NHS
Kent Community Health
NHS Foundation Trust

Welcome to our ninth annual report

2019 to 2020

we care

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Kent Community Health
NHS Foundation Trust

Annual report and accounts 2019 to 2020

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

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A snapshot
of our outstanding year

In July 2019, we were rated as **outstanding** by the Care Quality Commission.

We have two teams operating under the principles of Buurtzorg – an exciting, innovative nurse-led model of care that revolutionised community care in the Netherlands. Our teams are in Edenbridge and Charing.

The Academy
At Kent Community Health NHS Foundation Trust

Our Nursing Academy was officially opened by Chair of NHS Improvement Baroness Dido Harding. The second cohort of nursing students started in February 2020.

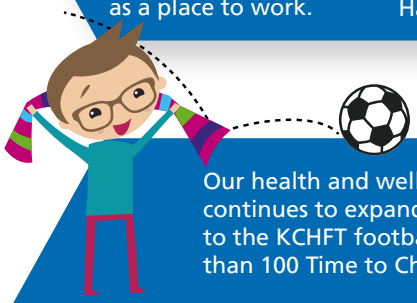
We're working hard to be greener – we have electric car charging points at two of our corporate sites and we have sustainability champions across the trust.

In the NHS staff survey, 70 per cent of colleagues would recommend KCHFT as a place to work.

We now deliver the healthy teeth in schools programme across all 77 nursery and primary schools in Tower Hamlets, London.

Our Quality Improvement programme continues to grow – we have more than 138 projects across the trust with the aim of changing and improving ways of working.

138 QI projects and growing



Our health and wellbeing offer to colleagues continues to expand. Colleagues can now sign up to the KCHFT football team and we have more than 100 Time to Change champion colleagues.

Our mobile dental unit in London – treating patients in Tower Hamlets, Hackney and Newham – celebrated one year on the road.

Our offices at Trinity House, Ashford, have been refurbished, along with all eight community hospitals which have been refreshed with dementia-friendly décor.

ONE YOU

One You lifestyle advisors saw 2,594 new clients.

We have more than 500 volunteers who support our services.

#BesideYou Kent and Medway was launched, which helps families with breastfeeding support and advice.

Our South East DriveAbility service joined forces with Fire and Rescue East Sussex to make sure more people are safe on the roads and in their homes.

A single Kent and Medway Clinical Commissioning Group was created on 1 April 2020.

The performance report

Overview of performance

Welcome to our ninth annual report

Writing the overview for the annual report of 2019/20, more so than ever, feels like a different world, the report covers the 11 month period before Covid 19, which changed so much in the way that we provide healthcare and the way in which the NHS is perceived by the people we serve. We are very proud of our 5,024 strong workforce (31 March 2019), who continue to deliver high-quality care to the people we serve in Kent, Medway, East Sussex and parts of London.

That pride in our work and the amazing people that we have at KCHFT has helped us address the challenges bought about by Coronavirus COVID-19 , but in the year which this report covers we have also achieved so much more.

We talk a lot about teamwork at KCHFT and how it massively contributes to making us the outstanding trust that we are. The Covid crisis provided fine examples of colleagues stepping up every day to deliver incredible care during the public health emergency of a generation.

However, we must make sure that we celebrate the work of our staff, other than our COVID-19 response, because as always, during the past 12 months, our focus has remained our patients, our people and our partners as we continue with our mission to empower adults and children to live well, to be the best employer and work with our partners as one.

In the period covered by this report, we had 2.2 million patient contacts. This was the year the Care Quality Commission rating of outstanding that was announced, in July 2019.

This achievement was only possible because of the contribution of each and every KCHFT team member; the responsibility for the rating lies with every colleague – frontline and non-frontline.

This is a firm stable foundation from which to start the next part of the journey for our trust. In a quickly changing world, KCHFT is a stable part of a changing system.

We are seeing change as new primary care networks emerge – more than 40 in Kent and Medway. We are seeing change as new primary care networks emerge – more than 40 in Kent and Medway and the eight clinical commissioning groups became on 1 April 2020.

Our Nursing Academy progressed from strength to strength. A second cohort of nurses joined the programme in February 2020. These student nurses will be developed at KCHFT and begin their careers with the trust on completion of their studies. The success of the Nursing Academy has resulted in the launch of the Admin Academy, which aims to further the careers of admin colleagues across the organisation.

At the end of the year, the results from the last national staff survey, which took place in the autumn, were announced. And what fantastic feedback it was.

