impairments that arise from changes in market value of Land and Buildings assets. The NHS Improvement (NHSI) financial performance control total measures the surplus/(deficit) before impairments and transfers. The Group's consolidated adjusted financial performance deficit for the year was £149.3m, excluding PSF, FRF and MRET.

In accordance with Section 408 of the Companies Act 2006, the trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The unconsolidated deficit relating to the Foundation Trust for the year ended 31 March 2020 is £118.7m (2019: £175.0m) and total operating income for the year is £1,271.8m (2019: £1,157.0m).

Statements of Financial Position as at 31 March 2020

		Group		Trust	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	Note	**£000**	£000	**£000**	£000
Non-current assets					
Intangible assets	9.1-9.4	**9,278**	8,578	**8,523**	8,365
Property, plant and equipment	10.1-10.4	**643,009**	603,630	**643,009**	603,630
Investment in associates, joint ventures and subsidiaries	11.1,11.2	**4,949**	4,175	**250**	250
Other investments	11.4	**2,294**	2,025	**335**	335
Receivables	13.1	**7,409**	11,605	**56,172**	46,063
Total non-current assets		**666,939**	630,013	**708,289**	658,643
Current assets					
Inventories	12.1	**20,162**	18,302	**7,844**	6,987
Receivables	13.1	**143,214**	111,736	**146,558**	148,762
Non-current assets for sale and assets in disposal groups	11.5	**0**	387	**0**	387
Cash and cash equivalents	14	**59,871**	45,771	**50,586**	39,217
Total current assets		**223,247**	176,196	**204,988**	195,353
Total assets		**890,186**	806,209	**913,277**	853,996
Current liabilities					
Trade and other payables	15	**(183,394)**	(162,053)	**(181,497)**	(194,066)
Borrowings	17	**(749,473)**	(195,375)	**(752,855)**	(199,041)
Provisions	19.1,19.2	**(9,469)**	(2,640)	**(9,469)**	(2,624)
Other liabilities	16	**(14,439)**	(13,541)	**(14,414)**	(13,541)
Total current liabilities		**(956,775)**	(373,609)	**(958,236)**	(409,272)
Net current liabilities		**(733,528)**	(197,413)	**(753,247)**	(213,919)
Total assets less current liabilities		**(66,589)**	432,600	**(44,958)**	444,724
Non-current liabilities					
Borrowings	17	**(187,544)**	(607,766)	**(212,651)**	(619,068)
Provisions	19	**(3,760)**	(4,233)	**(3,760)**	(4,233)
Total non-current liabilities		**(191,304)**	(611,999)	**(216,411)**	(623,301)
Total liabilities employed		**(257,892)**	(179,400)	**(261,369)**	(178,578)
Financed by:					
Taxpayers' equity					
Public Dividend Capital		**232,384**	230,136	**232,384**	230,136
Revaluation reserve	22	**142,846**	109,168	**142,846**	109,168
Financial assets at FV through Other Comprehensive Income reserve		**1,613**	1,344	**-**	-
Income and expenditure reserve		**(634,735)**	(520,048)	**(636,599)**	(517,882)
Total taxpayers' equity		**(257,892)**	(179,400)	**(261,369)**	(178,578)

The notes on pages 10 to 55 form part of these accounts.

The financial statements on pages 4 to 9 were approved by the Board on 18 June 2020 and signed on its behalf by

Signed: **Date:** 1st July 2020

Professor Clive Kay
Chief Executive

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

Group	Note	Public Dividend Capital £000	Revaluation reserve £000	Financial assets at FV through Other Comprehensive Income reserve £000	Income and expenditure reserve £000	Total reserves £000
Taxpayers' and others' equity at 1 April 2019 - brought forward		230,136	109,168	1,344	(520,048)	**(179,400)**
Deficit for the year		-	-	-	(115,040)	**(115,040)**
Impairments	22	-	(511)	-	-	**(511)**
Revaluations - property, plant and equipment	22	-	34,189	-	-	**34,189**
Fair value gains on equity instruments designated at FV through OCI		-	-	269	-	**269**
Share of comprehensive income from associates and joint ventures		-	-	-	353	**353**
Public Dividend Capital received		2,248	-	-	-	**2,248**
Taxpayers' and others' equity at 31 March 2020		**232,384**	**142,846**	**1,613**	**(634,735)**	**(257,892)**
Taxpayers' and others' equity at 1 April 2018 - brought forward		226,194	92,847	-	(342,435)	(23,394)
Deficit for the year		-	-	-	(177,614)	(177,614)
Impairments	22	-	(1,121)	-	-	(1,121)
Revaluations - property, plant and equipment	22	-	17,442	-	-	17,442
Fair value gains on equity instruments designated at FV through OCI		-	-	1,344	-	1,344
Public Dividend Capital received		3,942	-	-	-	3,942
Taxpayers' and others' equity at 31 March 2019		230,136	109,168	1,344	(520,048)	(179,400)

Trust	Note	Public Dividend Capital £000	Revaluation reserve £000	Financial assets at FV through Other Comprehensive Income reserve £000	Income and expenditure reserve £000	Total reserves £000
Taxpayers' and others' equity at 1 April 2019 - brought forward		**230,136**	**109,168**	**-**	**(517,882)**	**(178,578)**
Deficit for the year		-	-	-	(118,717)	**(118,717)**
Impairments	22	-	(511)	-	-	**(511)**
Revaluations - property, plant and equipment	22	-	34,189	-	-	**34,189**
Public Dividend Capital received		2,248	-	-	-	**2,248**
Taxpayers' and others' equity at 31 March 2020		**232,384**	**142,846**	**-**	**(636,599)**	**(261,369)**
Taxpayers' and others' equity at 1 April 2018 - brought forward		**226,194**	**92,847**	**-**	**(342,868)**	**(23,827)**
Deficit for the year		-	-	-	(175,014)	**(175,014)**
Impairments	22	-	(1,121)	-	-	**(1,121)**
Revaluations - property, plant and equipment	22	-	17,442	-	-	**17,442**
Public Dividend Capital received		3,942	-	-	-	**3,942**
Taxpayers' and others' equity at 31 March 2019		**230,136**	**109,168**	**-**	**(517,882)**	**(178,578)**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020 (continued)

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows for the year ended 31 March 2020

		Group		Trust	
		2019-20	2018-19	**2019-20**	2018-19
	Note	**£000**	£000	**£000**	£000
Cash flows from operating activities					
Operating deficit from continuing operations		**(67,298)**	(136,516)	**(71,236)**	(132,701)
Non-cash income and expense					
Depreciation and amortisation	3.1	**26,256**	25,058	**26,013**	24,992
Net Impairments / (reversal)	3.1	**3,231**	(198)	**3,231**	(198)
Income recognised in respect of capital donations		**(1,446)**	(3,004)	**(1,446)**	(3,004)
(Increase)/Decrease in trade and other receivables		**(27,148)**	24,146	**(7,905)**	(13,217)
(Increase)/Decrease in inventories		**(1,860)**	(2,249)	**(857)**	726
Increase/(Decrease) in trade and other payables		**20,239**	15,942	**(13,671)**	35,448
Increase in other liabilities		**898**	3,914	**873**	3,914
Increase/(Decrease) in provisions		**6,339**	(644)	**6,355**	(590)
Other movements in operating cash flows		**(567)**	-	**(481)**	-
Net cash used in operations		**(41,356)**	(73,551)	**(59,123)**	(84,630)
Cash flows used in investing activities					
Interest received		**555**	442	**1,290**	908
Purchase of intangible assets	9.1-9.4	**(2,002)**	(1,599)	**(1,217)**	(1,598)
Purchase of property, plant and equipment	10.1-10.4	**(30,450)**	(31,251)	**(15,428)**	(23,623)
Sales of property, plant and equipment		**-**	398	**-**	3,496
Receipt of cash donation to purchase asset		**1,446**	2,281	**1,446**	2,282
Net cash used in investing activities		**(30,451)**	(29,729)	**(13,909)**	(18,535)
Cash flows from financing activities					
Public Dividend Capital received		**2,248**	3,942	**2,248**	3,942
Movement in loans from the Department of Health and Social Care		**136,316**	136,122	**136,316**	136,122
Movement in other loans		**(298)**	(138)	**-**	-
Capital element of finance lease repayments		**(590)**	(529)	**(2,389)**	(3,330)
Capital element of PFI and other service concession	23.1-23.3	**(4,198)**	(4,213)	**(4,198)**	(4,213)
Interest on DHSC loans		**(21,795)**	(16,478)	**(21,795)**	(16,416)
Interest on other loans		**(54)**	-	**-**	-
Interest element of finance lease		**(7)**	(5)	**(66)**	(211)
Interest element of PFI and other service concession obligations		**(25,714)**	(25,037)	**(25,714)**	(25,037)
Public Dividend Capital dividend refunded/(paid)		**-**	1,000	**-**	1,000
Net cash from financing activities		**85,908**	94,664	**84,402**	91,857
Increase / (decrease) in cash and cash equivalents		**14,100**	(8,616)	**11,369**	(11,308)
Cash and cash equivalents at 1 April		**45,771**	54,386	**39,217**	50,525
Cash and cash equivalents at 31 March		**59,871**	45,771	**50,586**	39,217

Notes to the accounts

1. Accounting policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 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.

1.1 Going concern

IAS 1 requires management to undertake an assessment of the NHS Foundation Trust's ability to continue as a going concern.

The Trust has prepared its accounts on a going concern basis based on the requirements of the DHSC Group Accounting Manual that: "DHSC group bodies must prepare their accounts on a going concern basis unless informed by the relevant body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity".

Due to the size of the financial deficit, the Board has carefully considered whether the accounts should be prepared on the basis of being a 'Going Concern' and whether there are uncertainties which may impact on the entity's ability to continue as a going concern.

The Trust recorded a deficit for 2019/20 before additional provider stability funding, capital grants and impairments of £149m and is projecting further substantial annual deficits before additional funding once the current regime of block funding and top-up payments comes to an end.

The temporary Covid-19 block funding and top up payment regime introduced from 1 April 2020 has reduced the level of uncertainty over funding whilst in operation as has the government's announcement about the conversion of interim loans into Public Dividend Capital (see note 17).

However, funding arrangements beyond the current block arrangements, due to end on 31 July 2020, remain unclear and the group's access to financial recovery funding will be dependent on both acceptance and delivery of the financial recovery plans and continuation of support from the Department of Health and Social Care. This represents a material uncertainty that may cast significant doubt as to the group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the going concern basis were not appropriate.

However, as the Directors have a reasonable expectation that this will be the case, they have therefore prepared these financial statements on a going concern basis.

1.2 Accounting convention

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

Consolidated Accounts

1.3 Basis of Consolidation

Charitable funds

The King's College Hospital Charity and Friends of King's are independent charities and are not under the control of the Foundation Trust. Therefore, these charities have not been consolidated within these accounts.

1. Accounting Policies (continued)

1.3.1 Subsidiaries

Subsidiary entities are those over which the Foundation Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

The amounts consolidated are drawn from the draft financial statements of the subsidiaries for the year. Where subsidiaries' accounting policies are not aligned with those of the Foundation Trust then the amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

The Foundation Trust has a wholly owned subsidiary company, KCH Commercial Services Ltd, which wholly owns Agnentis Ltd and KCH Management Ltd. The accounts for these companies have been consolidated into the group accounts.

In 2016/17, the Foundation Trust formed King's Interventional Facilities Management LLP in partnership with Kings Commercial Services Ltd. The accounts for this partnership have been consolidated into the Trust's annual accounts.

The primary statements and notes to the accounts have been presented with separate 'Group' and 'Trust' columns. Where the difference between the 'Group' and 'Trust' figures is considered immaterial, the 'Trust' version of the note has been omitted.

