



ANNUAL REPORT AND ACCOUNTS 2019/20

Medway 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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Foreword from the Acting Chair

It has been an incredibly busy year here at Medway and I have been so proud to work with a group of staff who strive every day to make the Trust a brilliant place to work and receive care. The past 12 months have been both exciting and challenging, and we have seen great rewards for the dedication and hard work of our staff.

On a personal note, it has been an honour to step into the role of Interim Chair after Stephen Clark completed his term of office. I would like to take this opportunity to pay tribute to Stephen. Throughout the year Stephen showed incredible commitment to improving the quality of care of our patients and during his tenure he oversaw a number of notable achievements.

Every year as a Trust we aim for continued improvement to the quality of our care and this year has been no exception. In the simplest terms, this means providing the best of care to our patients within the right timeframes, in the right place and to the level that our community expects, and all while working towards financial sustainability.

We know we still have more work to do to ensure that we can achieve this; in particular we need to see patients more consistently within the statutory targets, and we need to focus on getting some of the basics of care right, every time.

Through our Transformation programme and our BEST Flow and BEST Access workstreams, we have the structures in place to ensure we achieve this in 2020/2021. It is really important that our staff feel supported to do their best for patients and empowered to deliver the change we require at the Trust. That's why we have a number of initiatives in place to ensure our workforce can continue to improve services. This includes a Trust-wide culture programme and extensive training programmes to enable them to develop in their careers.

In 2019/20, we welcomed a number of new directors and said farewell to others. In addition to Stephen, I would like to thank Non-Executive Director Jon Billings who completed his term of office, and welcome Tony Ullman as Non-Executive Directors, Jenny Chong and Sue McKenzie as Associate NEDS and Professor Rama Thirunamachandran as Academic Non-Executive Director, a new role for the Trust. I would also like to thank Alastair Harding for his work as Lead Governor; Alastair handed over these responsibilities to Glyn Allen in July 2019.

It was with great sadness that the Trust announced the death of our Executive Director of Nursing Karen Rule in April. Karen has been a member of the Medway family since October 2014 when she was appointed Deputy Chief Nurse; she then went on to take up the role of Executive Director of Nursing in October 2015. Karen was a wonderful, caring nurse, who always put our patients first, and was warmly regarded by all her colleagues on the Board and throughout the Trust. She made a huge difference to our patients and community, playing a key role in helping to bring the Trust out of special measures and putting quality at the centre of all that we do; we will all miss her dearly.

Sincere thanks also to our League of Friends for the invaluable support they have provided to the Trust throughout the year. We deeply value our longstanding relationship with the Friends. This support, alongside contributions from the Oliver Fisher Trust and our own Trust Charity has helped us to purchase equipment which has made a huge difference to our patients.

I would also like to say thank you to our Governors who freely give up their time to engage with staff and provide a link to the community we serve, and also to our volunteers who play such an important role in making the experience of coming to our hospital a positive one for patients and their families.

Finally, I would like to acknowledge our community. Their incredible support for our staff this year, especially through the COVID-19 pandemic has meant so much to everyone at the Trust. The Trust is at the very centre of our community, and being able to provide the best of care when it is needed is truly a privilege.



Jo Palmer

Acting Chair

Jo Palmer

Acting Chair

PERFORMANCE REPORT



Overview

I would like to take this opportunity to thank our staff for their incredible efforts over the last 12 months; every day I am humbled by their commitment to our patients. They truly are the best of people.

This year work has continued to deliver sustainable transformation at the Trust, enabling us to meet the future needs of our community.

We have developed a vision for the kind of hospital we need to be in the future to best serve the health needs of the people of Medway and Swale. We want our staff – our ‘best of people’ – to provide the best of care to add life to years, not just years to life.

Our well-established values – Bold, Every Person Counts, Sharing and Open, and Together – underpin all that we do. These are the values that bind us as an organisation, and it was particularly pleasing to see a large number of staff involved in their relaunch this year. You will see them clearly displayed when you enter our site.

A key focus this year has been on improving the experience of patients who rely on us for treatment, and on improving the working lives of the people they rely on – our staff.

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

While acknowledging that we have more to do in all these areas, I'm proud of the care we provide for our patients here at Medway and I know that our staff work hard to deliver safe and compassionate care every day.

A big priority for the Trust is to improve our performance against statutory targets. This isn't just about numbers; it's about getting the fundamental aspects of care right.

I want us to always remember that a percentage point on a spreadsheet represents a number of patients and their families who are not getting the care they deserve. I don't want that, and I know our staff don't either.

That's why this year we launched an awareness campaign called #NotJustANumber. It's a reminder to all our staff to take a moment to reflect on the person behind the numbers. It's about putting empathy at the heart of our care and making Medway brilliant for our patients.

This year we have continued to work hard on improving flow through the hospital for patients, and length of stay; we know that getting this right is essential to the delivery of high-quality care.

A key part of this work involved the opening of our Same Day Emergency Care centre. These changes have led to an improved waiting area for emergency care patients and a better environment for staff.

Our staff are at the heart of everything we do as an organisation and we have continued to work hard this year to improve the working environment for them. I was delighted to launch the Making a Difference Scheme, which gave staff an opportunity to request items for their areas, to make their working experience happier and more comfortable.

We want our staff to feel safe at work and we will not accept any kind of physical or verbal abuse from members of the public. This year we introduced a zero-tolerance campaign asking local people to respect the dedicated NHS staff who care for them.

We have much more to do to make Medway a brilliant place to work, but we are well on our way and I was delighted to see that the results of the National Staff Survey indicated that we are moving in the right direction and that, according to staff feedback, we have seen improvements in almost all areas surveyed.

This year we have worked to improve patient experience in the Trust. I am delighted to say that we became one of the first hospitals in the south east to sign up to the Rainbow Badge scheme, with the eye-catching badges showing that we are a non-judgemental and inclusive place for people who identify as LGBT+.

This is a way for staff to show they are aware of issues that lesbian, gay, bisexual and trans (LGBT+) people can face when accessing healthcare.

We have also had a real focus on getting the basics of care right. This means we keep patients safe, it's something we take very seriously, and that's why we launched our Stop! Gel! Go! awareness campaign.

The campaign messages are highly visible in the hospital main entrance, sending a clear message to our staff and our community that they should not enter our premises without supporting us in protecting our patients.

Getting the very best value for taxpayers' money and addressing our financial deficit – although never at the expense of the quality of the care we provide – is a key aim for us. I am proud to say that this year we have continued to improve patient care while meeting our financial control target for the second consecutive year.

However, this year has not been without challenge. Our performance against some of the key national targets was not what we would like it to be, and we will continue to work with our healthcare partners to ensure only the patients that need to come to hospital do so and that patients are discharged efficiently.

In the latter part of the year, we faced the very significant challenge of COVID-19. At the time of writing, the country is in lockdown and still very much at the peak of the pandemic.

I am so proud to say that our dedicated and compassionate staff have risen to this significant challenge. All staff in the hospital have played an important role, whether providing care on the frontline or supporting those who do.

The health and safety of our staff, as well as the care of our patients, is our primary concern and we quickly responded to the COVID-19 crisis with immediate measures to limit their risk and exposure to the virus. We also took steps to manage the demand on our services to ease the pressures on our staff.

We recognised that the pandemic would take a toll on our staff's health and wellbeing and we have offered a wide range of support to staff. This includes access to counselling and advice on financial matters.

We also opened a Wellbeing Hub on the hospital site as a place for staff to escape from the pressures and enjoy a few moments of peace and tranquillity. The hub includes comfortable sofas, bean bags, puzzle books, exercise yoga mats and much more. Yoga and meditation classes also take place at the Hub, in line with social distancing guidelines, or online courses.

There is no doubt that there are many challenges ahead of us as we move into an uncertain post-COVID landscape, but our vision remains clear: to provide brilliant care through brilliant people – ensuring that our patients get the right care from the right people in the right place, at the right time. Our staff are absolutely committed to doing this.

I am delighted to lead this fantastic organisation on our continued pursuit of brilliance – I hope you will join us on that journey.

James Devine
Chief Executive

Purpose and Activities

Medway NHS Foundation Trust is a public benefit corporation authorised under the National Health Service Act 2006. It is a single-site hospital based in Gillingham and serves a population of more than 424,000 across Medway and Swale.

We provide clinical services to almost half a million patients a year, including more than 130,000 ED attendances, more than 90,000 admissions, more than 310,000 outpatients' appointments and more than 4,500 babies born last year.

As an NHS Foundation Trust, we have 25 seats on the Council of Governors and more than 10,000 public members. We employ around 4,400 staff, making us one of Medway's largest employers. In addition, close to 400 volunteers provide invaluable support across the League of Friends, Hospital Radio and the Voluntary Services Department.

The hospital is made up of two clinical divisions – Unplanned and Integrated Care and Planned Care – supported by corporate functions. Each clinical division has a dedicated leadership team comprising Divisional Director of Operations, Divisional Medical Director and Divisional Director of Nursing.

The Board of directors, led by Chairman Jo Palmer comprises 10 executive directors including James Devine, Chief Executive, and eight non-executive directors including the Chairman.

Brief History

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

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

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

Key Issues and Risks

The principal risks delivering the Trust's Strategic Objectives are recorded in detail in the Board Assurance Framework and the key operational risks are described in the corporate risk register, which are monitored at directorates and by the Executive Group. A summary of significant risks within the Board Assurance Framework for 2019/20 is included within the Annual Governance Statement.

Going Concern

Our going concern disclosure is detailed in the performance report.

After making enquiries, the directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future..

See note 1.2 to the accounts for more detail.

The accounts have been prepared on a going concern basis as we do not intend, nor consider that it will be necessary, to apply to the Secretary of State for the dissolution of the Trust with the transfer of the services to another entity in the foreseeable future.

Summary of Performance

The Trust did not achieve the national standard for the four hour performance target in 2019/20, finishing the year on 81.08% (all types) against an internal year end trajectory of 90%. The challenges in delivery of the emergency care access standard are strongly linked to the >100% bed occupancy, rising type 1 demand via ambulances and refractory sub-optimal performance of our co-located type 3 pathway. Improved system interaction through the Integrated Care Provider (ICP) and embedding of lessons learned through the Covid-19 will ensure that we are able to improve our performance into 2020/21 and beyond.

Performance Analysis



Key Performance Measures

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

Referral to Treatment (RTT)

The Trust reported a year end position of 80.51% referral to treatment (RTT) from a starting point of 83.08%. The total waiting list size ended on 21088 patients compared to 20140 at the start of the year. There were many factors affecting the overall RTT standard including a significant change in the electronic referral system (ERS), the arrival of service from another organisation, winter pressures resulting in elective cancellations and Covid-19. The Trust reported zero 52 week breaches for from quarter 2 which has never been achieved before and also made significant reductions in total number of patients waiting more than 26 weeks for treatment across all specialties.

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Trust Overall	83.08%	83.27%	82.50%	82.35%	81.36%	81.46%	83.41%	82.48%	82.34%	81.94%	82.59%	80.51%
Waiting List Size	20140	20070	20075	20108	20786	21602	22249	22500	22843	22477	21298	21088
Standard	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%

Cancer

2019/20 Cancer Waiting Times Performance

In the past year the Trust reported full compliance in the 2 Week Wait standards. This has been achieved consistently throughout the year using demand and capacity tools changing cancer templates to keep up with demand. Since November 2019 the Trust has been working to an internal stretch target of 7 days.

The Trust struggled to hit the 2 week wait symptomatic breast target at the start of the year due to an increase in demand but did achieve in Quarter 4.

The Trust was compliant with the 31 Day Wait. The Trust has concentrated its efforts on managing the PTL and clearing legacy patients (patients beyond day 62) working more cohesively with each of the services has resulted in more focus on ensuring that patients receive their 'First Definitive Treatment' within 31 days of their 'Decision to Treat'.

The Trust did not consistently meet the 62 day standard but has shown significant improvement. The main areas of concern is upper and lower GI.

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

Indicator 2019/20	Target	Achievement			
		Q1	Q2	Q3	Q4
2 week wait – all cancer	93%	87.3%	93.4%	96.2%	95.8%
2 week wait – symptomatic breast	93%	81.5%	83.8%	91.3%	96.1%
31 day wait – first treatment	96%	94.0%	97.7%	97.5%	97.7%
31 day wait – subsequent treatment (surgery)	94%	83.3%	98.1%	96.4%	89.8%
31 day wait – subsequent treatment (drug treatment)	98%	98.4%	95.1%	100%	94.9%
62 day wait – from urgent GP referral	85%	76.0%	80.7%	75.6%	70.8%
62 day wait from screening service	90%	95.2%	76.9%	73.9%	86.0%
62 day wait from consultant upgrade	No target	77.2%	84.9%	77.3%	72.6%

Emergency Care Standard

Growth in the emergency care pathway at Medway Hospital until month 10 was around 14 per cent against the previous year with record breaking attendances noted on several occasions. Ambulance attendances increased by nine per cent with conversion to admission pathways established for approximately 67 per cent. Despite this growth, we admitted less patients as a proportion of type 1 attends, partially due to the introduction of our Same Day Emergency Care (SDEC) unit in July 2020. Approximately 64 per cent of attendances to SDEC originate from primary care with the remaining 36 per cent emanating from the ED referral pathway; only 16 per cent of these patients are admitted. Also in line with Emergency Medicine GIRFT (Getting it Right First Time) principles, ED continues to provide a nationally leading 'front door' streaming service that conveys around 37 per cent of patients to our MedOCC team for rapid access primary care services.

We were not compliant with our locally agreed type 1 trajectory which ranged between 64-76 per cent through the year against a trajectory of 88 per cent. Type 1 is the pathway for Consultant-led services that manage resuscitation, acutely-ill and socially stranded patients with approximately 30 per cent requiring a hospital admission. Approximately 73 per cent of patients were seen by a decision-making practitioner within 60 minutes, a core Royal College standard, however decompensation in the type 1 pathway is largely driven by exit-block phenomenon where there is restrictive capacity in-hospital, primarily due to no beds being available. As the table below indicates, admitted performance for the year was nine per cent with model-hospital also indicating that Aggregate Patient Delay (APD) or the total Length of Stay (LoS) in ED was the worst in NHS England. Non-admitted type 1 was 88 per cent for the year indicating good internal ED intervention and flow which is remarkable considering the extent of exit-block at the Trust. In month 12 we have seen an increase in admitted and all-types performance as a result of lower bed occupancy due to cessation of electives and type 1 demand secondary to COVID-19.

Our partners at MedOCC lead an Urgent Treatment Centre (UTC) model that receives referrals via 111 but also receives patients from the streaming system within ED. Typically as a type 3 unit seeing the lowest level of acuity, the trajectory is set at 96 per cent. However, MedOCC remain as a national outlier with only 79 per cent of patients processed within four hours. Despite two recovery plans and a visit from NHS Improvement (formerly Monitor), performance has remained sub-optimal. However the lower attendance profile through COVID-19, has brought daily performance to trajectory compliance.

Month	All Types	All Types Trajectory	Type 1	Type 1 Trajectory	MedOCC	MedOCC Trajectory	Admitted	Non-Admitted
Apr-19	79.00%	79.66%	70.50%	68.13%	64.01%	64.28%	12.47%	86.82%
May-19	79.93%	83.05%	70.99%	77.21%	69.21%	70.00%	5.66%	89.05%
Jun-19	81.39%	87.76%	71.44%	82.28%	78.37%	80.00%	9.22%	88.28%
Jul-19	80.20%	90.00%	74.28%	83.22%	65.50%	96.00%	8.49%	89.69%
Aug-19	81.89%	90.00%	73.61%	82.35%	74.95%	96.00%	9.17%	90.51%
Sep-19	85.97%	90.00%	75.99%	88.98%	93.10%	96.00%	8.65%	91.26%
Oct-19	80.28%	90.00%	68.57%	87.07%	90.95%	96.00%	5.29%	87.83%
Nov-19	77.28%	90.00%	68.24%	88.10%	81.88%	96.00%	4.66%	87.37%
Dec-19	74.57%	90.00%	64.59%	88.42%	80.35%	96.00%	3.02%	85.72%
Jan-20	79.18%	90.00%	72.63%	88.55%	77.85%	96.00%	8.91%	90.10%
Feb-20	78.78%	90.00%	69.31%	88.22%	82.94%	96.00%	6.06%	89.05%
Mar-20	83.35%	90.00%	73.30%	89.41%	96.07%	96.00%	24.81%	88.35%

Sustainability Report

Our carbon footprint

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

We acknowledge this responsibility to our patients, local communities and the environment by working hard to minimise our carbon footprint.

As a part of the NHS, public health and social care system, it is our duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34 per cent (from a 1990 baseline). This is equivalent to a 28 per cent reduction from a 2013 baseline by 2020. It is our aim to supersede this target by reducing our carbon emissions 51 per cent by 2025.

Green Plan

One way an organisation can embed sustainability is to use a Green Plan. We are currently finalising a Green Plan for consideration by the Board and this will aid the Trust in delivering on the Long-Term Plan. The plan will support the 'For a greener NHS' campaign's objectives.

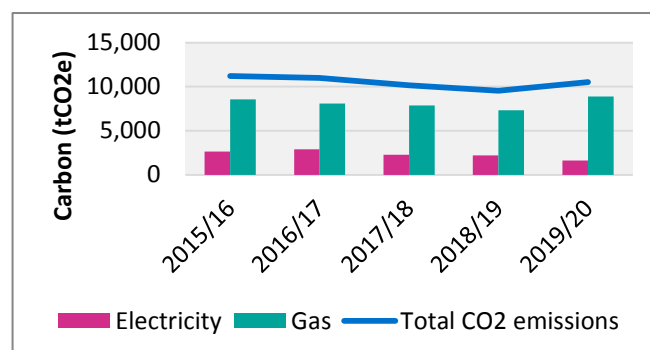
As an organisation we acknowledge our responsibilities towards creating a sustainable future. Alongside the Green Plan we have completed the Sustainable Development Assessment Tool (SDAT), which has been supported by the Sustainable Development Unit (SDU) to evaluate the benefits of sustainability actions and help to align strategies with the priorities and ambitions of the United Nations Sustainable Development Goals (SDGs). Our organisation is starting to contribute to these SDGs at a local level.



The Trust's overall score was 30 per cent and future initiatives have been aligned with this tool. It is our aim to increase our overall SDAT score to 50 per cent.

Energy use 2019/20

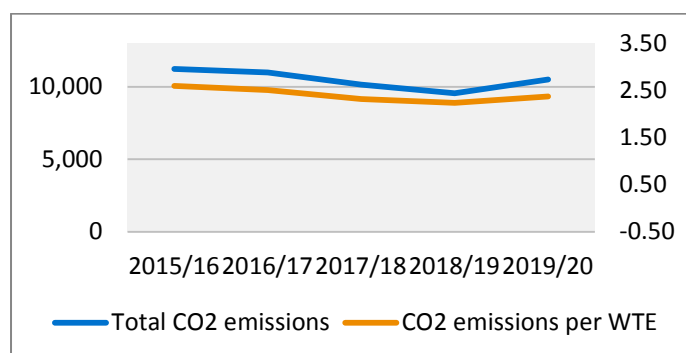
Medway NHS Foundation Trust spent £2,169,053 on energy in 2019/20 which is 6 per cent higher than we spent on energy the previous year. The table below shows a 6 per cent reduction in CO₂ emissions from 2015/16.



Year	Electricity	Gas	Total tCO ₂ e
2015/16	2,647	8,568	11,215
2016/17	2,891	8,089	10,980
2017/18	2,264	7,883	10,147
2018/19	2,224	7,323	9,547
2019/20	1,632	8,873	10,505

The hospital has increased its services to meet the demand of the community and as a result the number of staff employed by the Trust has increased. The number of whole time equivalent staff (WTE) is directly related to energy use and when CO2 emissions are normalised against the number of WTEs this is shown.

Number of WTE employees	CO ₂ emissions per WTE
4,354	2.59
4,472	2.51
4,425	2.32
4,326	2.23
4,429	2.37



Case Studies

We are committed to reducing our environmental impact and every action counts. Below are a few examples of the practical examples the Trust has undertaken in 2019/20.

In 2018/19 we were awarded £591,000 to upgrade existing lighting to LED and this work was completed in March 2020 with projected annual savings of 2,255,150 kWhs.

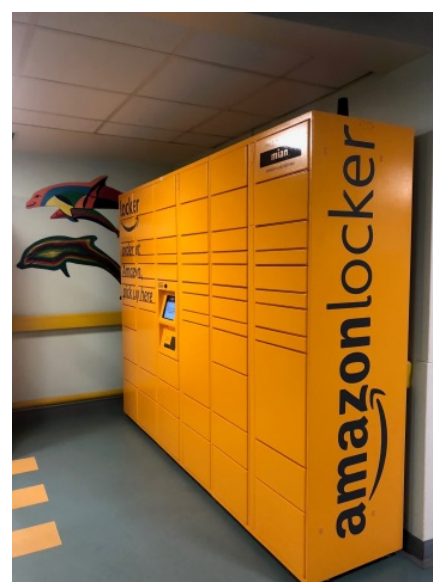
Within catering a push for sustainability has resulted in 538 items of regularly used plastic packaging being removed from the department; this equates to a saving of £13,345 and 12 tonnes of CO2e carbon dioxide.

Replacing single-use plastic cups and lids with reusable coffee cups has generated annual savings of 1.5 tonnes of waste and 33kg of CO2e.

Water refilling stations have been introduced to reduce plastic waste.



Amazon lockers are now available for patients, staff and visitors to reduce deliveries and the resulting carbon emissions



Community Engagement , Human Rights and Anti bribery

Community Engagement

We are keen for our community to have the opportunity to find out more about their hospital and to have a say in its development and improvements.

We have a number of ways of doing this that have become well-established over the past two years, through networks of local organisations, through our Trust Governors, and by working closely with our partners in the Medway and Swale health and care system.

We want to understand the diverse health needs of our community, to ensure that, as services are reviewed and designed, we take into account the health requirements of the community we serve, leading to a better patient experience.

During 2019/20 we connected with a wide range of people by:

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

Our Governors, supported by our Community Engagement Officer, have engaged with Members throughout the year, with attendance at our hosted events more than doubling during the year. For the first time we held events during the daytime as well as evening to reach people who prefer to attend at that time, and organised sessions off site as well as in the hospital, including in the Swale area.

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

We have held focus groups and workshops, sometimes in conjunction with our commissioners, working with patients and members of the public to ensure their concerns and priorities are understood and considered when services are reviewed.

During the year we carried out a questionnaire with our membership during the year to find out how they would like to be engaged, and planned events for 2020 taking account of their feedback.

Anti bribery

During the reporting period, the Trust's local counter fraud services have been provided by KPMG. The Integrated Audit Committee approves

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

Throughout the year KPMG:

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

The counter fraud team received two referrals of fraud through 2019/20, which were investigated and outcomes reported to the Integrated Audit Committee.

Equality, diversity and human rights

Control measures are in place to ensure that the organisation's obligations under equality and human rights legislation are complied with. The Trust employs a Head of Equality and Inclusion to provide strategic and practical professional guidance and advice to the Trust. The Trust's strategic approach to equality and diversity is managed through the Equality Delivery Scheme (EDS2). A baseline assessment of EDS2 was completed in 2017, which identified equality objectives for 2017 to 2020, and this is reviewed periodically, *and will be revisited in 2020*. The most recent EDS2 Assessment was published in

January 2020. Additionally, the Trust publishes the results and action plans on mandatory equality metrics, such as the Gender Pay Gap and Workforce Race Equality Standard. These metrics enable the Trust to benchmark with other NHS organisations and partners, to produce and maintain action plans, and review and improve its performance for people with characteristics protected by the Equality Act 2010. Training on Equality and Human Rights is mandatory for all staff, and management programmes have been developed to improve the Trust's leadership skills around equality, diversity and human rights. The Trust is committed to going beyond that which is mandated and makes equality and inclusion an integral part of everything it does for staff, patients and the local community.

Gender Pay Gap

In March 2020, the Trust published its gender pay gap and supporting statement for 2019, as required under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The Trust's mean gender pay gap is 32.63 per cent and the median gender pay gap is 23.63 per cent. This is a deterioration from the position in 2018, but close to the gender pay gap in 2017. From September 2019, quarterly monitoring has taken place, and improvements have been made within the year, and the gender pay gap is on target for a marginal improvement in 2020. The gender pay gap relates to gender differentials in the progression to senior roles, particularly in medical roles. The Trust's official reporting figure may not separate Agenda for Change (AfC) from medical pay bands, but informal analysis shows that the AfC average (mean) gender pay gap is 6.20 per cent, while the gender pay gap for medical and dental staff is 19.04 per cent; and since medical and dental pay averages at a higher rate compared to AfC, this aggregates to the overall gender pay gap of 32.63 per cent. There is some evidence that this pattern is repeated in many other Trusts across the NHS, and relates to professional career paths.

Overview of financial performance

We know that our Trust and the local economy has a significant financial challenge and with that challenge comes an even greater need to focus on the quality and safety of the services we offer to the people whose care is placed in our hands.

This same challenge from previous years has continued during 2019/20 and although on occasion the quality of the service we offer has not achieved the levels we have strived for, this has not been as a result of the removal of resource nor through a lack of willingness to ensure managers and clinicians have the manpower and equipment they need to provide those services. Choices have been made and will continue to be made as to how services might develop and change within the funding envelope and we continue to work with local commissioners in Kent along with colleagues in Specialist Commissioning to ensure we are suitably funded for our activity.

The accounts presented in this 2019/20 annual report show an improvement since 2018/19 with the reported deficit at £21 million compared to a deficit of £30 million in the previous year. Additional recovery funding has increased from the prior year by £12.9million so in real terms the position in year has worsened by £3 million. This is predominantly due to a cost base that has outstripped available additional income.

The Trust had agreed with the Commissioners at the beginning of 2019/20 that a cost and volume contract using local prices would be put in place for the year. As the end of the financial year approached, this contract was varied to a block arrangement at the full contract price in order that parties had certainty over their positions and the overall control total could be delivered.

At the start of the year the Trust agreed a control total, before Provider Sustainability Funding (PSF), to achieve a £52.9million deficit. This plan required the delivery of an £18 million productivity improvement. This was delivered in its entirety and in the main this has been carried forward into 2020/21. This is once again a significant achievement – particularly in light of the £21 million programme delivered in 2018/19 - and is a testament to the operational teams at Medway who were able to focus on that delivery.

The delivery of the control total before the receipt of money from the PSF in 2018/19 meant that a bonus became due as a reward for being among the Trusts nationally to achieve this significant financial target. This bonus totalled £0.6 million and was receivable in 2019/20 (although excluded from performance against the control total for the year).

The overall performance against the Trust's control total is as per the table below.

	Plan £m	Actual £m	Variance £'000
Clinical income	258.60	269.26	10.66
Other income	23.76	25.31	1.55
Pay	(204.14)	(216.43)	(12.29)
Non-pay	(126.54)	(126.49)	0.05
EBITDA	(48.32)	(48.35)	(0.03)
Non-operating expenses	(4.52)	(3.87)	0.65
Deficit before PSF	(52.84)	(52.22)	0.62
PSF/FRF/MRET 19/20	30.63	30.63	0.00
PSF 18/19 distribution	0.00	0.58	0.58
Total deficit	(22.21)	(21.01)	1.20

Income

The majority of the Trust's income is directly related to patient care from commissioning organisations such as Clinical Commissioning Groups (CCG) and NHS England. In 2019/20, this equates to 83 per cent of the total Trust income (2018/19: 86 per cent). This in a large part is due to the increased level of PSF in other income diluting this ratio.

Other operating income, including PSF, equates to 17 per cent of the Trust total income (2018/19: 14%) and includes education and training, non-patient services to other bodies, research and development, parking, and facilities charges to other Trusts.

The Trust is reporting increased costs of £18.7 million in 2019/20, which includes:

- £8.2 million in respect of a funded increase in pension costs as a result of the national pay award;
- £1.0 million on supplies;
- £2.9 million on drug costs;
- £1.million increase in the provision for credit losses and doubtful debts.
- £2million increase in general provisions for pensions, dilapidations and other events.£1.1 million on clinical negligence scheme premiums.

Capital expenditure plan

During the year, the Trust has invested £23.7 million in capital schemes in the areas shown below

	£m
Estates and Site infrastructure	10.4
Fire Safety	6.8
IT	4.1
Equipment	2.4
Total	23.7

The total figure is as originally planned and reflects the Trust's commitment to improving the hospital environment.

Phase two of the ED was completed in 2019/20 and included the development of a Same Day Emergency Care (SDEC) unit. Phase three will begin in 2020/21. The ED refurbishment scheme is a cornerstone project in the transformation of care at Medway and along with improving emergency facilities, it also expects a better flow into and through the hospital for all patients. The overall aim of the project is to provide the best possible emergency facilities for Medway patients that will last into the future.

The fire safety programme also continues into 2020/21 and 2021/22 as part of a multi-million pound series of projects to enhance compliance.

Cash flow and balance sheet

The Trust has received cash support for revenue purposes of £19.6 million in the year to ensure that obligations of payments to creditors and salaries to staff can be met. This has been typical of the support offered by the Department of Health and Social Care and allows the Trust to continue as a going concern.

However, as announced by the Government, interim debt of this nature as at 31 March 2020 is due to be converted into Public Dividend Capital during 2020/21, which this moves from being debt to equity.

The Trust ended the year with £12.4 million cash in the bank, which is slightly higher than originally planned due to slower than anticipated supplier invoicing.

The balance sheet shows £64.5million of net liabilities at the end of the year as a result of the representation of the Department of Health loans held on the balance sheet. On conversion of

these loans to equity in 2020 the Trust expects its balance sheet to be in a net assets position.

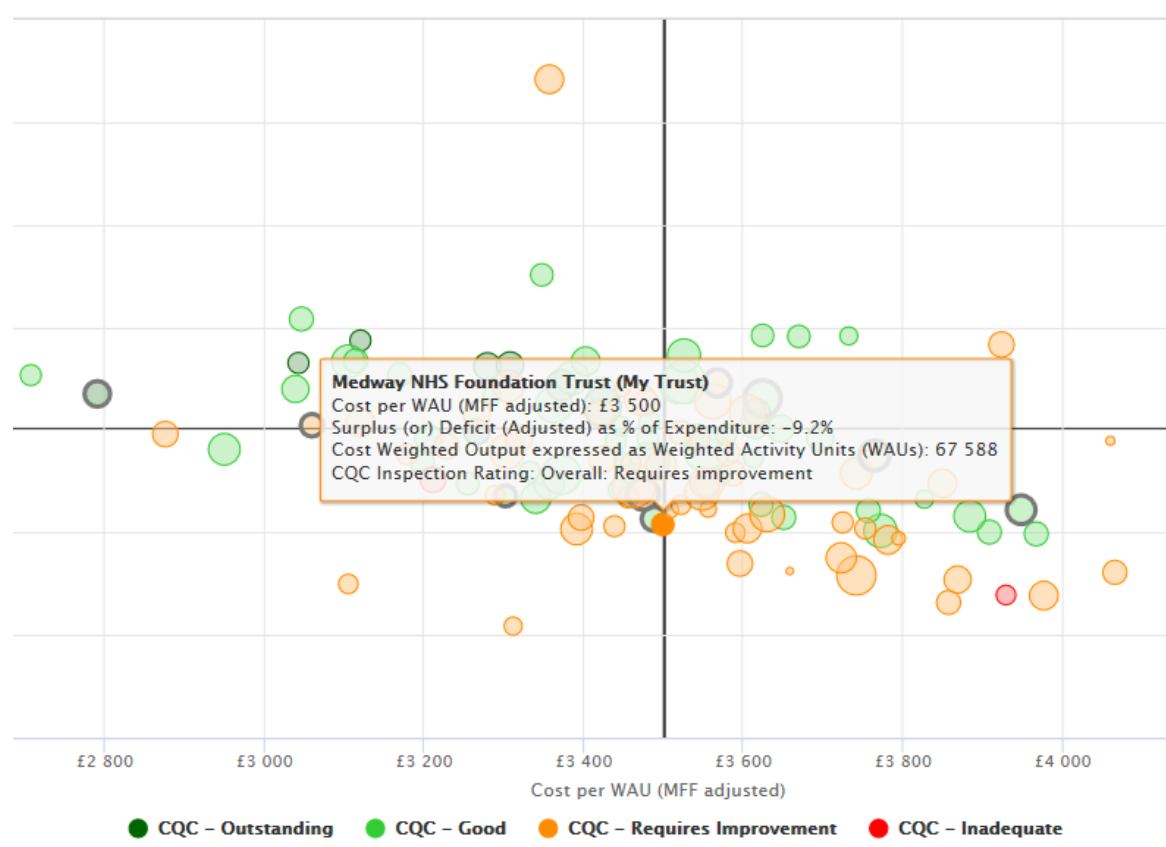
Financial outlook

2020/21 will be another challenging year for the Trust, not least due to the operational impacts of COVID-19. A control total of breakeven has been agreed by the Board; this includes £47.4 million of Financial Recovery Fund support (half of which is dependent upon the Kent Sustainability and Transformation Partnership meetings its control total) and delivery of a further £12.0 million of cost improvements.

However, at the time of writing there are alternative commissioning arrangements in place

in order to remove routine burdens during the COVID-19 pandemic. As operating planning has temporarily been suspended it therefore remains to be seen what impact the above and any future arrangements have on the draft plan for 2020/21 upon which the numbers above are predicated.