We are compared with 15 other community trusts in England. Overall, in eight of the 11 themes that make up the NHS staff survey, KCHFT is among the best performing. In two areas – immediate managers and team working – we are rated as the best performing trust in England.

While our priority is the delivery of great care for all the people we serve, managing the money well means we can provide outstanding care and invest in what our patients need. We also remain in a strong, stable financial position, with the highest rating for our financial performance.

We want to thank all our team members for the great work you have done this year for the people we see, treat and care. We thank you for your support during the past year, we really appreciate it.

Kind regards

John Goulston

Chair:

Date: 21 May 2020

Paul Bentley

Chief Executive Officer:

Date: 21 May 2020


We're
verjoyed"
We are rated outstanding


Quality Improvement

Overview:
Who we are and what we do

Kent Community Health NHS Foundation Trust was formed in April 2011. We are a large provider of NHS care in patients' homes and in the community in England.

In July 2019, KCHFT was rated as outstanding by the Care Quality Commission – making it just the third community trust in England to have this accolade and the only one in the south east.

This inspection covered four out of seven core services, updating the results following our last trust-wide inspection in 2014. These were: Sexual health services, urgent and emergency care, community dental services and end of life care.

Our sexual health services and urgent and emergency care services were rated 'outstanding' overall. End of life care was classed as outstanding in caring. Community dental services were 'good' overall.

CQC findings included:

- Engagement with patients, staff and stakeholders seen as business as usual and vital to delivering services.
- Rigorous and constructive challenge from patients was welcomed.
- There was significant cultural shift to dissolve bureaucracy and a healthy and authentic culture of valuing staff, openness, fairness and putting the patient at the heart of every policy, strategy and service delivered.
- A clear proactive approach to seeking out and embedding new and more sustainable models of care.
- Safe use of innovative and pioneering approaches to care and how it is delivered are actively encouraged.
- Leaders have an inspiring purpose, striving to deliver and motivate staff to succeed. Staff felt supported, valued and respected by their leaders.

Innovative and pioneering approaches to care

Our sexual health services and urgent and emergency care services were rated 'outstanding' overall.

£240million
budget for 2019/20

Our budget for 2019/20 was £240million. We employ in the region of 5,024 (31 March 2019) in a wide range of clinical and support roles. We serve three million people; 1.5million living in Kent and 1.5million people outside of Kent. We have more than two million contacts with patients a year; many of these are in their own homes and in other locations, including GP surgeries, nursing homes, clinics, community hospitals, minor injury units and children's centres.

Our workforce includes doctors, community nurses, dieticians, health visitors, dentists, podiatrists, occupational therapists, physiotherapists, family therapists, clinical psychologists, speech and language therapists, radiographers, pharmacists, health trainers and many more.

The trust provides services for children and adults to support them to stay healthy and manage their long-term health conditions, help them avoid going into hospital and, when they have needed to be in hospital, help them to get home quickly.

Advice and support for children's emotional and physical health and wellbeing is available from a range of services, including health visitors, by attending one of the trust's parenting support groups in children's centres or from our school-based nurses.

Our health improvement services support people to make positive lifestyle choices. Help is available to increase exercise, eat healthily, quit smoking and assist with wider health and social care needs. Sexual health services encourage safe sex and provide contraception, family planning and treatment.

Engagement with the public, patients, local groups and organisations

We continue to work in partnership with our stakeholders, partner organisations and members to promote working together to improve services.

In September 2019, the trust held a let's discuss cancer event, attended by 80 public members, stakeholders and colleagues. The event formed part of our Annual Members Meeting and included other NHS trusts, the voluntary and community sector.

Our second successful event – let's talk about dementia – was held in Thanet in October 2019. The event focused on care and support for people with dementia and their families and involved a number of voluntary organisations. The event was opened by the governor for Thanet.

The trust works with voluntary organisations, services and community to improve access to services for people with a disability, sensory loss or impairment.

KCHFT continues to provide face-to-face, telephone and video calling translation services for people whose first language is not English and interpreting services for people who have a disability, sensory loss or impairment.

The trust's Engagement Team continues to work with Kent County Council colleagues to engage the deaf community. This has led to an increase in deaf clients accessing the One You service over the past year.

The team has continued to engage with people with learning disabilities in partnership with East Kent Mencap and North Kent Independent Advocacy Scheme to test easy read patient information. This year they have tested podiatry leaflets, the NHS five year plan summary and patient appointment letters.