In accordance with Section 408 of the Companies Act 2006, the trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The trust’s deficit for the period was (£118.7m) (2018/19: (£175.0m)).

1.3.2 Associates

Associate entities are those over which the Foundation Trust has power to exercise a significant influence. Associate entities are recognised in the Foundation Trust's financial statements using the equity method of accounting. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the Foundation Trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant or equipment) following acquisition. It is also reduced when any distribution (e.g. share dividends) are received by the Foundation Trust from the associate.

1.3.3 Joint ventures

Joint ventures are arrangements in which the Foundation Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

1.3.4 Joint operations

Joint operations are arrangements in which the Foundation Trust has joint control with one or more other parties, and has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Foundation Trust includes within its financial statements its share of the assets, liabilities, income and expenses.

1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust’s accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

In the application of the Foundation Trust’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

1. Accounting Policies (continued)

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.4.1 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 NHS foundation trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

In recognising provisions and in addition to widely used estimation techniques, judgement is required when determining the probable outflow of economic benefits.

Management will use their judgement to decide when to write-off revenue or to provide against the probability of not being able to collect debt.

The Trust is required to review property, plant and equipment for impairment. In between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives. Land and buildings have been valued on a Depreciated Replacement Cost (DRC) basis as at 31st March 2020 by an independent professionally qualified valuer (see Note 1.12). In between formal valuations, management make judgements about the condition of assets and review their estimated lives.

1.4.2 Sources of estimation uncertainty

The following are assumptions about sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Clinical Income from activities includes an estimate in respect of income relating to patient care spells that are part-completed at the year end which include consideration of Commissioner data challenges. The Trust regularly reviews contract income alignment with local CCGs and NHSE (London Office) during the financial year as part of the SEL STP (see note 1.6);

- Estimations as to the recoverability of receivables have been made in determining the carrying amounts of these assets.

- Provisions have been made for legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the financial statements are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

The Trust makes a number of other estimates in its financial accounts, which are not considered to have a material impact on the overall Trust position.

1. Accounting policies (continued)

1.5 Operating segments

The Foundation Trust has a number of business divisions which are aggregated under one reportable segment being the provision of healthcare. The Foundation Trust provides Private Patient, Research and Development and Training and Education services within this healthcare sector, but as they do not have a material impact they are aggregated under this one reportable segment. Note 2 entitled "Operating Income" includes the relevant income figures for these services.

The subsidiary figures have not been disclosed separately in this note as separate Group and Trust only accounts have been provided. The subsidiaries support the Trust in the overall provision of healthcare.

1.6 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the 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. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

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.

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. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

1. Accounting policies (continued)

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 performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)
The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

The PSF and FRF earned by the Trust 2019-20: £37m (2018-19: £9.7m) reflects that the trust achieved the eligibility criteria against the control total and has received the full core allocation.

1.7 Other Forms of Income

1.7.1 Revenue grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

1.7.2 Apprenticeship Service Income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.8 Expenditure on employee benefits

1.8.1 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.

1.8.2 Pension Costs
Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both Schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme; the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as 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 operating expenses at the time the foundation trust commits itself to the retirement, regardless of the method of payment.

1. Accounting policies (continued)

1.9 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.

1.9.1 Value added tax
Most of the activities of the Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.10 Corporation tax

The Finance Act 2004 amended S519A Income and Corporation Taxes Act 1988 provided power to the Treasury to make certain non-core activities of Foundation Trusts potentially subject to corporation tax. This legislation is effective from September 12 2005. Any outstanding payments of corporation tax as at the end of the financial year are provided for in the Statement of Comprehensive Income. The Foundation Trust did not incur Corporation Tax in 2019/20 as the Foundation Trust did not generate any taxable income.

1.11 Property, plant and equipment

1.11.1 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 will be supplied to the foundation trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and either
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.
- Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.11.2 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.

1. Accounting policies (continued)

1.11.3 Measurement and Valuation

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. 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 are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

Land and non-specialised buildings – market value for existing use; and
Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.
For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards (effective from 31st January 2020).
Valuations are based on the IFRS 13 definition of Fair Value and the definition adopted by the International Accounting Standards Board (IASB), being the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Land and buildings are revalued by full site inspection every three years, with desktop valuations on interim years The last asset valuations were undertaken as at 31 March 2020 by Avison Young on a full site inspection basis.

Depreciated Replacement Cost (DRC) is recognised under IAS 16 as a method of valuation for financial reporting purposes. DRC assessments were undertaken for those assets considered to be specialised properties (e.g. NHS patient treatment facilities). The Department of Health and Social Care has adopted the Modern Equivalent Asset approach (MEA) in carrying out the DRC assessment method.

Depreciated Replacement Cost has been adopted because of the asset classification as specialist properties which are rarely sold in the open market. The MEA approach is based on valuing the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence.

1. Accounting policies (continued)

For properties where Fair Value has been arrived at based on a comparable basis (Market Value), an assumption has been made that there would be a ready demand without major works required for alternative uses. The comparable methodology has been adopted to arrive at the values reported, allowing for reasonable costs relating to adaptations for current use or for non-operational properties, i.e. costs to make these properties marketable for alternative uses.

Only that plant and machinery forming part of the building services installations has been included. Total external works for each site which have been allocated to each building based upon a percentage of replacement build costs adopted.

The valuation included the Foundation Trust's PFI schemes.

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate. All impairments resulting from price changes are charged to the Statement of Comprehensive Income. If the balance on the revaluation reserve is less than the impairment the difference is taken to the Statement of Comprehensive Income.

Material Valuation Uncertainty
The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets and market activity is being impacted in many sectors. As at the valuation date, the valuers consider that they could attach less weight to previous market evidence for comparison purposes to inform opinions of value and the response to COVID-19 meant they were faced with an unprecedented set of circumstances on which to base a judgement.

The valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommend that the valuation of the Trust properties is kept under frequent review.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately. Assets are revalued and depreciation commences when they 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.

1.11 Intangible assets

1.11.1 Recognition

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

1. Accounting policies (continued)

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

Internally generated intangible assets
Internally generated goodwill, brands, mastheads, publishing titles, customer, lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised. Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

1.11.2 Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

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

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the foundation trust, respectively.

Buildings, installations and fittings are depreciated on their current value on a straight line basis over the estimated remaining life of the asset as advised by the valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the useful economic life of the asset. Standard useful economic lives are estimated for each major category of equipment and individual lives will only be applied where it is clear that the standard lives are materially inappropriate.

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The major categories and their useful economic lives are:

- vehicles - 7 years;
- furniture - 10 years;
- office and IT equipment - 5 years;
- soft furnishings - 7 years;
- short life medical and other equipment - 5 years;
- medium life medical equipment - 10 years;
- long life medical equipment - 15 years; and
- mainframe-type IT installations - 8 years.

Finance-leased assets (including land) are depreciated over the shorter of the useful economic 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.

1. Accounting policies (continued)

Amortisation
Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The Trust amortise intangibles over the following useful lives range:

- software license, 3 - 10 years;
- development cost, 5 - 10 years.

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 had previously been recognised in operating expenses, in which case they are recognised as operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter 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 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 service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition
Assets intended for disposal are reclassified as ‘Held for Sale’ once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their ‘fair value less costs to sell’. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as ‘held for sale’ and instead is retained as an operational asset and the asset’s economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

1.13 Donated, government grant or other grant-funded assets
Donated and grant-funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor. In which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1. Accounting policies (continued)

Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

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.

1.14.1 The Foundation Trust as lessee

Finance leases
Where substantially all risks and rewards of ownership of a leased asset are borne by the Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position 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.

1.14.2 The Foundation Trust as lessor

Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating leases
Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

1.15 Private finance initiative (PFI) transactions
PFI 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 HM Treasury's FREM, the underlying assets are recognised as property, plant and equipment at their fair value, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

1. Accounting policies (continued)

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.

1.15.1 Services received
The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.15.2 Lifecycle Replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Foundation Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is predetermined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively. Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised, and is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.15.3 Assets contributed by the Trust to the operator for use in the scheme
Assets contributed by the Foundation Trust for use in the scheme continue to be recognised as items of property, plant and equipment in the foundation trust's Statement of Financial Position.

1.16 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 method. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

1.17 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. These balances exclude monies held in the Foundation Trust's bank account belonging to patients. Account balances are only set off where a formal agreement has been made with the bank to do so. In all other cases overdrafts are disclosed within payables. Interest earned on bank accounts and interest charged on overdrafts is recorded as, respectively, interest receivable and interest payable in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

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

1.18 Provisions
The Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury's discount rates effective for 31 March 2020.

1. Accounting policies (continued)

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

1.20.1 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 Foundation Trust. The total value of clinical negligence provisions carried by NHS resolution on behalf of the Foundation Trust is disclosed in note 19 but is not recognised in the Foundation Trust's accounts.

1.20.2 Non-clinical risk pooling

The Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk-pooling schemes under which the foundation trust pays an annual contribution to the 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 as and when the liability arises.

1.21 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 20 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 20, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.22 Financial assets and financial liabilities

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, i.e., when receipt or delivery of the goods or services is made.

1. Accounting policies (continued)

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

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

Financial assets are classified as subsequently measured at amortised cost.
Financial liabilities are 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.

1.2.2 Financial assets and financial liabilities at fair value through income and expenditure
Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

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

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

1. Accounting policies (continued)

The carrying amount of the trade receivable is reduced when the outstanding debt is greater than one year and payment has not been agreed with the respective debtor. Overseas visitor's debts less than one year are provided for based on historical recoverability. Private Patient debts and salary overpayments are provided for based on management estimation of the percentage of recoverability. The Foundation Trust applies the percentage provided by the Department of Health to gross debts for injury costs recovery (RTA).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.23 Public dividend capital

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

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for:

- donated and grant funded assets,
- 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;
- 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 calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

1.24 Foreign exchange
The functional and presentational currency of the Foundation 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. The Foundation Trust does not have material foreign currency transactions. 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.

1.25 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, third party assets are disclosed in Note 25 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1. Accounting policies (continued)

1.26 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis. The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

1.27 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

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

The following list presents a list of recently issued IFRS Standards and amendments that have not yet been adopted within the FReM, and are therefore not applicable to DHSC group accounts in 2019-20.

Standards issued or amended but not yet adopted in FReM

IFRS 14 Regulatory Deferral Accounts

Not EU-endorsed.* Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

IFRS 17 Insurance Contracts

Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

* The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.

2. Operating income

2.1 Income from activities by classification

	Group	
	2019-20	2018-19
	£000	£000
Income from patient care activities		
Elective income	**170,277**	171,768
Non-elective income	**235,915**	207,520
First outpatient income	**93,300**	88,231
Follow up outpatient income	**68,682**	53,873
Accident and emergency income	**42,222**	34,358
High cost drugs income from commissioners (excluding pass-through costs)	**127,642**	115,204
Other NHS clinical income*	**319,820**	293,053
Additional income for delivery of healthcare services		
Private Patient income	**18,899**	20,579
Agenda for Change pay award central funding	**-**	8,857
Additional pension contribution central funding	**27,192**	-
Other clinical income	**12,129**	11,754
Total income from activities **	**1,116,078**	**1,005,197**
Other operating income recognised in accordance with IFRS 15		
Research and development	**6,789**	5,380
Education and training	**43,397**	42,391
Non-patient care services to other bodies	**20,215**	13,864
Provider sustainability fund / Sustainability and transformation fund income	**36,956**	9,677
Education and training - notional income from apprenticeship fund	**442**	273
Income in respect of employee benefits accounted on a gross basis	**8,162**	7,416
Other***	**20,061**	19,231
Total other operating income (IFRS 15)	**136,022**	98,232
Other operating income recognised in accordance with other standards		
Research and development	**9,659**	9,278
Receipt of capital grants and donations	**1,446**	3,004
Charitable and other contributions to expenditure	**157**	184
Rental revenue from operating leases	**1,230**	1,165
Total other operating income (Non-IFRS 15)	**12,492**	**13,631**
Total operating Income	**1,264,592**	**1,117,060**

* Other NHS clinical income includes HIV/AIDS funding, NSCG funding for liver services, bone marrow transplant funding, critical care funding from CCGs, CQUIN funding, off-tariff drugs and devices, renal dialysis, direct access, community midwifery, community dental services, national screening programmes, RTA funding and IVF services.