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



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

In addressing this challenge the Trust has:

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

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

- Clarity over operating plan arrangements nationally for 2020/21;
- Delivery of the £12.0 million Cost Improvement Programme (CIP) and ensuring no compromise on quality;
- Controlling expenditure in line with budgets, excepting that additional COVID specific expenditure is accounted for separately;
- Recruitment and retention of workforce to reduce reliance on premium cost temporary staff;
- Delivery of a significant capital programme.

Overseas operations

The Trust does not have any overseas operations.

As Accounting Officer, I am satisfied that this performance report provides a true and accurate summary of the performance of the Trust during the year 2019/20.

Signed



James Devine

Chief Executive

24 June 2020

ACCOUNTABILITY REPORT



Directors' Report

Board of Directors

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

The Directors' Report has been prepared under direction issued by NHS Improvement, the independent regulator for foundation trusts, and in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

The Trust Board

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

Trust Board Governance

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

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

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

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

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

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

The Board has an approved Scheme of Delegation. The Board delegates some of its powers to its committees, all of which have a non-executive Chair. The arrangements for delegation are set out in the Trust's Standing Orders and Scheme of Delegation. The Trust's Constitution and terms of reference of these committees and their specific powers are approved by the Board of Directors. The Board committees are all assurance committees with the exception of the Nominations and Remuneration Committee.

Board Appointments and Leavers

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

advises the Council on the remuneration and terms and conditions of the non-executive directors.

James Devine was appointed as the permanent Chief Executive effective 25 April 2019.

During 2019/20, there was one new non-executive director, Tony Ullman, effective from 1 January 2020. Two associate non-executive directors were appointed, Sue MacKenzie and Jenny Chong, both effective from 1 January 2020.

The Chairman, Stephen Clark's term of office ended on 31 March 2020 after serving four years and three months as a non-exec director.

Executive directors

The Director of Strategy, Director of IT Transformation and Director of Planning and Partnerships roles were created. The Director of Clinical Operations (Unplanned and Integrated Care) was split into two roles, one for planned care and the other for unplanned and integrated care. These roles are non-voting Executive Board roles. These, together with non-executive directors terms of office are detailed under the Directors of Medway NHS Foundation Trust 2019/20 section.

Decisions delegated to the Executive Group

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

Statement about the balance, completeness and appropriateness of the Board

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

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

Directors of Medway NHS Foundation Trust 2019/20

Non-executive directors



Stephen Clark, TD, Chairman of the Trust Board and Council of Governors

Appointed as non-executive director

1 January 2016

Appointed as Trust Chairman 1 April 2017; left

Experience and Qualifications

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

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

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

Non-Executive Director of two financial institutions

Chairman of Marshalls Charity (Church of England)

Chairman of 3H Fund

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

Member of Henley Business School Strategy Board

Business mentor under the London First Leadership Exchange scheme

31 March 2020.

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

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

Honorary Doctorate awarded by Canterbury Christ Church University

Membership of committees

Trust Nominations and Remuneration Committee

The Chairman can attend any board committee at his discretion



Joanne Palmer
Non-Executive Director and Senior Independent Director

Appointed as non-executive director
1 September 2015
Appointed as Senior Independent Director
22 December 2016
Appointed as Deputy Chair 1 April 2017

Term: second, ending 31 August 2021

Experience and Qualifications

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

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

Part of the management team that recommended and delivered the sale and carve-out of the Lloyds TSB Registrars business into private equity ownership in 2007

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

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

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

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

Membership of committees

Trust Nominations and Remuneration Committee (Chair)

Governor Nominations and Remuneration Committee (Chair)

Integrated Audit Committee



Mark Spragg
Non-Executive Director

Appointed 1 April 2017

Term: first, ending 31 March 2020; second term commenced 1 April 2020

Experience and Qualifications

Qualified solicitor with more than 30 years' experience

Both a civil and criminal litigation specialist with expertise in the area of Financial Services

Involved in a number of notable cases

Involved in charity work.

Membership of committees

Integrated Audit Committee (Chair)

Finance Committee

Trust Nominations and Remuneration Committee



Jon Billings
Non-Executive Director

Appointed 1 April 2017
Term: first, ended 31 March 2020

Experience and Qualifications

Twenty year career in the NHS including; diagnostic radiographer, and managing a succession of clinical services including head and neck surgery, acute and specialty medicine and services for older people

Held various senior roles in healthcare regulatory bodies, including the Audit Commission and the Healthcare Commission

Founding director of the Irish Health and Social Care Regulator - the equivalent of CQC in England

Developed Ireland's first national standards for healthcare quality and safety

Led work at the General Medical Council to develop and introduce medical revalidation

Former Director of Strategy at the Nursing and Midwifery Council

Worked on various national and local projects in the health arena.

Membership of committees

Quality Assurance Committee (Chair)

Trust Nominations and Remuneration Committee



Ewan Carmichael, CBE
Non-Executive Director
Non-Executive Director for Mortality and Morbidity

Appointed 1 September 2015
Term: second, until 31 August 2021

Experience and Qualifications

Graduate of the Army Staff College

MA in Strategy from King's College, London

Retired Dental Surgeon and formerly Queen's Honorary Dental Surgeon

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

Fellow of the Institute of Healthcare Management

Awarded an MBE for Squadron leadership in the first Gulf War (appointed as an Officer of the Order of St John for work in Bosnia, and awarded the Cross of Merit by the Czech Republic for services to that nation)

Former Director General Army Medical Services

Founded and led the Air Assault Medical Regiment on operations

Commissioner of the Royal Hospital Chelsea.

Membership of committees

Charitable Funds Committee (Chair)

Quality Assurance Committee

Trust Nominations and Remuneration Committee



Adrian Ward
Non-Executive Director

Non-Executive Director for Whistleblowing
Appointed 1 August 2017
Term: first, ending 31 July 2020

Experience and Qualifications

Practising Veterinary Surgeon
Graduate of the Royal Veterinary College.
BSc(Hons) in Physiology from King's College, London.
Former Veterinary Advisor for pharmaceutical company - developed an interest in the development of antimicrobial resistance and the strategies that can be used to slow this process
Case examiner for the Royal College of Veterinary Surgeons Preliminary Investigation Committee from 2015
Chair, Fitness to Practice Panel for the Nursing and Midwifery Council from 2017
Member of the Institute of Chartered Accountants in England and Wales Investigating Committee from 2018
Promotes responsible antibiotic use and infection control strategies through his work with the Bella Moss Foundation.
Assists in development of educational resources for the veterinary profession as a volunteer for the British Small Animal Veterinary Association.

Membership of committees

Quality Assurance Committee
Health and Safety Strategy Committee
Nominations and Remuneration Committee



Tony Ullman
Non-Executive Director

Term started on 1 January 2020

Experience and Qualifications

More than 25 years' experience in senior leadership positions in commissioning organisations in both Health and Social Care, and voluntary sector and community organisations.
Played a leading role in the transformation of Primary Care in Manchester.
More than 20 years' experience as a Local Authority Councillor, for most of that time in positions of responsibility
Senior leadership; including being Deputy Chair of Police Authority in a large Metropolitan County area, and leading the establishment of Local Authority arrangements for Overview and Scrutiny, and Community Relations.
Chairs a Federation of Pupil Referral Units, schools for excluded children.

Voting executive directors



James Devine
Chief Executive

First appointed 23 November 2018 and substantively from 25 April 2019

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

Experience and Qualifications

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

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

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

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

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

Chartered Member of the Chartered Institute of Personnel and Development

MSc, Professional Practice (Human Resources)

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



Ian O'Connor
Director of Finance

Appointed 1 November 2018

Left as Director of Finance on 31 March 2020

Experience and Qualifications

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

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

Fellow of the Chartered Institute of Public finance and Accountancy



Karen Rule
Director of Nursing

(CQC Nominated Individual)

Appointed 1 November 2016

Experience and Qualifications

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

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

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

Registered nurse, qualified in 1985.

MA in Management, London South Bank University.



Leon Hinton
Director of HR and OD

Appointed 23 November 2018
(Previously Deputy Director of HR and OD from April 2017)

Experience and Qualifications

Joined the Trust in April 2017 as the Deputy Director of HR and OD, and subsequently became Acting Director of HR and OD in November 2018 and became substantive on 9 August 2019

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

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

Chartered Member of the Chartered Institute of Personnel and Development

Master of Chemistry, University of Warwick

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

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



Dr David Sulch,
MB, BS, MRCPI
Medical Director

(Caldicott Guardian)
Appointed 1 September 2018

Experience and Qualifications

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

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

Consultant in Geriatric and Stroke Medicine since 2001

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

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

Other major interests include mortality and medico-legal work.

Non-voting executive directors

Gary Lupton	Executive Director of Estates and Facilities
Gurjit Mahil	Deputy Chief Executive appointed 1 August 2019
Harvey McEnroe	Chief Operating Officer appointed 1 August 2019
Jack Tabner	Executive Director of Transformation appointed 1 August 2019
Glynis Alexander	Executive Director of Communications and Engagement

Executive directors who left during 2019/20

Morfydd Williams , Director of IT Transformation	10 December 2018 – 4 November 2019
James Lowell , Director of Planning and Partnerships	16 July 2018 – 5 May 2019
Dr Diana Hamilton-Fairley , Director of Strategy	1 September 2018 – 11 July 2019

Staff who acted as executive directors during 2019/20

Director of Nursing (Interim)

Jane Murkin**Non-voting Associate NEDS****Rama
Rhirunamachandran**

Non-Voting Academic Non Executive Director appointed 1 January 2020

Jenny Chong

Non-Voting Associate Non Executive Director appointed 1 January 2020

Sue Mackenzie

Non-Voting Associate Non Executive Director appointed 1 January 2020

Trust Board meetings

The Trust Board held a total of six meetings between 1 April 2019 and 31 March 2020, and six development sessions. Trust Board meetings are held in public unless there is confidential or sensitive information to be discussed. This is detailed on the board agenda which is published, together with the meeting papers on the Trust's website.

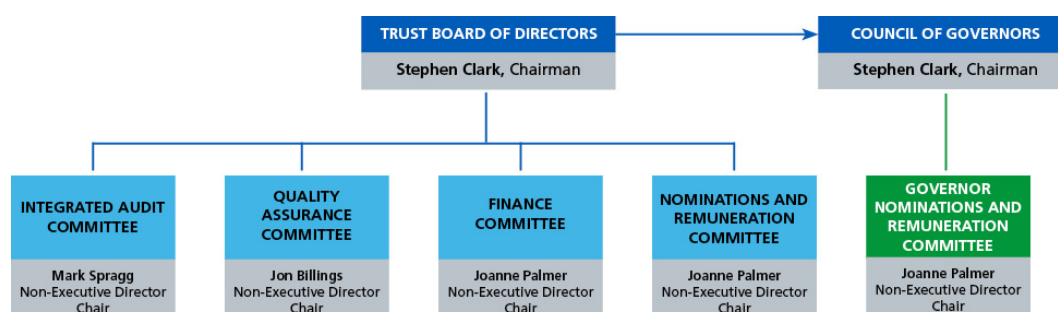
Director attendance at board and committee meetings are detailed under: Attendance at Board of Directors and Committee meetings in 2019/20.

Development of working relationships with the Council of Governors

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

Committees of the Trust Board

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

Committee structure**Integrated Audit Committee**

The report of the Integrated Audit Committee is detailed separately on page 34, as required by section C.3.9 of the NHS Foundation Trust Code of Governance.

Quality Assurance Committee

The Quality Assurance Committee (the Committee) is chaired by a non-executive director and has delegated authority from the Board to be assured that the correct structure, systems and processes are in place to manage quality and safety related matters, and that these are monitored appropriately. The committee ensures an integrated and co-ordinated approach to the development and monitoring of the quality metrics (patient safety, patient experience and clinical effectiveness) at a corporate level, it leads on the monitoring of quality systems within the Trust to ensure that quality is a key component of all activities within the Trust, and ensures compliance with regulatory requirements and best practice with patient safety, patient experience and clinical effectiveness. The committee regularly receives assurance (where necessary seeks further guidance or actions) on serious incidents, safeguarding, infection prevention and control, complaints and other matters relating to the experience of our patients. The Committee also receives assurance from the Integrated Quality and Performance Report, which has been refreshed and reports from the clinical directorates. Outcomes from clinical audits are discussed at Committee meetings, in addition to discussion at the Integrated Audit Committee.

The Committee provides a key issues report to the Board of Directors after every meeting on its activities. The Committee met 12 times during 2019/20, of which six were developmental sessions. Attendance record is detailed under Attendance at Board of Directors and Committee meetings in 2019/20.

Finance Committee

The Finance Committee (the Committee) is chaired by a non-executive director and provides assurance that the Trust's strategy, financial forecasts, plans and operational performance are being considered in detail, monitors the financial recovery plan and provides independent and objective assurance to the Trust Board regarding investments and significant contracts before their approval by the Trust Board.

The Committee provides a key issues report to the Board of Directors after every meeting on its activities. The Committee met 12 times during the year, plus one Extraordinary meeting. Attendance record is detailed under Attendance at Board of Directors and Committee meetings in 2019/20.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee (the Committee) is chaired by the Trust Senior Independent Director and Deputy Chairman. Its membership consists of the Trust's chair and non-executives. The Committee is responsible for reviewing and making recommendations to the Trust Board on the composition, balance, skill mix and succession planning of the Trust Board, the appointment of the executive directors, and monitoring the level and structure of other senior managers reporting directly to the Chief Executive.

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

The Committee met four times during the year. Attendance record is detailed under Attendance at Board of Directors and Committee meetings in 2019/20.

Attendance at Board of Directors and Committee meetings in 2019/20

Trust Board and Committees						
Members (See Non-Executive Directors biography and Committee structure for Chair of Committees)		Board of Directors	Integrated Audit Committee	Quality Assurance Committee	Finance Committee	Nominations and Remuneration Committee
Stephen Clark	Chairman	6/6	X	X	X	4/4
Joanne Palmer	Non-Executive Director/ Senior Independent Director	5/6	4/5	X	9/12	4/4
Mark Spragg	Non-Executive Director	6/6	4/5	X	7/12	4/4
Jon Billings	Non-Executive Director	5/6	X	10/12	X	3/4
Ewan Carmichael	Non-Executive Director	6/6	X	9/12	X	4/4
Adrian Ward	Non-Executive Director	4/6	X	8/12	X	4/4
Tony Ullman	Non-Executive Director	2/2	X	1/3	x	1/1
James Devine	Chief Executive	5/6	X	X	7/12	X
Ian O'Connor	Director of Finance	5/6	X	X	10/12	X
Leon Hinton	Director of HR and OD	5/6	X	X	9/12	X
David Sulch	Medical Director	5/6	X	10/12	X	X
Karen Rule	Director of Nursing	3/6	X	5/12	4/12	X
Jane Murkin	Interim Chief Nurse	2/6	X	9/12	X	X
Glynis Alexander	Director of Communications and Engagement	6/6	X	X	10/12	X
Diana Hamilton-Fairley*	Director of Strategy	2/6	X	0/12	X	X

*Left during 2019/20 - see Directors of Medway NHS Foundation Trust 2019/20

Integrated Audit Committee Report

The Integrated Audit Committee's (the Committee) responsibilities and key areas discussed during 2019/20, whilst fulfilling these responsibilities, described in the table below:

Principal responsibilities		Key areas formally discussed and reviewed by the committee during 2019/20
Review of the Trust's risk management processes and internal	<p>Reviewing the Trust's internal financial controls, its compliance with NHS Improvement's guidance for foundation trusts, including the Code of Governance, and the effectiveness of its internal control and risk management systems.</p> <p>Reviewing the principal non-clinical risks and uncertainties of the business and associated annual report risk management disclosures. (Clinical risks are reviewed by the Quality Assurance Committee).</p>	<p>The outputs of the Trust's risk management processes including reviews of:</p> <ul style="list-style-type: none"> ✓ The Board Assurance Framework– the principal risks and uncertainties identified by the Trust's executive directors and movement in the impact and likelihood of these risks and assurances on controls. ✓ work continuing on the Trust's risk management processes and risk reporting. ✓ Annual assessment on the effectiveness of internal control systems taking account of the findings from internal and external audit reports. ✓ Internal audit, counter fraud and external audit reports and updates. ✓ Interests, gifts, hospitality and sponsorship quarterly declarations. ✓ Assurance of controls in place for laundry and health and safety. ✓ Losses and special payments ✓ Waivers of standing financial instructions
Financial matters	<p>Monitor the integrity of the financial statements of the organisation and any formal announcements relating to its financial performance</p> <p>Review the annual report and financial statements before submission to the Board, to determine their objectivity, integrity and accuracy</p>	<ul style="list-style-type: none"> ✓ Annual report and financial statements, including the Head of Internal Audit Opinion, the Annual Governance Statement, the Annual Internal Audit Report, the Annual Counter Fraud Report and the External Audit Opinions on the Financial Accounts and the Quality Account and recommended acceptance to the Trust Board. ✓ Key accounting policy judgements, including valuations. ✓ Impact of changes in financial reporting standards where relevant. ✓ Single tender waivers ✓ Losses and special payments

Principal responsibilities		Key areas formally discussed and reviewed by the committee during 2019/20
External audit	<p>Monitoring and reviewing the external auditor's independence, objectivity and effectiveness.</p> <p>Developing and implementing policy on the engagement of the external auditor to supply non audit services, taking into account relevant ethical guidance.</p>	<ul style="list-style-type: none"> ✓ Basis for concluding that the Trust is a going concern. ✓ External auditor effectiveness and independence. ✓ External auditor reports on planning, a risk assessment, internal control and value for money reviews. ✓ External auditor recommendations for improving the financial systems or internal controls. ✓ Changes to Accounting Standards.
Internal audit	<p>Monitoring and reviewing the effectiveness of the Trust's internal audit function that meets National Audit Office 2015 Code of Audit Practice and provides appropriate independent assurance to the Committee.</p> <p>Satisfying itself that the Trust has adequate arrangements in place for counter fraud and security that meet NHS Counter Fraud Authority's standards and reviewing the outcomes of work in these areas.</p>	<ul style="list-style-type: none"> ✓ High priority internal audit recommendations with progress report covering 18 months. ✓ The internal audit reports discussed by the Committee included: ✓ Directorate Quality Governance (issued in draft in 2018/19) ✓ Pharmacy (issued in draft in 2018/19) ✓ Data Quality (issued in draft in 2018/19) ✓ Procurement ✓ Performance Management ✓ Data Quality Assurance Framework ✓ Board Assurance Framework ✓ Data Security and Protection Toolkit ✓ Core Financial Systems ✓ The internal audit reports issued in draft for management responses: ✓ Gifts and Hospitality <p>The reports provided varied degree of assurance and identified recommendations for improvement that have been accepted by the executive directors.</p>
Other	<p>Reviewing the Committee's terms of reference and monitoring its execution.</p> <p>Considering compliance with legal requirements, accounting standards.</p>	

Composition and meetings

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

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

The Committee met five times during the financial year.

Attendance at meetings

Non-executive directors (members)	Attendance at meetings
Mark Spragg (Chair)	4/5
Joanne Palmer	4/5
Stephen Clark	1/5
Ewan Carmichael	1/5

Code of Governance

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

In so far as the Board is aware, all possible steps have been taken to ensure that all relevant audit information has been disclosed in full to the auditors.

Effectiveness of the committee

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

The Non-Executive Directors were satisfied that the Committee in 2019/20 had complied with its obligations and expectations as noted in its terms of reference, with steady progress being made on improving processes, with further improvement required.

The Committee reviewed and approved its terms of reference in 2 May 2019. The terms of reference were revised with major changes to adhere to best practice. The Committee also reviewed and approved its work plan for 2019/20.

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

External audit

The Trust's contract for external audit expires in August 2020. Following a full tender evaluation, including a supplier presentation, Grant Thornton's submission was the strongest and The Council of Governors at an extraordinary meeting in March 2019, approved the appointment of Grant Thornton for a three-year term from 2019/20, with an option to extend for a further two years. Fees were set at £67,400 p.a in the contract (£61,400 for accounts and £6,000 for quality audit).

Their audit and non-audit fees are set, monitored and reviewed throughout the year and are included in the notes to the accounts..

Independence of external auditor

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

Internal controls, internal audit and counter-fraud services

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

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

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

The Head of Internal Audit Opinion 2019/20 was presented to the Integrated Audit Committee in June 2020 and for the period 1 April 2019 to 31 March 2020 an overall rating of 'significant assurance with minor improvements required' was given on the overall adequacy and effectiveness of the Trust's framework of governance, risk management and control.

Board Assurance Framework and risk management review

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

Conclusion

The Committee has reviewed the content of the annual report and accounts and taken as a whole:

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

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

Governors' report

Council of Governors

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

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

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

Membership of the Council of Governors

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

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

The composition of the Council is:

9 Elected governors from Medway Constituency

4 Elected governors from Swale Constituency

1 Elected governor from Rest of England and Wales Constituency

5 Elected staff governors

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

25 seats in total

*currently vacant

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

Partner governors are nominated by their organisation and serve a term of office of three years. These governors can be replaced by their organisation during this time. An appointed governor is eligible for re-appointment at the end of their term.

Meetings of the Council of Governors

The Council held five ordinary meetings during 2019/20, including the Annual Members' Meeting. Governors are required to attend meetings of the Council. Extraordinary meetings are also held from time to time when a decision is required outside of the normal schedule of meetings and four of these took place in 2019/20. Additional meetings took place to instigate the recruitment of a new Chair of the Trust.

Individual attendance at Council meetings by governors and directors is detailed under Attendance at Council of Governors' meetings.

Lead Governor

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

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

Alastair Harding was the Lead Governor up the end of June 2019 when his Governor term ended and Glyn Allen became lead governor from July 2019.

Committee of the Council of Governors

The Council has one committee, which is the

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

Elections

During 2019/20 elections were held in May 2019 and the results of the elections are set out below:

Constituency	Result
Medway	Katy White *
Swale	No nominations were received for this vacancy
Rest of England and Wales	No nominations were received for this vacancy

*Katy White was elected from 1 July 2019 and resigned this position in November 2019 after becoming a Trust member of staff. In line with the Trust's constitution Diana Hill, who received the second highest number of votes in the election, took over this position in December 2019.

Membership

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

In March 2020, the Trust had 10,606 public members and 4,510 staff members giving a total of 15,116 members. The breakdown of our public membership by constituency is:

Constituency	Total
Medway	6,618
Swale	1,740
Rest of England and Wales	2,248
Membership Total	10,606

A programme of five membership events took place during 2019/20. Topics included Quality Priorities, The Kent and Medway Medical School, Integrated Care for Older People, Behind the scenes at Medway Hospital and Pharmacy and Medicines.



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

The Trust's membership strategy from May 2019 to May 2021 sets out how we attract, retain and engage with members. Our Community Engagement Officer and Governors have continued to proactively engage with our local community. Through this work we continued to build strong trusting relationships and establish a presence within charitable and voluntary sector organisations, youth and carer groups, schools, as well with black, Asian and minority ethnic communities.

Attendance at Council of Governors' meetings

The information below outlines details of all governors on the Council during 2019/20, together with their record of attendance, including the four scheduled Council of Governor meetings and the Annual Members' Meeting.

Name	Constituency	Term of office	Attendance
Glyn Allen	Medway	Elected 2015; Re-elected June 2018 with effect from 1 July 2018	5 of 5
Vivien Bouttell	Medway	Elected 2010; Re-elected 2014; Re-elected June 2017 for 3 years with effect from 1 July 2017	5 of 5
Matt Durcan	Medway	Elected June 2017 for 3 years with effect from 1 July 2017	4 of 5
Jacqui Hackwell	Medway	Elected June 2018 for 3 years with effect from 1 July 2018	5 of 5
Rod Helps	Medway	Elected June 2018 for 3 years with effect from 1 July 2018	3 of 5
Diana Hill	Medway	Katy White was elected to this position in July 2019 and resigned in November 2019. In line with the Trust's constitution Diana Hill, who received the second highest number of votes in the election, took over this position in December 2019.	1 of 1
Doreen King	Medway	Elected 2015; Re-elected June 2018 with effect from 1 July 2018	4 of 5
Paul Spencer-Nixon	Medway	Elected June 2018 for 3 years with effect from 1 July 2018	2 of 5
Paul Walker	Medway	Elected 2015; Re-elected June 2018 for 3 years with effect from 1 July 2018	2 of 5
Lyn Gallimore	Swale	Elected 2015; Re-elected June 2018 for 3 years with effect from 1 July 2018	4 of 5
David Nehra	Swale	Elected June 2018 for 3 years with effect from 1 July 2018	3 of 5
Vacancy	Swale		
Vacancy	Swale		
Vacancy	Rest of England and Wales		
Tim Cowell	Staff	Elected 2015; Re-elected June 2018 for 3 years with effect from 1 July 2018	4 of 5

Name	Constituency	Term of office	Attendance
Neil Gambell	Staff	Elected June 2018 for 3 years with effect from 1 July 2018	3 of 5
Vacancy	Staff		
Vacancy	Staff		
Vacancy	Staff		
Cllr David Brake	Medway Council	Appointed June 2013 for 3 years. Re-appointed May 2016 for a further 3 years Re-appointed May 2019 for a further 3 years	5 of 5
Cllr John Wright	Kent County Council	Appointed June 2017 for 3 years with effect from 1 July 2017.	5 of 5
Dr Peter Nicholls	University of Kent	Appointed February 2016 for 3 years. Reappointed February 2019 for 3 years with effect from 1 March 2019.	3 of 5
Claire Thurgate	Canterbury Christ Church University	Appointed February 2016 for 3 years. Reappointed February 2019 for 3 years with effect from 1 March 2019.	3 of 5
Vacancy	Charities		
Vacancy	Greenwich University		

Former Governors during 2019/20

Raghuvir Chaggar	Elected June 2018 for 3 years with effect from 1 July 2018; resigned in December 2019	0 of 4
Stella Dick	Elected 2014; Re-elected June 2016 for 3 years with effect from 1 July 2016; end of tenure June 2019	1 of 1
Alastair Harding	End of tenure	2 of 2
Christine Harvey	Appointed July 2015 for 3 years, Reappointed June 2018 for 3 years with effect from 1 July 2018; resigned in January 2020	3 of 5
Silvia Marin	Elected June 2018 for 3 years with effect from 1 July 2018, resigned in April 2019	0 of 1
Colin Mcleod	Elected June 2018 for 3 years with effect from 1 July 2018; resigned in December 2019	0 of 4
Paul Riley	Elected June 2018 for 3 years with effect from 1 July 2018, resigned in March 2020	2 of 5
Katy White	Elected June 2019; resigned in November 2019	3 of 3

**Director attendance at Council of Governors meetings (including the Annual Members' Meeting)
1 April 2019 to 31 March 2020**

The Directors attend the meetings of the Council by invitation and to present routine reports to the Council of Governors, in line with their duty to take steps to understand the views of governors and for the NEDs be held to account.

Board members during 2019/20	Attendance
Stephen Clark, Chair	4 of 5
Joanne Palmer, Non-Executive Director	2 of 5
Jon Billings, Non-Executive Director	1 of 5
Jenny Chong, Associate Non-Executive Director	0 of 1
Ewan Carmichael, Non-Executive Director	3 of 5
Sue Mackenzie, Non-Executive Director	0 of 1
Mark Spragg, Non-Executive Director	3 of 5
Rama <i>Thirunamachandran</i> , Academic Non-Executive Director	0 of 1
Tony Ullman, Non-Executive Director	0 of 1
Adrian Ward, Non-Executive Director	1 of 5
James Devine, Chief Executive	3 of 5
Ian O'Connor, Director of Finance	5 of 5
Karen Rule, Director of Nursing	3 of 4
David Sulch, Medical Director	5 of 5
Leon Hinton, Director of HR and OD	5 of 5
Glynis Alexander, Director of Communications and Engagement**	5 of 5
Gary Lupton, Director of Estates and Facilities**	3 of 5
Gurjit Mahil, Chief Operating Officer - Planned Care**	2 of 4
Jane Murkin, Interim Chief Nurse	1 of 1
Harvey McEnroe, Chief Operating Officer - Unplanned and Integrated Care**	3 of 5
Jack Tabner, Executive Director of Transformation **	2 of 3

**Non-voting Executive Directors

Former Board members during 2019/20	Attendance
Diana Hamilton-Fairley, Director of Strategy	0 of 1
James Lowell, Director of Planning and Partnerships	1 of 1
Morfydd Williams, Director of IT Transformation	0 of 3

Dispute Resolution Process

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

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

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

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

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

Disclosures

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

Principal activities of the Trust

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

Going Concern

The accounts have been produced on a "going concern" basis. Our going concern disclosure is detailed in the notes to the financial statements.

Directors' responsibilities

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

Safeguarding external auditor independence

This is detailed under the Integrated Audit Committee section.

Off payroll engagements

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

Transactions with related parties

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

Political Donations

There are no political donations to disclose.

Statement on better payment practice code ([see note 16 of the accounts](#))

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

Note 16.1 Better Payment Practice code

	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	62,411	106,104	69,775	104,824
Total non-NHS trade invoices paid within target	35,595	54,427	31,838	39,307
Percentage of non-NHS trade invoices paid within target	57.0%	51.3%	45.6%	37.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,257	37,415	1,629	25,889
Total NHS trade invoices paid within target	358	19,885	197	5,061
Percentage of NHS trade invoices paid within target	28.5%	53.1%	12.1%	19.5%

The Better Payment Practice code requires that 95 per cent of all valid invoices are paid by the due date or within 30 days of receipt of valid invoice, whichever is later.

NHS Improvement's well-led framework

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

As part of their routine scheduled inspection programme, the CQC conducted a well-led inspection of the Trust in January 2020. The findings of this inspection were published on 30 April 2020.

Stakeholder Relations

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

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

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

Patient Care

Please refer to the Quality Report on [page 90](#).

Fees and charges (income generation)

Please refer to the Annual Accounts.

Statement as to disclosure to auditors

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

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

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

- a) made such enquiries of his/her fellow directors and of the company's auditors for that purpose; and
- b) taken such other steps (if any) for that purpose, as are required by his/her duty as a director of the company to exercise reasonable care, skill and diligence.
- c) All Board members have been assessed against the requirements of the fit and proper person test.

Income disclosures required by Section 43 of the NHS Act 2006

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

Remuneration report

Annual Statement on remuneration

The Nominations and Remuneration Committee is a sub-committee of the Board, responsible for reviewing and advising the Board of Directors on the composition of the Board of Directors and appointing and setting the remuneration of the executive directors and all very senior manager appointments. Further details of the committee can be found within the Directors' Report section of this document. We have recruited on a substantive basis to senior leadership roles. Newly appointed executive directors have a notice period of six months.

Senior Managers Remuneration Policy

The Trust has a Senior Remuneration policy agreed by the Nominations and Remuneration Committee. The Trust recognises that in order to ensure optimum performance it is necessary to have a competitive pay and benefits structure. The objective of the Committee's strategy for the remuneration of executive directors and very senior managers is to attract and retain suitably skilled and qualified individuals of high calibre, providing sufficient resources and strength and maintaining stability throughout the senior management team. Remuneration is therefore set and maintained to be competitive. The Nominations and Remuneration Committee reviews salaries each year. In 2019/20 the Nominations and Remuneration Committee accepted NHS England and NHS Improvement's recommendation for a pay award of up to 1.32 per cent consolidated cost of living award plus a one-off of 0.77 per cent non-consolidated, subject to other qualifying factors, for executives in their position on 01 April 2019.

Director salaries were within benchmarked salary ranges. When new appointments are made the salary is determined by reference to the NHS England and NHS Improvement's and NHS Providers benchmarking of executive director salaries, current market rates and internal relativities with executive directors/very senior managers. The only non-cash elements of executive remuneration packages are pension-related benefits accrued under the NHS Pensions Scheme. Contributions are made by both the employer and employee in accordance with the rules of the national scheme, which applies to all NHS staff under the scheme.

The figures in the table below relate to the amounts received during the financial year. For 2019/20 there were no annual or long-term performance bonuses.

These figures have been audited.