We continue to listen to and involve patients and carers as equal partners in shared decision-making to help us shape the development of high quality services.

Our annual thank you event for Patient Engagement Network (PEN) members took place in November 2019. PEN members were invited to an afternoon cream tea to celebrate their invaluable support and commitment in working with us to develop our services. They are regularly part of our recruitment process as members of interview panels. They attend meetings, patient experience and advisory groups and are part of some of our quality improvement initiatives.

A co-designed training session has been developed by members of our PEN, our carers' organisations and the Engagement Team. The training will be delivered trust-wide to colleagues, patients and carers and will focus on patient and carer involvement and why it is important and how to overcome barriers.

A less intensive version of the training, which includes personal stories from a patient and carer, has also been developed and is included in local induction training for new healthcare assistants (HCAs) in east Kent and will continue to be delivered throughout 2020.

Throughout 2020, the Engagement Team will be working closely with patients, service users, carers and the trust's Patient Experience Team, to build on our current process and structure for patient and carer involvement across the trust. This will include the establishment of a new Patient and Carer Council.

We continue to increase the number of volunteers in key services to enhance patient and staff experience, this includes volunteer health walkers, breast feeding volunteers and community hospitals volunteers who provide support as dining companions and to our admin teams.

We have worked with our Learning Disability Team to recruit a number of young people in their supported employment scheme. Volunteers were found admin roles to help them gain office experience.

Our volunteers receive regular information and training to support them in their role.

Volunteer numbers have increased to more than 500 in 2019.


PEN thank you afternoon tea

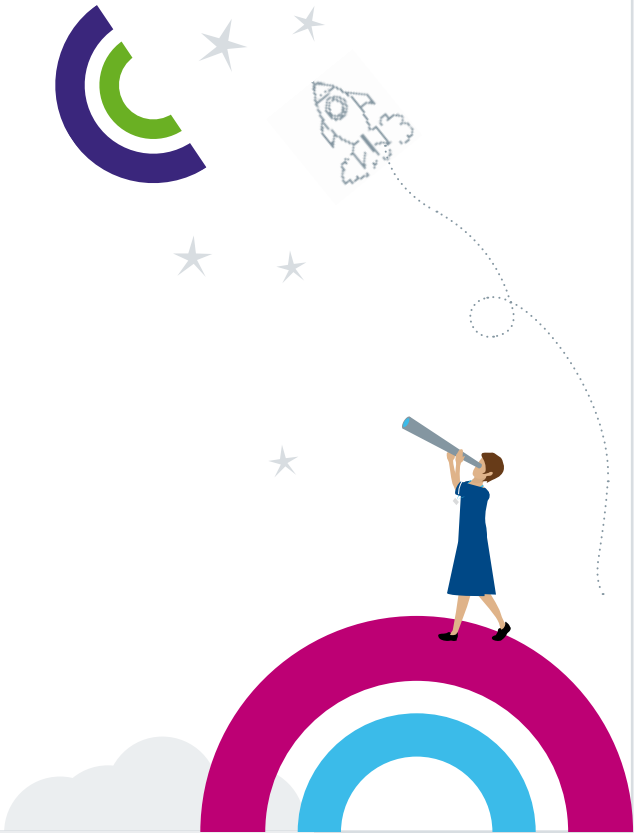
Our mission, vision and values

Our vision

A community that supports each other to live well.

Our mission

To empower adults and children to live well, to be the best employer and work with our partners as one.



Our values

Compassionate

We put patients and our service users at the heart of everything we do. We're positive, kind and polite. We understand diversity. We're respectful, patient and tolerant.

Aspirational

We feel empowered and we empower our patients. We strive to improve. Our focus is on research and generating ideas and innovations. We're open, transparent and we think creatively.

Responsive

We listen. We act. We communicate clearly. We do what we say we will. We take account of the opinions of others.

Excellent

We strive to deliver the best care we can. We grow a culture of excellence in our teams. We challenge complacency.

Our goals

- Prevent ill health.
- Deliver high-quality care at home and in the community.
- Integrate services.
- Develop sustainable services.

Our strategic priorities for 2019/20

Improve quality

Innovate, improve and learn – so everyone gets the best health and wellbeing outcomes.

Support our people

Engage, develop and value our people so they deliver high-quality care throughout long, rewarding careers.

Join-up care

Progress partnerships so people feel supported by one multi-skilled team.