** Income from patient care activity is recognised in accordance with IFRS 15.

*** Other income includes PFI transitional support, clinical excellence awards, staff nursery, car parking, accommodation and commercial rents.

2.2 Income from activities by type

	Group	
	2019-20	2018-19
	£000	£000
NHS Foundation Trusts	**1,200**	927
NHS Trusts	**945**	1,497
Clinical Commissioning Groups and NHS England****	**1,077,991**	956,755
Department of Health and Social Care ***	**-**	8,857
NHS Other (including Public Health England and Prop Co)	**2,172**	2,256
Non-NHS		
Local Authorities	**3,455**	4,247
Private patients	**18,899**	20,579
Overseas patients (non-reciprocal)	**4,849**	4,886
Injury costs recovery*	**3,980**	2,330
Other**	**2,587**	2,865
Total income from activities	**1,116,078**	1,005,197

* NHS Injury Scheme income is subject to a provision for doubtful debts of 21.79% (2018/19: 21.89%) to reflect expected rates of collection. The total outstanding claims against this scheme at 31 March 2020 were £12.406m (31 March 2019: £12.271m), and a provision of £2.669m (31 March 2019: £2.686m) was raised against this amount.

** Non-NHS Other income includes patient care provided to devolved administrations, personal contributions for IVF treatment and services to prisons.

*** Funding received from Department of Health and Social Care in respect to Agenda for Change pay deal.

**** Includes £27.192m notional income for pension contributions paid by NHS England on behalf of the Trust

2.3 Overseas visitors

	Group 2019-20 £000	2018-19 £000
Income recognised this year	**4,849**	4,886
Cash payments received in-year	**2,286**	1,317
Additions to provision for impairment of receivables	**3,289**	1,346
Amounts written off in-year	**3,191**	4,263

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

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	12,477	7,902
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

2.5 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2020 £000	31 March 2019 £000
within one year	13,037	6,867
after one year, not later than five years	0	0
after five years	0	0
Total revenue allocated to remaining performance obligations	13,037	6,867

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

2.6 Income from activities arising from commissioner requested and non-commissioner requested services

Under the terms of its Provider License, the trust is required to analyse the level of income from activities that has

	Group 2019-20 £000	2018-19 £000
Commissioner requested services	**1,050,799**	983,065
Non-commissioner requested services	**213,793**	134,012
Total	**1,264,592**	1,117,076

2.7 Fees and charges - aggregate of all schemes that, individually, have a cost exceeding £1m

	Group 2019-20 £000	2018-19 £000
Income	**18,899**	20,579
Full cost	**(18,944)**	(21,218)
Deficit	**(45)**	(639)

2.8 Operating lease income

	Group 2019-20 £000	2018-19 £000
Rental revenue from operating leases	**1,230**	1,165

	31 March 2020 £000	31 March 2019 £000
Future minimum lease receipts due on leases of buildings expiring		
- not later than one year	**1,230**	1,149
- between one and five years	**3,690**	4,596
Total	**4,920**	5,745

The above note discloses income generated in operating lease agreements where King's College Hospital NHS Foundation Trust is the lessor. The operating leases relate to the lease of space and buildings owned by the Trust.

3. Operating expenses

3.1 Operating expenses by type

	Group 2019-20 £000	2018-19 £000
Purchase of healthcare from NHS and DHSC bodies	**12,305**	13,048
Purchase of healthcare from non-NHS and non-DHSC bodies	**62,470**	53,647
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	**150,430**	139,381
Supplies and services - clinical (excluding drugs costs)	**105,811**	101,105
Supplies and services - general	**19,387**	7,047
Staff and executive directors costs	**767,712**	703,429
Remuneration of non-executive directors	**150**	175
Establishment	**7,217**	6,956
Transport (including patient travel)	**10,145**	10,435
Premises	**29,770**	33,925
Rentals under operating leases - minimum lease payments	**7,709**	10,348
PFI service costs	**61,888**	61,249
Clinical negligence	**37,674**	38,582
Depreciation on property, plant and equipment	**24,570**	23,637
Amortisation on intangible assets	**1,686**	1,421
Net impairments / (reversal)	**3,231**	(198)
Movement in credit loss allowance: contract receivables / contract assets	**3,863**	3,617
Consultancy costs	**2,715**	7,082
Audit fees payable to the external auditor		
Statutory audit	**314**	283
Other audit-related assurance services	**-**	16
Internal audit costs	**167**	167
Other *	**22,676**	38,224
Total operating expenses	**1,331,890**	1,253,576

* Other operating expenses include expenditure relating to training, legal fees, storage costs, work permits and infection control costs.

The audit fee for the year is £314k, comprised of Audit of Trust (£185k) and individual subsidiary accounts (£63k), Quality Accounts Procedures (£14k) and VAT (£53k) (2018-19 : Audit of Trust (£182k) and individual subsidiary accounts (£62k), Quality Accounts Procedures (£13k), VAT (£51k)).

Research and development expenditure is included in other operating expenditure, clinical and general supplies and services, premises and establishment expenses as well as in staff costs.

The treatment of credit loss allowances has changed in the the current year and NHS credit provisions are accounted for within income. The prior year Movement in credit loss allowance has not been restated.

3.2 Operating leases

Rentals under operating leases include the following:

	Group	
	2019-20	2018-19
	£000	£000
Operating lease expense		
Minimum lease payments	**7,709**	10,348
Total	**7,709**	10,348

Future minimum lease payments fall due as follows:

	2019-20	2018-19
	£000	£000
Hire of plant and machinery		
- not later than one year	**2,133**	4,866
- between one and five years	**4,521**	10,916
- later than five years	**200**	889
Total hire of plant and machinery	**6,854**	16,671
Rental of buildings		
- not later than one year	**4,948**	6,307
- between one and five years	**17,163**	19,303
- later than five years	**33,927**	40,136
Total rental of buildings	**56,038**	65,746
Total	**62,892**	82,417

This note discloses costs and commitments incurred under non-cancellable operating lease arrangements where King's College Hospital NHS FT is the lessee.
Significant lease commitments relate to the rental of certain Trust hospital sites including Beckenham Beacon and a number of satellite renal and dental sites.

The comparative information has been restated to correct an error. This arose due to the omission of certain agreements entered into in prior periods from the calculation of this information.

3.3 Better Payment Practice Code - measure of compliance

The Better Payment Practice Code requires the Foundation 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 the earlier. The target is to pay 95% of invoices, in terms of value and volume, within 30 days.
The Foundation Trust's performance against this target was as follows:

	Group 2019-20		**Group** 2018-19	
	Number	**£000**	Number	£000
Non-NHS trade invoices:				
Paid in the year	**133,774**	**730,956**	138,757	638,422
Paid within target	**129,378**	**708,518**	132,863	586,893
Percentage paid within target	**97%**	**97%**	96%	92%
NHS trade invoices				
Paid in the year	**4,251**	**78,508**	4,976	112,007
Paid within target	**4,115**	**76,980**	4,663	110,478
Percentage paid within target	**97%**	**98%**	94%	99%
Total trade invoices				
Paid in the year	**138,025**	**809,464**	143,733	750,429
Paid within target	**133,493**	**785,498**	137,526	697,371
Percentage paid within target	**97%**	**97%**	96%	93%

3.4 Late Payment of Commercial Debts (Interest) Act 1998

	2019-20	2018-19
	£000	£000
Compensation paid to cover debt recovery costs under this legislation	**12**	3

3.5 Limitation on Auditor's Liability

There was no limitation on auditor's liability in 2019/20 or in 2018/19.

4 Employee benefits

4.1 Employee benefits

	Group 2019-20 Total	2018-19 Total
	£000	£000
Salaries and wages	**552,335**	524,627
Social security costs	**55,464**	53,262
Apprenticeship levy	**2,617**	2,489
Employer contributions to NHS Pensions	**63,393**	60,238
Employer contributions to NHS Pensions paid by NHS England on behalf of the Trust	**27,192**	-
Temporary staff (including bank and agency)	**67,017**	63,563
Total gross employee benefits	**768,018**	704,179
Recoveries from other bodies in respect of staff cost netted off expenditure	**-**	-
Total employee benefits	**768,018**	704,179
Of which		
Costs capitalised as part of assets	**(306)**	(750)
Total employee benefits excluding capitalised costs	**767,712**	703,429

4.2 Staff sickness absence

For 2019/20 staff sickness absence data is not required by the FT ARM of DHSC GAM to be disclosed in annual reports.

Information on staff sickness can be found at : https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

4.3 Early retirements due to ill health

	2019-20 Number	2018-19 Number
Early retirements on the grounds of ill-health	**3**	5
	£000	£000
Early retirements on the grounds of ill-health	**58**	165

The cost of ill-health retirements is borne by NHS Pensions.

4.4 Termination benefits

4.4a By number of cases:

Exit package cost band (including any special payment element)	2019-20 Total	2018-19 Total
Less than £10,000	**10**	26
£10,000-£25,000	**3**	4
£25,001-£50,000	**5**	-
£50,001-£100,000	**1**	2
£100,001 - £150,000	**-**	1
£150,001 - £200,000	**-**	-
Greater than £200,000	**-**	1
Total	**19**	34

4.4b By value of payments:

Exit package cost band (including any special payment element)	**2019-20** **Total £000**	2018-19 Total £000
Less than £10,000	**25**	95
£10,000-£25,000	**50**	76
£25,001-£50,000	**186**	-
£50,001-£100,000	**52**	161
£100,001 - £150,000	**-**	117
£150,001 - £200,000	**-**	-
Greater than £200,000	**-**	930
Total	**313**	1,379

One (2018/19: 2) of the above exit packages relates to compulsory redundancies totalling £11k (2018/19: £26k). All other termination benefits related to other agreed departures.

4.4c Other departures agreed are as follows:

	2019-20		2018-19	
	Number	**£000**	Number	£000
Mutually agreed resignations (MARS) contractual costs	**4**	**53**	9	38
Contractual payments in lieu of notice	**14**	**249**	19	204
Exit payments following Employment Tribunal or court orders (This figure includes the £930k exit package referred to in table 4.4b above)	**-**	**-**	4	1,111
Total	**18**	**302**	**32**	**1,353**
Of which:				
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	**-**	**-**	-	-

4.5 Salary and pension entitlements of senior managers

4.5a Median salary disclosures

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.

	2019-20 (bands of £5,000)	2018-19 (bands of £5,000)
Band of highest paid director/member's total remuneration	**295-300**	265 - 270
Median total remuneration (£)	**36,583**	35,211
Ratio	**8.1**	7.6

In 2019/20, 0 (2018/19: 0) employees received remuneration in excess of the highest-paid director/member. Remuneration ranged from £17.7k to £298k (2018/19: £17.5k to £292k).
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.