Name / Title	Current Year							Prior Year				
	(a)	(b)	(c)	(d)	(e)	(g)	Note:	(a)	(b)	(e)	(g)	(f)
	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	Annual Performance Related bonuses (Bands of £5,000)	Long-term performance-related bonuses (Bands of £5,000)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in salary and Fees) (Bands of £5,000)	Salary and Fees (Bands of £5,000)	Taxable Benefits (£ to the nearest £100)	All pension-related benefits (Bands of £5,000)	Total (Columns a to e) (Bands of £5,000)	Payments or Compensation for loss of office (included in Salary and Fees) (Bands of £5,000)
Mr S Clark, Chairman	50-55	4,500	-	-	-	50-55	-	50-55	2,200		-	-
Ms J Palmer, Non-Executive Director	20-25	2,000	-	-	-	20-25	-	15-20	-		-	-
Mr E Carmichael, Non-Executive Director	10-15	1,200	-	-	-	10-15	-	10-15	800		-	-
Mr J Billings, Non-Executive Director	15-20	300	-	-	-	15-20	-	15-20	400		-	-
Mr M Spragg, Non-Executive Director	15-20	1,100	-	-	-	15-20	-	15-20	1,800		-	-
Mr A Ward, Non-Executive Director	10-15	-	-	-	-	10-15	-	10-15	-		-	-
Mr J Devine, Chief Executive	185-190	-	-	-	-	185-190	-	60-65	-		-	0-5
Mr I O'Connor, Executive Director of Finance	160-165	-	-	-	-	160-165	-	60-65	-		-	-
Mr D Sulch, Medical Director	180-185	-	-	-	25-30	210-215	-	95-100	-		-	40-45
Ms K Rule, Director of Nursing	125-130	-	-	-	-	125-130	-	125-130	-		-	-
Mr L Hinton, Executive Director of HR and Organisational Development	110-115	-	-	-	45-50	155-160	-	35-40	-		-	25-30

Name / Title	Current Year							Prior Year				
	(a) Salary and Fees (Bands of £5,000)	(b) Taxable Benefits (£ to the nearest £100)	(c) Annual Performance Related bonuses (Bands of £5,000)	(d) Long-term performance-related bonuses (Bands of £5,000)	(e) All pension-related benefits (Bands of £5,000)	(g) Total (Columns a to e) (Bands of £5,000)	Note: Payments or Compensation for loss of office (included in salary and Fees) (Bands of £5,000)	(a) Salary and Fees (Bands of £5,000)	(b) Taxable Benefits (£ to the nearest £100)	(e) All pension-related benefits (Bands of £5,000)	(g) Total (Columns a to e) (Bands of £5,000)	(f) Payments or Compensation for loss of office (included in Salary and Fees) (Bands of £5,000)
Ms G Alexander, Director of Communications & Engagement	110-115	-	-	-	515-520	630-635	-	110-115	-		-	-
Mr G Lupton, Director of Estates & Facilities	100-105	-	-	-	10-15	115-120	-	100-105	-		-	110-115
Ms D Hamilton - Farley, Director of Strategy, Left 11/07/2019	20-25	-	-	-	-	20-25	-	40-45	-		-	-
Ms M Williams, Executive Director of IT Transformation, Left 03/11/2019	70-75	-	-	-	95-100	170-175	-	35-40	-		-	-
Mr H McEnroe, Chief Operating Officer	115-120	-	-	-	-	115-120	-	40-45	-		-	-
Ms G Mahil, Deputy Chief Executive	115-120	-	-	-	30-35	145-150	-	-	-	-	-	25-30
Ms Jane Murkin, Corporate Director of Nursing, Started 27/11/2019	35-40	-	-	-	5-10	40-45	-	-	-	-	-	-
Mr Jack Tabner, Executive Director of Transformation, Started 01/08/2019	65-70	-	-	-	25-30	95-100	-	-	-	-	-	-
Ms J Chong, Non-Executive Director, Started 01/02/2020	0-5	-	-	-	-	0-5	-	-	-	-	-	-
Mr A Ullman, Non-Executive Director, Started 01/01/2020	0-5	-	-	-	-	0-5	-	-	-	-	-	-

	Current Year							Prior Year				
	(a) Salary and Fees (Bands of £5,000)	(b) Taxable Benefits (£ to the nearest £100)	(c) Annual Performance Related bonuses (Bands of £5,000)	(d) Long-term performance-related bonuses (Bands of £5,000)	(e) All pension-related benefits (Bands of £5,000)	(g) Total (Columns a to e) (Bands of £5,000)	Note: Payments or Compensation for loss of office (included in salary and Fees) (Bands of £5,000)	(a) Salary and Fees (Bands of £5,000)	(b) Taxable Benefits (£ to the nearest £100)	(e) All pension-related benefits (Bands of £5,000)	(g) Total (Columns a to e) (Bands of £5,000)	(f) Payments or Compensation for loss of office (included in Salary and Fees) (Bands of £5,000)
Name / Title												
Ms S Mackenzie, Associate Non Executive Director, Started 01/01/2020 to 31/03/2020	0-5	-	-	-	-	0-5	-	-	-	-	-	-
Mr T Moore, Non Executive Director, Left 31/03/19	-	-	-	-	-	0-5	-	15-20	400		-	-
Mr B Best, Director of Clinical Operations (Planned Care)	-	-	-	-	-	0-5	-	-	-		-	-
Mr J Lowell, Executive Director of Planning & Partnerships								70-75	-			10-15

For 2019/20, there were no annual or long-term performance-related bonuses.

Taxable benefit amounts are all in relation to reimbursement of travel and expenses whilst undertaking Trust duties.

Total Pension Entitlement

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

	Current Year						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Real Increase in pensions at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31st March 2020	Lump sum at pension age related to accrued pension at 31st March 2020	Cash Equivalent Transfer Value at 1st April 2019	Cash Equivalent Transfer Value at 31st March 2020	Real increase in Cash equivalent Transfer value
	(Bands of £2,500)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £5,000)			
	£000	£000	£000	£000	£000	£000	£000
Mr J Devine, Chief Executive	0	0	0-5	0-5	121	-	-
Mr I O'Connor, Executive Director of Finance	0	0	0-5	0-5	-	-	-
Mr D Sulch, Medical Director	2.5-5	0-2.5	55-60	160-165	1,186	1,279	46
Ms K Rule, Director of Nursing	0-2.5	0-2.5	50-55	160-165	1,174	1,239	18
Ms Jane Murkin, Corporate Director of Nursing	0-2.5	0-2.5	0-5	0-5	-	7	-
Mr L Hinton, Executive Director of HR and Organisational Development	0-2.5	0-2.5	25-30	20-25	256	294	28
Mr G Lupton, Director of Estates & Facilities	0-2.5	0-2.5	25-30	55-60	474	512	14
Ms M Williams, Executive Director of IT Transformation	2.5-5	10-12.5	25-30	60-65	413	529	95
Ms G Mahil, Deputy Chief Executive	0-2.5	0-2.5	5-10	0-5	38	58	9
Mr H McEnroe, Chief Operating Officer	0	0	0-5	0-5	-	-	-
Mr Jack Tabner, Executive Director of Transformation	0-2.5	0-2.5	0-5	0-5	-	13	4
Ms G Alexander, Director of Communications & Engagement	25-27.5	0-2.5	45-50	0-5	300	747	418
Ms D Hamilton - Farley, Director of Strategy	0	0	0-5	0-5	-	-	-

Staff Costs

			2019/20	2018/19
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	164,496	-	164,496	160,943
Social security costs	17,696	-	17,696	16,760
Apprenticeship levy	838	-	838	793
Employer's contributions to NHS pensions	18,728	-	18,728	17,978
Pension cost - other	8,200	-	8,200	-
Other post employment benefits	-	-	-	6
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Temporary staff	-	6,470	6,470	10,496
Total gross staff costs	209,958	6,470	216,428	206,976
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	209,958	6,470	216,428	206,976

These figures have been audited.

Expenses of Governors and Directors

The directors and governors receive reimbursement of travel and incidental expenses incurred as a result of their duties to the Trust, this is presented in the table below.

	Number in receipt of expenses 2019/20	Aggregate sum of expenses paid 2019/20	Aggregate sum of expenses paid 2018/19
Directors	6	6833.47	5571.46

Payments for loss of office

There were no Directors who had loss of office in 2019/20.

Fair Pay Multiple

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

These figures have been audited.

	2018/19	2019/20
Band of Highest Paid Director's Total Remuneration (£'000)	220-225	185-190
Median Total Remuneration (£'000)	25.1	26.8
Ratio	8.9	6.9

Expenditure on consultancy

The Trust spent £1.43 million on consultancy during 2019/20, this was a decrease of £150,000 compared to the previous year (2018/19) of £1.58 million.



James Devine
Chief Executive

24 June 2020

Staff report

The table below profiles the average worked full-time equivalent workforce across the organisation (including temporary staff) throughout 2019/20. These figures have been audited.

	Permanent Number	Other Number	2019/20 Total	2018/19 Total
Medical and dental	236	334	570	630
Ambulance staff	-	-	-	-
Administration and estates	1330	64	1394	1321
Healthcare assistants and other support staff	748	16	764	770
Nursing, midwifery and health visiting staff	1316	11	1327	1305
Scientific, therapeutic and technical staff	316	8	324	283
Healthcare science staff	3	-	3	-
Social care staff	-	-	-	-
Total average numbers	3949	433	4382	4309

Male and Female Employees

The table below profiles the voting Board Directors and other senior managers by contractual full-time equivalent on 31 March 2020.

	Voting Board Director	Other senior managers	All staff
Female	2	15	3156
Male	10	17	903
TOTAL	12	32	4059

Sickness Absence Data

The table below sets out the Trust's sickness absence for 2019/20 compared with 2018/19. The overall sickness rate has increased over the last 12 months and equates to 9.53 average days sick per full-time employee. The Trust is proactively managing sickness with improved reporting for managers, a policy to support and manage individuals with high sickness levels. As part of keeping staff healthy and patients safe, the Trust achieved a staff flu vaccination rate of over 75 per cent in 2019/20.

Staff group	2019/20	2018/19
Additional Professional, Scientific and Technical	2.35%	2.69%
Additional Clinical Services	6.39%	6.78%
Administrative and Clerical	4.01%	3.86%
Allied Health Professionals	2.79%	2.99%
Estates and Ancillary	6.16%	6.48%

Healthcare Scientists	0.19%	0.00%
Medical and Dental	1.22%	1.09%
Nursing and Midwifery Registered	4.23%	4.28%
Students	0.00%	0.00%

Staff policies

Staff policies and actions applied during the financial year

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

Policies and Standard Operating Procedures

Policy/SOP	How it supports the workforce	Renewal date
Disability in Employment Policy	Enables the employment of disabled persons by ensuring due regard to their skills and abilities; this policy applies at recruitment and throughout employment, including, where appropriate, reasonable adjustments and adaptations. (see also the Attendance Management Policy)	February 2022
Attendance Management Policy and SOP	This policy is designed to support employees' attendance, and enable employees to remain in work/return to work after absence. The SOP includes the Trust's procedure for Assessment of Adjustment.	February 2023
Work-life and Family Policy	This policy is designed to ensure that there is appropriate consideration of employees work-life balance, taking into consideration family and caring responsibilities and personal wellbeing.	November 2021
Flexible Working Policy	This policy provides the framework for flexible working to be considered and applied fairly.	May 2022
Maternity Leave policy	This is the framework to ensure correct and fair application of maternity-related entitlements, including maternity and paternity leave, keeping in touch and return to work.	November 2021
Employing Staff in the Reserve Forces	This is a new policy drawing together from other policies the Trust's commitment to staff who are members of the Reserve Forces, enabling them to be released for training and mobilisation.	December 2020
Apprenticeship Policy	This sets out the framework to enable the recruitment of apprentices at all levels (including internal development opportunities) and all ages.	November 2020

Policy/SOP	How it supports the workforce	Renewal date
Organisational change policy	Where organisational changes are required, this policy aims to ensure consistency of practice, consultation where necessary and involvement of staff and Trade Unions in informing the outcome.	November 2021
Health and Safety Policy	<p>This policy sets out the organisational framework to outline how the Trust achieves compliance with the Health and Safety at Work Act 1974 and associated regulations as required by law.</p> <p>It also ensures all Trust employees are aware of their individual role and responsibilities for health and safety within the organisation.</p> <p>Ensures robust systems are in place to report and investigate health and safety incidents in order to identify lessons learnt to be embedded in policy to support continuous improvement.</p>	April 2022
Inclusion Policy	This policy sets out the Trust's commitment to the Equality Act 2010, and to NHS workforce standards (such as the Workforce Race Equality Standard)	June 2023
Freedom to Speak Up/Raising Concerns at Work/Whistleblowing Policy	This enables staff to be able to raise concerns at work safely, and for the Trust to respond to those concerns.	May 2022
Relationship between Medway NHS Foundation Trust and NHS Trade Unions Policy	This policy provides the framework for the NHS Trade Unions and Trust Managers to meet regularly to review: application of policies, staff wellbeing and organisational change	April 2021
Anti-Fraud, Bribery and Corruption Policy	The aim of the policy and procedure is to set out clearly for staff, the framework and controls in place for dealing with all forms of detected or suspected fraud, bribery and corruption	March 2021

NHS staff survey

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

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

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

The response rate to the 2019 survey among Trust staff was 43.2 per cent (2018: 40.2 per cent) against a national average of 47.5 per cent. Scores for each indicator together with that of the survey benchmarking group (acute) are presented below.

	2019/20		2018/19		2017/18	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	8.9	9.0	8.8	9.1	8.8	9.0
Health and wellbeing	5.6	5.9	5.4	5.9	5.8	6.0
Immediate managers	6.6	6.8	6.2	6.7	6.6	6.7
Morale	5.8	6.1	5.4	6.1		
Quality of appraisals	5.7	5.6	5.5	5.4	5.5	5.4
Quality of care	7.4	7.5	7.0	7.4	7.3	7.5
Safe environment – bullying and harassment	7.8	7.9	7.4	7.9	7.7	8.0
Safe environment – violence	9.4	9.4	9.4	9.4	9.4	9.4
Safety culture	6.4	6.7	6.1	6.6	6.2	6.6
Staff engagement	6.8	7.0	6.4	7.0	6.7	7.0

Application of Modern Slavery Act

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

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

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

Our approach to procurement and our supply chain includes:

- Ensuring that our suppliers are carefully selected through our robust supplier selection criteria/processes;
- Requiring that the main contractor provides details of its sub-contractor(s) to enable the Trust to check their credentials;
- Random requests that the main contractor provides details of its supply chain;

- Ensuring invitation to tender documents contain a clause on human rights issues;
- Ensuring invitation to tender documents also contain clauses giving the Trust the right to terminate a contract for failure to comply with labour laws;
- Using the standard Supplier Selection Questionnaire (SQ) that has been introduced (which includes a section on Modern Day Slavery).

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

Trade Union Facility Time

Trade Union Facility Time disclosures

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

These figures have been audited.

Relevant union officials

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

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
26	24.23

Percentage of time spent on facility time

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

<i>Percentage of time</i>	<i>Number of employees</i>
0%	13
1-50%	13
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

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

<i>First Column</i>	<i>Figures</i>
Provide the total cost of facility time	£1,834
Provide the total pay bill	£216,426,609
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷	0.00064%

total pay bill) x 100	
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Paid trade union activities

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

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

Staff exit packages

These figures have been audited.

Name and title	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000		19	19
£10,000 – £25,000		2	2
£25,001 – £50,000		1	1
£50,001 – £100,000			
£100,000 – £150,000			
£150,001 – £200,000			
>£200,000			
Total number of exit packages by type		22	22
Total resource cost		138	138

Exit packages: non-compulsory departure payments

Name and title	Agreements Number	Total Value of Agreements £000
Voluntary redundancies including early retirement contractual costs		
Mutually agreed resignations (MARS) contractual costs	1	18
Early retirements in the efficiency of the service contractual costs		
Contractual payments in lieu of notice	20	72
Exit payments following Employment Tribunals or court orders	1	48
Non-contractual payments requiring HMT		

Name and title	Agreements Number	Total Value of Agreements £000
approval * *Includes any non-contractual severance payment made following judicial mediation, and X [list amounts] relating to non-contractual payments in lieu of notice.		
Total	22	138

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

NHS Foundation Trust Code of Governance

Code of Governance

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

Code Provision	Requirement	How the code was adhered to
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the Board of Directors.	Directors' Report – Board section and Council of Governors section. There were no disagreements between the Council of Governors and the Board of Directors. A dispute resolution process has been included in the Directors Report along with a statement on working relationships.
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Directors' Report – throughout the report
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Directors' Report – Council of Governors section
Additional requirement of FT ARM	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	Directors' Report – Council of Governors section
B.1.1	The Board of Directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Directors' Report All non-executive directors are independent as per the definition in Code Provision B.1.1.

Code Provision	Requirement	How the code was adhered to
B.1.4	The Board of Directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS Foundation Trust.	Directors' Report – Biographies and Board section
Additional requirement of FT ARM	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated.	Directors' Report
B.2.10	A separate section of the annual report should describe the work of the nominations committees, including the process it has used in relation to board appointments.	Directors' Report
Additional requirement of FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	Directors' Report - Nominations and Remuneration Committee
B.3.1	A chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report.	As part of the appointment process the Governors were made aware of the chairperson's professional commitments at the time and an up to date declaration of interests is detailed on the Trust website .
B.5.6	Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board of Directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Directors' Report – Council of Governors section
Additional requirement of FT ARM	<p>If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.</p> <p>This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012.</p> <p>*Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's</p>	This power has not been exercised by the Council of Governors in 2019/20.

Code Provision	Requirement	How the code was adhered to
	<p>performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance).</p> <p>**As inserted by section 151 (6) of the Health and Social Care Act 2012.</p>	
B.6.1	The Board of Directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Directors Report
B.6.2	Where there has been external evaluation of the board and/or governance of the trust, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust.	An evaluation was undertaken by Deloitte who are independent of the Trust.
C.1.1	<p>The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.</p> <p>Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).</p>	<p>Stated in the "Statement of the chief executive's responsibilities as the accounting officer of Medway NHS Foundation Trust."</p> <p>Quality Governance is included in the Annual Governance Statement.</p>
C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement Directors' Report – Committees section.
C.2.2	<p>A Trust should disclose in the annual report:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</p>	<p>The Trust does not have its own internal audit department. Internal audit services are provided by KPMG, an external provider.</p> <p>KPMG agrees an audit plan with the Trust and provides reports to the Integrated Audit Committee and reports on progress made by the Trust in implementing the actions required to improve controls.</p>
C.3.5	If the Council of Governors does not accept the audit committee's recommendation on the	The Council of Governors approved the appointment of

Code Provision	Requirement	How the code was adhered to
	appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	Grant Thornton as the Trust's external auditor for an initial contract period of three years commencing in 2019/20 with an option to extend for a further period of up to two years.
C.3.9	<p>A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> a) the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; b) an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and c) if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded. 	Directors' Report - Integrated Audit Committee Report
D.1.3	Where an NHS Foundation Trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	None of the executive directors have been released to serve as a non-executive director elsewhere.
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS Foundation Trust's website and in the annual report.	Directors' Report – Membership section
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS Foundation Trust, for example through attendance at meetings of the Council of Governors, direct face-to-face contact, surveys of members' opinions and consultations.	Directors' Report

Code Provision	Requirement	How the code was adhered to
E.1.6	The Board of Directors should monitor how representative the NHS Foundation Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Directors' Report – Membership section
Additional requirement of FT ARM	The annual report should include: <ul style="list-style-type: none"> a) a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; b) information on the number of members and the number of members in each constituency; and c) a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members. 	Directors' Report – Membership section
Additional requirement of FT ARM (based on FReM requirement)	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS Foundation Trust. As each NHS Foundation Trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	Directors' Report details how the Registers of Interests for both directors and governors can be accessed.
A.1.4	The board should ensure that adequate systems and processes are maintained to measure and monitor the NHS foundation trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery	The Board receives regular reports via the Finance Committee and the Integrated Quality Performance Report via the Quality Assurance Committee
A.1.5	The board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance	This is included in the Integrated Quality Performance Report
A.1.6	The board should report on its approach to clinical governance.	A clinical strategy is in place.
A.1.7	The chief executive as the accounting officer should follow the procedure set out by NHS Improvement (Monitor) for advising the board and the council and for recording and submitting objections to decisions.	Confirmed
A.1.8	The board should establish the constitution and standards of conduct for the NHS foundation trust	This is set out in the Conflicts of Interest policy.

Code Provision	Requirement	How the code was adhered to
	and its staff in accordance with NHS values and accepted standards of behaviour in public life	
A.1.9	The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.	This is set out in the Conflicts of Interest policy.
A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	This is provided via membership of NHS Resolution
A.3.1	The chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust.	Confirmed
A.4.1	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Confirmed
A.4.2	The chairperson should hold meetings with the non-executive directors without the executives present.	Confirmed
A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board minutes.	Confirmed
A.5.1	The council of governors should meet sufficiently regularly to discharge its duties.	Confirmed – described in the Council of Governors section
A.5.2	The council of governors should not be so large as to be unwieldy.	Confirmed – described in the Council of Governors section
A.5.4	The roles and responsibilities of the council of governors should be set out in a written document.	This is set out in the Constitution
A.5.5	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	Confirmed
A.5.6	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	This is set out in the Constitution
A.5.7	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Confirmed
A.5.8	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	Confirmed
A.5.9	The council should receive and consider other appropriate information required to enable it to discharge its duties.	Confirmed

Code Provision	Requirement	How the code was adhered to
B.1.2	At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	Detailed in the Board of Directors report
B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	Confirmed
B.2.1	The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of executive and non-executive directors.	Confirmed
B.2.2	Directors on the board of directors and governors on the council should meet the “fit and proper” persons test described in the provider licence.	Confirmed and kept under review in line with CQC guidance
B.2.3	The nominations committee(s) should regularly review the structure, size and composition of the board and make recommendations for changes where appropriate.	Confirmed
B.2.4	The chairperson or an independent non-executive director should chair the nominations committee(s).	Confirmed
B.2.5	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non- executive directors.	Confirmed
B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	Confirmed
B.2.7	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	Confirmed
B.2.8	The annual report should describe the process followed by the council in relation to appointments of the chairperson and non- executive directors.	
B.2.9	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	Confirmed
B.3.3	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.	Confirmed
B.5.1	The board and the council governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	Confirmed
B.5.2	The board, and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a	Confirmed

Code Provision	Requirement	How the code was adhered to
	relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	
B.5.3	The board should ensure that directors, especially non- executive directors, have access to the independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.	Confirmed
B.5.4	Committees should be provided with sufficient resources to undertake their duties.	Confirmed
B.6.3	The senior independent director should lead the performance evaluation of the chairperson.	Confirmed
B.6.4	The chairperson, with assistance of the board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as board members.	Confirmed
B.6.5	Led by the chairperson, the council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	Confirmed
B.6.6	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Confirmed
B.8.1	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	Confirmed
C.1.2	The directors should report that the NHS foundation trust is a going concern with supporting assumptions or qualifications as necessary. See also ARM paragraph 2.12.	Confirmed
C.1.3	At least annually and in a timely manner, the board should set out clearly its financial, quality and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation	

Code Provision	Requirement	How the code was adhered to
	trust's business and operation, including clinical outcome data, to allow members and governors to evaluate its performance.	
C.1.4	<p>a) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS foundation trust's sphere of activity which are not public knowledge, which it is able to disclose and which may lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.</p> <p>b) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in:</p> <ul style="list-style-type: none"> • the NHS foundation trust's financial condition; • the performance of its business; and/or • the NHS foundation trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust. 	Confirmed
C.3.1	The board should establish an audit committee composed of at least three members who are all independent non-executive directors.	Confirmed – detailed in the report on the Integrated Audit Committee
C.3.3	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	Confirmed
C.3.6	The NHS foundation trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS foundation trust.	Confirmed
C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS Improvement informing it of the reasons behind the decision.	Confirmed
C.3.8	The audit committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical	A Freedom to Speak up Guardian is in Place

Code Provision	Requirement	How the code was adhered to
	quality, patient safety or other matters.	
D.1.1	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	Confirmed
D.1.2	Levels of remuneration for the chairperson and other non- executive directors should reflect the time commitment and responsibilities of their roles.	Confirmed – remuneration is in line with NHS Improvement guidance
D.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	Confirmed
D.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	Confirmed
D.2.3	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	Confirmed
E.1.2	The board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	
E.1.3	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	Confirmed
E.2.1	The board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co- operate.	This is confirmed through the local health care system work the Trust in which the Trust is a partner
E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	This is confirmed through the local health care system work the Trust in which the Trust is a partner

Comply or explain

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

Code of Governance reference	Summary of requirement	Response
A.1.4	The board should ensure that adequate systems and processes are maintained to measure and monitor the NHS foundation trust's effectiveness, efficiency and economy as well as the quality of its healthcare delivery	Confirmed
A.1.5	The board should ensure that relevant metrics, measures, milestones and accountabilities are developed and agreed so as to understand and assess progress and delivery of performance	Confirmed
A.1.6	The board should report on its approach to clinical governance.	Confirmed
A.1.7	The chief executive as the accounting officer should follow the procedure set out by NHS Improvement (Monitor) for advising the board and the council and for recording and submitting objections to decisions.	Confirmed
A.1.8	The board should establish the constitution and standards of conduct for the NHS foundation trust and its staff in accordance with NHS values and accepted standards of behaviour in public life	Confirmed
A.1.9	The board should operate a code of conduct that builds on the values of the NHS foundation trust and reflect high standards of probity and responsibility.	Confirmed
A.1.10	The NHS foundation trust should arrange appropriate insurance to cover the risk of legal action against its directors.	Confirmed
A.3.1	The chairperson should, on appointment by the council, meet the independence criteria set out in B.1.1. A chief executive should not go on to be the chairperson of the same NHS foundation trust	Confirmed
A.4.1	In consultation with the council, the board should appoint one of the independent non-executive directors to be the senior independent director.	Confirmed
A.4.2	The chairperson should hold meetings with the non-executive directors without the executives present.	Confirmed
A.4.3	Where directors have concerns that cannot be resolved about the running of the NHS foundation trust or a proposed action, they should ensure that their concerns are recorded in the board	Confirmed

Code of Governance reference	Summary of requirement	Response
A.5.1	The council of governors should meet sufficiently regularly to discharge its duties.	Confirmed
A.5.2	The council of governors should not be so large as to be unwieldy.	Confirmed
A.5.4	The roles and responsibilities of the council of governors should be set out in a written document.	Confirmed
A.5.5	The chairperson is responsible for leadership of both the board and the council but the governors also have a responsibility to make the arrangements work and should take the lead in inviting the chief executive to their meetings and inviting attendance by other executives and non-executives, as appropriate.	Confirmed
A.5.6	The council should establish a policy for engagement with the board of directors for those circumstances when they have concerns.	Confirmed
A.5.7	The council should ensure its interaction and relationship with the board of directors is appropriate and effective.	Confirmed
A.5.8	The council should only exercise its power to remove the chairperson or any non-executive directors after exhausting all means of engagement with the board.	Confirmed
A.5.9	The council should receive and consider other appropriate information required to enable it to discharge its duties.	Confirmed
B.1.2	At least half the board, excluding the chairperson, should comprise non-executive directors determined by the board to be independent.	Confirmed
B.1.3	No individual should hold, at the same time, positions of director and governor of any NHS foundation trust.	Confirmed
B.2.1	The nominations committee or committees, with external advice as appropriate, are responsible for the identification and nomination of executive and non-executive directors.	Confirmed
B.2.2	Directors on the board of directors and governors on the council should meet the “fit and proper” persons test described in the provider licence.	Confirmed
B.2.3	The nominations committee(s) should regularly review the structure, size and composition of the board and make recommendations for changes where	Confirmed

Code of Governance reference	Summary of requirement	Response
B.2.4	The chairperson or an independent non-executive director should chair the nominations committee(s).	Confirmed
B.2.5	The governors should agree with the nominations committee a clear process for the nomination of a new chairperson and non-executive directors.	Confirmed
B.2.6	Where an NHS foundation trust has two nominations committees, the nominations committee responsible for the appointment of non-executive directors should consist of a majority of governors.	Confirmed
B.2.7	When considering the appointment of non-executive directors, the council should take into account the views of the board and the nominations committee on the qualifications, skills and experience required for each position.	Confirmed
B.2.8	The annual report should describe the process followed by the council in relation to appointments of the chairperson and non-executive directors.	Confirmed
B.2.9	An independent external adviser should not be a member of or have a vote on the nominations committee(s).	Confirmed
B.3.3	The board should not agree to a full-time executive director taking on more than one non-executive directorship of an NHS foundation trust or another organisation of comparable size and complexity.	Confirmed
B.5.1	The board and the council governors should be provided with high-quality information appropriate to their respective functions and relevant to the decisions they have to make.	Confirmed
B.5.2	The board, and in particular non-executive directors, may reasonably wish to challenge assurances received from the executive management. They need not seek to appoint a relevant adviser for each and every subject area that comes before the board, although they should, wherever possible, ensure that they have sufficient information and understanding to enable challenge and to take decisions on an informed basis.	Confirmed
B.5.3	The board should ensure that directors, especially non-executive directors, have access to the independent professional advice, at the NHS foundation trust's expense, where they judge it necessary to discharge their responsibilities as directors.	Confirmed

Code of Governance reference	Summary of requirement	Response
B.5.4	Committees should be provided with sufficient resources to undertake their duties.	Confirmed
B.6.3	The senior independent director should lead the performance evaluation of the chairperson.	Confirmed
B.6.4	The chairperson, with assistance of the board secretary, if applicable, should use the performance evaluations as the basis for determining individual and collective professional development programmes for non-executive directors relevant to their duties as board	Confirmed
B.6.5	Led by the chairperson, the council should periodically assess their collective performance and they should regularly communicate to members and the public details on how they have discharged their responsibilities.	Confirmed
B.6.6	There should be a clear policy and a fair process, agreed and adopted by the council, for the removal from the council of any governor who consistently and unjustifiably fails to attend the meetings of the council or has an actual or potential conflict of interest which prevents the proper exercise of their duties.	Confirmed
B.8.1	The remuneration committee should not agree to an executive member of the board leaving the employment of an NHS foundation trust, except in accordance with the terms of their contract of employment, including but not limited to service of their full notice period and/or material reductions in their time commitment to the role, without the board first having completed and approved a full risk assessment.	Confirmed
C.1.2	The directors should report that the NHS foundation trust is a going concern with supporting assumptions or qualifications as necessary.	Confirmed
C.1.3	At least annually and in a timely manner, the board should set out clearly its financial, quality and operating objectives for the NHS foundation trust and disclose sufficient information, both quantitative and qualitative, of the NHS foundation trust's business and operation, including clinical	Confirmed

Code of Governance reference	Summary of requirement	Response
C.1.4	<p>a) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public's interest to bring to the public attention, any major new developments in the NHS foundation trust's sphere of activity which are not public knowledge, which it is able to disclose and which may lead by virtue of their effect on its assets and liabilities, or financial position or on the general course of its business, to a substantial change to the financial wellbeing, healthcare delivery performance or reputation and standing of the NHS foundation trust.</p> <p>b) The board of directors must notify NHS Improvement and the council of governors without delay and should consider whether it is in the public interest to bring to public attention all relevant information which is not public knowledge concerning a material change in:</p> <ul style="list-style-type: none"> • the NHS foundation trust's financial condition; • the performance of its business; and/or • the NHS foundation trust's expectations as to its performance which, if made public, would be likely to lead to a substantial change to the financial wellbeing, 	Confirmed
C.3.1	The board should establish an audit committee composed of at least three members who are all independent non-executive directors.	Confirmed
C.3.3	The council should take the lead in agreeing with the audit committee the criteria for appointing, re-appointing and removing external auditors.	Confirmed
C.3.6	The NHS foundation trust should appoint an external auditor for a period of time which allows the auditor to develop a strong understanding of the finances, operations and forward plans of the NHS foundation trust.	Confirmed
C.3.7	When the council ends an external auditor's appointment in disputed circumstances, the chairperson should write to NHS Improvement informing it of the reasons behind the decision.	Confirmed
C.3.8	The audit committee should review arrangements that allow staff of the NHS foundation trust and other individuals where relevant, to raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.	Confirmed

Code of Governance reference	Summary of requirement	Response
D.1.1	Any performance-related elements of the remuneration of executive directors should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels.	Confirmed
D.1.2	Levels of remuneration for the chairperson and other non- executive directors should reflect the time commitment and responsibilities of their roles.	Confirmed
D.1.4	The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointments would give rise to in the event of early termination.	Confirmed
D.2.2	The remuneration committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments.	Confirmed
D.2.3	The council should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive.	Confirmed
E.1.2	The board should clarify in writing how the public interests of patients and the local community will be represented, including its approach for addressing the overlap and interface between governors and any local consultative forums.	Confirmed
E.1.3	The chairperson should ensure that the views of governors and members are communicated to the board as a whole.	Confirmed
E.2.1	The board should be clear as to the specific third party bodies in relation to which the NHS foundation trust has a duty to co- operate.	Confirmed
E.2.2	The board should ensure that effective mechanisms are in place to co-operate with relevant third party bodies and that collaborative and productive relationships are maintained with relevant stakeholders at appropriate levels of seniority in each.	Confirmed

NHS Improvement's Single Oversight Framework

Single Oversight Framework

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

1. Quality of care
2. Finance and use of resources
3. Operational performance
4. Strategic change
5. Leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from one to four, where 'four' reflects providers receiving the most support, and 'one' reflects providers with maximum autonomy. A Foundation Trust will only be in segments three or four where it has been found to be in breach or suspected breach of its licence.

Segmentation

This segmentation information is the Trust's position as at 31 March 2020. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

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

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

Finance and use of resources

Area	Metric	2019/20				2018/19			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Financial sustainability	Capital service capacity	4	4	4	4	4	4	4	4
Financial sustainability	Liquidity	4	4	4	4	4	4	4	4
Financial efficiency	I and E margin	4	4	4	4	4	4	4	4
Financial controls	Distance from financial plan	1	2	1	1	2	1	2	2
Financial controls	Agency spend	1	1	1	1	1	1	1	1
Overall scoring		3	3	3	3	3	3	3	3

Statement of Accounting Officer's Responsibilities

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

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

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- prepare the financial statements on a going concern basis.

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

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.



James Devine

Chief Executive

24 June 2020

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Medway NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Medway NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

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

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

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

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

The risk and control framework

The Risk Management Strategy and Policy

The Risk Management Strategy and Policy and supporting procedures set out the key responsibilities for managing risk within the organisation, including ways in which the risk is identified, evaluated and

controlled. A risk management rating matrix is used to support a consistent approach to assessing and evaluating all clinical and non-clinical risks. The Risk Management Strategy and Policy has been reviewed and updated.

Risk Appetite

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

The Trust may accept some high risks because the cost of controlling them is prohibitive, while ensuring minimal impact on patient care and in line with the risk tolerances set. The Board has taken a cautious view regarding the risks that it is prepared to take in terms of risks to quality, patient safety, financial controls, reputation, compliance and regulation, workforce and external stakeholders, expressing a preference for safe delivery options that have a low degree of risk. The Risk Appetite Statement is reviewed periodically by the Trust Board outlining the risk tolerances for various areas of its operations.