Develop our digital ways of working

Invest in technology and training to give more time to care, better access to services and the power of information to all.

Healthcare in Kent and Medway

When the NHS Long Term Plan was published in January 2019, it signalled a wave of changes across the National Health Service.

These included development of integrated care systems (ICS) in England, where organisations involved in health and social care delivery work more closely together to improve patients' health, wellbeing and experience.

The Kent and Medway ICS was created in 2019; it has four emerging integrated care partnerships (ICP) and 42 primary care networks, which are aligned to ICPS.

Integrated care partnerships (ICPs) bring together all provider health organisations in a given area to work as one.

Each organisation has its own budget but will agree, with other organisations in its ICP, how it is spent for the benefit of the local community.

Partnerships can design and deliver services to meet the needs of everyone they serve based on their local population. They can focus services on areas of greatest need, helping to reduce health inequalities and improve life expectancy.

A primary care network consists of groups of general practices working together, and in partnership with community, mental health, social care, pharmacy, hospital and voluntary services in their local area, to offer more personalised, coordinated health and social care to the people living in their area.

The focus is on providing care in a way that benefits patients – not what is easiest for organisations. Kent Community Health NHS Foundation Trust is a key partner in the emerging integrated care system.

In 2019/20 the eight clinical commissioning groups (CCG) in Kent and Medway were given approval to merge and form one clinical commissioning group. This was also part of changes outlined in the NHS Long Term Plan.

The idea is that a single CCG saves time, money and effort, freeing up GP time to see patients, and staff and GP time to develop the new integrated care partnerships and primary care networks, which are a vital part of improving care for local people.

At a number of engagement events in 2019, people living in Kent and Medway were able to discuss the long term plan and what working together collaboratively across Kent and Medway may look like.

KCHFT is a leader in community care and the trust will be at the forefront of the long term plan's commitment to make sure more patients can be treated at home or in a clinic near them, rather than have to be a patient in an acute hospital.

This is an exciting change. The plan makes collaboration real and moves away from the divisive competition within the NHS – this is better for the people we serve.

Our charity

i care...

Having a charity helps us to further improve the lives of patients in the community.

Our current fundraising appeal is called Dig for Health. Funds raised through this appeal will be used to improve the gardens at our community hospital. Items needed include sheds, tools, seeds and plants.

The aim is to develop sustainable gardens at our hospitals and to encourage volunteers and patients to be more active. These gardens will provide therapeutic activities for our patients during their stay.

Quality goals

Our Quality Strategy 2017 to 2020 explains how we are delivering the quadruple aim of enhancing patient experience, improving population health, improving staff experience at work and reducing costs by increasing value for money and efficiency.

Our quality priorities for 2019/20 are:

Improving the safety of the people we care for: Implement an early warning system and escalation process that prevents harm and promotes agreed outcomes and wellbeing.

Improving clinical effectiveness: Use research and QI methodologies to provide an evidence-based approach to improve our care and services.

Improve the experience of the people we care for: Develop and deliver services and pathways in collaboration with people and carers at all stages of their journey.

Improving the experience of our people: Enable and empower our people to maintain personal and team wellbeing.

Overview: Going concern

The annual accounts describe the trust's end of year financial position and key financial performance information. The Finance Business and Investment Committee considered the basis of the trust's ability to continue as a going concern and this has been recommended to the Board on the basis that:

- the trust does not have any plans to apply to the Secretary of State for dissolution
- the trust has cash balances forecast to be not below £34 million at end of each month during 2020-21
- the trust is forecasting a liquidity rating of 1 throughout 2020-21, the highest rating possible
- the trust is entering the second year of agreed three year plus further two year option contracts with its main NHS commissioners and has agreed a five year extension of a partnership arrangement with Kent County Council.
- the trust has plans consistent with the strategic direction of commissioners. The trust is a key member of the Kent and Medway Sustainability and Transformation Partnership and will receive continued investment from commissioners to align with the Kent and Medway STP forward five year financial and operating plan.

The development of the COVID-19 emergency has resulted in contracts with commissioners being initially suspended for the period 1 April to 31 July 2020 and being replaced with a funding system underpinned by the principle of cost reimbursement to make sure breakeven positions and certainty of cash flows for all trusts. As a result, there are no significant risks which change the going concern assessment of the directors.

After making enquiries including assessment of the on-going COVID-19 situation, the directors have reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis in preparing the accounts. The principle risks and uncertainties facing the trust are included in the annual governance statement.