4.6 Salary and pension entitlements of senior managers

4.6a Remuneration

Name	Title	2019-20 Salary & Fees (bands of £5,000)	2019-20 Pension Related Benefits (bands of £2,500)	2019-20 Total (bands of £5,000)	2018-19 Salary & Fees (bands of £5,000)	2018-19 Pension Related Benefits (bands of £2,500)	2018-19 Total (bands of £5,000)
Chairman and Non-Executive Directors							
Ian Smith	Chair	-	-	-	55 - 60	-	55 - 60
Sir Hugh Taylor	Interim Chair	45 - 50		45 - 50	0 - 5		0 - 5
Faith Boardman	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Professor Ghulam Mufti	Non-Executive Director	10 - 15	-	10 - 15	15 - 20	-	15 - 20
Sue Slipman	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Chris Stooke	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Professor Jonathan Cohen	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Dr Alix Pryde	Non-Executive Director	5 - 10	-	5 - 10	10 - 15	-	10 - 15
Professor Richard Trembath	Non-Executive Director	10 - 15	-	10 - 15	10 - 15	-	10 - 15
Nicholas Campbell-Watts	Non-Executive Director	0 - 5	-	0 - 5	-	-	-
Steve Weiner ***	Non-Executive Director	-	-	-	-	-	-
Executive Directors							
Nicholas Moberly	Chief Executive	-	-	-	130 - 135	-	130 - 135
Peter Herring	Chief Executive	-	-	-	265 - 270	-	265 - 270
Professor Clive Kay	Chief Executive	295 - 300	-	295 - 300	-	-	-
Alan Goldsman	Interim Chief Financial Officer/Director of Financial Recovery/ Interim Director of Strategy	-	-	-	15 - 20	-	15 - 20
Iain Alexander	Interim Chief Financial Officer	-	-	-	120 - 125	-	120 - 125
Lorcan Woods	Chief Financial Officer	190 - 195	42.5 - 45.0	200 - 235	145 - 150	32.5 - 35	180 -185
Professor Julia Wendon *	Chief Medical Officer (Clinical Strategy and Research)	240 - 245	-	240 - 245	225 - 230	-	225 - 230
Dr Kate Langford ***	Chief Medical Officer (Professional Standards)	85 - 90	-	85 - 90	-	-	-
Dr Leonie Penna *	Chief Medical Officer (Professional Standards)	25 - 30	-	25 - 30	-	-	-
Dr Michelle (Shelley) Dolan	Chief Nurse/Acting Deputy Chief Executive	75 - 80	-	75 - 80	190 - 195	260 - 262.5	450 -455
Professor Nicola Ranger	Chief Nurse	115 - 120	-	115 - 120	-	-	-
Dawn Brodrick	Executive Director of Workforce Development/Chief People Officer	155 - 160	-	155 - 160	150 - 155	-	150 - 155
Abigail Stapleton **	Director of Strategy and Commercial	30 - 35	-	30 - 35	120 - 125	27.5 - 30	150 - 155
Jackie Parrott ***	Chief Strategy Officer	-	-	-	-	-	-
Bernie Bluhm	Denmark Hill Site Chief Executive and Group Deputy CEO	185 - 190	-	185 - 190	25 - 30	-	25 - 30
Lisa Hollins *	Director of Improvement, Informatics and ICT	140 - 145	12.5 - 15.0	155 - 160	140 - 145	15 - 17.5	155 - 160
Jane Bond	Director of Capital and Estates	-	-	-	55 - 60	12.5 - 15.0	65 - 70
Steve Bannister	Interim Director of Capital, Estates and Facilities	15 - 20	-	15 - 20	170 - 175	-	170 - 175
Peter Pentecost	Financial Recovery Director	-	-	-	105 - 110	-	105 - 110
Fiona Wheeler	Acting Executive Managing Director PRUH and South Sites	115 - 120	-	115 - 120	20 - 25	-	20 -25
Beverley Bryant ***	Chief Digital Information Officer	55 - 60	-	55 - 60	-	-	-
Caroline White	Executive Director of Integrated Governance	95 - 100	-	95 - 100	-	-	-
Jonathan Lofthouse	PRUH and South Sites CEO	20 - 25	-	20 - 25	-	-	-
*** Salary relating to non-managerial role**							
Professor Julia Wendon		195 - 200	-	195 - 200	180 - 185		180 -185
Dr Leonie Penna		20 - 25	-	20 - 25			
Lisa Hollins		80 - 85	-	80 - 85	-		-
**** Amounts attributable to the Trust's subsidiary companies**							
Abigail Stapleton		15 - 20	-	15 - 20	70 - 75		70 - 75
***** Salary paid by Guy's and St Thomas' NHS Foundation Trust**							
Steve Weiner	Non-Executive Director	15 - 20	-	15 - 20	-	-	-
Dr Kate Langford	Chief Medical Officer (Professional Standards)	210 - 215	-	210 - 215	-	-	-
Jackie Parrott	Chief Strategy Officer (from April 2019)	150 - 155	10.0 - 12.5	160 - 165	-	-	-
Beverley Bryant	Chief Digital Information Officer	110 - 115	-	110 - 115	-	-	-
****** Also Chairman of Guy's and St Thomas' NHS Foundation Trust**							
Hugh Taylor	Interim Chair						

4.6 Salary and pension entitlements of senior managers

Sir Hugh Taylor	Interim Chair	1 April 2019 - 31 March 2020
Faith Boardman	Non-Executive Director	1 April 2019 - 17 March 2020
Professor Ghulam Mufti	Non-Executive Director	1 April 2019 - 31 March 2020
Sue Slipman	Non-Executive Director	1 April 2019 - 31 March 2020
Chris Stooke	Non-Executive Director	1 April 2019 - 31 March 2020
Professor Jonathan Cohen	Non-Executive Director	1 April 2019 - 31 March 2020
Dr Alix Pryde	Non-Executive Director	1 April 2019 - 31 October 2019
Professor Richard Trembath	Non-Executive Director	1 April 2019 - 31 March 2020
Nicholas Campbell-Watts	Non-Executive Director	2 January 2020 - 31 March 2020
Steve Weiner	Non-Executive Director	2 January 2020 - 31 March 2020
Professor Clive Kay	Chief Executive	1 April 2019 - 31 March 2020
Lorcan Woods	Chief Financial Officer	1 April 2019 - 31 March 2020
Professor Julia Wendon	Executive Medical Director	1 April 2019 - 31 August 2019
Professor Julia Wendon	Chief Medical Officer (Clinical Strategy and Research)	1 September 2019 - 31 March 2020
Dr Kate Langford	Chief Medical Officer (Professional Standards)	1 September 2019 - 31 January 2020
Dr Leonie Penna	Chief Medical Officer (Professional Standards)	1 February 2020 - 31 March 2020
Dr Michelle (Shelley) Dolan	Chief Nurse/Acting Deputy Chief Executive	1 April 2019 - 28 August 2019
Professor Nicola Ranger	Chief Nurse	29 July 2019 - 31 March 2020
Dawn Brodrick	Executive Director of Workforce Development/Chief People Officer	1 April 2019 - 31 March 2020
Abigail Stapleton	Director of Strategy and Commercial	1 April 2019 - 31 July 2019
Jackie Parrott	Chief Strategy Officer	1 September 2019 - 31 March 2020
Bernie Bluhm	Chief Operating Officer	1 April 2019 - 31 January 2020
Bernie Bluhm	Denmark Hill Site Chief Executive and Group Deputy CEO	1 February 2020 - 31 March 2020
Lisa Hollins	Director of Improvement, Informatics and ICT	1 April 2019 - 31 August 2019
Steve Bannister	Interim Director of Capital, Estates and Facilities	1 April 2019 - 30 April 2019
Beverley Bryant	Chief Digital Information Officer	1 September 2019 - 31 March 2020
Fiona Wheeler	Acting Executive Managing Director PRUH and South Sites	1 April 2019 - 30 September 2019
Caroline White	Executive Director of Integrated Governance	1 September 2019 - 31 March 2020
Jonathan Lofthouse	PRUH and South Sites CEO	1 February 2020 - 31 March 2020

None of the Non-Executive or Executive Directors received benefits in kinds in 2018-19 or 2019-20.

4.6b Pension Benefits

This pensions information is provided by the NHS Business Services Authority - Pensions Division on an annual basis.

Name	Title	Real Increase in pension at age 60 (bands of £2,500)	Real Increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2020 (bands of £5,000)	Lump sum at age 60 at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2019	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employer's Contribution to stakeholder pension
		£000			£000	£000	£000	£000	
Executive Directors									
Dr Michelle (Shelley) Dolan	Chief Nurse	(5.0 - 7.5)	22.5 - 25.0	60 - 65	295 - 300	-	-	-	-
Lisa Hollins	Director of Improvement, Informatics and ICT	0 - 2.5	(0 - 2.5)	50 - 55	115 - 120	866	15	923	-
Abigail Stapleton	Director of Strategy and Commercial	(0 - 2.5)	-	-	-	28	-	-	-
Lorcan Woods	Chief Financial Officer	2.5 - 5.0	-	5 - 10	-	34	18	81	-
Professor Nicola Ranger	Chief Nurse	(5.0 - 7.5)	12.5 - 15.0	50 - 55	155 - 160	1,073	21	1,155	-

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

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 disclosure applies. The CETV figures and 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.

The real increase in CETV 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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less, the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

Following the government's announcement that all public sector pension schemes will be required to provide the same indexation on the Guaranteed Minimum Pension (GMP) as on the remainder of the pension, the NHSPS has revised its method to calculate the CETV values. The real increase in CETV will therefore be impacted as it will include any increase in CETV due to the change in GMP methodology.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in the NHS 2015 Scheme. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

4.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 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 to 20.6%, and the Scheme Regulations were amended accordingly.

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.

5 Finance income

	Group	
	2019-20	2018-19
	£000	£000
Interest on bank accounts	**553**	368
Interest on other investments/financial assets	**2**	74
Total	**555**	442

6 Finance expenses

	Group	
	2019-20	2018-19
	£000	£000
Loans from the Department of Health and Social Care		
Capital loans	**3,449**	3,537
Revenue support / working capital loans	**16,201**	11,134
Revolving working capital facilities	**3,145**	2,978
Finance leases	**7**	5
Other Loans	**55**	150
Finance costs on PFI and other service concession arrangements		
Main finance cost	**16,598**	16,596
Contingent finance cost	**9,115**	8,441
Total interest expense	**48,570**	42,841
Unwinding of discount on provisions	**17**	10
Total finance costs	**48,587**	42,851

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

7 Impairments

	Group	
	2019-20	2018-19
	£000	£000
Changes in market price - charged to operating expenses	**3,231**	(198)
Changes in market price - charged to the revaluation reserve	**511**	1,121
Total	**3,742**	923

Asset valuations were undertaken in 2020 as at the prospective valuation date of 31 March 2020. This was based on alternative site which included a review of the Trust's patient base, through an analysis of postcode information allocated between outpatients and inpatients.

The revaluation resulted in an overall increase of £6.0m in the value of land owned by the Trust and an overall increase of £24.462m in the net book value of buildings and dwellings.

An impairment amount of £3.231m has been taken to the Statement of Comprehensive Income and a revaluation surplus of £34.190m transferred to revaluation reserve. An impairment of £0.511m has been charged to the revaluation reserve.

8 Other gains / (losses)

	Group	
	2019-20	2018-19
	£000	£000
Gains on disposal of assets	**-**	185
Losses on disposal of assets	**(131)**	-
Total (losses) / gains on disposal of assets	**(131)**	185

8.1 Share of operating profit / (loss) in associates and joint ventures

	Group	
	2019-20	2018-19
	£000	£000
Viapath Group LLP	**421**	1,126
	421	1,126

9 Intangible non-current assets

9.1 Intangible non-current assets - current year

Group	Software licences £000	Development expenditure £000	Total £000
		Group	
Cost or valuation			
At 1 April 2019	**18,168**	**707**	**18,875**
Additions purchased	**2,002**	**-**	**2,002**
Reclassifications	**384**	**-**	**384**
At 31 March 2020	**20,554**	**707**	**21,261**
Amortisation			
At 1 April 2019	**9,590**	**707**	**10,297**
Charged during the year	**1,686**	**-**	**1,686**
At 31 March 2020	**11,276**	**707**	**11,983**
Net book value			
Purchased	**7,989**	**-**	**7,989**
Leased	**1,289**	**-**	**1,289**
Total at 31 March 2020	**9,278**	**-**	**9,278**
Revaluation reserve balance			
At 1 April 2019	**37**	**-**	**37**
At 31 March 2020	**37**	**-**	**37**

Development expenditure represents the implementation cost of the Activity Based Costing project, which was completed in 2006-07, and is still in use.