The risk and control framework

Risk management is the key system through which strategic, clinical (quality and safety), operational, corporate and financial risks are managed by all staff to their reasonable best for the benefit of patients, staff, visitors and other stakeholders. It is through this system of internal control and accountability that the Chief Executive fulfils their responsibility as Accounting Officer and the Board fulfils its responsibility of stewardship.

In March 2020, the COVID-19 crisis brought about a major change in the provision of the Trust's services through national direction including the announcement on 23 March of a lock-down. In activating its serious incident control plans, a system of tactical cells and a strategic oversight were established to endure that controls over financial and purchasing remained in place and the Board could continue to maintain oversight of the Trust's activities. The arrangements have continued into 2020/21.

Key systems are being embedded at every level of the organisation to ensure compliance with current and future risk management related standards and legislation, as described in the Standard Operating Procedure for Risk Management.

The diagram below, [figure 1], provides a schematic view of the risk management process for identifying, evaluating, recording, controlling, monitoring and communicating risks throughout the organisation, with clear lines of escalation from ward speciality and Care Group levels, to Division and subsequently Executive and Board levels, with the consequent de-escalation and resolution of risk through appropriate control and actions taken.

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

The Board Assurance Framework which provides a structure and process that enables the Trust to focus on those risks that might compromise achievement of the Trust's strategic objectives was reviewed and reformatted. The Board Assurance Framework is reviewed at every meeting of the Integrated Audit Committee and quarterly at the Trust Board for oversight of emerging risks and issues which may impact on the achievement of the agreed priorities and to provide assurance that these principal risks continue to be mitigated as far as practicable. Although the key strategic risks are identified and monitored by the Trust Board, operational risks are managed on a day-to-day basis by staff throughout the Trust.

[Figure 1] Schematic view of the risk management process



A summary of the principal governance risks is provided below.

Principal risks

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

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

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

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

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

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

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

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

People Strategy and Workforce Safeguards

The Trust's 2019-22 People Strategy builds upon the 2017-19 Workforce Strategy which aims for a continued transformational change over the next two years. Our People Strategy will be delivered through three delivery domains, Best of People, Best Culture and Best Future and has been designed in tandem with our clinical and quality strategies. This is to ensure our culture and future is based on building continuous quality improvement and that we design our workforce to deliver the clinical services for the future. The strategy is driven by patient safety improvements based on the Francis Report and Developing Workforce Safeguards to deliver high-quality care through safe and effective staffing. To ensure we plan effectively and safely for the future, the Trust conducts bi-annual safe staffing reviews; safe staffing is reported through to Board as part of our integrated quality and performance report; a monthly ward nursing scorecard is reviewed; multiple daily safe staffing acuity reviews take place across the hospital; planning for now and in the future is carried out through following national guidance for staffing ratios.

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

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

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

Register of Interests

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

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

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

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

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

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

Financial Sustainability

In 2019/20 we delivered our control total of £52.9 million deficit (excluding Provider Sustainability Fund, Financial Recovery Fund and Marginal Rate Emergency Threshold funding).

The plan for 2020/21 is to deliver a deficit of £56.5 million (excluding Provider Sustainability Fund, Financial Recovery Fund and Marginal Rate Emergency Threshold funding) and is reliant on the delivery of a £12 million Cost Improvement Programme (CIP). The increased deficit is as a result of additional revenue costs arising once the Trust's interim debt (repayable at an interest rate of 1.5 per cent) is written off through the issuance of Public Dividend Capital (on which dividends are repayable at 3.5 per cent of average relevant net assets). The Trust is also subject to a number of national charges which will increase above the rate of inflation in 2020/21, such as clinical negligence scheme premiums.

Notwithstanding the deficit, national comparators of both reference costs and the model hospital show the Trust providing services at a value at the national median.

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

- Establishing the continuation of challenging and realistic Cost Improvement Programme in 2020/21.
- The development of a medium term plan with partner organisations to solve the drivers of the deficit.
- Controls around key areas of expenditure have been introduced and continue to be developed to ensure that all spending is appropriate, essential and represents value for money.

- Continuous confirmation and challenge to ensure that resources are used economically, efficiently and effectively across clinical services; the Trust carries out regular monitoring of clinical indicators on quality and safety.

The Trust's external auditors are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The result of their work is reported to the Integrated Audit Committee. Their report is on [page 145](#).

Cost Improvement Programme

The Trust achieved its CIP target of £18 million, which builds on the £21 million delivered in 2018/19. This is one of the largest acute trust efficiency programmes nationally at 5.3 per cent of operating expenditure in 2019/20 and 5.9 per cent in total across the last two years.

Review of use of resources at Committees

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

Financial performance and investment business cases are overseen by the Finance Committee which is chaired by a non-executive director. This committee reports directly to the Board and provides assurance on the financial position and commercial decisions.

The Board receives an Integrated Quality and Performance Report and a Finance and Performance Report at each Board meeting which includes reviewing the Trust's operational performance relating to national targets, quality, CQUINs and efficiency.

Performance is reviewed at all directorate and service level meetings as well as at team meetings. Issues are monitored and managed through the Trust's management structure, with Chief Operating Officers being held accountable for the performance of their care programmes. Issues are escalated to the Executive Group and for Clinical Council discussion and resolution where appropriate.

Information governance

Serious incidents requiring investigation

Summary of serious incidents requiring investigation involving personal data as reported to the information commissioner 2019-20

Date of Incident (month)	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification Steps
Date 11/12/2019	Breach of confidentiality in relation to an ex-partner	Location	1	Information Commissioner's Office (ICO)
13/02/2020	Breach of confidentiality in relation to a historical court order	Location	1	Information Commissioner's Office (ICO)
Further action on information risk	In each case a full investigation was held and the ICO informed. No harm came from either breach.			

Summary of other personal data related incidents

Category	Breach type	Total
A	Corruption or inability to recover electronic data	3
B	Disclosed in error	57
C	Lost in transit	25
D	Lost or stolen hardware	1
E	Lost or stolen paperwork	4
F	Non-secure disposal – hardware	0
G	Non secure disposal – paperwork	1
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	0
J	Unauthorised access / disclosure	3
K	Other	25
Total Information Governance/ Data Security and Protection breaches		119

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

Submission of the Data Security and Protection Toolkit has been delayed until September 2020.

EPRR Statement

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

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

Annual Quality Report

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

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

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

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

Compliance with CQC registration

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

The CQC inspected a number of areas of the Trust in December 2019/January 2020 and its findings were published in April 2020. An Improvement Plan in response to the inspection findings will be by June 2020.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Integrated Audit and the Quality Assurance Committee [where appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

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

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

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

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

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

Compliance with the Trust's licence

The Trust has confirmed compliance with all of its Licence conditions. The Trust has submitted formal undertakings to NHS Improvement in respect of identified breaches of licence conditions FT4(5)(a) to (f); FT4(6)(c), (d) and (f); FT4(7); and CoS3(1).

Conclusion

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



James Devine

Chief Executive

24 June 2020

QUALITY REPORT



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- Statement of adjustment

Annex 2

- Statement of directors' responsibilities for the quality report

About the Quality Report

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

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

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

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

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

Our Quality Priorities for 2019/20 were set in consultation with a variety of stakeholders from patients, staff, governors and members of the wider community of Medway and Swale. They form the core component of our Quality Strategy led by the Chief Nurse as the Executive Director for quality.

Part 1: Statement on quality from the chief executive

So much has happened at Medway in the past 12 months; it really has been a year of contrasts. While few people could have predicted 2020 being dominated by the worldwide coronavirus pandemic, we must not allow the enormity of the situation overshadow what we have achieved. This Quality Account provides an opportunity to celebrate what we did well, acknowledge where we need to do better, and plan for the future.

Over the past year a lot has happened that we can be proud of. Phase two of the redevelopment of our Emergency Department was completed last year, and in December we were delighted to welcome HRH The Princess Royal on a visit. On the same day our royal visitor also toured our maternity department and met midwives who had won the coveted Midwifery Services of the Year at the Royal College of Midwives Awards.

Last year we also opened our Same Day Emergency Care centre to improve the experience of patients needing care in an emergency by reducing waiting times and the number of people needing to be admitted to the hospital. This all helps with the flow of patients through the hospital.

Meanwhile our prehabilitation service, which has been widely praised, has helped improve the fitness levels of many people in advance of surgery – a big benefit in terms of recovery from an operation. This is another example of patient-centred developments aimed at improving the quality of care and experience for our patients.

The prehabilitation service was among those highlighted in our Care Quality Commission report, published on 30 April. In the report there was acknowledgement for a number of areas of excellence, and we were very proud that our critical service was rated Outstanding. We were also pleased that the rating for our End of Life care was raised to Good.

The report followed the CQC's inspection of core services in December, along with two unannounced inspections, the Use of Resources visit, and Well-Led review. In the period between the visit and the publication of the report a number of improvements had already been implemented, some results from initial feedback, and some in the weeks following the inspection.

An action plan has been developed to address areas of concern, including areas where we were disappointed to see our ratings drop, namely Medical Care (including Older People's Care), and Well-Led, which were both rated Inadequate. We acknowledged that we needed to do better in these areas, and quickly set about working with staff to make the required improvements, such as enhancing our processes for risk management, clinical effectiveness, and infection prevention and control, to ensure patients really do receive the Best of Care from the Best of People.

Our commitment to this is contained within our organisational values, aims and objectives which remain unchanged. The strategic priorities within the Quality Strategy aim to provide consistent high quality care. The emphasis is on continuously improving the safety, quality and experience of care and ensuring that the care patients receive is evidence based and reliable.

During the coronavirus epidemic we have seen staff rise to an unexpected and incredibly difficult challenge and I have been so impressed with the clinical leadership, commitment and dedication we have seen from all our staff, not just those on the frontline but also in support roles. We have seen the most compassionate care for the most sick, and for those who sadly lost their lives to COVID-19.

As we look ahead to a 'new normal' once the pandemic has eased, I know that spirit will continue to help us deliver that same high quality, compassionate care as we strive to meet our constitutional standards consistently throughout the hospital.

We will continue to encourage an open and transparent reporting culture where members of staff are encouraged to raise concerns and report incidents. Here we will focus on providing timely feedback to ensure we achieve our aim of becoming a listening, learning and improvement driven hospital that is clinically led.

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

James Devine
Chief Executive

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

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

The launch of the implementation of Medway NHS Foundation Trust's Quality Strategy took place in October 2019, where we celebrated the successes and achievements to date and set out the priorities and goals for providing high-quality care over the next three years. The quality strategy is aimed at providing consistent high quality care with the emphasis on continuously improving the safety, quality and experience of care and ensuring that the care patients receive is evidence based and reliable.

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

The Trust's Quality Strategy is aligned to our fifth strategic objective aimed at delivering High Quality Care that is safe effective and person centred. Therefore, the Quality Priorities for 2020/21 seek to continue and build upon this earlier work. Delivering our priorities across all three domains will enable us to demonstrate that we provide safe and effective care for all of our patients and a positive patient experience for them and for their families.

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

Safe

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

Effective

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

Person Centred

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

2.1 Quality Priorities for Improvement 2020-21

The Trust will ensure that the quality improvement priorities identified for 2020-21 will continue as outlined in the Trust's Quality Strategy 2019/22 to ensure focused delivery and build on the achievements and work to date.

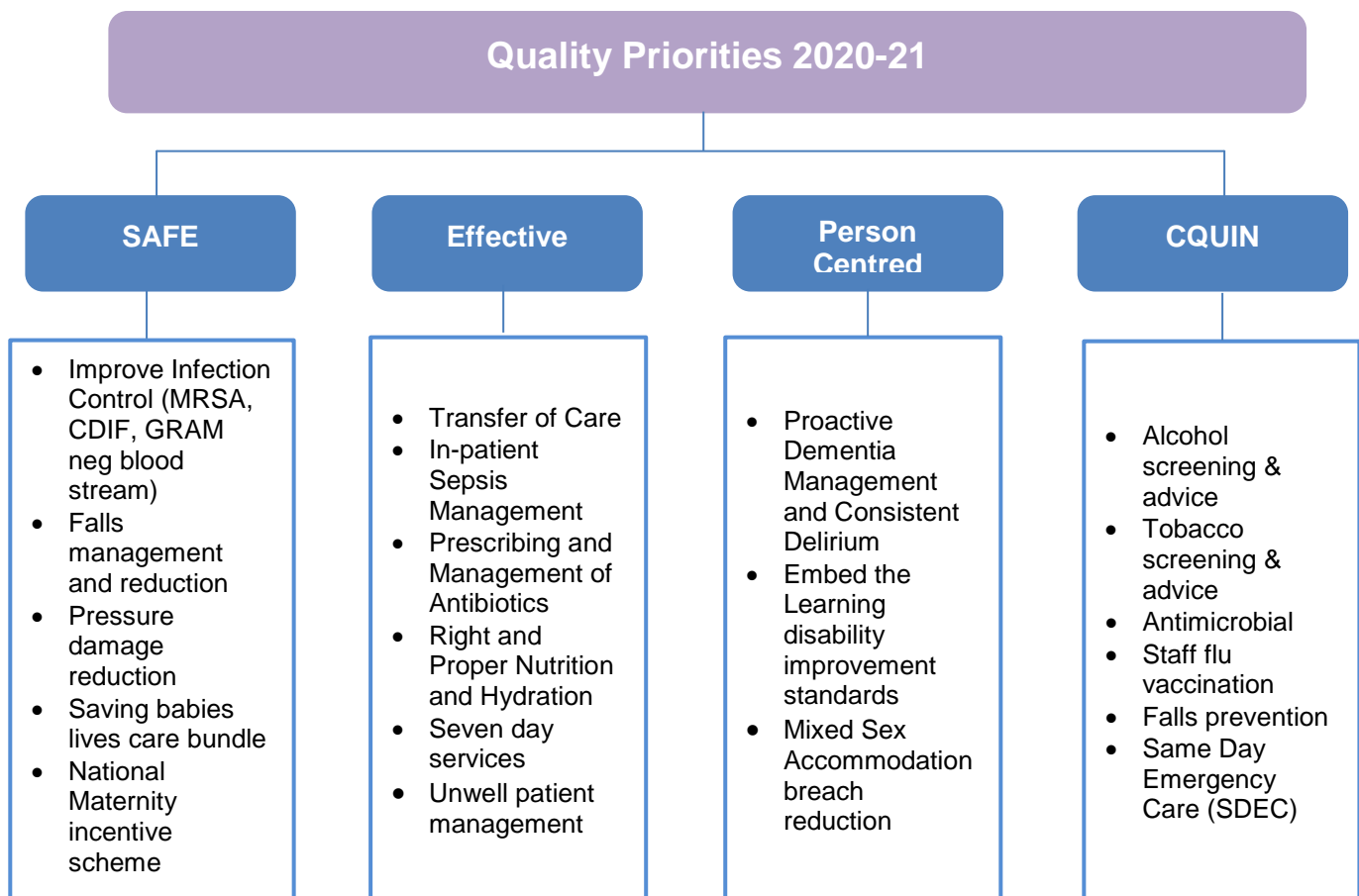
In preparation for this report and in order to engage with our stakeholders, consultations took place with governors, staff and patient group representatives, with a presentation of quality priorities delivered to our members.

The priorities reflect the ambition contained within our Corporate Objectives and fall into the Domains of Safe, Effective and Person Centred Care.

To date we have achieved the following measurable quality improvements in 2019-20:

- **Falls-** the Trust achieved a 12 per cent reduction in number of falls with resulting in harm
- **Pressure Damage-** the Trust achieved a 40% reduction in category 3 pressure ulcers and a 60 per cent reduction in category 4
- **Hospital Acquired Infections and Prescribing and Management of Antibiotics-** We achieved the target for Clostridium Difficile with 32 cases, against a national target of 43
- **Saving Babies Lives Care Bundle -** The CNST Incentive scheme year 2, all 10 safety actions were met and a 10 per cent CNST premium received
- **Transfer of Care-** there was an 80 per cent reduction in avoidable cardiac arrest calls resulting in fewer transfers to the Intensive Care Unit. The National Cardiac Arrest Audit (NCAA) showed the Trust is now below the national average for the number of hospital cardiac arrests
- **In-patient Sepsis Management-** 100 per cent compliance with the Sepsis 6 care bundle

Significant improvements were achieved in making patient care safer, reducing harm to patients, improving the reliability of key processes recognised to impact on the outcomes and reliably implement evidence based interventions.



Statements of assurance from the board

Review of Services

During 2019/20 the Medway NHS Foundation Trust provided and/or sub-contracted 50 relevant health services.

The Medway NHS Foundation Trust has reviewed all the data available to it on the quality of care in 50 of these relevant health services.

The income generated by the relevant health services reviewed in 2019/20 represents 100 per cent of the total income generated from the provision of relevant health services by Medway NHS Foundation Trust for 2019/20.

Participation in Clinical Audits 2019/20

During 2019/20, 52 national clinical audits and six national confidential enquiries covered relevant health services that Medway NHS Foundation Trust provides.

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

The national clinical audits and national confidential enquiries that Medway NHS Foundation Trust participated in, and for which data collection was completed during 2019-20, are listed below alongside the percentage number of cases submitted to each audit or enquiry.

Audit Title	Participation	Percentage of required number of cases submitted
Adult Community Acquired Pneumonia	N	N/A No data collected in 2019
BAUS Urology Audit - Cystectomy	Y	100%
BAUS Urology Audit – Nephrectomy	Y	100%
BAUS Urology Audit – Radical Prostatectomy	Y	100%
Cardiac Rhythm Management (CRM)	Y	100%
Case Mix Programme (CMP)	Y	100%
Elective Surgery (National PROMs Programme)	Y	100%
National Audit of Inpatient - Falls to fracture	Y	100%
National Audit of Inpatient - National Hip Fracture Database	Y	100%
National Audit of Inpatient - Fracture Liaison Service Database	Y	100%
Inflammatory Bowel Disease Registry	N	N/A
Care of Children (Care in Emergency Departments) (RCEM)	Y	100%
Learning Disability Mortality Review Programme (LeDeR)	Y	100%
Major Trauma Audit	Y	76%
Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection – MRSA	Y	Figure not available currently collecting data
Mandatory Surveillance of Bloodstream Infections and Clostridium Difficile Infection - C-Diff	Y	Figure not available currently collecting data
Myocardial Ischaemia National Audit Project (MINAP)	Y	Figure not available – currently collecting data
National Asthma and COPD Audit Programme - COPD Secondary Care Audit	Y	100% (to date, Q4 data collection suspended)
National Asthma and COPD Audit Programme - Adult Asthma Secondary Care Audit	Y	100% (to date, Q4 data collection suspended)
National Audit of Breast Cancer in Older People	Y	100%
National Audit of Care at the End of Life (NACEL)	Y	100%
National Audit of Dementia	Y	100%
National Audit of Percutaneous Coronary Interventions (PCI) – Angiograms	Y	100%
National Audit of Percutaneous Coronary Interventions (PCI) – Angioplasty	Y	100%

Audit Title	Participation	Percentage of required number of cases submitted
National Audit of Percutaneous Coronary Interventions (PCI) - Primary PCI	Y	100%
National Audit of Seizures and Epilepsies in Children and Young People	Y	Figure not available at this time
National Bowel Cancer Audit (NBOCA)	Y	100%
National Cardiac Arrest Audit (NCAA)	Y	100%
National Clinical Audit for Rheumatoid and Early Inflammatory Arthritis (NCAREIA)	Y	100% (to date, data collection suspended)
National 2019 Re-audit of the medical use of blood	Y	100%
National Diabetes Audit - Adults National Diabetes	Y	100%
National Diabetes Audit - Inpatient Audit	Y	N/A – Organisational questionnaire only
National Diabetes Foot Care Audit	Y	100%
National Emergency Laparotomy Audit (NELA)	Y	100%
Perioperative Quality Improvement Programme (PQIP)	Y	100%
National Heart Failure Audit	Y	100%
National Joint Registry (NJR)	Y	100%
National Lung Cancer Audit (NLCA)	Y	100%
National Maternity and Perinatal Audit (NMPA)	Y	100%
National Neonatal Audit Programme (NNAP)	Y	100%
National Oesophago-gastric Cancer (NAOGC)	Y	100%
National Paediatric Diabetes Audit (NPDA)	Y	100%
National Prostate Cancer Audit	Y	100%
National Vascular Registry	Y	100%
Non-Invasive Ventilation - Adults	Y	100%
Paediatric Intensive Care (PICANet)	N	N/A
Reducing the impact of serious infections Antimicrobial Resistance	Y	100%
Reducing the impact of serious infections Sepsis	Y	100%

Audit Title	Participation	Percentage of required number of cases submitted
Sentinel Stroke National Audit programme (SSNAP)	Y	100%
Serious Hazards of Transfusion (SHOT): UK National Haemovigilance	Y	100%
Seven Day Hospital Services NHS England	Y	100%
Surgical Site Infection Surveillance Service	Y	100%
Assessing Cognitive Impairment in Older People / Care in Emergency Departments (RCEM)	Y	100%
Mental Health (Care in Emergency Departments) (RCEM)	Y	100%
National Cancer Patient Experience Survey 2019	Y	100%

National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	Participation	Percentage of required number of cases submitted
Pulmonary Embolism	Y	100%
Acute Bowel Obstruction	Y	100%
Long Term Ventilation	Y	100%
Out of Hospital Cardiac Arrest	Y	100%
Dysphagia in Parkinson's Disease	Y	50% (study still open)
Physical Healthcare in Mental Health Hospitals	Y	N/A

The reports of 29 national clinical audits were reviewed by Medway NHS Foundation Trust in 2018/19 and the Trust intends to take the following actions to improve the quality of healthcare provided.

Audit Title	Actions
1. National Hip Fracture Database (NHFD)	<ul style="list-style-type: none"> • Timely surgery within 36 hours • Early admission to orthopaedic wards from ED • Timely orthogeriatric review • Nutritional and bone health assessment • Early post op mobilisation by physiotherapy
2. National Audit of Dementia – Round 4 Audit Report	<ul style="list-style-type: none"> • The Trust has robust training for Dementia and Delirium, which is not mandatory, review the need to make the training mandatory • Ongoing support and education to be provided to ensure

Audit Title	Actions
	<p>consistent implementation of the 4AT on admission.</p> <ul style="list-style-type: none"> • The Dementia and Delirium Team to launch standards based on the mnemonic I-SMILE. • I-SMILE standards and competencies includes 'E' for eating and drinking. The catering manager is reconsidering what is provided including coloured plates and adapted cutlery. • Patient Electronic Discharge Notifications include a section for reporting on cognitive scores and/or 4AT delirium screening score, free text for describing symptoms and interventions whilst in hospital and recommendations for the GP including, ongoing monitoring, referral to memory clinic and referral for care support
3. National Vascular Registry	<ul style="list-style-type: none"> • Hot Carotid Clinical has been introduced daily to expedite treatment • 2New aneurysm pathway across Kent & Medway to have one unified pathway delivered in East Kent is being implemented
4. National Neonatal Audit Programme	<ul style="list-style-type: none"> • NNAP outlier letter – actions taken to make improvements include: <ul style="list-style-type: none"> ○ Revamp the audit team ○ Nursing staff to participate in the badger data capture and the NNAP Audit ○ monthly badger team meeting to address badger related issues • Explore the options of upgrading to badger EPR
5. National Emergency Laparotomy Audit 2018	<ul style="list-style-type: none"> • Outlier for the National Emergency Laparotomy Audit 2018, risk-adjusted 30 day mortality, 1 December 2017 to 30 November 2018 actions taken to make improvements to the following issues: <ul style="list-style-type: none"> ○ Improving Outcomes and reducing complications ○ Ensuring accurate assessment, documentation and communication risk assessment for all patients ○ Delivering care within agreed timelines for all patients ○ Enabling consultant input in the perioperative period for all high-risk patients ○ Effective multidisciplinary working; Radiology, ICU, Geriatrics • Supporting Quality Improvement
6. National Early Inflammatory Arthritis Audit,	<ul style="list-style-type: none"> • Outlier for the 2019 National Early Inflammatory Arthritis Audit proportion of patients, with their first review within three weeks of referral, 8 May 2018 to 7 May 2019. actions taken to make improvements include: • Submit the Medway Early Inflammatory (Me-In)

Local Audits

During the same period, Medway NHS Foundation Trust staff successfully completed 149 local clinical audits of the 254 due to be completed, 82 produced action plans. The remaining audits are at various stages of completeness and will be monitored through to completion.

The Trust undertook 254 local audits in the 2019/20.

The reports of 82 local audits were reviewed by Medway NHS Foundation Trust during 2019/20 the Trust intends to take the following actions to improve the quality of the healthcare provided.

Audit Title and Actions
1819.033N - New diagnosis of tuberculosis in the paediatric population <ul style="list-style-type: none"> Formulate algorithm for sampling/investigation of all TB Formulate guidelines for local use based on BTS and ATS advice for NTM lymphadenitis and pulmonary disease.
1819.036N - Measuring implementation guidelines in physiotherapy patients with COPD <ul style="list-style-type: none"> Develop and undertake patient survey reference patient experience and management of COPD in acute setting, and to assess if patients would attend gym session if available. Develop gym sessions to incorporate patient education and self-management of COPD. Review staffing levels to support the gym sessions Present audit results to the wider team about good practice in COPD management highlighting the need for clear documentation.
1819.037N - Bullous Pemphigoid Audit <ul style="list-style-type: none"> Standardised dataset for patient presenting with clinical diagnosis of bullous pemphigoid. Technical aspects of audit standards to be changed to ensure standards reflect relevant data and care for the different points in patient pathway. Consider the inclusion of topical treatment and categorisation of these in future audits.
1819.070N - Door to Needle Time in Acute Ischaemic Stroke. <ul style="list-style-type: none"> Incorporate stroke and Thrombolysis teaching in FY1, FY2, CT and GP teaching programme. Update the current stroke proforma to include initial assessment at A&E, also include symptom onset time, symptoms to needle time and also include a section to document the reasons for delays. Print the dosage protocol of tPA on proforma, dispensing information and administration instructions with the help of stroke pharmacist, to ensure correct dosage of tPA on stroke proforma.
1819.094N - Incidence and management of new onset atrial fibrillation in patients admitted to intensive care <ul style="list-style-type: none"> Develop and implement a flowchart.
1819.099N - Therapeutic hypothermia after cardiac arrest <ul style="list-style-type: none"> Update trust cooling policy.
1819.108N - Audit on fluoride varnish application in cleft lip and palate patients <ul style="list-style-type: none"> Oral health nurse to leave aside specific diary time for cleft patients.
1819.109N - To assess the status of VTE assessment and prescription for patients admitted under urology and general surgery <ul style="list-style-type: none"> VTE champion of each team will lead staff in the implementation of VTE assessment and bleeding assessment Re-audit to assess the impact of these implementations
1819.111N - CT Image Quality <ul style="list-style-type: none"> Service Lead to share findings of the report with staff at huddle/big four and Q-pulse distribution of report

Audit Title and Actions
1819.114N - Management of follow-up from Pulmonary Embolism <ul style="list-style-type: none"> Develop a proforma for suspected PE management.
1819.117N - A retrospective review of Dietetic Input to oncology patient's between August 2016 and 2018 <ul style="list-style-type: none"> Ensure GDU staff are aware of appropriate first line oral nutritional supplements in community settings. Ensure oncology ward staff are aware of nutritional interventions they can implement prior to dietetic assessment. Present at the haematology/oncology study day for new to chemotherapy nursing staff. Ensure that patients are seen face to face on GDU as a 1st line measure over phone reviews Review and plan caseloads to ensure that GDU gets cover.
1819.124P - Head injury in adults (RCEM) <ul style="list-style-type: none"> Create an appropriate and inclusive proforma is available for junior doctors and ENPs to use. Review and plan for ENPs to manage head injuries
1819.138N - Monitoring post LSCS patients in recovery and ward <ul style="list-style-type: none"> Work with other teams to achieve target 100% of monitoring in ward. Discuss with the Lead Obstetrician about improving staffing level. Discussions with other teams, agree changes, implement and re-audit.
1819.159N - Spontaneous Pneumothorax in Adults <ul style="list-style-type: none"> Ensure junior doctors are aware of the RCEM guidelines Junior doctors to document follow up/gauge for drain and advice on discharge summaries and notes.
1819.160N - Investigation & management of Syncope <ul style="list-style-type: none"> Screen ED Symphony software and EDNs for re-attendances, to follow up high-risk patients for 6 months after the initial presentation Present at Grand-Round to inform ED and Acute Medicine clinicians of audit results Re-design ED Syncope proforma to Improve rate of Cardiology referrals for high-risk patients
1819.163N - Analgesia for Breast Oncology Surgery <ul style="list-style-type: none"> Training for trainees and senior colleagues who undertake breast lists on at least one of the regional anaesthesia techniques for breast surgery Regional anaesthesia should be offered and discussed to patients undergoing breast surgery if appropriate. Present findings of audit at surgical meeting.
1819.167N - Management of pregnancy of unknown location (PUL) in Medway Maritime Hospital <ul style="list-style-type: none"> Email to senior and junior doctors reminding adherence to local protocol for patients with a drop in serum beta hCG > 50%.
1819.174N - Neonatology appropriateness of ward attended referral <ul style="list-style-type: none"> Midwives to weigh babies on day 3 of life and put in place feeding plan if weight loss already >7 per cent and to check TCB; If just weight loss/feeding: admitted to postnatal ward for feeding support
1819.177N - The impact of a personalized diabetes record card on clinical outcomes of patients with diabetes mellitus <ul style="list-style-type: none"> Ensure patients are well educated on how to use of the diabetes record card and be made available to them during each clinic visit.