9.2 Intangible non-current assets - current year

Trust	Software licences £000	Development expenditure £000	Total £000
		Trust	
Cost or valuation			
At 1 April 2019	**17,842**	**707**	**18,549**
Additions purchased	**1,217**	**-**	**1,217**
Reclassifications	**384**	**-**	**384**
At 31 March 2020	**19,443**	**707**	**20,150**
Amortisation			
At 1 April 2019	**9,477**	**707**	**10,184**
Charged during the year	**1,443**	**-**	**1,443**
At 31 March 2020	**10,920**	**707**	**11,627**
Net book value			
Purchased	**7,234**	**-**	**7,234**
Leased	**1,289**	**-**	**1,289**
Total at 31 March 2020	**8,523**	**-**	**8,523**
Revaluation reserve balance			
At 1 April 2019	**37**	**-**	**37**
At 31 March 2020	**37**	**-**	**37**

The range of useful economic lives over which intangible assets are amortised is included in note 1.12.

For all categories of intangible assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

9 Intangible non-current assets

9.3 Intangible non-current assets - prior year

Group	Software licences £000	Development expenditure £000	Total £000
		Group	
Cost or valuation			
At 1 April 2018	**16,569**	**707**	**17,276**
Additions purchased	**1,599**	**-**	**1,599**
At 31 March 2019	**18,168**	**707**	**18,875**
Amortisation			
At 1 April 2018	**8,169**	**707**	**8,876**
Charged during the year	**1,421**	**-**	**1,421**
At 31 March 2019	**9,590**	**707**	**10,297**
Net book value			
Purchased	**7,289**	**-**	**7,289**
Leased	**1,289**	**-**	**1,289**
Total at 31 March 2019	**8,578**	**-**	**8,578**
Revaluation reserve balance			
At 1 April 2018	**37**	**-**	**37**
At 31 March 2019	**37**	**-**	**37**

Development expenditure represents the implementation cost of the Activity Based Costing project, which was completed in 2006-07, and is still in use.

9.4 Intangible non-current assets - prior year

Trust	Software licences £000	Development expenditure £000	Total £000
		Trust	
Cost or valuation			
At 1 April 2018	**16,244**	**707**	**16,951**
Additions purchased	**1,598**	**-**	**1,598**
Additions leased	**-**	**-**	**-**
At 31 March 2019	**17,842**	**707**	**18,549**
Amortisation			
At 1 April 2018	**8,121**	**707**	**8,828**
Charged during the year	**1,356**	**-**	**1,356**
At 31 March 2019	**9,477**	**707**	**10,184**
Net book value			
Purchased	**7,076**	**-**	**7,076**
Leased	**1,289**	**-**	**1,289**
Total at 31 March 2019	**8,365**	**-**	**8,365**
Revaluation reserve balance			
At 1 April 2018	**37**	**-**	**37**
At 31 March 2019	**37**	**-**	**37**

The range of useful economic lives over which intangible assets are amortised is included in note 1.12.

For all categories of intangible assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

10 Property, plant and equipment

10.1 Property, plant and equipment - current year

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Group							
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2019	66,650	399,251	1,550	88,709	83,603	33,085	2,330	675,178
Additions purchased	-	966	-	4,649	15,621	8,773	97	30,106
Additions leased	-	23	-	466	1,723	-	-	2,212
Additions donated	-	843	-	-	371	193	39	1,446
Impairments charged to operating expenses	-	(7,339)	-	-	-	-	-	(7,339)
Impairments charged to the revaluation reserve	(28)	(620)	-	-	-	-	-	(647)
Reversal of impairments credited to operating expenses	99	1,265	-	-	-	-	-	1,364
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	5,912	16,162	69	-	-	-	-	22,142
Reclassifications	-	4,553	-	(4,553)	-	(384)	-	(384)
Transfers to/from assets held for sale and assets in disposal groups	127	-	260	-	-	-	-	387
Disposals	-	-	-	-	(1,419)	(37)	-	(1,456)
At 31 March 2020	72,760	415,104	1,878	89,270	99,899	41,630	2,466	723,008
Depreciation								
At 1 April 2019	-	176	-	-	52,550	17,263	1,559	71,548
Charged during the year	-	15,012	83	-	5,415	3,909	152	24,570
Impairments charged to operating expenses	-	(484)	-	-	-	-	-	(484)
Impairments charged to the revaluation reserve	-	(136)	-	-	-	-	-	(136)
Reversal of impairments credited to operating expenses	-	(2,260)	-	-	-	-	-	(2,260)
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	-	(11,964)	(83)	-	-	-	-	(12,047)
Disposals	-	-	-	-	(1,154)	(37)	-	(1,192)
At 31 March 2020	-	344	(0)	-	56,811	21,134	1,711	80,000
Net book value								
Owned - purchased	48,629	204,061	1,641	87,992	35,027	20,295	594	398,240
Owned - donated	2,137	11,635	237	1,030	1,958	200	162	17,359
On balance sheet PFI	21,994	199,065	-	248	6,103	-	-	227,410
Total at 31 March 2020	72,760	414,761	1,878	89,270	43,088	20,495	756	643,009
Revaluation reserve balance								
At 1 April 2019	31,229	71,785	1,296	-	4,601	-	257	109,168
Revaluation and indexation in year	5,886	27,643	151	-		-	-	33,680
At 31 March 2020	37,115	99,428	1,447	-	4,601	-	257	142,848

The effective date of land and building revaluation was 31 March 2020 and the valuation was carried out by an independent valuer.

The range of useful economic lives over which property plant and equipment are depreciated are included in note 1.12.
For all categories of non-property assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

Further detail is included in note 1.11.3 Measurement and Valuation of Property, Plant and Equipment around the material valuation uncertainty due to the Novel Coronavirus (COVID-19) pandemic.

10 Property, plant and equipment - continued

10.2 Property, plant and equipment - current year

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Trust							
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2019	66,650	399,251	1,550	88,709	67,509	33,085	2,330	659,084
Additions purchased	-	966	-	4,649	599	8,773	97	15,084
Additions leased	-	23	-	466	16,745	-	-	17,234
Additions donated	-	843	-	-	371	193	39	1,446
Impairments charged to operating expenses	-	(7,339)	-	-	-	-	-	(7,339)
Impairments charged to the revaluation reserve	(28)	(620)	-	-	-	-	-	(647)
Reversal of impairments credited to operating expenses	99	1,265	-	-	-	-	-	1,364
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	5,912	16,162	69	-	-	-	-	22,142
Reclassifications	-	4,553	-	(4,553)	-	(384)	-	(384)
Transfers to/from assets held for sale and assets in disposal groups	127	-	260	-	-	-	-	387
Disposals	-	-	-	-	(1,419)	(37)	-	(1,456)
At 31 March 2020	72,760	415,104	1,878	89,270	83,805	41,630	2,466	706,914
Depreciation								
At 1 April 2019	-	176	-	-	36,452	17,263	1,559	55,450
Charged during the year	-	15,012	83	-	5,415	3,909	152	24,570
Impairments charged to operating expenses	-	(484)	-	-	-	-	-	(484)
Impairments charged to the revaluation reserve	-	(136)	-	-	-	-	-	(136)
Reversal of impairments credited to operating expenses	-	(2,260)	-	-	-	-	-	(2,260)
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	-	(11,964)	(83)	-	-	-	-	(12,047)
Disposals	-	-	-	-	(1,154)	(37)	-	(1,192)
At 31 March 2020	-	344	(0)	-	40,713	21,134	1,711	63,902
Net book value								
Owned - purchased	48,629	204,061	1,641	87,992	5,732	20,295	594	368,945
Owned - donated	2,137	11,635	237	1,030	1,958	200	162	17,359
On balance sheet PFI & Finance Lease	21,994	199,065	-	248	35,398	-	-	256,705
Total at 31 March 2020	72,760	414,761	1,878	89,270	43,088	20,495	756	643,009
Revaluation reserve balance								
At 1 April 2019	31,229	71,785	1,296	-	4,601	-	257	109,168
Revaluation and indexation in year	5,886	27,643	151	-		-	-	33,680
At 31 March 2020	37,115	99,428	1,447	-	4,601	-	257	142,848

The effective date of land and building revaluation was 31 March 2020 and the valuation was carried out by independent valuer.

The range of useful economic lives over which property plant and equipment are depreciated are included in note 1.12.

For all categories of non-property assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

Further detail is included in note 1.11.3 Measurement and Valuation of Property, Plant and Equipment around the material valuation uncertainty due to the Novel Coronavirus (COVID-19) pandemic.

10 Property, plant and equipment

10.3 Property, plant and equipment - prior year

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Group							
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2018	59,995	394,046	1,545	81,523	70,685	29,334	2,184	639,312
Additions purchased	-	574	-	15,343	9,709	3,434	146	29,206
Additions leased	-	16	-	-	2,237	-	-	2,253
Additions donated	-	-	-	992	972	317	-	2,281
Impairments charged to operating expenses	-	(3,845)	-	-	-	-	-	(3,845)
Impairments charged to the revaluation reserve	-	(1,649)	-	-	-	-	-	(1,649)
Reversal of impairments credited to operating expenses	140	1,292	-	-	-	-	-	1,432
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	6,515	(332)	5	-	-	-	-	6,188
Reclassifications	-	9,149	-	(9,149)	-	-	-	-
Transfers to/from assets held for sale and assets in disposal groups	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 March 2019	66,650	399,251	1,550	88,709	83,603	33,085	2,330	675,178
Depreciation								
At 1 April 2018	-	126	-	-	47,495	13,302	1,381	62,304
Charged during the year	-	14,373	70	-	5,055	3,961	178	23,637
Impairments charged to operating expenses	-	(626)	-	-	-	-	-	(626)
Impairments charged to the revaluation reserve	-	(528)	-	-	-	-	-	(528)
Reversal of impairments credited to operating expenses	-	(1,985)	-	-	-	-	-	(1,985)
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	-	(11,184)	(70)	-	-	-	-	(11,254)
Disposals	-	-	-	-	-	-	-	-
At 31 March 2019	-	176	-	-	52,550	17,263	1,559	71,548
Net book value								
Owned - purchased	44,166	198,007	1,304	87,389	24,652	15,764	630	371,912
Owned - donated	1,956	12,798	246	550	1,542	58	141	17,291
On balance sheet PFI	20,528	188,270	-	770	4,859	-	-	214,427
Total at 31 March 2019	66,650	399,075	1,550	88,709	31,053	15,822	771	603,630
Revaluation reserve balance								
At 1 April 2018	24,798	61,993	1,161	-	4,601	-	257	92,810
Revaluation and indexation in year	6,431	9,755	135	-	-	-	-	16,321
At 31 March 2019	31,229	71,748	1,296	-	4,601	-	257	109,131

The effective date of land and building revaluation was 31 March 2019 and the valuation was carried out by an independent valuer.

The range of useful economic lives over which property plant and equipment are depreciated are included in note 1.12.
For all categories of non-property assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

10 Property, plant and equipment - continued

10.4 Property, plant and equipment - prior year

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	Trust							
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2018	59,995	394,046	1,545	81,523	46,949	29,334	2,184	615,576
Additions purchased	-	574	-	15,343	2,080	3,434	146	21,577
Additions leased	-	16	-	-	17,508	-	-	17,524
Additions donated	-	-	-	992	972	317	-	2,281
Impairments charged to operating expenses	-	(3,845)	-	-	-	-	-	(3,845)
Impairments charged to the revaluation reserve	-	(1,649)	-	-	-	-	-	(1,649)
Reversal of impairments credited to operating expenses	140	1,292	-	-	-	-	-	1,432
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	6,515	(332)	5	-	-	-	-	6,188
Reclassifications	-	9,149	-	(9,149)	-	-	-	-
At 31 March 2019	66,650	399,251	1,550	88,709	67,509	33,085	2,330	659,084
Depreciation								
At 1 April 2018	-	126	-	-	31,398	13,302	1,381	46,207
Charged during the year	-	14,373	70	-	5,054	3,961	178	23,636
Impairments charged to operating expenses	-	(626)	-	-	-	-	-	(626)
Impairments charged to the revaluation reserve	-	(528)	-	-	-	-	-	(528)
Reversal of impairments credited to operating expenses	-	(2,272)	-	-	-	-	-	(2,272)
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-
Revaluations	-	(10,897)	(70)	-	-	-	-	(10,967)
At 31 March 2019	-	176	-	-	36,452	17,263	1,559	55,450
Net book value								
Owned - purchased	44,166	198,007	1,304	87,389	7,436	15,764	630	354,696
Owned - donated	1,956	12,798	246	550	1,826	58	141	17,575
On balance sheet PFI	20,528	188,270	-	770	21,791	-	-	231,359
Total at 31 March 2019	66,650	399,075	1,550	88,709	31,053	15,822	771	603,630
Revaluation reserve balance								
At 1 April 2018	24,798	61,993	1,161	-	4,601	-	257	92,810
Revaluation and indexation in year	6,431	9,755	135	-	-	-	-	16,321
At 31 March 2019	31,229	71,748	1,296	-	4,601	-	257	109,131

The effective date of land and building revaluation was 31 March 2019 and the valuation was carried out by independent valuer.

The range of useful economic lives over which property plant and equipment are depreciated are included in note 1.12.

For all categories of non-property assets, the Trust considers that depreciated historical cost is an acceptable proxy for current value in existing use, as the useful economic lives used are considered to be realistic reflection of the lives of assets and the depreciation methods used reflect the consumption of the asset.

11 Investments

11.1 Subsidiary undertakings, associates and joint ventures held

The Foundation Trust's principal subsidiary undertakings, associates and joint ventures as included in its consolidated accounts are set out below.
The accounting date of the financial statements for the subsidiaries is 31 March 2020, and for the associate, 31 December 2019. For the associate undertaking that has a different accounting year end date, draft accounts for year ending 31 December 2019, have been consolidated.
The Trust holds a £250k investment in KCH Commercial Services Ltd.

	Country of Incorporation	Beneficial interest	Principal activity
Directly owned subsidiary undertakings			
KCH Commercial Services Ltd	UK	100%	Holding company
KCH Interventional Facilities Management LLP *	UK	100%	Interventional Facilities Management
Indirectly owned subsidiary undertakings			
KCH Management Ltd	UK	100%	Healthcare services
Agnentis Ltd	UK	100%	Software consultancy and supply
Associates			
Viapath Group LLP (Viapath)	UK	33.3%	Healthcare services
Joint operations			
NIHR/Wellcome Trust Clinical Research Facility (CRF) **	UK		
Equity		35%	Research
Constructions		54%	Research
Other investments			
King's Fertility Limited	UK	10%	Healthcare services

* KCH Interventional Facilities Management LLP (KIFM) is a limited liability partnership between King's College Hospital NHS Foundation Trust (99%) and KCH Commercial Services Ltd (1%). KIFM started trading on 1 July 2016 and was set up to provide an efficient transformation and procurement service to the Trust. The income, expenses, assets, liabilities, equity and reserves of KIFM have been consolidated in full into the appropriate financial statement lines.
** The Foundation Trust entered into a joint operation with King's College London and South London and Maudsley NHS Foundation Trust for the construction and use of premises known as the NIHR/Wellcome Trust Clinical Research Facility, which opened in November 2012.
The Foundation Trust has capitalised 54% of the cost of the building, and equipment assets therein based on the construction proportion. The Foundation Trust recognises 35% of revenue and expenditure generated by the facility, based on the equity proportion as stipulated in the Collaboration Agreement.

11.2 Carrying value of associates

Group	**2019-20 Viapath £000**	2018-19 Viapath £000
Balance at 1 April	**4,175**	3,049
Share of profit	**421**	1,126
Share of Other Comprehensive Income recognised by joint ventures/associates	**353**	-
Balance at 31 March	**4,949**	4,175

Viapath provides critical pathology services for the Trust. The work is carried out on Trust sites.

11.3 Value of associates

	2019-20 Viapath £000	2018-19 Viapath £000
Total gross assets of the entity as at 31 March	**61,752**	47,355
Total gross liabilities of the entity as at 31 March	**(49,342)**	(37,507)
Total revenues for the year ending 31 March	**130,457**	122,028
Profit for the year ending 31 March	**2,393**	3,379

The above figures are estimates based on the Viapath annual accounts for the year ended 31 December 2019.
Figures from the Viapath year end are used as there is not expected to be a material difference in position between the two year end dates.

11.4 Carrying value of other investments

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
King's Fertility Limited	**335**	335	**335**	335
Other financial assets	**1,959**	1,690	**-**	-
	2,294	2,025	**335**	335

11.5 Non-current assets held for sale and assets in disposal groups

	Group and Trust	
	31 March 2020	31 March 2019
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**387**	600
Assets classified as available for sale in the year	**-**	-
Less assets sold in year	**-**	(213)
Less assets no longer classified as held for sale, for reasons other than disposal by sale	**(387)**	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	**0**	387

Non-current assets classified as available for sale consisted of the long leasehold interest in two residential flats. These units were surplus to requirements and one unit was disposed of in 2018/19. The Trust expected to dispose of the remaining flat in 2019/20 through auction or sale on the open market, but changed plans during the year and the asset was removed from this category.

12 Inventories

12.1 Inventories - current year

	Group			
	Drugs	**Consumables**	**Energy**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 April 2019	**6,569**	**11,733**	**-**	**18,302**
Additions	**152,876**	**105,316**	**-**	**258,192**
Inventories consumed and expensed	**(150,430)**	**(105,902)**	**-**	**(256,332)**
At 31 March 2020	**9,015**	**11,147**	**-**	**20,162**

Inventories - current year	**Trust**			
	Drugs	**Consumables**	**Energy**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 April 2019	**6,569**	**418**	**-**	**6,987**
Additions	**151,275**	**14,950**	**-**	**166,225**
Inventories consumed and expensed	**(150,430)**	**(14,938)**	**-**	**(165,368)**
At 31 March 2020	**7,414**	**430**	**-**	**7,844**

The group's inventory balance of £20.2m is material to the group's accounts. The Trust is satisfied that its inventory balance is presented fairly in all material respects: disclosed figures are taken from a full stock count from September 2019 (Consumables) and the Pharmacy system (Drugs).

However the restrictions on movement in the United Kingdom in March 2020 meant that the Trust was unable to perform its planned year end inventory counts, and the auditor has been unable to gain sufficient audit evidence from alternative procedures. The auditor has therefore been unable to complete the procedures required by auditing standards, and is required to issue a qualified opinion. We are aware that a number of trusts in the country are affected by the same issue in 2019/20 and we understand NHS Improvement will disclose the extent to which this has impacted the sector in its consolidated provider accounts when published later in 2020.

12.2 Inventories - prior year

	Group			
	Drugs	Consumables	Energy	Total
	£000	£000	£000	£000
At 1 April 2018	6,080	9,973	-	16,053
Additions	139,870	32,200	-	172,070
Inventories consumed and expensed	(139,381)	(30,440)	-	(169,821)
At 31 March 2019	6,569	11,733	-	18,302

Inventories - prior year	Trust			
	Drugs	Consumables	Energy	Total
	£000	£000	£000	£000
At 1 April 2018	6,080	1,633		7,713
Additions	139,870	71		139,941
Inventories consumed and expensed	(139,381)			(139,381)
Consumables sold to Subsidiary during year	-	(1,286)	-	(1,286)
At 31 March 2019	6,569	418	-	6,987

13 Trade and other receivables

13.1 Trade and other receivables

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Current				
Contract receivables	**131,750**	101,137 *	**130,077**	100,177 *
Allowance for impaired contract receivables / assets	**(13,579)**	(13,697) *	**(13,560)**	(13,697) *
Deposits and advances	**1,415**	1,723	**1,397**	1,712
Prepayments (non-PFI)	**8,079**	5,164	**6,451**	3,844
VAT receivable	**10,998**	15,401	**10,457**	14,880
Other receivables due from subsidiaries	**-**	-	**9,782**	39,838
Other receivables	**4,550**	2,008	**1,954**	2,008
Total current receivables	**143,213**	111,736	**146,558**	148,762
Non-current				
Contract receivables	**2,315**	4,860	**2,315**	2,265
Allowance for other impaired receivables	**-**	-	**-**	(1,183)
Other receivables due from subsidiaries	**-**	-	**48,763**	38,235
Other Receivables	**5,094**	6,745	**5,094**	6,746
Total non-current receivables	**7,409**	11,605	**56,172**	46,063
Total	**150,623**	123,341	**202,730**	194,825
Of which are receivable from NHS and DHSC group bodies:				
Current	**86,615**	60,902	**86,615**	60,902
Non-current	**-**	-	**-**	-
	86,615	60,902	**86,615**	60,902

The majority of trade is with NHS England and Clinical Commissioning Groups. As these bodies are funded by the UK Government to buy NHS patient care services, no credit scoring of them is considered necessary.

The largest outstanding debtor at 31 March 2020 was NHS England totalling £21.355m (2019: £24.960m).

* Prior year restated to realign NHS credit provision from Allowances for impaired contract receivables to Contract receivables (£5.849m).

13.2 Allowances for credit losses - 2019/2020

	Group		Trust	
	Contract receivables	**All other receivables**	**Contract receivables**	**All other receivables**
	£000	**£000**	**£000**	**£000**
Allowances as at 1 Apr 2019 - brought forward	**13,697**	**-**	**14,880**	**-**
New allowances arising	8,064	-	8,045	-
Changes in existing allowances	-	-	-	-
Reversals of allowances	(4,201)	-	(5,384)	-
Utilisation of allowances (write offs)	(3,981)	-	(3,981)	-
Allowances as at 31 Mar 2020	**13,579**	**-**	**13,560**	**-**

Allowances for credit losses - 2018/2019

	Group		Trust	
	Contract receivables	**All other receivables**	**Contract receivables**	**All other receivables**
	£000	**£000**	**£000**	**£000**
Allowances as at 1 Apr 2018 - as previously stated	**-**	**18,548**	**-**	30,488
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	**18,548**	**(18,548)**	30,488	(30,488)
New allowances arising *	10,291	-	10,291	-
Reversals of allowances	(6,674)	-	(7,267)	-
Utilisation of allowances (write offs)	(8,468)	-	(18,632)	-
Allowances as at 31 Mar 2019	**13,697**	**-**	**14,880**	**-**

14 Cash and cash equivalents

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Opening balance	**45,771**	54,386	**39,217**	50,525
Net change in year	**14,100**	(8,615)	**11,369**	(11,308)
Closing balance	**59,871**	45,771	**50,586**	39,217
Made up of				
Cash with Government Banking Service	**48,819**	36,625	**41,194**	30,795
Commercial banks and cash in hand	**11,052**	9,146	**9,392**	8,422
Cash and cash equivalents as in statement of financial position	**59,871**	45,771	**50,586**	39,217
Patients' money held by the Foundation Trust, not included above	**14**	13	**14**	13

15 Trade and other payables

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£000	£000	**£000**	£000
Current				
Trade payables	**40,409**	22,201	**30,297**	53,853
Capital payables	**9,031**	7,929	**9,031**	7,929
Accruals	**106,107**	106,667	**114,968**	107,153
Receipts in advance	**1,451**	1,948	**1,451**	1,948
Social security costs	**8,648**	7,881	**8,487**	7,695
Other taxes payable	**8,181**	6,747	**7,857**	6,698
Other payables	**9,567**	8,680	**9,407**	8,790
Total	**183,394**	162,053	**181,497**	194,066
Of which are receivable from NHS and DHSC group bodies:				
Current	**24,862**	17,408	**24,862**	17,408
Non-current	**-**	-	**-**	-

All trade and other payables are current; there are no non-current balances.