Audit Title and Actions
<ul style="list-style-type: none"> To do a reassessment of sustained positive clinical improvements in glycaemic control and other clinical parameters of patients using the diabetes record card in one year time.
<p>1819.178N - Communication of patient diagnostic test results on discharge from GEC</p> <ul style="list-style-type: none"> Initiate an investigation folder in GEC to file all investigations ordered, results to be chased up on daily bases. Results to be communicated to patients by phone if abnormal with a clear management plan as well as updating eDN. Normal results to be updated on the eDN and sent to the patient by post
<p>1819.189N - Investigation & Management of Headache in AEC</p> <ul style="list-style-type: none"> Regular teaching and senior oversight to increase adherence of the use of headache pathway in AEC in all referred cases. Good quality Ophthalmoscope required to provide proper neurological examination Ensure request for neuroimaging if suggested by pathway after senior review, if imaging required contrary to the pathway, reasons needs to be clearly documented. Combined yearly audit with radiology department.
<p>1819.193N - Management of ectopic pregnancies in 2018 in MMH against NICE and RCOG GTG (re audit)</p> <ul style="list-style-type: none"> Add a tick box to the GEC proforma to remind clinicians to have this discussion. Provide a leaflet with support group information. If patient haemodynamically stable, liaise with consultant on-call if waiting till morning is feasible. Junior registrars should alternate number of obstetric on-calls with gynae to improve their personal training opportunities, this needs to be communicated with the rota co-ordinator. Improve the quality of the probe/scanning machine.
<p>1819.196N - Lumbar Puncture efficiency</p> <ul style="list-style-type: none"> Form to be updated to include section for pregnancy test; form to include pregnancy test label to assist theatre staff.
<p>1819.199N - Improving the update of the clinical frailty scale in inpatients</p> <ul style="list-style-type: none"> Present audit finding at the department meeting to highlight expected initial triage, initiate education to highlight the importance of accurate triage
<p>1819.204N - Skin irritation in extreme preterm neonates (topical antibiotics & preterm skin)</p> <ul style="list-style-type: none"> 0.05 per cent Chlorhexidine to be used for skin cleansing in all neonates ≤ 25 weeks 2 per cent Chlorhexidine+ 70 per cent Isopropyl Alcohol to be used cautiously in neonates ≤ 30 weeks Skin assessment to be done and documented prior to and up to 72 hours after skin antiseptic use Skin assessment form to be linked to Saving lives form
<p>1819.205N - Neonatal units workforce</p> <ul style="list-style-type: none"> Continue to assess the impact of nurse only second team at weekends.
<p>1819.208N - Quality of teaching on consultant led ward rounds at MMH</p> <ul style="list-style-type: none"> Present at junior doctors teaching (F1, F2, GP) and grand round to raise awareness amongst junior and senior doctors about the importance of teaching on ward rounds to ensure that more can be made of this opportunity. Design and display a poster about our findings, highlighting the importance of teaching

Audit Title and Actions
1819.214N - Rates of TSH suppression in patients with thyroid cancer <ul style="list-style-type: none"> All clinicians to document, at least once, of the target TSH level for patients in their clinic letters and/or MDT summary
1819.216N - Identity of healthcare professionals who report imaging investigations <ul style="list-style-type: none"> A temporary solution is to add these data inside the body of the reports and this can be done manually, the PACS admin will try to add short cuts to save time. Discuss these standard in the new RIS contract at the next consultant meeting
1819.222N - CABS Care Bundle (2018) <ul style="list-style-type: none"> To take out the UAC/UVC ASAP Early insertion of long line Recommendation of changing the sticker to reflect the current unit disinfection guideline. Regular teaching and training sessions
1819.223N - Trauma X-rays of the ankle – Do they meet our guidelines? <ul style="list-style-type: none"> Educate clinicians on the Ottawa ankle rules, develop posters to be placed around ED minors department, and raise the importance of quality of information
1819.228N - Orthopaedic Surgery Consent form Completion and legibility <ul style="list-style-type: none"> Staff to be e-mailed the online links to National Guidelines to consent, as well as an online guide for individual risks of different Orthopaedic surgical procedures
1819.229N - Biosimilar switch in Rheumatology patients <ul style="list-style-type: none"> Undertake further switch of patients from Darent Valley Hospital Cohort Additional switch clinics with CIP savings ring fenced for employing rheumatology pharmacist and band 2 admin staff.
1819.230P - LocSSIP (2018 data) <ul style="list-style-type: none"> Feedback to nursing staff that if an NGT is inserted that it must be ratified by a consultant and marked on the LocSSIP.
1819.232N - Reducing the incidence of major post partum haemorrhage following vaginal delivery <ul style="list-style-type: none"> PPH Plan formulated and disseminated to Staff by email and poster on labour ward <ul style="list-style-type: none"> Local agreement and inclusion in the PPH policy Increase awareness of the use of Syntometrine in the prophylaxis against PPH in high risk cases Treatment of antenatal anaemia
1819.236N - MRI TRUS biopsy <ul style="list-style-type: none"> MRI to be discussed in MDM.
1819.238N - Improving the Surgical Weekend Handover <ul style="list-style-type: none"> Ensure a thorough explanation of how to use the list system is included in the surgical junior doctor induction at the start of each rotation.
1819.239N - Review of A&E referrals to PAU <ul style="list-style-type: none"> Integrated clerking proforma, ensure these are made available in the ED department Paediatric SpR and ED doctors to be informed of change: ED may request for Paediatric SpR to review a patient in ED if there is query regarding: <ul style="list-style-type: none"> discharge/admission. uncertainty for 16-18 year old patients suitability for paediatrics, advised can be sought from paediatric SpR and if need be consultant-consultant referrals Review of recruiting adequately paediatric experienced doctors to ensure that juniors

Audit Title and Actions
<p>are supported and avoiding unnecessary referrals to PAU, with clear decisions being made in ED</p>
<p>1819.243N - Cardiac admissions, and outcomes to the neonatal unit</p> <ul style="list-style-type: none"> • Continue individual perinatal management planning and sharing agreed plan to whole team managing the pregnancy and subsequent neonate • Regular multidisciplinary feedback sessions, quarterly • Real-time image discussions with cardiology centre
<p>1819.252N - Keats Incomplete EDNs</p> <ul style="list-style-type: none"> • Ensure existing staff are aware of patient safety risks associated with incomplete eDN e.g. access to PMH and DH in patients with cognitive impairment <ul style="list-style-type: none"> ◦ Design a poster to affix in Dr's offices across wards/departments/mess ◦ Encourage ward manager/clerk to highlight incomplete eDNs to ward doctors on a weekly basis as to prevent a backlog. ◦ Ward clerks to attend Monday board round to provide Drs with a list of outstanding eDNs ◦ Short presentation regarding audit results and importance of completing eDN's at the end of cohort and departmental teaching ◦ Edit e-learning module on EDN system to highlight the importance of completing EDNS and how to fill in death notifications
<p>1819.254N - Amendments on Drug Charts – Are they clear? And is it a problem? – An audit of practice and QI project at Medway Hospital</p> <ul style="list-style-type: none"> • Ensure that the medical departments in the hospital are aware of this problem and the possible risks of patient safety regarding drug amendment <ul style="list-style-type: none"> ◦ Design a poster highlighting where to add further information in regards to drug amendments, to reduce the ◦ Raise awareness of the problem by presenting at teaching sessions
<p>1819.257N - Improving the quality of documentation for patients presenting with Cauda Equina Syndrome (CES)</p> <ul style="list-style-type: none"> • Make printed copies of proformas readily available in orthopaedic area, doctor's office, ED and make proforma available to access on intranet. • Encourage staff to regularly use the proforma
<p>1819.258N - Health and well-being of Doctors</p> <ul style="list-style-type: none"> • Ensure all doctors joining the trust are aware of the flowchart, all new doctors to be made aware how to access the link to the flowchart via the Intranet • Recirculate the flowchart again to all doctors, to improve mental health support awareness in all doctors at Medway Maritime Hospital from current awareness by 50 per cent. • To present findings to key staff such as the Deputy Director of HR and OD and at Medilead, add the flowchart to the Doctor's Toolbox
<p>1819.262N - Analysis of delayed discharge of urological patients</p> <ul style="list-style-type: none"> • Discharge checklist to be used and placed at the patient's folder to guide discharge planning, for the early identification of patients with potential complex discharge needs • To present findings and recommendations in urology department meeting or external meeting to re-emphasised the importance of completing discharge paperwork at later stage
<p>1819.263N - Analysis of coding with implementation of improvement strategies for arthroscopic subacromial decompressions</p> <ul style="list-style-type: none"> • Introduce an interactive template for use by surgeons to improve communication

Audit Title and Actions
between surgeons and coders.
1819.264N - Acute Kidney Injury Management Compliance <ul style="list-style-type: none"> AKI Patient Leaflet, to be designed and disseminated to wards for distribution to patients, and update AKI Trust Policy & Guidelines Publicise the usage of AKI Bundle document in patient notes, on Trust Website. Acute Response Team to ensure training programme lectures for regular teaching of FY & CMT trainee doctors and ward Staff. Display AKI Posters in various wards and other areas of the hospital.
1920.003N - Term admission with Suspected Sepsis <ul style="list-style-type: none"> Assess the number of Lumbar puncture performed Assess number of confirmed meningitis amongst the babies screened
1920.004N - Induction of Labour <ul style="list-style-type: none"> Staff to be informed that <ul style="list-style-type: none"> all women should receive their first internal examination within 90 minutes of admission to the ward all women should have their membranes ruptured on Pearl ward prior to transfer to the delivery suite, induction midwife to examine to provide continuity a repeat CTG following ARM can be completed on ward or delivery suite. induction midwives to monitor entries to the Induction of Labour diary. All other staff to complete Induction of Labour request forms reasons for delay in commencing Syntocinon documented in the notes. Introduce a sweep clinic for women receiving a PIC scan
1920.005N - Anaesthesia Patient Satisfaction Survey <ul style="list-style-type: none"> Feed back to POCU and Sunderland with results of audit. <ul style="list-style-type: none"> Investigate discharge follow-up: what number do the patients call and who do they speak to?
1920.006N - Role of Radiologic imaging in the long term follow up of Non muscle invasive bladder cancer receiving BCG <ul style="list-style-type: none"> Keep investogram for high risk bladder cancer patients to perform a CT in patients with treatment failure or multiple recurrences
1920.009N – Medically Fit For Discharge (MFFD) <ul style="list-style-type: none"> Circulation of data and team awareness Staff to think about the pneumonic of MFFD whenever MFFD is written
1920.012N - Swab counts within the delivery room <ul style="list-style-type: none"> Update Perineal Repair policy Monitor staff compliance, undertake spot checks Add to handover board for all staff Add to twice daily audit form for information across the unit. Add to Fridays News
1920.015N - Improving the Management of Hyponatraemia in the Neonatal Intensive Care Unit <ul style="list-style-type: none"> Update fluid & electrolyte guidelines Incorporate management of neonatal hyponatraemia into the teaching schedule
1920.021N - AEC annual turnover report and compliance to national guidelines <ul style="list-style-type: none"> Organise regular meetings between senior staff of Ambulatory clinic , ED and Local GPs

Audit Title and Actions
<ul style="list-style-type: none"> • Staff training across the local healthcare system (ED-GPs, Speciality clinics) to ensure appropriate patients are streamed to ambulatory care • Assess the reason for high percentage of follow-up patients
<p>1920.030N - CEPOD Documentation (theatre documentation)</p> <ul style="list-style-type: none"> • Use of theatre board to be discussed at non clinician theatres audit meeting. • Theatre board to be used before each day of operating • At team brief all staff names to be checked audibly and entered into logbook appropriately • Documentation on safer sleep system by anaesthetists to be discussed at anaesthetic audit meeting
<p>1920.035N - Electronic referral guide for GPs</p> <ul style="list-style-type: none"> • Circulate and make available the guide so that new trainees can use it to help make their referrals
<p>1920.038N - Surveillance of non-muscle invasive bladder cancer patients</p> <ul style="list-style-type: none"> • Print out the guidelines and keep them on the notice board in cystoscopy • All doctors performing cystoscopy to mention the recommendation they are following • To keep separate sessions of bladder NMIBC surveillance cystoscopies; All doctors to fill online and printed versions of outcome for all cystoscopies • To refer all cases from Cystoscopy when the follow up cystoscopy guidelines are not clear, like Intermediate grade in EUA
<p>1920.039N - Documentation review of post-take ward round of patients in Orthopaedic</p> <ul style="list-style-type: none"> • Intervention of two teachings for all SHO on clinical documentation.
<p>1920.040N - Increase BCG referral by doctors in eligible newborn in neonatal unit (in Medway Maritime Hospital, MMH) to 99 per cent in 2-months (Jun 2019- July 2019)</p> <ul style="list-style-type: none"> • Included ethnic origin of grandparents to parenteral questionnaire • BCG eligibility tick box on yellow card
<p>1920.042N - Are the adult only wards adhering to the Standard Operating Procedure for Protected Mealtimes for Patients?</p> <ul style="list-style-type: none"> • To create an awareness for protected mealtimes to patients and staff <ul style="list-style-type: none"> ◦ For Dietetic Assistants to create a 'Protected Mealtime' timing sheet, clear and easily recognisable to staff and patients ◦ For each Dietetic Assistant to be allocated a ward/zone and to distribute ◦ On distribution, to inform the nurse in charge to agree on time appropriate and suitable for protected mealtime. ◦ For Dietetic Assistants to receive feedback on agreed time • Ensure management structure is maintained within protected mealtime time frame for full nutritional intake <ul style="list-style-type: none"> ◦ Nurse in charge to allocate lead CSW or Ward hostess to manage protected mealtimes on shift rotation per day ◦ Lead CSW or Ward Hostess to keep log diary of management and compliance compared to procedure and policy for protected mealtime ◦ For handover to nurse in charge at end of day ◦ Nurse in charge to keep log diary of any interruptions which may occur during the day and to reschedule unless a medical emergency per day
<p>1920.047N - AEC In Patients and Healthcare Professionals' Eye</p> <ul style="list-style-type: none"> • Design a patient information leaflet, to improve patient's understanding about the SDEC service.

Audit Title and Actions
<ul style="list-style-type: none"> • Arrange junior training with post graduate induction team.
1920.052N - Incidence of chronic pain in breast surgery patients <ul style="list-style-type: none"> • Implement Transitional Pain Service (TPS) in the long term. • To widen the service evaluation into a research project
1920.053N - Monitoring Rheumatology helpline service <ul style="list-style-type: none"> • Re-design the helpline leaflet to segregate appointment/ infusion rescheduling • Other medical queries to be answered by the helpline service
1920.055N - Appropriateness of MRI IAM referrals for investigation of Tinnitus <ul style="list-style-type: none"> • CT to be performed for pulsatile tinnitus • MRI to be performed for non-pulsatile tinnitus • Algorithm displayed in duty rad and vetting radiographer's office. • A global copy sent to referring clinical team
1920.057N - Inpatient Neurology Services at MMH <ul style="list-style-type: none"> • Improve staff strength, design and implement pathway for inpatient neurology services and prompt inpatient review
1920.062N - Review of Clinical Evaluation with patient notes <ul style="list-style-type: none"> • Initiate regular review of notes needs to be carried out, audit leads to be informed that their areas should be completing these audits • Liaise with Medical Physics for IR(ME)R presentation to share results from this audit and previous ones with all clinical audit leads/teams
1920.064N - Improving the Efficiency of Group and Save Tests for Inpatient Haematology Patients <ul style="list-style-type: none"> • Move from taking Group and Save samples three times a week on Mondays, Wednesdays and Fridays to twice a week on Mondays and Thursdays • Inform Junior doctors, nurses and phlebotomists of the change in process
1920.067N - Weaning of Vapotherm in Panda Critical Care Unit <ul style="list-style-type: none"> • Weaning guidelines to be placed in nursing folders of every patient on Vapotherm
1920.072N - Analysis of documentation on ED clerking proforma <ul style="list-style-type: none"> • Create awareness of documentation issue <ul style="list-style-type: none"> ◦ Present results a local ED meeting ◦ Education of the issue at a local induction meeting ◦ More prominent clocks with date on them • Assess feasibility of electronic documentation to solve time and date issue <ul style="list-style-type: none"> ◦ Informal discussion with local lead
1920.074N - Incomplete EDN's for Deceased Patients <ul style="list-style-type: none"> • To educate new and old doctors regarding the financial and ethical importance of completing EDNs • To keep EDN reminder signs in the patient affairs office to remind doctors to complete when completing the death certificates
1920.077N - Haemato-Oncology Patient Satisfaction Survey 2019 <ul style="list-style-type: none"> • Enquire why there are no telephones in all clinic rooms • Make sure patients are aware of waiting time in Outpatient Department • Ensure that patients are offered explanations of staging of their disease • Review the operational need for Haematology CNS need to have access to a room to see new patients at diagnosis
1920.081N - Imaging in acute hand trauma and suspected scaphoid fracture

Audit Title and Actions
<ul style="list-style-type: none"> Amend the current information leaflet to include a section with a space for the recommended date to present for a repeat radiograph. Meet with the personnel responsible for the graphic design and printing of the leaflet to amend the current content. ED staff are to write the dates for follow-up radiograph on the current patient leaflet and in the notes, until current information leaflet is updated.
1920.082N - Dispensing EDNs on the ward and re-using patient's own medicines <ul style="list-style-type: none"> Ward dispensing hubs to be being rolled out.
1920.092N - VTE and epidurals <ul style="list-style-type: none"> Create a sticker indicating timing of thromboembolism prescription and epidurals that will go on patient notes.
1920.096N - Best time to operate on ankle fractures - comparing MMH practise with NICE & BOAST guidelines <ul style="list-style-type: none"> Update guidelines/policies due to the decision to admit all ankle fracture patients who require surgery
1920.116N - VTE risk in lower limb immobilisation <ul style="list-style-type: none"> Create a poster to remind ENPs and doctors in minors to give anticoagulant where indicated and hand a VTE risk leaflet to patients being discharged with a lower limb cast or boot. Ensure copies of VTE pro forma are printed and available.
1920.120N - Assessing efficiency in the management of hip fractures after inpatient falls <ul style="list-style-type: none"> Review and update the inpatient fall to fracture pathway on Q-pulse.
1920.122N - Vital Signs in Adults RCEM <ul style="list-style-type: none"> Create poster to display in areas of the ED that are visible to nursing staff.
1920.136N - Orthodontics - Who are we Treating (regional project) <ul style="list-style-type: none"> Prospectively record information regarding case type, complexity, IOTN and IOFTN for each new patient.
1920.160N - IV contract extravasation in CT <ul style="list-style-type: none"> Further discussion amongst radiology consultant body in order to agree as to the most appropriate medical personnel to review patients with IV contrast extravasation injury. All information to be disseminated to CT radiographers, in relation to patient information leaflet, completion of IV contrast extravasation proforma, Datix and 48 hour follow up patient phone call (in patients with >60mls of extravasated fluid), scanning completed proforma onto RIS to be carried out in all cases of IV contrast extravasation. Cannula check with normal saline using automated pump injector in all CT scans requiring IV contrast to be disseminated to CT radiographers
1920.170N - Clinical evaluation (of medical exposures) <ul style="list-style-type: none"> Liaise with Medical Physics regarding the IR(ME)R presentation to referrers ICU Audit Nurse to discuss with consultants about inserting drop down boxes to document when x-rays are requested and to prompt them to document the findings in the radiology section of the notes Discussed audit finding to staff at the general Imaging staff meeting.
1920.172N - Evaluation of GP referral letters to urology <ul style="list-style-type: none"> Present project findings to GPs at a CCG meeting.

Participation in Clinical Research

The number of patients receiving relevant health services provided or sub-contracted by Medway NHS Foundation Trust in 2019/20 that were recruited during that period to participate in research approved by the Health Research Authority was 5042.

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

The comparative data shows NIHR requirement target and Medway NHS Foundation Trust actual recruitment figures. The Trust has exceeded recruitment targets for previous years with the exception of 2017/18, where the recruitment target set was based on the projected activity of a large-scale Fetal Medicine trial. The recruitment target set for 2019/20 was in line with agreed projects and the high recruitment figure for 2019/20 is comparable to other previous year's attainment figures.

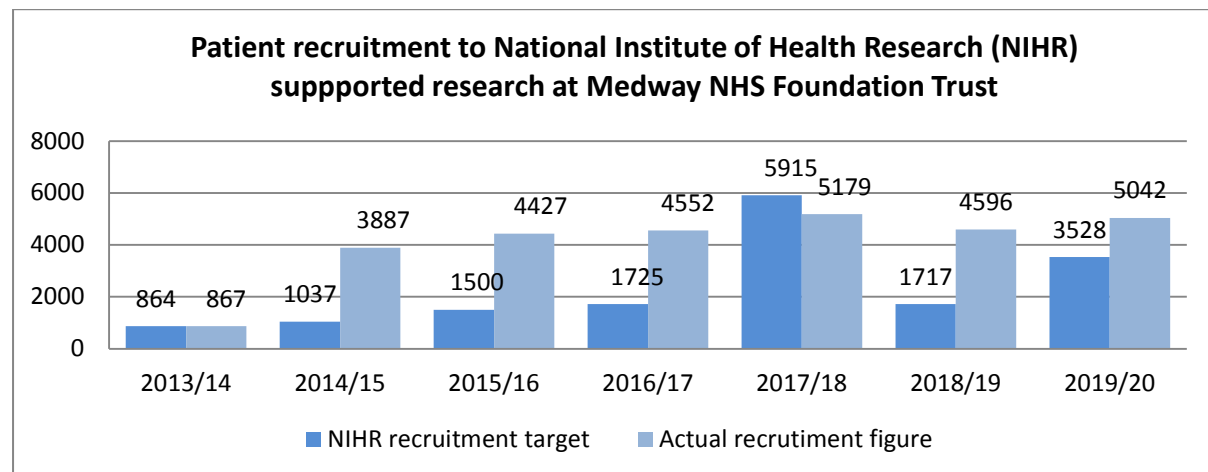


Figure 1 presents the annual recruitment target and the actual number of patients recruited into the NIHR adopted studies between 01 April 2013 and 31 March 2020.

Staff at Medway NHS Foundation Trust stays abreast of the latest treatment possibilities through active participation in many different types of research which leads to successful patient outcomes. For the period 01 April 2018 to 31 March 2020 there were a total of 136 research studies conducted at Medway NHS Foundation Trust, including staff undertaking MSc final year dissertations. For the same period the Trust took part in 121 NIHR supported studies, including 46 cancer specialty studies.

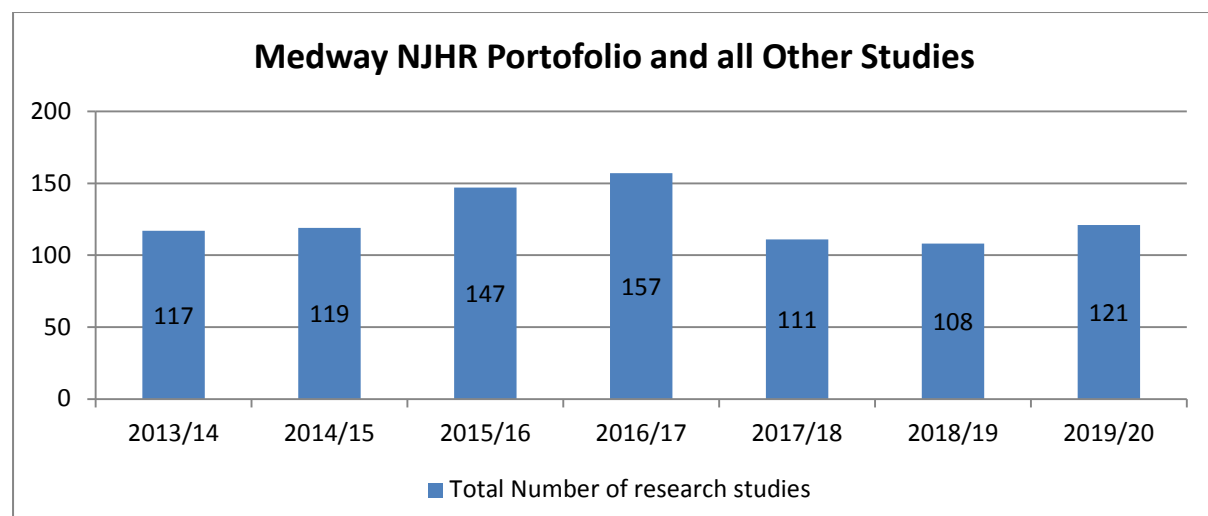


Figure 2 presents the number of studies that Medway NHS Foundation Trust participated in between 01 April 2013 and 31 March 2020.

Conducting research requires commitment from staff and there were approximately 100 clinical staff participating in research approved by the Health Research Authority at Medway NHS Foundation Trust between 01 April 2018 and 31 March 2020.

Staff participating in research covers 22 disease areas as well studies looking into Health Services Research, including COVID-19 studies from the Urgent Public Health Research.

Number of Studies Conducted Per Disease Speciality at Medway NHS Foundation Trust during 01 April 2019-31 March 2020.

Disease Speciality	Number of Studies
Anaesthesia, Perioperative Medicine and Pain Management	8
Cancer	48
Cardiovascular	5
Children	10
Critical Care	9
Dementias and Neurodegeneration	2
Diabetes	1
Ear Nose and Throat	2
Gastroenterology	3
Genetics	2
Haematology	3
Health Services Research	6
Infection	5
Injuries and Emergencies	1
Mental Health	1
Musculoskeletal Disorders	2
Other*	3
Renal Disorders	1
Reproductive Health and Childbirth	10
Respiratory Disorders	4
Stroke	3
Surgery	3
Trauma and Emergency Care	4

Table 1 * other studies outside of clinical speciality for example educational studies or research into overall patient experience.

With the advances made in identifying risk factors and predicting responses to different treatments, research into developing personalised treatment plans is being undertaken. Currently, Medway NHS Foundation Trust is taking part in an innovative two-stage, single arm, phase II study named OPTIMA that uses knowledge from recent research findings about the genetic causes of cancer to guide cancer treatment. Further details of this study along with other examples of studies undertaken during this period can be found below in Table.2.

Table 2 presents examples of studies undertaken during 2019-2020

Study Name / Acronym	
CCP-UK	<p>ISARIC/WHO Clinical Characterisation Protocol for Severe Emerging Infections in the UK</p> <p>This is an Urgent Public Health Research study recognised by NIHR, designed for the rapid, coordinated clinical investigation of patients with confirmed novel coronavirus infection. Conducting a coordinated clinical research in the early phase of this dynamic development to know more about coronavirus (COVID-19) and to provide an evidence base to inform treatment decisions and an effective public health response.</p> <p>The study maximize the likelihood that as much data as possible is collected and shared rapidly in a format that can be easily aggregated, tabulated and analysed across many different settings globally. We capture, record and upload the clinical data of patients admitted with confirmed COVID-19 infection at Medway NHS Foundation Trust on a real time basis, which would also be fed directly to the Chief Medical Officers in the UK.</p>
Little Journey	<p>A Multi-site randomised controlled trial assessing the effectiveness of the Little Journey app at reducing peri-operative anxiety compared to standard care.</p> <p>The aim of the study is to assess the impact of frequency and timing of Little Journey app use before surgery on children's anxiety which will be performed by further analysis of the Children's anxiety score in those assigned to the intervention arm.</p>
OPTIMA	<p>Optimal Personalised Treatment of early breast cancer using Multi-parameter Analysis</p> <p>The OPTIMA trial uses the prospective evaluation of multi-parameter assays, as a means of identifying those patients who are likely to benefit from chemotherapy whilst sparing those who are unlikely to do so from an unnecessary and unpleasant chemotherapy treatment, and will establish the cost-effectiveness of this approach.</p>
POISE-3	<p>PeriOperative ISchemic Evaluation-3 (POISE-3) Trial</p> <p>The aim of the study is to determine the safety and efficacy of TXA and to gain definitive evidence on the impact of hypertensive-avoidance strategy on major cardiovascular complications and death in patients undergoing noncardiac surgery.</p>
Preventing stillbirths	<p>Preventing stillbirths: Association with reduced fetal movements</p> <p>This study is a retrospective database study, developed within Medway NHS Foundation Trust, with an aim to assess the impact of immediate ultrasound scan to mothers with reduced movements on pregnancy</p>

Study Name / Acronym	
	outcomes by comparing the t rate of stillbirths and neonatal death in pregnancies with reduced fetal movements compared to those that do not report such a history.

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

For the period between 01 April 2018 and 31 March 2020, project investigators at Medway NHS Foundation Trust published 80 articles.

Commissioning for Quality and Innovation (CQUIN)

Medway NHS Foundation Trust income in 2019/20 was not conditional on achieving quality improvement and innovation goals through the Commissioning for Quality and Innovation payment framework, according to the Concordat.

Recognition by Commissioners that former CQUIN schemes had generated criticism in their approach as being expensive to implement, setting outcome based targets with an unfairly distributed burden on providers or imposing actions which were outside the control of a single organisation, prompted the scheme to take a radically different approach

Therefore the 2019/20 CQUIN scheme simply highlighted evidence based good practice already being rolled out instead of setting new goals. Medway NHS Foundation Trust embraced this new approach encompassing the CQUIN scheme as part of the Trust's Quality Strategy.

The Trust has been able to demonstrate improvement in the screening of smoking and alcohol and the giving of brief advice and consistently achieved above the set target compliance in antibiotic prophylaxis for elective colorectal surgery

The 2019/20 agreed schemes were as follows:

- Staff flu vaccinations
- Alcohol and tobacco brief advice
- Three high impact actions to prevent hospital falls
- Antimicrobial resistance- urinary tract infections and antibiotic prophylaxis for elective colorectal surgery
- Same Day Emergency Care- Pulmonary Embolus/ Tachycardia with atrial Fibrillation/Pneumonia

Further details of the agreed goals for 2019-20 and for the following 12-month period is available electronically at <https://www.medway.nhs.uk/about-us/publications/board-papers.htm>

Care Quality Commission

Medway NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is Requires Improvement.

During December 2019 the CQC undertook a planned and two unannounced inspections of the Trust in six Core Services.

Following the unannounced inspection on the 16 December 2019 the CQC confirmed that they had included medical care as the sixth core service review. CQC inspections are now annual and involve an inspection of how well-led a provider is. The CQC assessment of trust-wide leadership, governance, management and culture will be the starting point for the trust-level rating for well-led. The CQC also consider improvements and changes since the last inspection.

The following table indicates the dates of when the CQC inspections occurred at the Trust.

Inspection Visit	Date of inspection
Core Service Inspection involving the following five areas: <ul style="list-style-type: none"> • Emergency Services • Surgery • Critical Care • Children & Young People • End of Life 	3,4,5 December 2019
Unannounced Inspection (medical care core service)	16 December 2019
Well Led Inspection	15 & 16 January 2020
Unannounced Inspection	29 January 2020

Following the unannounced inspection on 17 December 2019 the Trust received a Letter of Intent, Section 31 possible Enforcement notice under the Health and Social Care Act. This related to the findings from the CQC unannounced inspection on the 16 December 2019. The formal letter of intent raised concerns in relation to the care of patients within Dickens Ward.

In responding to and addressing the concerns raised, the Trust immediately developed an action plan. This included providing a detailed response to the CQC on the immediate actions the Trust had taken to address the safety concerns and provide assurance that the quality of care the Trust provides to the patients is our number one priority.

Dickens ward was an escalation ward with patients primarily placed there who were deemed 'medically fit for discharge' (patients who no longer required acute hospital care but may have required additional care, such as rehabilitation, before being safely discharged).

In January 2020 the Trust took the decision to close Dickens ward and in doing so the Chief Executive and Chief Nurse ensured that patients were safely transferred to an alternative ward or discharged from the hospital.

The Trust worked together with the support of our partners in the community and our commissioners to ensure patients who were fit to go home or to a community setting was able to do so in a timely way.

After closure of the ward the CQC did not issue the Trust with the Enforcement Action Section 31 of the Health and Social Care Act (Letter of Intent).

On 19 December 2019 the Trust received a Section 29A Warning Notice under the Health and Social Care Act 2008.

The letter raised concerns in regard to care relating to the Trust's escalation ward. The patients who were on this ward were primarily placed 'medically optimised' (patients who no longer required acute hospital care but may have required additional care, such as rehabilitation, before being safely discharged).

The Trust provided a detailed response to the CQC incorporating the immediate actions taken to address the concerns with assurance that the quality of care the Trust provides to the patients is our number one priority, and due to the concerns raised the ward was safely closed in January 2020. The Trust worked together with the support of our partners in the community and our commissioners to ensure patients who were fit to go home or to a community setting were able to do so in a timely way to ensure that patients were cared for in the most appropriate care setting which may be in another hospital ward or in the community with a care plan.

On the 19 December 2019 the Trust received a Section 29A Warning Notice under the Health and Social Care Act 2008

In relation to the Section 29A Warning Notice the inspectors identified the following:

Substances subject to the control of substances Hazardous to health (COSHH) were not always stored securely to prevent harm.

The service did not control infection risk in line with best practice. Staff did not use equipment and control measures to protect patients, themselves and others from infection.

Mixed sex breaches continued for a sustained period of time. The Trust is required to make significant improvement in relation to mixed sex breaches by the 20 March 2020.

After completing a number of actions the CQC confirmed that no further regulatory action would be taken.

Governance Oversight

The Chief Nurse established the Quality Panel in January to oversee delivery of the immediate actions from the inspection findings and the Trusts CQC action plan.

The Quality Panel meets fortnightly and monitors and oversees the delivery of the CQC action plan, reporting progress into the High Quality Care Board (HQCB). The HQCB is one of five programs that sit within the overarching Trust Improvement Plan.

Executive Directors will oversee their operational owners, providing a formal report to the Quality Panel using a standardised template, which will be quality reviewed by the Central Quality Team with a quality assurance assessment of the evidence provided prior to formal reporting to the panel.

Trust Ratings from the 2019/20 Inspection

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

The following table represents the outcome of the Trust's latest CQC report which was published in March 2020.

Rating for acute services/acute trust

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency care Services	Requires improvement ↔ Mar 2020	Good ↔ Mar 2020	Good ↔ Mar 2020	Requires improvement ↔ Mar 2020	Good ↔ Mar 2020	Requires improvement ↔ Mar 2020
Medical Care (Including older peoples care)	Requires improvement ↓ Mar 2020	Requires improvement ↓ Mar 2020	Requires improvement ↓ Mar 2020	Inadequate ↓ Mar 2020	Inadequate ↓ Mar 2020	Inadequate ↓ Mar 2020
Surgery	Requires improvement ↔ Mar 2020	Good ↔ Mar 2020	Good ↔ Mar 2020	Requires improvement ↔ Mar 2020	Requires improvement ↔ Mar 2020	Requires improvement ↔ Mar 2020
Critical Care	Good ↑ Mar 2020	Good ↔ Mar 2020	Outstanding ↑ Mar 2020	Good ↑ Mar 2020	Outstanding ↑↑ Mar 2020	Outstanding ↑↑ Mar 2020
Maternity and Gynaecology	Good Mar 2017	Good Mar 2017	Outstanding Mar 2017	Good Mar 2017	Good Mar 2017	Good Mar 2017
Services for Children and Young People	Requires improvement ↔ Mar 2020	Requires improvement ↓ Mar 2020	Good ↔ Mar 2020	Requires improvement ↓ Mar 2020	Good ↔ Mar 2020	Requires improvement ↓ Mar 2020
End of Life Care	Good ↔ Mar 2020	Good ↔ Mar 2020	Good ↔ Mar 2020	Good ↑ Mar 2020	Good ↑ Mar 2020	Good ↑ Mar 2020
Outpatients	Good Jul 2018	N/A	Good Jul 2018	Requires improvement Jul 2018	Requires improvement Jul 2018	Requires improvement Jul 2018
Diagnostic Imaging	Requires improvement Jul 2018	N/A	Good Jul 2018	Requires improvement Jul 2018	Requires improvement Jul 2018	Requires improvement Jul 2018
Overall trust	Requires improvement ↔ Mar 2020	Requires improvement ↓ Mar 2020	Good ↔ Mar 2020	Requires improvement ↔ Mar 2020	Requires improvement ↔ Mar 2020	Requires improvement ↔ Mar 2020

CQC Action Plan

As a result of the core service and well led inspection 2019/20 and in responding to the findings, this CQC action plan has been developed under the leadership of the Chief Nurse, supported by the Associate Director of Quality and Patient Safety. The action plan is subject to robust monitoring arrangements internally by the Quality Panel.

Our CQC action plan is not just a response to the Care Quality Commission's (CQC) Inspection report of April 2020. It also includes the actions that we feel are necessary to provide the communities we serve with safe, effective, and person centred care.

The Trust CQC Action Plan has been developed as a result of the core service and well led inspection 2019/20.

Reporting to Secondary Uses Service (SUS)

Medway NHS Foundation Trust submitted records during 2019/20* to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:

- 99.5 per cent for admitted patient care
- 99.5 per cent for outpatient care
- 98.6 per cent for accident and emergency care

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

- 99.1 per cent for admitted patient care
- 98.8 per cent for outpatient care
- 95.1 per cent for accident and emergency care

*Up to February 2020

Information Governance Toolkit (IGT)

The Data Security and Protection Toolkit enables the Trust to measure its compliance against the law and central guidance and to see whether information is handled correctly and protected from unauthorised access, loss, damage and destruction. This replaces the Information Governance Assessment.

Medway NHS Foundation Trust's response for 2019/20 has not been submitted as the deadline is 30 September 2020. In 2018/19, our Information Governance Assessment submission was that all mandatory evidence had been met and was therefore satisfactory.

Clinical Coding

Medway NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2019-20.

Data Quality Response

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

- Successful implementation of the Data Assurance Strategy.
- The team has now moved to phase 2 of the data assurance frame work. Have undertaken and produced reports on the key indicators that were marked for phase 1.
- Data Assurance Group meetings commenced governance structure and recommendations from Data Assurance Framework are followed.
- Assist in developing robust diagnostic reporting model and ensuring its accuracy in accordance with national guidance.
- On-going development of data quality reports to address data quality issues.
- DQ key performance indicators into the Trust Board papers, bi-monthly provide assurance on progress for the Trust's access targets (Cancer, RTT and ED)
- Assisted with the repatriation of Rheumatology service from DVH to Medway.
- Reviewing all Key Performance Indicators within the Trust Board report using the Data Assurance Framework, giving assurance of accuracy of reports generated.

- Data Quality and Business Intelligence teams provide a rounded approach to data entry and reporting issues. This will ensure that the Trust reports a true reflection of performance.
- Worked with the Best Access Team & BI team in working to achieve DM01 and RTT recovery targets as set out in the Best Access Recovery Program, by providing expert RTT and DM01 knowledge and validation assistance.

Learning from Deaths

During 2019-20, 1526 of Medway NHS Foundation Trust patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

	Qrt.1	Qrt.2	Qrt3.	Qrt4.	Total 2019/20
Total Number of Deaths	381	318	377	450	1526
Adult Deaths	374	315	371	450	1510

By April 2020, 923 case record reviews and 19 investigations had been carried out, relating to 914 deaths of the 1510 adult deaths for the reporting period. In eight cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

	Qrt.1	Qrt.2	Qrt3.	Qrt4.	Total 2019/20
Number of case record reviews carried out	312	246	269	96	923
Number of investigations carried out	7	11	1	0	19
Both investigation and case record carried out	5	3	0	0	8

1 representing 0.1 per cent of the patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient.

	Qrt.1	Qrt.2	Qrt3.	Qrt4.	Total 2019/20
Number of deaths more likely than not to have been due to problem in care	0	1	0	0	1
Percentage of all deaths	0	0.3	0	0	0.1

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

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

- Weekend handover: General Surgery have implemented a new way of managing weekend handover, which has led to a consistent approach by all teams involved in weekend management of patients.

- Inflammatory Bowel Disease (IBD) – An IBD ward round email address has been created and circulated to ensure that patients with IBD are seen by appropriate specialists during any hospital admission, regardless of the presenting complaint.
- Fractured Neck of Femur (#NOF) Pathway - A new #NOF lead has been appointed and the pathway has been improved, resulting in an increase in the number of patients having surgery within 36 hours of presentation to ED. Patients with a #NOF are prioritised for surgery, and an additional all day trauma list has been introduced on Mondays to facilitate timely surgery.
- Medical Certificate of Cause of Death – Consultants have worked with junior doctors to improve accuracy and depth of the medical certificate of cause of death.
- Advanced Care Planning – The End of Life Care Team have been using the My Wishes Register to record details of advanced care plans. Details on how to access this have been circulated throughout the Trust to ensure that interventions are in accordance with patient wishes.
- Referral to Intensive Care – All referrals is now vetted by the consultant intensivist on call to reduce the number of inappropriate transfers to the Intensive Care Unit.

136 case record reviews and 29 investigations completed after 01 April 2019 related to deaths which took place before the start of the reporting period.

Two representing 1.5 percent of the patient deaths before the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient.

Five representing 0.4 percent of the patient deaths during April 2018-March 2019 were judged to be more likely than not to have been due to problems in the care provided to the patient.

Reporting against core indicators

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

Reporting Period	SHMI	Lower Control Limit	Upper Control Limit	Banding	Palliative care coded (%)
Oct 2018 – Sep 2019	1.10	0.88	1.13	As expected	38.9
Jul 2018 – Jun 2019	1.12	0.88	1.13	As expected	32.0
Apr 2018 – Mar 2019	1.09	0.89	1.13	As expected	28.1
Jan 2018 – Dec 2018	1.09	0.89	1.12	As expected	24.2

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

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

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

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

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

Medway NHS Foundation Trust – Current HSMR position

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

<i>Reporting Period</i>	<i>HSMR</i>	<i>Lower Control Limit</i>	<i>Upper Control Limit</i>	<i>Banding</i>
Apr 2019 – Mar 2020				TBC 18/6/20
Mar 2019 – Feb 2020				TBC 21/5/20
Feb 2019 – Jan 2020				TBC 23/4/20
Jan 2019 – Dec 2019	100.7	95.0	106.6	As expected
Dec 2018 – Nov 2019	101.1	95.3	107.1	As expected
Nov 2018 – Oct 2019	102.7	96.9	108.9	As expected
Oct 2018 – Sep 2019	101.7	95.9	107.8	As expected
Sep 2018 – Aug 2019	102.5	96.6	108.6	As expected
Aug 2018 – Jul 2019	104.9	98.9	111.1	As expected
Jul 2018 – Jun 2019	106.7	100.7	113.0	High
Jun 2018 – May 2019	106.2	100.2	112.5	High
May 2018 – Apr 2019	106.5	100.5	112.8	High

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

- The data is extracted directly from Dr Foster's Mortality data for English NHS acute trusts documents. Dr Foster is an independent, established and recognised source of data nationally.
- The data is reviewed regularly through the Trust's Mortality and Morbidity Group and within the Divisions and Programme's

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

- In view of a persistently high HSMR for weekend admissions, the Trust undertook an investigation of cases. This highlighted that patients identified by the methodology as frail were a significant contributor to the outlier status; to address this; the Trust has increased the weekend frailty service, which is now covered by two consultant geriatricians to enable all admissions to be reviewed.

- The Trust continues to undertake deep dive reviews of diagnosis groups highlighted as outliers by Dr Foster.

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

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

Type of surgery	Sample time frame	% improved	Trust adjusted health gain	National average health gain	National highest	National lowest
Groin hernia*	Not applicable					
Varicose veins*	Not applicable					
Hip Replacement (primary)	Apr 2018 – Mar 2019	92.6%	0.481	0.465	0.557	0.348
	Apr 2019 – Mar 2020	Not yet published				
Knee replacement (primary)	Apr 2018 – Mar 2019	81.8%	0.330	0.338	0.405	0.266
	Apr 2019 – Mar 2020	Not yet published				

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

A higher score indicates better health and/or greater improvement in function after the operation. Medway NHS Foundation Trust is reliant on feedback from our patients in relation to the results of their surgery. If our patients choose not to complete the post-surgery questionnaire, this can result in the recording of low numbers in some or all procedures.

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

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

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

28 Day Readmissions

28 day Readmissions	2018-19			2019-20		
	0-15	16 and over	Total	0-15	16 and over	Total
Discharge	13880	66510	80390	6172	33707	39879
28 day readmissions	1529	6047	7576	616	3170	3786
28 day readmission rate	11.0%	9.1%	9.4%	10.0%	9.4%	9.5%

* Data up to September 2019

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

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

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

The Friends and Family Test (Responsiveness)

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

Friends and Family Test	2018-19		2019-20	
	A and E	Inpatient	A and E	Inpatient
Response Rate	14.46%	20.91%	13.70%	20.52%
% would recommend	77.60%	85.46%	77.34%	86.61%
% would not recommend	14.69%	8.32%	14.87%	8.05%

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

Medway NHS Foundation Trust has taken the following actions, to improve this indicator, by:

- Exploring alternative suppliers to offer a fresh approach in 2021
- Explore the possibility of maternity services becoming digital which would mitigate the postnatal delay with uploading data.

Staff Family and Friends Test (FFT)

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

The data made available to the Trust by NHS Digital with regard to the percentage of staff employed by, or under contract to, the Trust during the reporting period who would recommend the Trust as a provider of care to their family or friends is as follows.

Staff Recommendation	2018-19	2019-20*
Our Trust	67.03%	67.04%
National average	80.39%	80.83%
Best performing trust	98.86%	97.73%
Worst performing trust	45.71%	52.63%
* Data up to Q2, Q4 is published 28th May 2020		

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

National NHS Staff Survey response rate

	2019/20		2018/19		2017/18	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	8.9	9.0	8.8	9.1	8.8	9.0
Health and wellbeing	5.6	5.9	5.4	5.9	5.8	6.0
Immediate managers	6.6	6.8	6.2	6.7	6.6	6.7
Morale	5.8	6.1	5.4	6.1	n/a	n/a
Quality of appraisals	5.7	5.6	5.5	5.4	5.5	5.4
Quality of care	7.4	7.5	7.0	7.4	7.3	7.5
Safe environment – bullying and harassment	7.8	7.9	7.4	7.9	7.7	8.0
Safe environment – violence	9.4	9.4	9.4	9.4	9.4	9.4
Safety culture	6.4	6.7	6.1	6.6	6.2	6.6
Staff engagement	6.8	7.0	6.4	7.0	6.7	7.0

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

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

The response rate to the 2019 survey among trust staff was 43.2 percent (2018: 40.2 percent) against a national average of 47.5 percent. Scores for each indicator together with that of the survey benchmarking group (acute) are presented below.

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

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

- You Are The Difference programme
 - This programme sets the tone and type of behaviour we want to see in the Trust at all levels and was designed to re energise the organisation to gear up for a new way of working and displaying a consistent and positive mind-set. It is now fully embedded as part of Trust induction and positioned alongside the Trust values and behaviours.
- Culture Change programme
 - With the support of NHSEI resources and engaging with HEE “Best Place to Work” the Trust has completed the Discovery Phase of their Culture Change programme and has moved into the Design and Implementation phase.
 - Embedded cultural key messages including ‘Making the Difference’, ‘This is Us’, ‘Best of People’ and ‘High-Quality Care’ into every day work practices.
- Developing the Health and Wellbeing Programme
 - The Trust is proud to have developed its health and wellbeing strategies to support staff with occupational health accreditation, bronze award for Medway Workforce Wellbeing and the introduction of an employee assistance programme
- Relunched the Freedom to Speak Up Guardians to enable staff and volunteers to raise concerns with confidence that these will be listened to and acted upon.

Venous Thromboembolism

VTE assessments	2018-19	2019-20
Our Trust	74.03%	93.16%
National average	95.55%	95.40%
Best performing trust	100.00%	100.00%
Worst performing trust	74.03%	71.84%

Q4 19/20 has not yet been published

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

Medway NHS Foundation Trust recognises that the performance for 2019/20 has demonstrated an increase in comparison to 2018/19 although still consequently has not met the trajectory set by the national requirement of 95 percent every month. A contributing factor was due to the vacant VTE Nurse post for five months at the end of 2018 and the service needing a great deal of input to turn things around. There has been a significant improvement in compliance due to robust data collection processes being initiated from January 2019 and a review in the delivery of the service has seen us split the role from a band 7 full time nurse to a part time band 7 nurse and a supporting full time band 2 admin clerk. Assurance can be given that patients were receiving the correct medical management as tested by clinical audit and will continue to do so.

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

- Re structure of the service provided – now part time band 7 nurse supported by band 2 admin clerk
- VTE daily live dashboard to clinical areas and service leads
- Trust wide training to ensure input of data from VTE risk assessments, supporting the ward clerks to create a single checking and recording the VTE assessment in their wards
- More focus, support and structure for the wards struggling with compliance.

Clostridium difficile (C.diff)

Infection Control – CDIFF	2018-19	2019-20
Trust apportioned cases	25	32
Trust bed-days	168409	164209
Rate per 100,000 bed days	14.8	19.5
National average	12.2	-
Best performing trust	0.0	-
Worst performing trust	79.7	-

19/20 National Data is not yet available

Medway NHS Foundation Trust considers that this data is as described for the following reasons. The data has been extracted directly from NHS Digital which is an established and recognised source of data national and the data is subject to a rigorous checking process overseen by the Infection Control nurse and the testing laboratory.

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

- Continue to implement the Trust wide IPC improvement plan
- Continue with the audit cycle for hand hygiene, use of PPE and uniform compliance.
- Re-instate the antimicrobial stewardship group
- Review of decontamination policy
- Review of the Antimicrobial Stewardship Policy
- Risk assessments for patients in side rooms to be carried out regularly

- Review Scottish National Infection Prevention and Control Manual and utilise any relevant policy
- Practical skills sessions will be delivered in clinical areas to maximise the impact and relevance

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

Medway NHS Foundation Trust encourages all healthcare professionals to report incidents as soon as they occur and ensure the timely investigation and learning to reflect a positive safety culture

Medway NHS Foundation Trust has taken the following actions, to improve this reporting and learning from patient safety incidents and appointed a Head of Patient Safety in January of this year.

- Ensure training programmes continue to educate staff on the positive impact of reporting incidents and near misses
- Organising alternate weekly meetings with Divisional Governance staff to ensure all incidents are captured on the Datix system
- Ensure timely weekly data submissions to the National Recording and Learning System for incidents reported in the Trust and externally

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

The process of reporting Trust data to the NRLS and NRLS publication of national data is retrospective by nature.

Patient safety incidents	Oct 17 – Mar 18	April 18 – Sep 18	Oct 18 – Mar 19
Total reported incidents	3645	2288	2297
Rate per 1000 bed days	43.07	27.2	26.89
National average (acute non-specialist)	42.55	44.5	46.06
Highest reporting rate	124	107.4	95.94
Lowest reporting rate	24.19	13.1	16.90

Incidents causing severe harm or death	20	20	42
% incidents causing severe harm or death	0.6%	0.9%	1.8%
National average (acute non-specialist)	0.3%	0.3%	0.4%
Highest reporting rate	1.5%	1.2%	1.8%
Lowest reporting rate	0.0%	0.0%	0.0%

Serious Incidents

During 2019/20, Medway NHS Foundation Trust implemented several changes to strengthen and improve patient safety systems and processes aimed at improving the reporting, investigation and learning from incidents.

These changes included:

- Reinstated the Serious Incident Review Panel
- Implemented Patient Safety and incident reporting into the Trusts induction programme

- Implemented a Quality Assurance process and checklist aligned to national policy and best practice principles for investigation management to ensure a high quality report standard Implemented an organisational wide critical review meeting to ensure immediate actions are taken to mitigate risk of reoccurrence Development of a Patient Safety and Serious Incident Framework is underway aligned to national policy and is being led by the Head of Patient Safety. Alternate weekly meetings with Divisional Governance staff to ensure all information is captured on Datix and lessons learnt can be disseminated Trust wide. Continue to increase awareness, at every opportunity, through collaborative working with clinical teams and on a 1-1 basis
- Continue to identify SI's and ensure timely investigation, reporting, lessons and learning

Medway NHS Foundation Trust reported 131 (97 in 2018/19) Serious Incidents (to date 11/03/2020) to the Clinical Commissioning Group via StEIS (Strategic Executive Information System).

The following themes of serious incidents are as follows:

Serious Incidents Themes	No.
Abuse/alleged abuse of adult patient by staff	3
Confidential information leak/information governance breach meeting SI criteria	4
Diagnostic incident including delay meeting SI criteria (including failure to act on test results)	16
HCAI/Infection control incident meeting SI criteria	6
Major incident/ emergency preparedness resilience and response/ suspension of services	5
Maternity/Obstetric incident meeting SI criteria: baby only (this include foetus neonate and infant)	1
Maternity/Obstetric incident meeting SI criteria: mother and baby (this include foetus neonate and infant)	1
Medical equipment/ devices/disposables incident meeting SI criteria	3
Medication incident meeting SI criteria	6
Pending review (a category must be selected before incident is closed)	4
Pressure ulcer meeting SI criteria	5
Screening issues meeting SI criteria	1
Slips/trips/falls meeting SI criteria	29
Sub-optimal care of the deteriorating patient meeting SI criteria	21
Surgical/invasive procedure incident meeting SI criteria	9
Treatment delay meeting SI criteria	16
Unauthorised absence meeting SI criteria	1

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

Duty of Candour

Duty of Candour is a legal duty that is regulated by the CQC to ensure health and social care organisations are open and transparent when care and treatment has gone wrong and appears to have caused significant harm.

Medway NHS Foundation Trust continues to ensure that patients and families are supported and appropriately communicated with at the appropriate times; this will ensure they can be included in the investigation process. By involving patients and their families in the safety of their own care allows the Trust to ensure we learn directly from the people involved and to implement improvements at the time.

A weekly report is produced and sent to the Divisional Senior Leadership Team. To ensure oversight on any newly reported incidents triggering statutory application of Duty of Candour to ensure appropriate response is coordinated within the required timeframes.

Never Events

During 2019/20 the Trust reported five never events, but one was downgraded following review as it did not meet the full criteria. Therefore the Trust declared four never events relating to a retained foreign object. All cases have been investigated, these incidents should never occur so we strive to learn lessons and take actions to mitigate risk of reoccurrence.

- Learning from these events included:
- Training for PICC line insertion
- Encourage professional challenge amongst the team
- Fully utilise the WHO (World Health Organisation) operating theatre check list
- Implementation of a maternity swab checklist

2.4 Other quality information

Seven Day Service

The 7 Day Hospital Services (7DS) Programme is a nationally driven Quality Improvement initiative and supports providers of acute services to tackle the variation in outcomes for patients admitted to hospitals in an emergency, at the weekend across the NHS in England. It stems from an initial perspective that patients admitted over the weekend were at a greater risk of dying than patients admitted during the week. The emphasis on the initiative is now more about reducing variation in care over the seven days for better patient experience, reduced LOS (length of stay) and readmissions, and possibly improved patient outcomes such as mortality.

These standards define what seven day services should achieve, no matter when or where patients are admitted and are:-

- Standard 1: Patient Experience
- **Standard 2: Time to Consultant Review**
- Standard 3: Multi-Disciplinary Team Review
- Standard 4: Shift Handover
- **Standard 5: Diagnostics**
- **Standard 6: Consultant Directed Interventions**
- Standard 7: Mental Health
- **Standard 8: On-going review in high dependency areas**
- Standard 9: Transfer to primary, community and social care
- Standard 10: Quality Improvement.

*Those highlighted in bold are the priority standards

Providers of acute services are asked to include a statement regarding progress in implementing the priority clinical standards for seven day hospital services. This progress should be assessed as guided by the Seven Day Hospital Services Board Assurance Framework published by NHS Improvement.

Clinical standard 2: First consultant review within 14 hours. Three sources of evidence:

- Triangulation of consultant job plans to deliver 7DS
- Local audits to provide evidence (case note review)
- Reference to wider performance and experience measures.

Clinical standard 5: Access to consultant directed diagnostics - Assessment based on weekday and weekend availability of six diagnostic tests to appropriate timelines, either on site or by formal arrangement with another provider.

Clinical standard 6: Access to consultant-led - Assessment based on weekday and weekend availability of nine interventions on a 24-hour basis, Interventions either on site or by a formal arrangement with another provider.

Clinical standard 8: Ongoing consultant-directed review. Four sources of evidence:

- Triangulation of consultant job plans to deliver 7DS
- Evidence of robust multi-disciplinary (MDT) and escalation protocols
- Local audits to provide evidence
- Reference to wider performance and experience measures

Actions to meet the Seven Day Service standards

- The Trust has recently undertaken a robust job planning round which has given senior operational and clinical leaders a clear baseline for current consultant working patterns. It is likely that the Best Flow programme will lead to adjustments to job plans and will see changes in patient flow which will have implications for working practices. A regular process of reviewing the impact of this programme on the 7DS standards, particularly at the weekend will be built into the project plan.

The Trust self-assessed submission for 2019-20 as compliant for all priority standards initial consultant assessment (clinical standard 2), access to consultant-directed diagnostics (clinical standard 5), ongoing consultant-directed review (clinical standard 8), and for access to interventions (clinical standard 6).

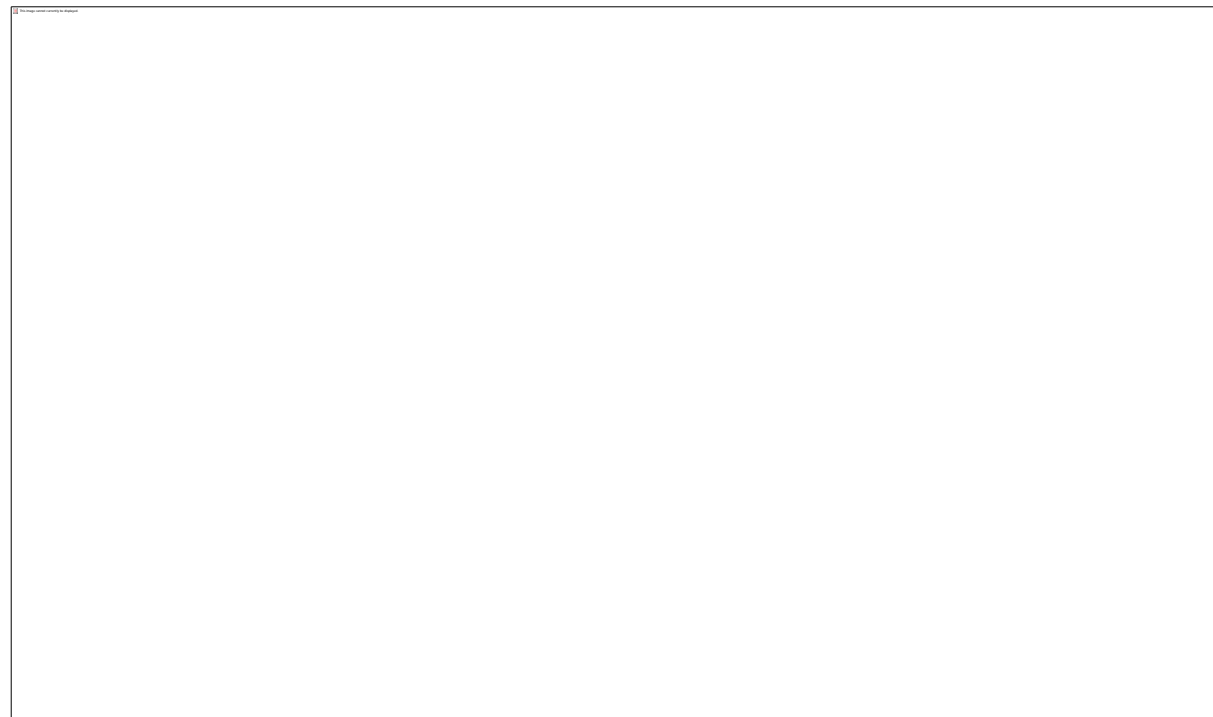
For the remaining standards 1, 3, 4, 7, 9 and 10, the Trust self- assessed submission as fully compliant with standards 1, 3, 7, 9 and 10. We are partially compliant with standard 4 regarding handover of patients, our move to electronic systems we allow us to be fully compliant.

Emergency Department (ED) Four-Hour target

Growth in the emergency care pathway at Medway Hospital until month 10 was around 14per cent against the previous year with record breaking attendances noted on several occasions. Ambulance attends increased by nine per cent with conversion to admission pathways established for approximately 67 per cent. Despite this growth, we admitted fewer patients as a proportion of type 1 attends, partially due to the introduction of our Same Day Emergency Care (SDEC) unit in July 2020. Approximately 64 per cent of attendances to SDEC originate from primary care with the remaining 36 per cent emanating from the ED referral pathway; only 16 per cent of these patients are admitted. Also in line with Emergency Medicine GIRFT (Getting it Right First Time) principles, ED continues to provide a nationally leading 'front door' streaming service that conveys around 37 per cent of patients to our MedOCC team for rapid access primary care services.

We were not compliant with our locally agreed type 1 trajectory which ranged between 64-76 per cent through the year against a trajectory of 88 per cent. Type 1 is the pathway for Consultant-led services that manage resuscitation, acutely-ill and socially stranded patients with approximately 30 per cent requiring a hospital admission. Approximately 73 per cent of patients were seen by a decision-making practitioner within 60 minutes, a core Royal College standard; however decompensation in the type 1 pathway is largely driven by exit-block phenomenon where there is restrictive capacity in-hospital, primarily due to no beds being available. As the table below indicates, admitted performance for the year was nine per cent with model-hospital also indicating that Aggregate Patient Delay (APD) or the total Length of Stay (LoS) in ED was the worst in NHS England. Non-admitted type 1 was 88 per cent for the year indicating good internal ED intervention and flow which is remarkable considering the extent of exit-block at the Trust. In month 12 we have seen an increase in admitted and all-types performance as a result of lower bed occupancy due to cessation of electives and type 1 demand secondary to COVID-19.

Our partners at MedOCC lead an Urgent Treatment Centre (UTC) model that receives referrals via 111 but also receives patients from the streaming system within ED. Typically as a type 3 unit seeing the lowest level of acuity, the trajectory is set at 96 per cent. However, MedOCC remain as a national outlier with only 79 per cent of patients processed within four hours. Despite two recovery plans and a visit from NHS Improvement (formerly Monitor), performance has remained sub-optimal. However the lower attendance profile through COVID-19 has brought daily performance to trajectory compliance.



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

62-day Cancer Wait: GP Referrals	2018-19	2019-20*
Our Trust	81.84%	81.39%
National average	79.07%	77.16%
Best performing trust	100.00%	100.00%
Worst performing trust	0.00%	0.00%

* Data up to January 2020 only

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

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

- The introduction of a new Patient Tracking List (PTL) structure which reviews performance and activity weekly, quantifies the number of treatments each week and the progression of patients through their 62 day pathways. Where required MFT will ensure that next steps are expedited to ensure patients are being progressed in line with targets either internally or with regional or national diagnostic and/or treatment centres.
- The implementation of new escalation processes to ensure that no next event in a 62 day patient's journey exceeds 7 days; This has resulted in more integrated working between diagnostic services and tumour group specialties
- Collaborative weekly meetings between Service Manager within the larger Tumour sites and Cancer Services Team MDT coordinators to review PTL's, identify and work through bottlenecks/issues in a timely manner
- Continuous data validation throughout the month (as opposed to month end) and closer links with tertiary centres delivering diagnostic and treatment interventions for Medway patients
- PTL review sessions between Clinicians in larger tumour sites and MDT coordinators with regards to what should be removed/progressed on PTL, thus ensuring rigorous and clinically-led cancer pathway management

62-day Cancer Wait: Screening Service	2018-19	2019-20*
Our Trust	76.42%	82.53%
National average	88.06%	85.16%
Best performing trust	100.00%	100.00%
Worst performing trust	0.00%	21.43%

* Data up to January 2020 only

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

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

- Patients on the Screening program are reviewed regularly via the revised weekly PTL meetings. At the point where these patients have a confirmed diagnosis they are managed as 62 day patients and every effort is made to get them booked for treatment within target
- A weekly PTL list is sent to the Bowel Screening team for updating, monitoring and, where required, expedition of screening tests
- The Breast Screening Service is hosted within the trust at Medway NHS Foundation Trust which allows us to have greater influence over a patient's journey through the screening program

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

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

The Trust took on over 2000 patients from other NHS providers in Q3 resulting in the RTT position going down to 79.67% in November 2019. Since then, through the targeted Best Access Programme, there has been an improvement in the pathways and performance within the Referral to Treatment Target (RTT) standard. Improvements have been made in most specialties due to the implementation of weekly RTT meetings with senior programme leaders and a specific focus on reducing the length and complexity of some clinical pathways. This has resulted in a reduction in the time from referral to when patients are seen by a clinician. Coupled with a more robust and timely validation process, the PTL's are now optimised and easy to manage. An agreed trajectory was instigated at the latter end of Q3, 19/20 for each service and the Trust worked with NHS Improvement to reach an agreed trajectory for 2019/20. Consequently, prior to the COVID-19 pandemic, the Trust had reached 82.63% performance against the RTT Standard. With the continuation of these measures, the predicted performance was 86% or above by the end of the fiscal year.

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

- Working closely with commissioners and regulators to improve our constitutional RTT 18-week target
- Through a dedicated recovery programme, designed and agreed with commissioners and NHSE/I, services were held to account on their trajectory at weekly RTT PTL meetings. The meetings were a source of support to provide solutions to blockages to improvement. Each meeting resulted in service-level action plans which were monitored on a weekly basis. At these meetings, the PTL Chair and Programme Team investigated individual programme activity including the management of long waiters, volumes of referrals, ASI's, uncashed appointments, theatre scheduling efficiency, cancellation rates, duplicate pathways, trajectories and corrective actions

Maximum six-week wait for diagnostic procedures

6-Week Diagnostic Wait	2018-19	2019-20*
Our Trust	96.49%	95.65%
National average	95.88%	95.04%
Best performing trust	100.00%	100.00%
Worst performing trust	69.23%	53.72%

* Data up to January 2020 only

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

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

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

- Implementation of a robust DM01 PTL reporting and action group, chaired on a weekly basis by the Head of Imaging with the Programme Director, Best Access, as SRO. Membership of the PTL comprises Service and Pathway Leads for reportable modalities and other diagnostic teams, Data Quality and Business Intelligence leads who have had clear responsibilities and expectations defined as part of their membership. The PTL operates under specified Terms of Reference which ensure improvement plans are generated, monitored and transitioned to business as usual
- Development of training across the diagnostic services at various levels, including appointment clerks, team leaders, service managers and General Managers in order to ensure a clear understanding of the rules surrounding the management of patients on a diagnostic pathway. Training also included the correct process for validation and inclusion/exclusion criteria
- Ongoing support to validate and clear historical data inaccuracies in the system, resulting in the overall reduction of errors in the records
- A thorough Demand and Capacity review of all diagnostic services, resulting in the permanent increase in capacity for MRI and support for the uplifting of capacity for Endoscopy, ECHO and Angiography. The Endoscopy service was further enhanced through a programme of session optimisation, additional endoscopy rooms and additional insourced clinical support

Complaints

In accordance with the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009, this part of the report sets out analysis of the nature and number of complaints in Medway NHS Foundation Trust during 2019/20.

It is important to note that not all formal complaints are the result of a Trust failing or poor service. For example, a complainant may not be happy with the service provided because they consider their needs are different to what the Trust has assessed them as needing.

During 2019/20 the Trust registered 798 complaints averaging 66 per month. This compares with a total of 741 complaints received in 2018/19, an increase of 7 per cent.

The Trust will be undertaking a review of complaints management to identify opportunities to strengthen and improve our systems and processes and ensure the service is providing a timely, effective and person centred complaints service. This will focus on ensuring lessons are shared for learning and themes and feedback are used to inform priorities for improvement. This will include implementing a new training programme for staff.

Complaint Themes	
Admission, discharge and transfer arrangements	67
Aids and appliances, equipment, premises, access	9
All aspects of clinical treatment	328
Appointments, delay/cancellation (outpatient incl. ED)	107
Appointments, delay/cancellation (inpatient)	46
Attitude of staff	98
Communication/information to patients	71

Complaint Themes	
Consent to treatment	2
Failure to follow agreed procedure	2
Hotel services	3
Other	12
Patients' privacy and dignity	7
Patients' property and expenses	18
Patients' status, discrimination	2
Personal records (incl. medical and/or complaints)	20
Results	6

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

- 63 percent of complaints received during 2019/20 were closed within the target response rate
- 20 percent of complaints did not meet their target response
- 10 percent were overdue.
- There are 55 (7 per cent) complaints still under investigation that are within their response due date.

Parliamentary and Health Service Ombudsman complaints.

Six new cases were referred to the Parliamentary and Health Service Ombudsman (PHSO) during 2019/20 compared to ten in 2018/19. At the time of this report six cases have been closed; two were not upheld and four were partially upheld with recommendations. Currently there are three cases still being considered by the Ombudsman.

Medway NHS Foundation Trust is committed to providing patients with the Best of Care and ensuring that their experience is as positive as it can be when using our services. The following actions during 2019/20 support our continued improvement:

Complaints are reviewed within each Directorate on a monthly basis. Themes of complaints are used as an opportunity to learn and to take action to improve the experience of patients.

The complaints leaflet has been refreshed and is available and accessible to patients and their families alongside the PALS leaflet.

Patient Advice and Liaison Service (PALS)

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

The Patient Advice and Liaison Service (PALS) logged 2,571 contacts in 2019/20. This is significantly less than the 2018/19 total of 3,486 and this is undoubtedly due to a more efficient approach to registering concerns, for example, concerns of a signposting nature, or those that are not for our organisation are no longer registered as the focus is put on providing remedy to the concerns that can be resolved.

Six per cent of PALS contacts were compliments for staff and departments.

The PALS team work collaboratively with the Care Groups and departments to highlight and help resolve patient concerns and enquiries with early resolution to prevent patients and families making formal complaints.

Patients and their families can contact PALS by telephone, email or visit in person. Additionally, contact can be made via 'Have Your Say' on the Trust website.

PALS Themes	
Admission, discharge & transfer arrangements	163
Aids & appliances, equipment, premises, access	11
All aspects of clinical treatment	290
Appointments, delay/cancellation (outpatient incl. long wait in ED) (Urology, Colorectal, Trauma & Orthopaedics, Neurology and Gastroenterology received the most enquiries)	1010
Appointments, delay/cancellation (inpatient)	39
Attitude of staff	106
Code of openness	2
Communication/information to patients	303
Compliments	149
Consent to treatment	5
Failure to follow agreed procedure	3
Hotel services	9
Information relating to other organisations	15
Mortuary and post mortem arrangements	3
Not seen by correct speciality	2
Other	91
Patients' privacy & dignity	6
Patients' property & expenses	19
Patients' status, discrimination	2
Personal records (incl. medical and/or complaints)	41
Results	291
Transport (ambulances and other)	3

This will include implementing a new training programme for staff.