16 Other liabilities - Deferred income

	Group and Trust	
	31 March 2020	31 March 2019
	£000	£000
Current		
Deferred income	**14,439**	13,541
Total	**14,439**	13,541

All deferred income is current; there are no non-current balances.
£25k of the deferred income is held by the subsidiary, KFM.

17 Borrowings

	Group		Trust	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Current	**£000**	£000	**£000**	£000
Loans from DHSC				
Capital loans	**99,021**	11,120	**99,021**	11,120
Revenue support / working capital loans	**555,323**	179,163	**555,323**	179,163
Revolving working capital facilities	**89,600**	-	**89,600**	-
Other loans	**208**	304	**-**	-
Obligations under finance leases	**591**	590	**4,181**	4,560
Obligations under PFI contracts	**4,730**	4,198	**4,730**	4,198
Total current borrowings	**749,473**	195,375	**752,855**	199,041
Non-current				
Loans from DHSC				
Capital loans	**47,086**	128,432	**47,086**	128,432
Revenue support / working capital loans	**-**	245,399	**-**	245,399
Revolving working capital facilities	**-**	89,600	**-**	89,600
Other loans	**598**	799	**-**	-
Obligations under finance leases	**-**	591	**25,704**	12,692
Obligations under PFI contracts	**139,860**	142,945	**139,860**	142,945
Total non-current borrowings	**187,544**	607,766	212,651	619,068
Total	**937,017**	803,142	**965,506**	818,110

The Trust secured additional revenue support / interim working capital loans of £129.7m from the Department of Health in 2019/20 (2018/19: £134.8m).

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Outstanding interim loans totalling £740.1m as at 31 March 2020 in these financial statements have been classified as current as part of this process.

17.1 Reconciliation of liabilities arising from financing activities

Group	**Loans from DHSC**	**Other loans**	**Finance leases**	**PFI and LIFT schemes**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Carrying value at 1 April 2019	**653,714**	**1,103**	**1,181**	**147,144**	**803,142**
Cash movements:					
Financing cash flows - payments and receipts of principal	136,316	(298)	(590)	(4,198)	**131,230**
Financing cash flows - payments of interest	(21,795)	(54)	(7)	(16,670)	**(38,526)**
Interest charge arising in year	22,795	55	7	16,598	**39,455**
Non-cash movements:					
Additions	-	-	-	1,716	**1,716**
Application of effective interest rate	-	-	-	-	**-**
Carrying value at 31 March 2020	**791,030**	**806**	**591**	**144,590**	**937,017**

Trust	**Loans from DHSC**	**Other loans**	**Finance leases**	**PFI and LIFT schemes**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Carrying value at 1 April 2019	**653,714**	**-**	**17,252**	**147,144**	**818,110**
Cash movements:					
Financing cash flows - payments and receipts of principal	136,316	-	(2,389)	(4,198)	**129,729**
Financing cash flows - payments of interest	(21,795)	-	(66)	(16,670)	**(38,531)**
Interest charge arising in year	22,795		66	16,598	**39,459**
Non-cash movements:					
Additions	-	-	15,022	1,716	**16,738**
Application of effective interest rate	-	-	-	-	**-**
Carrying value at 31 March 2020	**791,030**	**-**	**29,885**	**144,590**	**965,505**

18 Finance lease obligations

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	**31 March 2020 £000**	31 March 2019 £000
Gross lease liabilities	**598**	1,195	**30,625**	18,455
Of which liabilities are due:				
- not later than one year	**598**	597	**4,278**	4,845
- later than one year and not later than five years	**-**	598	**13,852**	13,610
- later than five years	**-**	-	**12,495**	-
Total	**598**	1,195	**30,625**	18,455
Finance charges allocated to future periods	**(7)**	(14)	**(740)**	(1,203)
Net lease liabilities	**591**	1,181	**29,885**	17,252
Of which liabilities are due:				
- not later than one year	**591**	590	**4,181**	4,560
- later than one year and not later than five years	**-**	591	**13,514**	12,692
- later than five years	**-**	-	**12,191**	-
Total	**591**	1,181	**29,885**	17,252

The Group holds finance leases in respect of IT software licences. In addition to the IT software licences, the Trust leases clinical equipment from its subsidiary, KFM Ltd. Neither the Group nor the Trust hold any finance leases relating to land or buildings.

19 Provisions

19.1 Provisions - current year

Group	**Total £000**	**Pensions: Early Departure costs £000**	**Pensions: Injury benefits * £000**	**Legal claims £000**	**Other £000**
At 1 April 2019	**6,873**	4,687	322	206	1,658
Arising during the year	**8,534**	-	-	73	8,461
Utilised during the year - cash	**(2,326)**	(700)	(60)	(7)	(1,559)
Utilised during the year - accruals	**-**	-	-	-	-
Reversed unused	**(122)**	-	-	(122)	-
Change in discount rate	**253**	253	-	-	-
Unwinding of discount	**17**	12	5	-	-
At 31 March 2020	**13,229**	**4,252**	**267**	**150**	**8,560**
Expected timing of cash flows:					
No later than one year	**9,469**	700	59	150	8,560
Later than one year and not later than five years	**3,008**	2,800	208	-	-
Later than five years	**752**	752	-	-	-
Total	**13,229**	**4,252**	**267**	**150**	**8,560**

All provisions relate to the Trust.
The timing of the provisions cash flow represents our best estimate of future liabilities based on available input from NHS professionals in the respective areas.
"Other provisions" relates to provisions raised against the cost of defending and settling legal disputes

19.2 Provisions - prior year

Group	**Total £000**	**Pensions: Early Departure £000**	**Pensions: Injury benefits* £000**	**Legal claims £000**	**Other £000**
At 1 April 2018	7,507	5,569	375	365	1,198
Arising during the year	1,698	-	-	113	1,585
Utilised during the year - cash	(1,762)	(538)	(43)	(56)	(1,125)
Utilised during the year - accruals	(193)	(178)	(15)	-	-
Reversed unused	(216)	-	-	(216)	-
Change in discount rate	(171)	(171)	-	-	-
Unwinding of discount	10	5	5	-	-
At 31 March 2019	6,873	4,687	322	206	1,658
Expected timing of cash flows:					
No later than one year	2,640	718	58	206	1,658
Later than one year and not later than five years	3,105	2,873	232	-	-
Later than five years	1,128	1,096	32	-	-
Total	6,873	4,687	322	206	1,658

KCH Managment Services Ltd has included a provision of £16k which is consolidated in the group provisions within "Other provisions". This is excluded from the Trust only provision figures on the Statement of Financial Position.
The timing of the provisions cash flow represents our best estimate of future liabilities based on available input from NHS professionals in the respective areas.

19.3 Provisions - further information

Clinical negligence

£595.780m (31 March 2019: £523.843m) is included in the provisions of the NHS Resolution at 31 March 2020, in respect of the estimated clinical negligence liabilities and existing liabilities of the Foundation Trust. As such, no provision is included in the Trust's accounts. NHS Resolution took over responsibility for unsettled clinical negligence claims for 1 April 2000, financial responsibility for all other clinical negligence claims transferred on 1 April 2002.

Pensions

The measure of the Foundation Trust's pension liability for early retired staff was recalculated in 2012-13, using the Office for National Statistics life expectancy tables. Expected future cash flows have been discounted using the real discount rate of (0.50%) (2018/19: 0.29%) (set by HM Treasury) to determine the full liability.

Legal claims

The provision is based upon information provided by the NHS Resolution and refers to non-clinical claims against the Foundation Trust (e.g. public and employer's liability cases).

Other

The Foundation Trust has provided £0.677m (31 March 2019: £0.082m) for outstanding Employment Tribunal cases and associated legal fees. A further provision has been provided for the costs of defending and settling legal claims.

20 Contingencies

	Group and Trust	
	31 March 2020	31 March 2019
	£000	£000
Contingent liabilities		
Non-clinical legal claims	**(69)**	(106)

The above contingencies refer to non-clinical legal claims, dealt with by the NHS Resolution on behalf of the Foundation Trust. This represents our best estimate of future liabilities based on available input from NHS professionals in the respective areas.
The Foundation Trust has no contingent assets.

21 Contracted capital commitments

	Group and Trust	
	31 March 2020	31 March 2019
	£000	£000
Property, plant and equipment	**18,332**	22,593

These contracts include the Critical Care Unit (£15.265m) and Haven Relocation (£0.918m). It is anticipated that these projects will be completed in the next financial year.

22 Revaluation reserve

Group and Trust			**31 March 2020**	31 March 2019
	Intangibles £000	**Property, plant and equipment £000**	**Total £000**	Total £000
At 1 April	**37**	**109,131**	**109,168**	92,847
Net impairments	**-**	**(511)**	**(511)**	(1,121)
Revaluations	**-**	**34,189**	**34,189**	17,442
At 31 March	**37**	**142,809**	**142,846**	109,168

23 On-SoFP PFI arrangements

23.1 The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	Group and Trust 31 March 2020 £000	31 March 2019 £000
Gross PFI liabilities	**342,655**	359,661
Of which liabilities are due:		
- not later than one year	**20,854**	20,782
- later than one year and not later than five years	**83,222**	81,616
- later than five years	**238,579**	257,263
Total	**342,655**	359,661
Finance charges allocated to future periods	**(198,065)**	(212,517)
Net PFI liabilities	**144,590**	147,144
Of which liabilities are due:		
- not later than one year	**4,730**	4,198
- later than one year and not later than five years	**16,210**	14,863
- later than five years	**123,650**	128,083
Total	**144,590**	147,144

23.2 Total on-SoFP PFI commitments

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

	Group and Trust 31 March 2020 £000	31 March 2019 £000
Total future payments committed of which will fall due:		
- not later than one year	**80,959**	77,387
- later than one year and not later than five years	**340,723**	325,595
- later than five years	**1,272,865**	1,325,071
Total	**1,694,547**	1,728,053

23.3 Analysis of amounts payable to service concession operator

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

	Group and Trust 31 March 2020 £000	31 March 2019 £000
Unitary payment payable to service concession operator (total of all schemes)	**85,989**	80,593
Consisting of:		
- Interest charge	**16,598**	16,596
- Repayment of finance lease liability	**4,270**	4,213
- Service element	**52,588**	48,050
- Revenue lifecycle maintenance	**3,417**	3,293
- Contingent rent	**9,115**	8,441
	85,989	80,593
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	**5,883**	9,906
Total	**91,872**	90,499

23.4 PFI Schemes

King's College Hospital

The PFI consisted of two phases: phase 1 (construction of the new Golden Jubilee Clinical Wing) and phase 2 (refurbishment of the existing Ruskin Wing). The project enabled the centralisation of acute services on the Denmark Hill site following the transfer of services from Dulwich Hospital and Mapother House. As part of the scheme, HpC (King's College Hospital) plc also took responsibility for the provision of site-wide catering, domestic and portering services from April 2000. As a result recurrent revenue savings were achieved.