Part 3: Other information

The Trust made progress in relation to all quality strategy improvement priorities during 2019-20, there were positive results of improvement across most priorities with progress throughout the year, the following summarises progress and ratings against each priority over the year.

- Safe: This was partially achieved
- Effective: This was achieved
- Person Centred: This was partially achieved

SAFE This was achieved - Achieved	
<p>Falls: Achieved</p> <p>In 2019/20 we achieved a 12% reduction in number of falls with resulting in harm. In 2020/21 we want to continue this success and further reduce the total number of falls experienced by our patients.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Continue to focus on reducing harm from Falls • Increase the reliability of the nursing fundamental standards for risk assessment and prevention of Falls. • We will purchase "SURE" falls alarms for all wards and the training support. We will implement the Falls best practice CQUIN (Commissioning for Quality Innovation) for all adult wards across the Trust. • Improve the knowledge and understanding of all our nursing staff on how to reduce the risk of patients Falling in hospital
<p>Pressure Damage: Partially achieved</p> <p>Pressure ulcers can cause significant pain and distress for patients. They contribute to longer stays in hospital and increase the risk of complications, including infection. In 2019/20 we did not achieve our aim to reduce the number of ulcers by 10%. Although there was a 40% reduction in category 3 ulcers and a 60% reduction in category 4. Although we saw a rise in the total number of pressure ulcers (from 201 to 213).</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Reduce the overall incidence of pressure ulcers by 10%. • Work towards achieving 95% reliability of the ASSSKING care bundle on pilot wards. • Improve the reliability of the nursing fundamental standards of risk assessment and pressure ulcer prevention on all wards • Improve the knowledge and understanding of all our nursing staff on how to avoid, treat and manage pressure damage
<p>Saving Babies Lives Care Bundle: Partially achieved</p> <p>Reducing smoking in pregnancy: The CCG have funded a smoking cessation midwife however COVID has meant ceasing CO monitoring. SATOD (smoking at time of delivery) remains at 17% which is comparably high however our population is a challenging one.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • New Euro king should improve reporting of SATOD • Reinstate Co monitoring • Smoking cessation midwife to work with others in the LMS to improve referral rates to stop smoking services and to improve SATOD rates.

<p>Risk assessment, prevention and surveillance of pregnancies at risk of fetal growth restriction (FGR): Midwives continue to use fundal height measurements to identify FGR. Specialist fetal medicine clinics demonstrate good identification and outcomes</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> Continue specialist clinics Improve training for fundal height measurements Utilise fetal welling midwives to support further improvements
<p>Raising awareness of reduced fetal movement (RFM): All women offered USS for RFM Induction of labour for RFM (more than one occasions) Safety messaging using social media and Mama maternity notes folders</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> Continue to monitor Utilise fetal welling midwives to support further improvements in the used of Dawes Redman
<p>Effective fetal monitoring during labour: Guideline review and development to introduce FIGO which is a more physiological approach. Cases referred to HSIB had a CTG common theme. CNST money used to commission whole day CTG MDT training</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> COVID has made us rethink how we deliver training. New approach to go live June 2020 using online training and video MDT interactive workshops. Challenges with funding for 20/21 training.
<p>Reducing preterm birth: All elements of bundle five in place</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> Continue to monitor and report as required by CNST
<p>CNST Incentive scheme year 2 10 safety actions: All met and 10% CNST premium received</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> COVID has meant that year 3 has been paused. Reduced focus on the ten safety actions put MFT at risk of not achieving for year 4
<p>Better Birth Continuity of Carer (CoC) KPI 20% by March 2019 KPI 35% by March 2020 51% going forward We achieved 12% in 2019</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> CoC has been paused due to COVID. Working on introducing a home birth team for 2020
<p>Digital New Euroking system to be introduced to improve access to electronic records and personalised care</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> Go live with Euro-king and work on labour ward records.

EFFECTIVE	
This was achieved – Achieved	
<p>Transfer of Care: Achieved</p> <p>Effective transfer of patient care between care providers is essential to ensuring patients receive effective and seamless treatment. Our aim is to ensure patient care is timely and accurately handed over to the right care provider. This will be measured by reducing the numbers of patients who deteriorate and suffer cardiac arrest. In 2019/20 the Trust achieved this aim with an 80% reduction in avoidable cardiac arrest calls resulting in fewer transfers to the Intensive Care Unit. An audit identified the primary cause of a cardiac arrest call had been a delay in treatment or lack of treatment being carried out. The National Cardiac Arrest Audit (NCAA) showed the Trust is now below the national average for the number of cardiac arrests.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Maintain our performance in the number of avoidable cardiac arrest calls. • Ensure there is a reliable process for managing the deteriorating patient. • Patients who do deteriorate will be recognised and responding to appropriately.
<p>In-patient Sepsis Management: Achieved</p> <p>At the end of 2019/20 we achieved 100% compliance with the Sepsis 6 care bundle but only achieved 80% for the administration of antibiotics within an hour. (The timely administration of antibiotics is one of the 6 elements of the Sepsis 6 care bundle).</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Maintain our overall compliance with the Sepsis 6 Care Bundle. • Improve the compliance with the 1 hour antibiotic administration target. • Approve the use of a Patient Group Directive to allow nurses working in the Emergency Department to administer first line antibiotics.
<p>Prescribing and Management of Antibiotics: Achieved</p> <p>At the end of 2019/20 our prevalence/use of antibiotics compliance rate was 88.3%, which is above the national average 33.7%. Good antimicrobial stewardship supports the reduction in hospital acquired Clostridium Difficile (C-Diff), as reducing antimicrobial resistance and eliminating clinically inappropriate treatment, is key in continuing to achieve this target. In 2019/20 antibiotics compliance support the trust to achieved the target for C-Diff acquisitions by not exceeding the target of 43 cases.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Maintain our performance for C-Diff infections and not exceed the agreed trajectory. • Ensure we improve our reporting on antimicrobial resistance and prescribing which will be demonstrated via audit.
<p>Right and Proper Nutrition and Hydration: Partially achieved</p> <p>Many of our patients have a higher risk of malnutrition, for example those undergoing major surgery, those with underlying medical conditions and those at the end of their life. Supporting our at risk patients is vital to aid</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Improve the current levels of compliance with assessment, screening and implementation of a person centred care plan to address patient's hydration and nutritional needs.

<p>recovery and maintain comfort. We have implemented a number of new initiatives and policies to help improve this. In 2019/20 we partially achieved this standard with an improvement in the use of the Malnutrition Universal Screening Tool (MUST). This is used to measure the hydration and nutritional needs of every patient.</p>	<ul style="list-style-type: none"> • Ensure 85% of staff have completed nutrition and hydration training as recorded on our Electronic Staff Record (ESR)
<p>Transfer of Care: Achieved Effective transfer of patient care between care providers is essential to ensuring patients receive effective and seamless treatment. Our aim is to ensure patient care is timely and accurately handed over to the right care provider. This will be measured by reducing the numbers of patients who deteriorate and suffer cardiac arrest. In 2019/20 the Trust achieved this aim with an 80% reduction in avoidable cardiac arrest calls resulting in fewer transfers to the Intensive Care Unit. An audit identified the primary cause of a cardiac arrest call had been a delay in treatment or lack of treatment being carried out. The National Cardiac Arrest Audit (NCAA) showed the Trust is now below the national average for the number of cardiac arrests.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Maintain our performance in the number of avoidable cardiac arrest calls. • Ensure there is a reliable process for managing the deteriorating patient. Patients who do deteriorate will be recognised and responding to appropriately.

PERSON CENTRED	
This was partially achieved	
<p>Care of Vulnerable Patients: Partially achieved</p> <p>Caring for some of our most vulnerable patients can be challenging but we all have a duty of care to ensure patients and carers needs are met.</p> <p>In 2019/20 we aimed to improve the care we provided for some of our most vulnerable patients who have Dementia, Delirium and Learning Disability.</p> <p>We achieved 80% compliance with the Dementia Care Bundle, but did not consistently apply the 4AT memory test for those with Delirium. By the end of the year 100% patients had a Learning disability passport although only 50% were identified on the Extra Med electronic patient record system.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Continue to improve compliance with the Dementia Care Bundle. • Improve the completion of the “This is Me” care passport. • Achieve a consistent application of the Delirium Care Bundle including the 4AT memory test. • Ensure at least 20% of staff are trained in Learning Disability care. • Implement the “Changing Places” best practice tool.
<p>Mixed Sex Accommodation: partially achieved</p> <p>No patient should be cared for in a mixed sex bay unless they chose to do so. Some patients, e.g. children are often cared for together so friendship and family groups can be maintained. However, for most patients being cared for in a same sex bay is a key to promoting their dignity.</p> <p>By the end of 2019/20 the Trust reported 1,044 breaches of this standard, and whilst we did not achieve this goal significant improvement was seen in reducing MSA breaches in the last 4 months of the year.</p>	<p>In 2020/21 we will:</p> <ul style="list-style-type: none"> • Build on the improvements in Mixed Sex Accommodation by reducing the number of breaches by 5 per month. • Continue to record, investigate and report every breach via the central system.

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

Update 1 May 2020: Regulations making revisions to quality account deadlines for 2019/20 are now in force. While primary legislation continues to require providers of NHS services to prepare a quality account for each financial year, the amended regulations mean there is no fixed deadline by which providers must publish their 2019/20 quality account.

NHS England and NHS Improvement recommend for NHS providers that a revised deadline of 15 December 2020 would be appropriate, in light of pressures caused by COVID-19. Draft quality accounts should be provided to stakeholders (for 'document assurance' as required by the quality accounts regulations) in good time to allow scrutiny and comment. For finalising quality accounts by 15 December, a date of 15 October would be reasonable for this; each trust should agree this with their relevant stakeholders. The letter attached below has not yet been revised.

Medway NHS Foundation Trust will submit the Quality Account to stakeholders in accordance with the set timescales.

NHS providers are no longer expected to obtain assurance from their external auditor on their quality account / quality report for 2019/20.

NHS foundation trusts are not required to include a quality report in their annual report for 2019/20: for more information NHS foundation trusts should see NHS foundation trust annual reporting manual (FT ARM).

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

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

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, directors are required to take steps to satisfy themselves that: the content of the quality report meets the requirements set out in the NHS foundation trust annual reporting manual 2019/20 and supporting guidance Detailed requirements for quality reports 2019/20

the content of the quality report is not inconsistent with internal and external sources of information including:

- board minutes and papers for the period April 2019 to March 2020
- papers relating to quality reported to the board over the period April 2019 to March 2020
- feedback from commissioners dated: to be added within NHS England set time frames
- feedback from governors dated: to be added within NHS England set time frames
- feedback from local Healthwatch organisations dated: to be added within NHS England set time frames
- feedback from overview and scrutiny committee dated: to be added within NHS England set time frames
- the trust's complaints report published under Regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated May 2020
- the 2019 national patient dated February 2020
- the 2019 national staff dated February 2020
- the Head of Internal Audit's annual opinion of the trust's control environment dated June 2020
- CQC inspection report dated April 2020
- the quality report presents a balanced picture of the NHS foundation trust's performance over the period covered
- the performance information reported in the quality report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the quality report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the quality report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review

- the quality report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the quality accounts regulations) as well as the standards to support data quality for the preparation of the quality report.

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

By order of the board

Date: 24 June 2020



Chair

Date: 24 June 2020



Chief Executive

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

Update 1 May 2020: NHS providers are no longer expected to obtain assurance from their external auditor on their quality account / quality report for 2019/20.

Glossary

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

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

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ANNUAL ACCOUNTS



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Foreword to the Accounts

Medway NHS Foundation Trust

These accounts, for the year ended 31 March 2020, have been prepared by Medway NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Service Act 2006.



Signed

Name

Job title Chief Executive

Date 24 June 2020

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

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

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

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- prepare the financial statements on a going concern basis.

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

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.



James Devine
Chief Executive
24 June 2020

Independent auditor's report to the Council of Governors of Medway NHS Foundation Trust

Report on the Audit of the Financial Statements

Qualified opinion

Our opinion on the financial statements is modified

We have audited the financial statements of Medway NHS Foundation Trust (the 'Trust') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity for the year ended 31 March 2020, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Accounts Directions issued under the National Health Service Act 2006, the NHS foundation trust annual reporting manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019 to 2020.

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:

- give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2019 to 2020; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for qualified opinion

Due to the national lockdown arising from the Covid-19 pandemic we did not observe the counting of physical inventories at the end of the year. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities held at 31 March 2020, which have a carrying amount in the Statement of Financial Position of £6.31m, by performing other audit procedures. Related balances may be materially misstated for the same reason.

Consequently we were unable to determine whether any adjustment to these amounts were necessary. In addition, were any adjustments to these amounts to be required, the Annual 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Accounting Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Trust's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Trust has forecast an unadjusted deficit of £47.4 million for 2020/21.

As disclosed in note 1.2, the Trust anticipates that if it meets this planned deficit, it will receive match funding from NHS Improvement's Financial Recovery Fund, which will enable it to breakeven. The Trust board acknowledges that achievement of its planned deficit requires £12 million of financial improvement over and above embedded efficiencies. The Trust board recognises that this is a highly demanding plan subject to a high degree of risk and dependent upon the full delivery of cost reduction targets and adherence to agreed budgets.

These events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In concluding that there is a material uncertainty, our audit work included but was not restricted to:

- we assessed the likelihood of NHS Improvement transferring services to other NHS bodies;
- we assessed the information available regarding future funding and planning assumptions for the Trust included in the Trust's cash flow forecasts over the period under assessment;
- we assessed whether the Trust had updated its cash flow forecasts to reflect the impact of Covid-19;
- we assessed the completeness and accuracy of the disclosures in the going concern note.

Overview of our audit approach

Financial statements audit

- Overall materiality: £6.3m which represents 1.8% of the Trust's gross operating costs (consisting of operating expenses and finance expenses)
- Key audit matters were identified as:
 - Valuation of land and buildings
 - Occurrence and accuracy of non-block contract patient care income and other operating income and existence of associated receivable balances
 - Going concern material uncertainty disclosures

We have tested all of the Trust's material income streams covering over 99% of the Trust's income, 99% of the Trust's expenditure and the Trust's material assets and liabilities

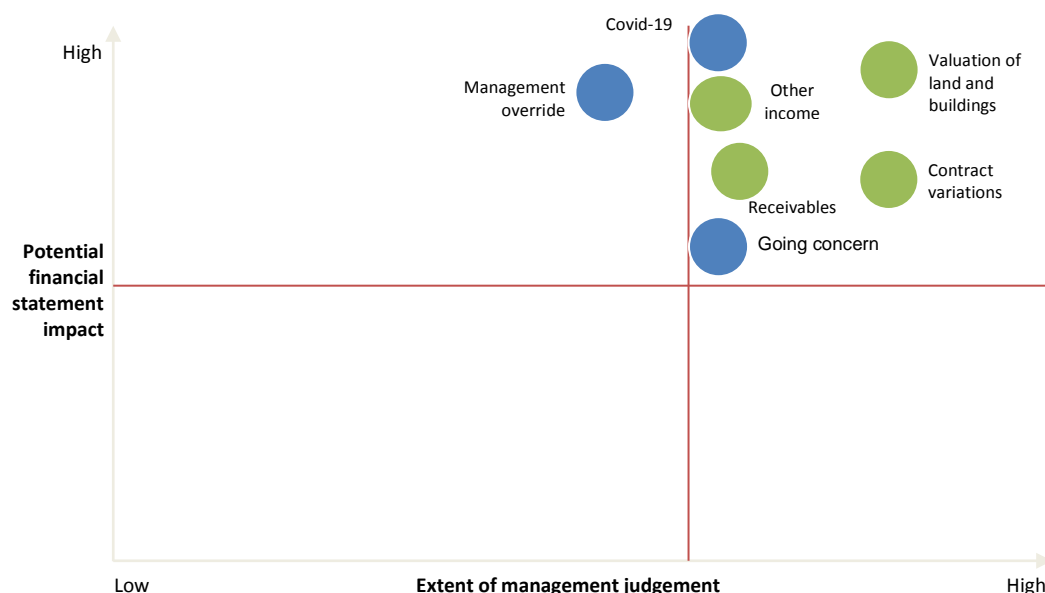
Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

- We identified two significant risks in respect of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (see Report on other legal and regulatory requirements section).



Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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 matters described in the basis for qualified opinion section and the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter

How the matter was addressed in the audit

Risk 1 Valuation of Land and Buildings

The Trust re-values its land and buildings annually to ensure that the current value is not materially different from fair value. This represents a significant estimate by management in the financial statements. A full valuation is being carried out in 2019-20.

In valuing the Trust's estate, management have made the assumption that the main hospital site at Medway Maritime Hospital, if needed to be replaced, would be rebuilt to modern conditions on an alternative site. The Trust has commissioned a new valuer, Montagu Evans, to value the estate at 31 March 2020.

The effects of the COVID-19 virus will affect the work carried out by the Trust's valuer in a variety of ways. RICS Regulated Members have therefore been considering whether a material uncertainty declaration is now appropriate in their reports. Its purpose is to ensure that any client relying upon the valuation report understands that it has been prepared under extraordinary circumstances.

In their 2019/20 valuation report the Trust's valuer included

Our audit work included, but was not restricted to:

- evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;
- evaluating the competence, capabilities and objectivity of the valuation expert;
- discussing with the valuer the basis on which the valuations were carried out and challenging the key assumptions applied;
- testing the information used by the valuer to ensure it is complete and consistent with our understanding;
- testing revaluations made during the year to ensure they have been input correctly into the Trust's asset register.

The Trust's accounting policy on valuation of property, plant and equipment is shown in note 1.6 to the financial statements and related disclosures are included in note 11.

Key observations

We draw attention to note 1.6.2 of the financial statements, which describes the effects of the COVID-19 pandemic on the valuation of land and buildings as at 31 March 2020.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020

Key Audit Matter

a material uncertainty and this was disclosed in note 1.6.2 to the financial statements.

We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.

Risk 2 Occurrence and accuracy of non-block contract patient care income and other operating income and existence of associated receivable balances

Trusts are facing significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, we have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue.

We have rebutted this presumed risk for the revenue streams of the Trust that are principally derived from contracts that are agreed in advance at a fixed price. We have determined these to be income from:

- Block contractual element of Patient Care revenues;
- Education & Training income.

We have not deemed it appropriate to rebut this presumed risk for all other material streams of patient care income and other operating revenue.

We have therefore identified the occurrence and accuracy of these income streams of the Trust and the existence of associated receivable balances as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.

How the matter was addressed in the audit

('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. The values in the report have been used to inform the measurement of property assets at valuation in the financial statements.

The Trust has disclosed the estimation uncertainty related to the year-end valuations of land and buildings in the note to the financial statements. Our opinion is not modified in respect of this matter.

We obtained sufficient audit assurance to conclude that:

- the basis of the valuation of land and buildings was appropriate, and
- the assumptions and processes used by management in determining the estimate of valuation of property were reasonable;
- the valuation of land and buildings disclosed in the financial statements is reasonable.

Our audit work included, but was not restricted to:

- evaluating the Trust's accounting policy for recognition income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual 2019/20 ;
- updating our understanding of the Trust's system for accounting for income from patient care activities and other operating revenue, and evaluated the design of the associated controls;
- using the analysis provided by the Department of Health to identify any significant differences in income balances with contracting NHS bodies, and investigating the validity of these differences;
- agreeing, on a sample basis, amounts recognised in income in the financial statements to signed contracts and invoices;
- agreeing a sample of the income from additional non-contract activity in the financial statements to any signed contract variations, invoices, and other supporting documentation, such as correspondence from the Trust's commissioners which confirms their agreement to pay for the additional activity and the value of the income.

The Trust's accounting policy on income recognition is shown in note 1.4 to the financial statements and related disclosures are included in notes 3 and 4.

Key observations

We obtained sufficient, appropriate audit evidence to conclude that the income recognised in the Trust's financial statements had occurred and was accurate. to concluded that the associated receivables balances within the financial statements existed and were due to the Trust.

Our application of materiality

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

Materiality was determined as follows:

Materiality Measure**Trust**

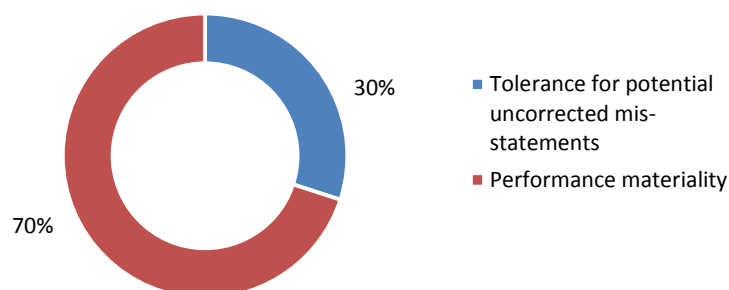
Financial statements as a whole

£6.3m which is 1.8% of the Trust's gross operating costs. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Trust has expended its revenue and other funding.

Materiality Measure	Trust
Performance materiality used to drive the extent of our testing	70% of financial statement materiality
Specific materiality	We did not identify any areas for specific lower materiality
Communication of misstatements to the Integrated Audit Committee	£0.3m and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Trust



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Trust's business, its environment and risk profile and in particular included:

- an evaluation of the Trust's internal control environment including relevant IT systems and controls over key financial systems;
- obtaining supporting evidence, on a sample basis, for:
 - all of the Trust's material income streams, covering over 99% of the Trust's income;
 - operating expenses, covering over 99% of the Trust's expenditure; and
 - plant, property and equipment and the Trust's other material assets and liabilities.

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 the 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 obtain sufficient appropriate audit evidence regarding the inventory quantities, which have a carrying amount in the Statement of Financial Position of £6.3m at 31 March 2020, and related balances. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

In this context, we have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 46 in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy, is materially inconsistent with our knowledge of the Trust obtained in the audit; or
- Integrated audit committee reporting set out on page 34 in accordance with provision C.3.9 of the NHS Foundation Trust Code of Governance.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not meet the disclosure requirements set out in the NHS foundation trust annual reporting manual 2019/20 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider 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 this regard.

Our opinion on other matters required by the Code of Audit Practice is modified

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the NHS foundation trust annual reporting manual 2019/20 and the requirements of the National Health Service Act 2006; and
- except for the possible effects of the matter described in the basis for qualified opinion section of our report, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of expenditure that was unlawful, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer **set out on page 78**, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2019/20, 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 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 has been informed by the relevant national body of the intention to dissolve the Trust without the transfer of the Trust's services to another public sector entity.

The Integrated Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in April 2020, except for the effects of the matters described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects Medway NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matter:

The Trust incurred a deficit of £21 million in 2019/20, following receipt of Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and Marginal Rate Emergency Funding (MRET) income of £31.2 million. The size of the deficit is lower than that incurred in the prior year, but this is predominantly due to an increase in the level of PSF, FRF and MRET received by the Trust. The Trust's underlying financial position has deteriorated because its cost base increasingly outstrips its income, particularly in respect of staff costs.

This matter identifies weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures. This matter is evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Significant risks

Under the Code of Audit Practice, we are required to report on how our work addressed the significant risks we identified in forming our conclusion on the adequacy of the Trust's arrangements for securing economy,

efficiency and effectiveness in its use of resources. Significant risks are those risks that in our view had the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. The table below sets out the significant risks we have identified. These significant risks were addressed in the context of our conclusion on the Trust's arrangements as a whole, and in forming our conclusion thereon, and we do not provide a separate opinion on these risks.

Significant risks forming part of our qualified conclusion	How the matter was addressed in the audit
<p>Risk 1 Financial Sustainability</p> <p>The Trust reported a substantial deficit of £29.9m in 2018/19. In 2019/20 the Trust is anticipated a further but improved deficit, forecasting a range of deficit outcomes from £21.0m to £22.3m with the control total of £22.3m not being achieved in the worst of these outcomes. Whilst the Trust's financial position has been improving, the current scale of the deficit is not sustainable as such there is a risk that the Trust does not have sufficient arrangements in place to ensure financial stability.</p> <p>Under achievement of the Cost Improvement Programme is a key factor in the Trust's deficit position. In 2019/20, the Trust is required to deliver £19.5m of CIPs. As at Month 9, the Trust had planned £15.1m of CIP savings and achieved £13.4m against this, representing a £1.7m adverse variance. The Trust forecasts a delivery of between £16.6m (worst case) and £18.1m (best case) for the full year, both of which are adverse to the Trust's plan of £19.5m. Not meeting CIP targets increases the risk that the control total is not met.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • updating our understanding of the Trust's financial position; and • understanding the financial plans for the year ahead including the arrangements for identifying and delivering cost improvement plans. <p>This included review of:</p> <ul style="list-style-type: none"> • the 2019-20 Financial outturn; • the 2020-21 Budget and Financial planning; • the Trust's Cost Improvement programme; • other Financial Metrics that indicate financial sustainability; • response to Covid-19 (financial and otherwise). <p>Key findings</p> <p>We have qualified our conclusion in respect of this risk, as set out in the basis of qualified conclusion section of the report.</p>

Significant risks not forming part of our qualified conclusion	How the matter was addressed in the audit
<p>Risk 1 Clinical Quality</p> <p>The Care Quality Commission ('CQC') inspected core services of Trust in December 2019 and carried out a Well-Led review in January 2020. The outcome report was expected in March.</p> <p>There was a risk the Trust was assessed to provide unsatisfactory quality services.</p> <p>We have considered the outcome of the in-year CQC reports in our findings.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Considering the outcome of the in-year CQC reports; • Reviewing the Trust's response to findings. <p>Key findings</p> <p>The CQC published its inspection report on 30 April 2020 and rated the Trust as overall "requires improvement". The Trust was rated as: good for caring, requires improvement for safe, effective, responsive, and well led as inadequate.</p> <p>A CQC Quality Improvement Action Plan has been developed by the Trust in response to the report.</p>

Responsibilities of the Accounting Officer

The Accounting Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The

Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020, and to report by exception where we are not satisfied.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Medway NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors 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 Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

Darren Wells

Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

25 June 2020

Statement of Comprehensive Income for the year ended 31 March 2020

		2019/20	2018/19
	Note	£000	£000
Operating income from patient care activities	3	269,260	257,107
Other operating income	4	56,519	40,844
Operating expenses	5	(342,914)	(324,247)
Operating surplus/(deficit) from continuing operations		(17,135)	(26,296)
Finance income	9	204	80
Finance expenses	10	(4,070)	(3,663)
Net finance costs		(3,866)	(3,583)
Deficit for the year		(21,001)	(29,879)
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	12	(6,662)	0
Revaluations	12	12,748	(11,100)

Statement of Financial Position as at 31 March 2020

		31 March 2020	31 March 2019
	Note	£000	£000
Non-current assets			
Property, plant and equipment	11	204,276	184,877
Receivables	14	915	367
Total non-current assets		205,191	185,244
Current assets			
Inventories	13	6,306	5,871
Receivables	14	36,286	39,063
Cash and cash equivalents	15	12,385	10,841
Total current assets		54,977	55,775
Current liabilities			
Trade and other payables	16	(24,481)	(23,766)
Borrowings	18	(292,111)	(127,124)
Provisions	19	(1,812)	(180)
Other liabilities	17	(2,706)	(2,868)
Total current liabilities		(321,110)	(153,938)
Total assets less current liabilities		(60,942)	87,081
Non-current liabilities			
Borrowings	18	(2,278)	(137,501)
Provisions	19	(1,317)	(870)
Total non-current liabilities		(3,595)	(138,371)
Total assets employed		(64,537)	(51,290)
Financed by			
Public dividend capital		140,580	138,912
Revaluation reserve		41,366	35,043
Income and expenditure reserve		(246,483)	(225,245)
Total taxpayers' equity		(64,537)	(51,290)

The notes on pages 167 to 201 form part of these accounts.

Signed

Name
Position
Date

James Devine
Chief Executive
24 June 2020

Richard Eley
Director of Finance
24 June 2020

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' equity at 1 April 2019 - brought forward	138,912	35,043	(225,245)	(51,290)
Deficit for the year	0	0	(21,001)	(21,001)
Transfers between reserves	0	249	(249)	0
Impairments	0	(6,662)	0	(6,662)
Revaluations	0	12,748	0	12,748
Transfer to retained earnings on disposal of assets	0	(12)	12	0
Public dividend capital received	1,668	0	0	1,668
Taxpayers' equity at 31 March 2020	140,580	41,366	(246,483)	(64,537)

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

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

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

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(17,135)	(26,296)
Non-cash income and expense:			
Depreciation and amortisation	5	10,554	10,515
Net impairments	12	(585)	0
(Increase) / decrease in receivables and other assets		2,237	(4,664)
Decrease / (Increase) in inventories		(435)	1,570
Increase / (decrease) in payables and other liabilities		(1,022)	(12,170)
Decrease / (Increase) in provisions		2,076	(452)
Net cash used in operating activities		(4,310)	(31,497)
Cash flows from investing activities			
Interest received		196	76
Purchase of property, plant, equipment and investment property		(21,707)	(12,340)
Net cash used in investing activities		(21,511)	(12,264)
Cash flows from financing activities			
Public dividend capital received		1,668	1,193
Movement on loans from the Department of Health and Social Care		29,755	47,155
Interest on loans		(4,042)	(3,506)
Other interest		(16)	(8)
Net cash generated from financing activities		27,365	44,834
Increase in cash and cash equivalents		1,544	1,073
Cash and cash equivalents at 1 April - brought forward		10,841	9,768
Cash and cash equivalents at 31 March	15	12,385	10,841

Notes to the Accounts for the year ended 31 March 2020

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 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.

Note 1.1.1 Accounting convention

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

Note 1.2 Going concern

International Accounting Standard 1 (IAS 1) requires the Directors to assess, as part of the preparation of the annual accounts, the Trust's ability to continue as a going concern.

The key evidence supporting the 'Going Concern' conclusion is contained within the 'Department of Health and Social Care Group Accounting Manual 2019-20' which states:

For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant national body or DHSC sponsor of the intention for dissolution without transfer of services or function to another entity.

Sponsored entities whose statements of financial position show total net liabilities must prepare their financial statements on the going concern basis unless, after discussion with their sponsor division or relevant national body, the going concern basis is deemed inappropriate.

Should a DHSC group body have concerns about its "going concern" status (and this will only be the case if there is a prospect of services ceasing altogether) it must raise the issue with its sponsor division or relevant national body as soon as possible.

The NHS Foundation Trust Annual Reporting Manual 2019/20 goes on to state:

The anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern.

Therefore, in accordance with the above guidance, the accounts have been prepared on a going concern basis as we do not intend, nor consider that it will be necessary, to apply to the Secretary of State for the dissolution of the Trust with the transfer of the services to another entity in the foreseeable future.

The Covid-19 pandemic has created a high degree of operational uncertainty, but in contrast has provided some financial guarantees. At the time of writing, the NHS has confirmed a block contract and top-up payment mechanism between commissioners and providers until the end of July 2020. This provides certainty over

income and cash flows during these unparalleled times with the aim of supporting providers to achieve a breakeven over this period.

The key challenge for the Trust therefore becomes the manner by which it is able to operationally transition from these financial arrangements to “business as usual”. A draft operating plan was submitted in early March which set out the financial budgets expected to apply for 2020/21. As the pandemic crisis worsened and operating planning was deferred, the Trust has sought to adapt its draft financial plan to reflect operational necessity. National support to meet the additional costs of Covid-19 have been welcomed.

Covid-19 aside, the economic environment for NHS organisations remains challenging. The Trust has delivered its control total for 2019/20 and submitted a financial plan to NHS Improvement, delivering breakeven in 2020/21 (£47.4m deficit before application of Financial Recovery Funds [“FRF”]). This plan required the delivery of a further £12.0 million of financial improvement over and above embedded efficiencies, e.g. through tariff and commissioner QIPP. The Trust board recognises that this continues to represent a highly demanding plan, subject to a high degree of risk, and dependent upon the full delivery of cost reduction targets, and the adherence to agreed budgets.

The Statement of Financial Position shows that at the 31st March 2020 the Trust’s liabilities were in excess of its assets. However, following announcements by the Government there will be a conversion of interim debt (i.e. deficits and capital loan financing) into Public Dividend Capital during 2020/21. This would have the effect of moving the Trust into a net assets position.

With continued support from the FRF as notified to it, the Trust will have sufficient cash balances for a minimum of twelve months from the date of signing the accounts.

Some of the significant risks facing the Trust are summarised as follows, and further information on risk is contained within the annual report within the annual governance statement:

- There is a risk over whether the Trust will achieve its full programme of efficiency savings of a further £12 million (before Covid-19 impacts), following delivery of almost £40 million of savings in the last two financial years. This level of savings is extremely challenging, requiring significant change management and must be supported with adequate operational engagement to deliver against agreed detailed plans.
- The Trust’s reliance on temporary staff to cover a high level of vacancies remains a key challenge. Plans are in place to reduce this reliance, predominantly by recruiting and retaining more substantive staff in key specialties and departments.
- Investment in the estate and infrastructure is restricted by the availability of funds generated by activities. The Trust will require capital support funding to be able to deliver its essential programme of works and is considering alternative approaches to meet its requirements.
- Receiving sufficient income for all services provided to its Commissioners remains a risk. The Trust is working with bodies in the local health economy and the Sustainability and Transformation Partnership to deliver transformational change across Medway and to ensure the sustainability of services for the future.

Although these factors represent material uncertainties that may cast significant doubt about the Trust’s ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2019/20 Department of Health and Social Care Group Accounting Manual, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

Note 1.3 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office for 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.

Note 1.3.1 Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer.