The project has been financed by a means of a wrapped, index linked bond guaranteed by MBIA-AMBAC and debt and equity capital provided by Costain, Skanska, Sodexho and Edison Capital. The contract period is 38 years. The annual payments by the Trust are dependent on availability and service quality standards being met.
The commitments above include an inflationary increase of 2.5% (2018/19: 2.5%).

Princess Royal Hospital - building PFI
Under the building PFI, United Healthcare (Bromley) Ltd provided the land, building and site-wide hard and soft facilities management at the Princess Royal Hospital.
The capital funding is a combination of senior debt and equity finance. The senior debt financing was originally provided by way of loan from Commerzbank AG (and others). There was a refinancing process in 2004 which involved the issue of 3.018% index-linked guaranteed secure bonds, repayable in 66 six monthly instalments which commenced in 2004 and will end in 2036, and are subject to half yearly indexation in line with RPI.

Princess Royal Hospital - managed equipment services PFI
The MES PFI Scheme agreement dated 22 March 2002 is a 30 year PFI agreement and relates to the purchase of medical equipment, and the installation, maintenance and replacement of this and other clinical equipment. This agreement is between (1) The Trust, (2) United Healthcare (Bromley) Limited and (3) Healthsource (Bromley) Limited and commenced on the 1st of January 2003.

24 Financial instruments

24.1 Risk profile and management

Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Foundation Trust has with NHS England and clinical commissioning groups, and the way those commissioners are financed, the Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Foundation Trust in undertaking its activities.

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

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

Interest rate risk

70% of the Foundation Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Foundation Trust is not, therefore, exposed to significant interest-rate risk. The two tables below show the interest rate profiles of the Foundation Trust's financial assets and liabilities.

Credit risk
Because the majority of the Foundation Trust's revenue comes from contracts with other public sector bodies, the Foundation Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note (note 13). Trade and other receivables outstanding but not past due date are considered recoverable and are not impaired. Factors determining the of impairment of trade and other receivables past due is included in note 1.22.3.

Liquidity risk
The Foundation Trust’s operating costs are incurred under contracts with clinical commissioning groups and NHS England, which are financed from resources voted annually by Parliament. The Foundation Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Foundation Trust is not, therefore, exposed to significant liquidity risks outside of the uncertainty in the funding regime. See note 1.1

24.2 Financial assets

	Total	Floating rate	Fixed rate	Non-interest bearing
Group	**£000**	**£000**	**£000**	**£000**
Gross financial assets				
at 31 March 2020	**192,295**	**59,871**	**-**	**132,424**
at 31 March 2019	148,338	45,771	-	102,567
Trust				
Gross financial assets				
at 31 March 2020	**235,596**	**50,586**	**-**	**185,010**
at 31 March 2019	214,578	39,217	-	175,361

The weighted average interest rate for total financial assets was 0.22% (2018/19: 0.22%).
The weighted average period for which fixed years was unlimited (2018-19: unlimited).
The non-interest bearing weighted average term years was nil (2018-19: nil).

24.3 Financial liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing
Group	**£000**	**£000**	**£000**	**£000**
Gross financial liabilities				
at 31 March 2020	**1,115,359**	**806**	**949,440**	**165,114**
at 31 March 2019	955,492	1,103	808,912	145,477
Trust				
Gross financial liabilities				
at 31 March 2020	**1,142,435**	**-**	**978,734**	**163,701**
at 31 March 2019	1,002,693	**-**	824,967	177,726

The weighted average interest rate for total financial liabilities was 4.32% (2018/19: 4.49%).
The weighted average period for which fixed years was unlimited (2018-19: unlimited).
The non-interest bearing weighted average term years was nil (2018-19: nil).

24.4 Carrying values of financial assets

	Group			
Carrying values of financial assets as at 31 March 2020	**Held at amortised cost**	**Held at fair value through I&E**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	130,130	-	-	**130,130**
Other investments / financial assets	335	-	1,959	**2,294**
Cash and cash equivalents	59,871	-	-	**59,871**
Total at 31 March 2020	**190,336**	**-**	**1,959**	**192,295**

Carrying values of financial assets as at 31 March 2019	**Held at amortised cost**	**Held at fair value through I&E**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	100,155	-	-	**100,155**
Other investments / financial assets	-	-	2,412	**2,412**
Cash and cash equivalents	45,771	-	-	**45,771**
Total at 31 March 2019	**145,926**	**-**	**2,412**	**148,338**

	Trust			
Carrying values of financial assets as at 31 March 2020	**Held at amortised cost**	**Held at fair value through I&E**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	184,425	-	-	**184,425**
Other investments / financial assets	585	-	-	**585**
Cash and cash equivalents	50,586	-	-	**50,586**
Total at 31 March 2020	**235,596**	**-**	**-**	**235,596**

Carrying values of financial assets as at 31 March 2019	**Held at amortised cost**	**Held at fair value through I&E**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	174,389	-	-	**174,389**
Other investments / financial assets	-	-	972	**972**
Cash and cash equivalents	39,217	-	-	**39,217**
Total at 31 March 2019	**213,606**	**-**	**972**	**214,578**

24.5 Carrying values of financial liabilities

Group

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	791,030	-	**791,030**
Obligations under finance leases	591	-	**591**
Obligations under PFI, LIFT and other service concessions	144,590	-	**144,590**
Other borrowings	806	-	**806**
Trade and other payables excluding non financial liabilities	165,114	-	**165,114**
Other financial liabilities	-	-	**-**
Provisions under contract	13,229	-	**13,229**
Total at 31 March 2020	**1,115,359**	**-**	**1,115,359**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	653,714	-	**653,714**
Obligations under finance leases	1,181	-	**1,181**
Obligations under PFI, LIFT and other service concessions	147,144	-	**147,144**
Other borrowings	1,103	-	**1,103**
Trade and other payables excluding non financial liabilities	145,477	-	**145,477**
Other financial liabilities	-	-	**-**
Provisions under contract	6,873	-	**6,873**
Total at 31 March 2019	**955,492**	**-**	**955,492**

Trust

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	791,030	-	**791,030**
Obligations under finance leases	29,885	-	**29,885**
Obligations under PFI, LIFT and other service concessions	144,590	-	**144,590**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	163,701	-	**163,701**
Other financial liabilities	-	-	**-**
Provisions under contract	13,229	-	**13,229**
Total at 31 March 2020	**1,142,435**	**-**	**1,142,435**

Carrying values of financial liabilities as at 31 March 2019	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Loans from the Department of Health and Social Care	653,714	-	**653,714**
Obligations under finance leases	17,252	-	**17,252**
Obligations under PFI, LIFT and other service concessions	147,144	-	**147,144**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	177,726	-	**177,726**
Other financial liabilities	-	-	**-**
Provisions under contract	6,857	-	**6,857**
Total at 31 March 2019	**1,002,693**	**-**	**1,002,693**

24.6 Fair values of financial assets and liabilities

The carrying value of financial assets and liabilities is considered a reasonable approximation of their fair values.

24.7 Maturity of financial liabilities

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
In one year or less	**924,263**	343,493	**926,231**	379,392
In more than one year but not more than two years	**8,866**	215,624	**11,561**	227,529
In more than two years but not more than five years	**24,412**	177,485	**34,289**	176,891
In more than five years	**157,819**	218,890	**170,354**	218,881
Total	**1,115,359**	955,492	**1,142,435**	1,002,693

This analysis shows the repayment of the principal amount of financial liabilities as recorded in the balance sheet and excludes interest payments. The amounts of both principal and interest payments which the Trust and group are committed to make under PFI and finance lease obligations are shown in Notes 18 and 23.

25 Third party assets

At 31 March 2020, the Foundation Trust held £14,305 (31 March 2019: £13,070) cash at bank and in hand that related to monies held by the Foundation Trust on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts.

26 Events after the reporting period

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £743.9m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

There have been no other material adjusting or non-adjusting events after 31 March 2020.

27 Related parties

King's College Hospital NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The Department of Health and Social Care is the Trust's parent department and ultimate controlling party.

During the year, none of the Board members, the Foundation Trust's governors, members of the key management staff or parties related to them have undertaken any material transactions with the Foundation Trust.

The Department of Health and Social Care (DHSC) is regarded as a related party. During the year, the Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent entity, including CCGs, NHS Trusts and NHS England, as well as the NHS Resolution and the NHS Business Services Authority (including NHS Supply Chain).
The Foundation Trust has outstanding revenue and capital loans with the DHSC of £791.0m. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Outstanding interim loans totalling £743.9m as at 31 March 2020 have been classified in these financial statements as current as part of this process.

The Foundation Trust received revenue and capital payments from charitable funds, principally the King's College Hospital Charitable Fund and these transactions have been disclosed below.

In addition, the Trust has significant transactions with King's College London in respect of education, training and research and development. A member of the Trust's Executive is an employee of KCL.

The Foundation Trust has entered into the following material related party transactions:

	Income £000	Expenditure £000	Receivables £000	Payables £000
Guy's & St Thomas' NHS Foundation Trust	9,333	4,455	3,852	6,125
Oxleas NHS Foundation Trust	1,176	6,128	1,022	1,676
South London and Maudsley NHS Foundation Trust	1,502	7,630	622	6,897
St George's University Hospitals NHS Foundation Trust	(76)	2,789	325	663
NHS Bexley CCG	36,277	-	531	67
NHS Bromley CCG	195,977	-	3,477	1,323
NHS Canterbury and Coastal CCG	2,883	-	197	23
NHS Croydon CCG	21,758	-	263	701
NHS Dartford, Gravesham and Swanley CCG	11,884	-	214	-
NHS Greenwich CCG	21,616	-	1,730	26
NHS Lambeth CCG	82,046	-	1,878	1,436
NHS Lewisham CCG	38,172	-	605	533
NHS Medway CCG	4,714	-	343	49
NHS South Kent Coast CCG	2,299	-	38	-
NHS Southwark CCG	94,772	475	4,539	1,459
NHS Wandsworth CCG	3,461	-	82	-
NHS West Kent CCG	11,848	-	1,238	22
NHS England	545,200	-	51,088	1,088
Health Education England	43,320	-	236	192
NHS Resolution	-	37,674	-	14
Community Health Partnerships	290	3,004	-	367
Department of Health & Social Care	3,718	-	-	-
HM Revenue & Customs	-	58,081	10,998	16,829
NHS Pension Scheme	-	89,642	-	9,256
NHS Blood and Transplant	41	7,341	145	901
Viapath Group LLP	3,957	48,051	4,445	3,355
King's College Hospital Charitable Fund	976	-	240	9
Kings College London	8,432	14,539	4,993	2,684

28 Losses and special payments

Group and Trust	2019-20 Number	2019-20 Value £000	2018-19 Number	2018-19 Value £000
Losses of cash due to:				
- overpayment of salaries	**354**	**467**	400	247
Bad debts and claims abandoned in relation to:				
- private patients	**90**	**132**	118	776
- overseas visitors	**1,527**	**3,191**	1,003	4,263
- other	**89**	**145**	120	826
Damage to buildings, property etc. due to:				
- theft, fraud etc.	**15**	**11**	11	11
Total losses	**2,075**	**3,946**	1,652	6,123
Special payments due to:				
- Compensation under court order or legally binding arbitration award	**-**	**-**	4	1,111
Ex-gratia payments due to:				
- loss of personal effects	**7**	**3**	2	3
Total special payments	**7**	**3**	6	1,114
Total losses and special payments	**2,082**	**3,949**	1,658	7,237

In 2019-20 there were nil cases where the loss or special payment exceeded £300,000 (2018-19: 1 case).

Losses and special payments are disclosed on an accruals, rather than a cash basis, but exclude provision for future losses.