For patients whose treatment straddles the year end income is apportioned across the financial years on the basis of length of stay, in so far as it is in accordance with the terms of the contract. The basis for the calculation of the partially completed spells accrual was those patients who were occupying a Trust bed on 31 March 2020 but were not discharged until the following financial year. Average prices by speciality and by point of delivery were then applied to these spells with adjustments made to ensure that income due was appropriately distributed between the 2019/20 and 2020/21 financial years, based on the distribution of length of stay.

Where income is received for a specific activity which is to be delivered in the following financial year that income is deferred. This includes the Maternity pathway funding where the income is received at the beginning of the treatment and the proportion relating to treatment which is to be delivered in 2020/21 has been deferred.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Note 1.3.2 Revenue from Research Contracts

All Trust research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

Note 1.3.3 NHS Injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to

the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.3.4 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

Note 1.3.5 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.

Note 1.3.6 Other income

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.

Sale of Assets

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.4 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Note 1.5 Expenditure on other goods and services

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

Note 1.6 Property, plant and equipment

Note 1.6.1 Recognition

Property, plant and equipment is capitalised where:

- It is held for use in delivering services or for administrative purposes
- It is probable that future economic benefits will flow to, or service potential be provided to, the trust
- It is expected to be used for more than one financial year
- The cost of the item can be measured reliably
- The item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- costs form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Staff costs have also been capitalised where they arise directly from the construction or acquisition of specific property, plant or equipment.

The finance costs of bringing fixed assets into use are not capitalised.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g., plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Software which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as a tangible asset.

Note 1.6.2 Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the valuation at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Valuations are determined as follows;

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The valuation included in the Statement of Financial Position at 31 March 2020 is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Trust's service requirements can be met from the alternative site.

All land and buildings are restated to current value using professional valuations in accordance with IAS 16 every five years. A yearly interim valuation is also carried out. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. In accordance with this policy the valuation undertaken on 2019/20 was therefore a full revaluation.

The valuation exercise was carried out in March 2020 with a valuation date of 31st March 2020. In accordance with VPGA10 of the Royal Institute of Chartered Surveyors (RICS) ('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. In their report to the Trust the valuers state the following that may give rise to valuation uncertainty.

In light of the ongoing Covid-19 crisis, we are now in a period of significant uncertainty in relation to many factors that historically have acted as drivers of the property investment and letting markets, with major adverse impacts already affecting global stock markets, future economic growth forecasts, and business and consumer confidence. Such circumstances are unprecedented but are expected to result in similar uncertainty in much of the property market, and may impact values in the coming months.

There is as yet little or no empirical evidence currently available on the impact of Covid-19 on property market activity or values, resulting in a reduced level of certainty that can be attached to our valuation. In assessing the valuation of specialised assets based on build costs as we would expect the availability of labour to have a short term impact on costs. However, the time lag of data coming available is likely to defer any potential movements in value over the coming period, with limited immediate impact on values. In our view, whilst value movements will most likely be negative on Market Value calculations, we anticipate construction costs will increase over the period that could result in an increase in values based on the DRC methodology.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and remains the best information available to the Trust.

The valuation report has indicated the range of uncertainty attached to the report is +0.79% to -0.67%

A +0.79% or – 0.67% change in the valuation would have +£1.4m or -£1.2m impact on the statement of financial position which the valuers have deemed to be immaterial. There is no related change to the PDC dividend relating to 2019/20 financial year arising from this uncertainty as no PDC dividend is payable by the Trust in 2019/20.

Of the £174m net book value of land and buildings subject to valuation, circa £163m (94%) relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Trust of replacing the service potential, rather than the extent of the service potential to be replaced.

It is possible that the COVID-19 pandemic will affect the Trust's future assessment of what would be required in a modern equivalent asset, but as yet there is insufficient evidence to affect the assumptions used in the valuation.

Properties in the course of construction for services or administration purposes are carried at cost, less any impairment loss. Costs includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Subsequent expenditure

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

Depreciation

Items of property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated economic lives. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment reclassified as 'Held for Sale' cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Assets held under a finance lease are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset - see 1.6.5.

Revaluation gains and losses

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

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

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

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.6.3 De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- The sale must be highly probable i.e.:
 - Management are committed to a plan to sell the asset
 - An active programme has begun to find a buyer and complete the sale
 - The asset is being actively marketed at a reasonable price
 - The sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - The actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.6.4 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1.6.5 Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min Years	Max Years
Buildings (set-up costs in new buildings)	3	10
Buildings & Dwellings	3	80
Plant & machinery	5	15
Transport (Vehicles)	7	7
Information technology	5	8
Furniture & fittings	7	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Information Technology assets also include the Picture Archiving and Communications Systems (PACS) deployment costs, which is depreciated over a 10 year life.

Note 1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using average cost of pharmacy inventory and latest prices for all other stock which is considered to be a reasonable approximation to fair value due to the high turnover of inventories. Inventories comprise goods in intermediate stages of production.

The Trust's inventory balance of £6.3m is material to the Trust's accounts. The Trust is satisfied that its inventory balance is presented fairly in all material respects: Pharmacy stock of £2m has been valued in accordance with the JAC and robot system which are subject to sample counts on a daily basis, and; £4.3m of ward pharmacy and consumables stock has been retained at the prior year value. This valuation was applied based upon 29% of all non pharmacy stock takes that did occur returning an immaterial movement on the prior year.

However the restrictions on movement in the United Kingdom in March 2020 meant that the Trust was unable to perform the majority of its planned year end inventory counts and the Trust's auditor were unable to attend any relevant year end counts that did take place.

The auditor has also 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 therefore 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.

The auditor's opinion on the financial statements remains unmodified in all other respects.

Note 1.9 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.10 Financial assets and financial liabilities

Note 1.10.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e., when receipt or delivery of the goods or services is made.

Note 1.10.2 Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

The Trust has developed a model for Non DHSC group bodies' contract and other receivables which assesses the liability by category and debtor type factoring in any known specifics to calculate the value of impairment.

This DHSC provides a guarantee of last resort against the debts of DHSC group bodies (excluding NHS charities); in accordance with the GAM these liabilities have been deemed risk free so no credit losses are calculated in relation to these liabilities.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Note 1.10.3 Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.11 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.11.1 The trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Note 1.12 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is

significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 19 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.13 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 20 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 20, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.14 Public dividend capital

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

- donated assets (including lottery 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.
- any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-

audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts. COVID-19 assets will be excluded from this calculation.

When calculated average net assets are negative PDC dividends are not applicable.

Note 1.15 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.16 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.17 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.18 Critical judgements in applying accounting policies

Any judgements, apart from those involving estimations (see below) that management has made in the process of applying the NHS foundation trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are disclosed in the notes:

Going Concern - [See note 1.2.](#)

Inventories - [See note 1.8.](#)

Note 1.18.1 Sources of estimation uncertainty

Any assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the notes:

Note 1.6.2 The only estimation uncertainty relates to the valuation of the Trust Estate

Note 1.19 Accounting standards that have been amended during the reporting year

No new standards or revisions to existing standards have been adopted in 2019/20.

Note 1.20 Standards, amendments and interpretations in issue but not yet effective or adopted

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. [For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition]. 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.

The Trust currently has a minimal number and value of operating leases therefore no material financial impact is foreseen on implementation. The Trust continues to develop processes to implement and assess.

Note 1.21 Charitable Funds

The Trust is the corporate Trustee of Medway NHS Foundation Trust Charitable Fund – Registered Charity number 1051748. The foundation trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff.

Prior to 2013/14, the NHS Foundation Trust Annual Reporting Manual permitted the NHS foundation trust not to consolidate the charitable fund due to a dispensation from HM Treasury relating to the application of IAS 27. From 2013/14, the dispensation was removed however given the value of the charity the foundation trust has not consolidated the charitable fund as it is not deemed material to the accounts of the foundation trust.

Note 2 Operating Segments

The Trust has only one segment of business which is the provision of healthcare. The segment has been identified with reference to how the Trust is organised and the way in which the chief operating decision maker (determined to be the Board of Directors) runs the Trust.

The geographical and regulatory environment and the nature of services provided are consistent across the organisation and are therefore presented in one segment. The necessary information to develop detailed income and expenditure for each product and service provided by the Trust is currently not discretely available and the cost to develop this information would be excessive.

Significant amounts of income are received from transactions with the Department of Health and other NHS bodies. Disclosure of all material transactions with related parties is included in note 27 to these financial statements. There are no other parties that account for more than 10% of total income.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

Note 3.1 Income from patient care activities (by nature)	2019/20	2018/19
	£000	£000
Elective income	37,497	36,173
Non elective income	97,575	90,063
First outpatient income	18,617	19,267
Follow up outpatient income	14,090	15,425
A & E income	14,233	13,933
High cost drugs income from commissioners (excluding pass-through co:	23,274	21,893
Other NHS clinical income	51,727	55,129
Private patient income	146	131
Agenda for Change pay award central funding*	0	3,190
Additional pension contribution central funding**	8,189	0
Other clinical income	3,912	1,903
Total income from activities	269,260	257,107

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2019/20	2018/19
	£000	£000
NHS England	44,798	32,536
Clinical commissioning groups	221,996	219,201
Department of Health and Social Care	0	3,190
Other NHS providers	152	146
Non-NHS: private patients	146	131
Non-NHS: overseas patients (chargeable to patient)	756	308
Injury cost recovery scheme	1,248	1,118
Non NHS: other	164	477
Total income from activities	269,260	257,107

Injury Cost Recovery income is subject to a provision for doubtful debts of 21.79% (2018/19: 21.89%) to reflect expected rates of collection.

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

	2019/20	2018/19
	£000	£000
Income recognised this year	756	308
Cash payments received in-year	107	131
Amounts added to provision for impairment of receivables	348	129
Amounts written off in-year	0	123

Note 4 Other operating income

	2019/20 £000	2018/19 £000
Other operating income from contracts with customers:		
Research and development (contract)	1,091	1,044
Education and training (excluding notional apprenticeship levy income)	9,357	9,404
Non-patient care services to other bodies	5,800	5,209
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding ¹	31,208	17,102
Income in respect of employee benefits accounted on a gross basis	322	186
Other contract income	8,229	7,389
Other non-contract operating income		
Education and training - notional income from apprenticeship fund	381	121
Charitable and other contributions to expenditure	131	389
Total other operating income	56,519	40,844

	2019/20 £000	2018/19 £000
Other Income includes:		
Car Parking income	2,036	1,750
Catering	975	1,103
Pharmacy sales	172	110
Staff accommodation rental	460	345
Estates recharges (external)	427	209
Crèche services	304	407
Clinical tests	1,819	1,073
Clinical excellence awards	107	215
Other	1,929	2,177
	8,229	7,389

¹ previously-Sustainability and Transformation Fund STF Income is in relation to full achievement of the Finance control target.

Note 4.1 Additional information on revenue from contracts with customers recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,868	2,893

Note 4.2 Transaction price allocated to remaining performance obligations

	2019/20 £000	2018/19 £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year	1,798	2,868
after one year, not later than five years	0	0
after five years	0	0
Total revenue allocated to remaining performance obligations	1,798	2,868

The Trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 5 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	15,461	16,209
Purchase of healthcare from non-NHS and non-DHSC bodies	1,063	637
Staff and executive directors costs ¹	211,130	202,062
Remuneration of non-executive directors	149	154
Supplies and services - clinical (excluding drugs costs)	30,137	28,927
Supplies and services - general	7,172	7,455
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	30,579	27,660
Consultancy costs	1,429	1,575
Establishment	1,051	1,308
Premises	6,951	6,603
Transport (including patient travel)	867	1,022
Depreciation on property, plant and equipment	10,554	10,515
Net impairments ²	(585)	0
Movement in credit loss allowance: contract receivables / contract assets ³	1,614	(153)
Increase/(decrease) in other provisions	1,707	0
Change in provisions discount rate(s)	57	(14)
Audit fees payable to the external auditor		
audit services- statutory audit	61	77
other auditor remuneration ⁴	6	9
Internal audit costs	124	111
Clinical negligence	12,320	10,360
Legal fees	507	323
Insurance	148	162
Research and development	1,080	1,048
Education and training	5,652	4,939
Rentals under operating leases	821	872
Redundancy	0	0
Car parking & security	189	148
Hospitality	8	10
Losses, ex gratia & special payments	43	416
Other services, eg external payroll	319	58
Other	2,300	1,754
Total	342,914	324,247

¹ Staff and Executive Directors costs - excluded from this are Research and Development costs, Non Executives costs and Education and Training costs, as they are reported separately.

This includes £8,189k relating to 6.3% pensions increase paid directly by Department of Health.

² During full revaluation exercise assets previously impaired through I&E have been revalued causing a net impairment reversal.

³ Net movement in credit losses (previously provision for impairment of receivables). Credit risk is only associated with Non NHS receivables, the inherent risk has been increased due to uncertainty relating to COVID-19.

⁴ Not disclosed in the accounts are other audit Fees of £2.5k for the Independent Examination of Medway Foundation Trust Charity note 1.2.1

Note 5.1 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2,000k (2018/19: £0k).

Note 6 Employee Benefits

	2019/20	2018/19
	£000	£000
Salaries and wages	164,496	160,943
Social security costs	17,696	16,760
Apprenticeship levy	838	793
Employer's contributions to NHS pensions	18,728	17,978
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	8,189	0
Pension cost - other	11	6
Temporary staff (including agency)	6,470	10,496
Total gross staff costs	216,428	206,976

Note 6.1 Directors Remuneration and Other Benefits

	2019/20	2018/19
	£000	£000
Directors Remuneration	1,465	1,377
Social Security Costs	187	100
Employer contributions to NHS Pension scheme	114	183
Total Remuneration	1,766	1,660

10 Directors are accruing pension benefits under the NHS Pension defined benefit scheme (2018/19; 9)

Note 6.2 Retirements due to ill-health

During 2019/20 there were no early retirements from the Trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements are 0k (£22k in 2018/19).

Please Note: In line with the HM Treasury requirements, some previous accounts disclosures relating to staff costs are now required to be included in the staff report section of the annual report instead.

Note 7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health 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.

c) Alternative Pension Scheme

For those employees who do not have access to the NHS pensions scheme but who are otherwise classified as employees with an entitlement to automatic enrolment in an appropriate pension the Trust has put in place an alternative workplace pension scheme. This scheme is administered by NEST (National Employment Savings Trust) and is a defined contribution pension scheme. The total contribution costs for this scheme for the financial year 2019/20 amount to £11k (2018/19: £6k).

Note 8 Operating expenses

Note 8.1 Medway NHS Foundation Trust as a lessee

Operating expenses include:

Payments recognised as an expense

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	821	872
Total	821	872
	2019/20 £000	2018/19 £000
Future minimum lease payments due:		
- not later than one year;	429	436
- later than one year and not later than five years;	1,236	1,246
- later than five years.	0	0
Total	1,665	1,682

In general, operating leases are for various pieces of equipment over varying periods. Generally all equipment leases are taken out under the 'NHS Conditions of Contract for the Lease of Goods'.

Note 9 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	204	80
Total finance income	204	80

Note 10 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	4,051	3,653
Interest on late payment of commercial debt	16	8
Total interest expense	4,067	3,661
Unwinding of discount on provisions	3	2
Total finance costs	4,070	3,663

Note 10.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2019/20	2018/19
	£000	£000
Amounts included within interest payable arising from claims under this legislation	16	8

Note 11 Property, plant and equipment

Note 11.1 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward	6,240	136,772	6,045	17,999	48,738	140	16,263	4,413	236,610
Additions	0	0	0	23,693	0	0	0	0	23,693
Impairments	(137)	(5,286)	(1,239)	0	0	0	0	0	(6,662)
Reversals of impairments	0	0	0	0	0	0	0	0	0
Revaluations	1,224	7,031	(395)	0	0	0	0	0	7,860
Reclassifications	0	23,936	102	(29,515)	2,488	0	2,989	0	0
Disposals / derecognition	0	(329)	0	(59)	(11,135)	(54)	(742)	(1,585)	(13,904)
Transfer to FT upon authorisation	0	0	0	0	0	0	0	0	0
Valuation/gross cost at 31 March 2020	7,327	162,124	4,513	12,118	40,091	86	18,510	2,828	247,597
Accumulated depreciation at 1 April 2019 - brought forward	0	0	0	7	34,983	120	13,184	3,439	51,733
Provided during the year	0	5,210	263	0	2,695	9	2,202	175	10,554
Impairments	0	362	345	0	0	0	0	0	707
Reversals of impairments	0	(1,292)	0	0	0	0	0	0	(1,292)
Revaluations	0	(4,280)	(608)	0	0	0	0	0	(4,888)
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals / derecognition	0	0	0	0	(11,112)	(54)	(742)	(1,585)	(13,493)
Transfer to FT upon authorisation	0	0	0	0	0	0	0	0	0
Accumulated depreciation at 31 March 2020	0	0	0	7	26,566	75	14,644	2,029	43,321
Net book value at 31 March 2020	7,327	162,124	4,513	12,111	13,525	11	3,866	799	204,276
Net book value at 31 March 2019	6,240	136,772	6,045	17,992	13,755	20	3,079	974	184,877

Note 11.2 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - as previously stated	6,049	141,182	6,928	22,036	48,608	139	14,919	3,838	243,699
Additions	0	274	0	10,723	199	0	13	209	11,418
Revaluations	191	(18,260)	(438)	0	0	0	0	0	(18,507)
Reclassifications	0	13,576	(445)	(14,760)	(69)	1	1,331	366	0
Valuation/gross cost at 31 March 2019	6,240	136,772	6,045	17,999	48,738	140	16,263	4,413	236,610
Accumulated depreciation at 1 April 2018 - as previously stated	0	1,413	17	0	32,505	110	11,341	3,239	48,625
Provided during the year	0	5,559	531	0	2,383	9	1,839	194	10,515
Revaluations	0	(7,028)	(379)	0	0	0	0	0	(7,407)
Reclassifications	0	56	(169)	7	95	1	4	6	0
Accumulated depreciation at 31 March 2019	0	0	0	7	34,983	120	13,184	3,439	51,733
Net book value at 31 March 2019	6,240	136,772	6,045	17,992	13,755	20	3,079	974	184,877
Net book value at 31 March 2018	6,049	139,769	6,911	22,036	16,103	29	3,578	599	195,074

Note 12 Revaluations and Impairments of property, plant and equipment

Note 12.1 Revaluations

	2019/20 £000	2018/19 £000
Changes in market price		
Land	1,224	191
Property, Plant and Equipment ¹	11,524	(11,291)
Total Revaluations²	12,748	(11,100)

¹£7,860k shown in cost and £4,888k in accumulated depreciation on note 11.1

²BCIS General Hospital build costs have risen by 4.4%

Note 12.2 Impairments

In 2019/20 Net impairments of £6,077k have occurred as result of a full revaluation of The Trust estate, this includes;

	2019/20 £000	2018/19 £000
Impairments charged to Revaluation Reserve	6,662	0
Impairments charged to Operating Expenditure	707	0
Impairment Reversals credited to Operating Expenditure	(1,292)	0
Net Impairment Reversal credited to Operating Expenditure	(585)	0
Total Net Impairments	6,077	0

Note 12.3 Impairments

Information on the economic life of property, plant and equipment is included in the accounting policies.

During the year the land, buildings and dwellings were valued by Montagu Evans on a Modern Equivalent Asset basis. In accordance with accounting policy this 2019/20 was a full revaluation.

Note 13 Inventories

	2019/20 £000	2018/19 £000
Drugs	2,364	1,929
Consumables	3,942	3,943
Total inventories	6,306	5,871

Inventories recognised in expenses for the year were £60,716k (2018/19: £56,586k)

Note 14 Trade and other receivables

	2019/20 £000	2018/19 £000
Current		
Contract receivables*	35,576	36,643
Allowance for impaired contract receivables / assets	(3,484)	(2,297)
Prepayments (non-PFI)	3,367	4,382
Interest receivable	14	6
VAT receivable	683	239
Clinician pension tax provision reimbursement funding from NHSE	0	0
Other receivables	130	90
Total current trade and other receivables	36,286	39,063
Non-current		
Contract receivables*	657	470
Clinical pension tax provision reimbursement funding from NHSE	401	0
Allowance for impaired contract receivables / assets	(143)	(103)
Total non-current trade and other receivables	915	367
Of which receivables from NHS and DHSC group bodies:		
Current	30,216	33,292

*Contract receivables includes invoiced £17,714k (2018/19 £21,083k) and uninvoiced accruals of £18,519k (2018/19 £16,030k).

Note 14.1 Allowances for credit losses

	Contract receivables and contract assets	
	2019/20 £000	2018/19 £000
Allowances as at 1 April - brought forward	2,400	2,360
Impact of IFRS 9 implementation	0	1,012
Transfers by absorption	0	0
New allowances arising	2,008	1,358
Changes in existing allowances	0	(799)
Reversals of allowances	(394)	(712)
Utilisation of allowances	(387)	(819)
Changes arising following modification of contractual cash flows	0	0
Foreign exchange and other changes	0	0
Transfer to FT upon authorisation	0	0
Allowances as at 31 Mar 2020	3,627	2,400
Loss / (gain) recognised in expenditure	1,614	(153)

**The Impairment allowance relates to £6,021k Non NHS and Injury Cost Recovery Scheme receivables only. Intra Group receivables are deemed to be risk free as they are backed by a guarantee from the Department of Health and Social Care.

Note 15 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20	2018/19
	£000	£000
At 1 April	10,841	9,768
Net change in year	1,544	1,073
At 31 March	12,385	10,841
Broken down into:		
Cash at commercial banks and in hand	266	71
Cash with the Government Banking Service	12,119	10,770
Total cash and cash equivalents as in SoFP	12,385	10,841

Note 16 Trade and other payables

	2019/20 £000	2018/19 £000
Current		
Trade payables	7,635	7,623
Capital payables	6,034	4,459
Accruals	10,019	11,573
Social security costs	125	10
Other taxes payable	141	1
Other payables	527	100
Total current trade and other payables	24,481	23,766
Of which payables from NHS and DHSC group bodies:		
Current	5,124	4,692

Note 16.1 Better Payment Practice code

	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	62,411	106,104	69,775	104,824
Total non-NHS trade invoices paid within target	35,595	54,427	31,838	39,307
Percentage of non-NHS trade invoices paid within target	57.0%	51.3%	45.6%	37.5%
NHS Payables				
Total NHS trade invoices paid in the year	1,257	37,415	1,629	25,889
Total NHS trade invoices paid within target	358	19,885	197	5,061
Percentage of NHS trade invoices paid within target	28.5%	53.1%	12.1%	19.5%

The Better Payment Practice code requires that 95% of all valid invoices are paid by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 17 Other Liabilities

	2019/20 £000	2018/19 £000
Current		
Deferred income: contract liabilities	2,706	2,868
Total other current liabilities	2,706	2,868

Note 18 Borrowings

	2019/20 £000	2018/19 £000
Current		
Loans from the Department of Health and Social Care*	292,111	127,124
Total current borrowings	292,111	127,124
Non-current		
Loans from the Department of Health and Social Care	2,278	137,501
Total non-current borrowings	2,278	137,501

*Includes £568k (£559k 2018/19 of interest payable in accordance with IFRS9 (table below excludes)

The Trust is party to 35 Department of Health loans as follows (the principal sums which can be seen below):

Loan	Loan Type	Principal Repayment date	Amount £000	Balance @ 1st April 2019 £000	Loans Received £000	Loans Repaid £000	Balance @ 1st April 2020 £000	Interest %
1	Capital investment	Oct-19	1,600	229		(229)	0	0.8%
2	Capital investment	Sep-20	5,400	1,255		(835)	420	1.3%
3	Capital investment	Nov-38	3,100	2,531		(127)	2,404	1.3%
Total Normal Course of Business Loans			10,100	4,015	0	(1,191)	2,824	
4	Revenue Support	Sep-20	22,500	22,500			22,500	1.5%
5	Revenue Support	Sep-20	56,800	56,800			56,800	1.5%
6	Revenue Support	Jul-20	21,300	21,300			21,300	1.5%
7	Revenue Support	May-20	5,070	5,070			5,070	1.5%
8	Revenue Support	Jun-20	4,609	4,609			4,609	1.5%
9	Revenue Support	Jul-20	6,268	6,268			6,268	1.5%
10	Revenue Support	Aug-20	3,249	3,249			3,249	1.5%
11	Revenue Support	Sep-20	5,141	5,141			5,141	1.5%
12	Revenue Support	Jun-20	5,860	5,860			5,860	1.5%
13	Revenue Support	Jul-20	3,100	3,100			3,100	1.5%
14	Capital investment	Feb-36	3,700	3,320		(195)	3,125	1.6%
15	Revenue Support	Aug 2020	5,128	5,128			5,128	1.5%
16	Revenue Support	Sep-20	7,493	7,493			7,493	1.5%
17	Revenue Support	Oct-20	4,326	4,326			4,326	1.5%
18	Revenue Support	Nov-20	10,015	10,015			10,015	1.5%
19	Revenue Support	Dec-20	4,865	4,865			4,865	1.5%
20	Revenue Support	Jan-21	3,615	3,615			3,615	1.5%
21	Capital investment	Feb-43	8,790	5,790	3,000	(241)	8,549	2.6%
22	Revenue Support	Mar-21	31,260	31,260			31,260	1.5%
23	Capital investment	Feb-43	10,548	1,800	8,748		10,548	2.6%
24	Revenue Support	Apr-21	4,400	4,400			4,400	1.5%
25	Revenue Support	Jun-21	5,312	5,312			5,312	1.5%
26	Revenue Support	Jul-21	4,054	4,054			4,054	1.5%
27	Revenue Support	Aug-21	5,532	5,532			5,532	1.5%
28	Revenue Support	Sep-21	3,244	3,244			3,244	1.5%
29	Revenue Support	Oct-21	2,458	2,458			2,458	1.5%
30	Revenue Support	Nov-21	5,568	5,568			5,568	1.5%
31	Revenue Support	Dec-21	2,956	2,956			2,956	1.5%
32	Revenue Support	Jan-22	2,747	2,747			2,747	1.5%
33	Revenue Support	Feb-22	2,269	2,269			2,269	1.5%
34	Revenue Support	Mar-22	10,001	10,001			10,001	1.5%
35	Revenue Support	Mar-23	19,635		19,635		19,635	1.5%
Total Interim Loans			291,813	260,050	31,383	(436)	290,997	
				264,065	31,383	(1,627)	293,821	

In 2020/21 the Department of Health of Health will write off all Interim Loans by issuing Public Dividend Capital(PDC) which has reclassified all loans in this category as current liabilities.

Note 18.1 Reconciliation of liabilities arising from financing activities

	DHSC Loans
	£000
Carrying value at 1 April 2019	264,625
Cash movements:	
Financing cash flows - payments and receipts of principal	29,755
Financing cash flows - payments of interest	(4,042)
Non-cash movements:	
Application of effective interest rate (interest charge arising in year)	4,051
Carrying value at 31 March 2020	294,389

	DHSC Loans
	£000
Carrying value at 1 April 2018	216,911
Impact of applying IFRS 9 as at 1 April 2018	412
Cash movements:	
Financing cash flows - payments and receipts of principal	47,155
Financing cash flows - payments of interest	(3,506)
Non-cash movements:	
Application of effective interest rate (interest charge arising in year)	3,653
Carrying value at 31 March 2019	264,625

Note 19 Provisions for liabilities and charges analysis

	Pensions relating to staff	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2019	954	96	0	0	1,050
Change in the discount rate	57	0	0	0	57
Arising during the year	479	336	0	1,348	2,163
Utilised during the year	(87)	0	0	0	(87)
Reversed unused	0	(57)	0	0	(57)
Unwinding of discount	3	0	0	0	3
At 31 March 2020	1,406	375	0	1,348	3,129
Expected timing of cash flows:					
- not later than one year;	89	375	0	1,348	1,812
- later than one year and not later than five years	845	0	0	0	845
- later than five years.	472	0	0	0	472
Total	1,406	375	0	1,348	3,129

The provision for pensions relating to staff reflects the liabilities due to early retirements prior to 6 March 1995. The legal claims provision reflects liabilities arising from Public and Employee Liability claims.

Other provisions are for dilapidations and onerous contracts.

	Pensions relating to staff	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2018	1,019	79	402	0	1,500
Change in the discount rate	(14)	0	0	0	(14)
Arising during the year	51	48	0	0	99
Utilised during the year	(85)	0	(398)	0	(483)
Reversed unused	(19)	(31)	(4)	0	(54)
Unwinding of discount	2	0	0	0	2
At 31 March 2019	954	96	0	0	1,050
Expected timing of cash flows:					
- not later than one year;	84	96	0	0	180
- later than one year and not later than five years	412	0	0	0	412
- later than five years.	458	0	0	0	458
Total	954	96	0	0	1,050

Note 19.1 Clinical negligence liabilities

At 31 March 2020, £177,466k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Medway NHS Foundation Trust (31 March 2019: £139,058k).

Note 20 Contingent assets and liabilities

	2019/20	2018/19
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(59)	(49)
Gross value of contingent liabilities	(59)	(49)
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	(59)	(49)
Net value of contingent assets	0	0

Note 21 Financial Instruments

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Trust actively seeks to minimise its financial risks. In line with this policy, the Trust neither buys nor sells financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Interest-Rate Risk

All of the Trust's financial liabilities carry nil or fixed rates of interest. The only element of the Trust's assets that are subject to a variable rate are short term cash investments. The Trust is not, therefore, exposed to significant interest-rate risk.

Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

Credit Risk

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations. There is therefore little risk that one party will fail to discharge its obligations with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payments by Results regime. For this reason the Trust makes a provision for irrecoverable amounts based on historic patterns and the best information available at the time the accounts are prepared. The Trust does not hold any collateral as security. The Trust's maximum exposures to credit risk at 31 March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity Risk

The Trust's net operating costs are incurred under contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust received such contract income in accordance with Payments by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Trust receives cash each month based on an annually agreed level of contract activity.

Financial shortfalls incurred in day to day activities are financed by revenue support loans received from the Department of Health.

The Trust presently finances its capital expenditure from internally generated funds or funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Trust can borrow from the Department of Health and commercially to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Trust is not, therefore, exposed to significant liquidity risks in this area.

Note 21.1 Carrying values of financial assets

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2020		
Trade and other receivables excluding non financial assets	32,750	32,750
Other investments / financial assets	0	0
Cash and cash equivalents at bank and in hand	12,385	12,385
Total at 31 March 2020	45,135	45,135

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2019		
Trade and other receivables excluding non financial assets	34,793	34,793
Cash and cash equivalents at bank and in hand	10,841	10,841
Total at 31 March 2019	45,634	45,634

Note 21.2 Carrying value of financial liabilities

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	294,389	294,389
Trade and other payables excluding non financial liabilities	24,212	24,212
Provisions under contract	2,125	2,125
Total at 31 March 2020	320,726	320,726

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019		
Loans from the Department of Health and Social Care	264,625	264,625
Trade and other payables excluding non financial liabilities	23,712	23,712
Other financial liabilities	0	0
Provisions under contract	97	97
Total at 31 March 2019	288,434	288,434

Note 21.3 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	318,448	150,933
In more than one year but not more than two years	2,278	76,722
In more than two years but not more than five years	0	50,463
In more than five years	0	10,316
Total	320,726	288,434

Note 22 Losses and special payments

	2019/20		2018/19	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	0	0	1	1
Fruitless payments*	1	0	0	0
Bad debts and claims abandoned	0	0	363	202
Stores losses and damage to property	0	0	1	403
Total losses	1	0	365	606
Special payments				
Compensation under court order or legally binding arbitration award	1	28	0	0
Extra-contractual payments	0	0	0	0
Ex-gratia payments	27	14	18	12
Special severance payments	0	0	0	0
Extra-statutory and extra-regulatory payments	0	0	0	0
Total special payments	28	42	18	12
Total losses and special payments	29	42	383	618
Compensation payments received		0		0

* Value of loss is less than £1,000

Note 23 Gifts

No gifts of more than £300,000 have been declared in 2019/20 (£0k 2018/19).

Note 24 Third Party Assets

The Trust held £7k cash at bank and in hand at 31 March 2020 (£7k at 31 March 2019) which relates to monies held on behalf of patients.

Note 25 Public Dividend Capital

The Trust is required to demonstrate that the PDC dividend payable is in line with the actual rate of 3.5% of average relevant net assets. No Dividend is payable this year due to negative net assets.

Note 26 Capital Commitments

There are 2 capital commitments in 2019/20 totalling £4,000k to report (£7,000k in 18/19). These commitments relate to ongoing emergency department and fire capital projects.

Note 27 Related Parties

The Medway NHS Foundation Trust is a corporate body established by order of the Secretary of State for Health and Social Care.

The Department of Health and Social Care is the parent department of the Medway NHS Foundation Trust.

The Trust has taken advantage of the exemption provided by IAS 24 'Related Party Disclosures', where the parent's own financial statements are presented together with the consolidated financial statements and any transactions or balances between group entities have been eliminated on consolidation.

The Department of Health and Social Care is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

NHS England

Clinical Commissioning Groups

NHS Trusts and NHS Foundation Trusts

NHS Arms Length Bodies

Health Education England

As at 31 March 2020, the Trust did not receive any donation or invoice Medway NHS Foundation Trust Charitable Fund for any support services whose Corporate Trustee is the Trust's Board of Directors. The accounts of the charity are available separately and are not included in these accounts as per note 1.2.1.

There are no prior year balances 2018/19 to disclose

Note 28 Events after the reporting date

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 £291,554 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.



Medway
NHS Foundation Trust

Medway NHS Foundation Trust
Medway Maritime Hospital
Windmill Road
Gillingham
Kent
ME7 5NY
Tel: 01634 830000
www.medway.nhs.uk