Sustainability report

In support of the NHS the Long Term Plan and Sustainability Agenda, our vision is to be a leading provider of outstanding low-carbon care to our patients and staff, which incorporates the seven elements of sustainability and resource efficiency. This means care that is high quality, person-centred, proactive and preventative – for now and in the future.

The links between changing climate and people's health are clear, and as a healthcare provider we have a duty and the opportunity to help address them. The wider health and care system can help too, through prevention and promoting self-care, through joining up our care pathways and through more efficient use of resources.

The five-year sustainability starts our journey by embedding sustainability into the heart of our organisation. Our current carbon footprint stands at 7150 tons of CO2 emissions.

To achieve this we will:

- nurture leadership skills at every level to create an engaged well-led organisation
- create and maintain a culture where people are retained and supported to perform at their best
- foster continuous improvement, flexibility and adaptability to meet changing demands, including recruiting and retaining the right workforce.

Our Goals

We aim to use the seven elements of sustainable healthcare to achieve our goals
The 'seven elements' is a framework that gives every aspect of the organisation a part to play

- Create a better working life for our colleagues.

- Lead the way for sustainable healthcare policy and practice

- Create and support an ethical and resource efficient supply chain.

- Inform, empower and motivate people to achieve sustainable healthcare.

- Provide the workspace for low carbon care delivery with wellbeing in mind.

- Support a strong local health economy to serve our community now and in the future.

- Maximise the health benefits of our travel while minimising the environmental impacts.

Signed .....

Paul Bentley
Chief Executive Officer:
Date: 21 May 2020

The accountability report

The directors' report

Board as of 31 March 2020.

Non-executive directors

Sola Afuape
Pippa Barber
Paul Butler
Peter Conway
Francis Drobniewski
Bridget Skelton
Nigel Turner

Council of Governors

Chair
John Goulston

Chief Executive
Paul Bentley

Chief Operating Officer
Pauline Butterworth

Corporate Services Director
Natalie Davies

Executive Director of Finance and Deputy Chief Executive
Gordon Flack

Director of Workforce, Organisational Development and Communications
Louise Norris

Medical Director
Dr Sarah Philips

Director of Strategy and Partnerships
Gerard Sammon

Chief Nurse
Dr Mercia Spare

The Board of Kent Community Health NHS Foundation Trust as at 31 March 2020.

A number of Board appointments changed through the year as follows:

- Sola Afuape joined the Board on 1 December 2019
- Paul Butler joined the Board and respective committees on 1 March 2020
- Paul Butler succeeded Peter Conway as the Chair of the Finance, Business and Investment Committee on 1 March 2020
- Peter Conway was the Interim Chair of the Finance, Business and Investment Committee from 1 October 2019 to 29 February 2020
- Martin Cook stepped down from the Board and respective committees on 30 September 2019
- Prof Francis Drobniewski succeeded Jen Tippin as the Chair of the Charitable Funds Committee on 1 March 2020
- Richard Field was an Associate Non-Executive Director to 30 April 2019 when he retired from the Board and respective committees
- Steve Howe was an Associate Non-Executive Director to 30 April 2019 when he retired from the Board and respective committees
- Jen Tippin stepped down from the Board and respective committees on 29 February 2020
- Pauline Butterworth joined the Board and respective committees on 16 December 2019
- Ali Carruth, Chief Nurse was on maternity leave to 31 December 2019
- Gordon Flack was appointed Deputy Chief Executive from 1 December 2019
- Gerard Sammon was appointed Director of Strategy and Partnership from 1 January 2020; previously Director of Strategy
- Dr Mercia Spare was appointed Chief Nurse from 1 January 2020; previously Interim Chief Nurse
- Lesley Strong retired from the Board and respective committees on 30 November 2019.

Portfolios of executive members include:

- **the chief executive:** has overall executive accountability to the Board
- **the director of finance/deputy chief executive:** Leads on audit, finance, performance, information management and technology, and business development and service improvement
- **chief operating officer:** Leads on operations and workforce
- **the director of workforce, organisational development and communications, organisational development and communications:** Leads on workforce and organisational development, communications and engagement
- **the chief nurse:** Leads on clinical strategy, quality, clinical governance and is the director of infection prevention and control and safeguarding assurance
- **the medical director:** Leads the clinical strategy, quality, medical revalidation, clinical audit, research and development and quality improvement
- **the director of strategy and partnerships:** Leads on the development of strategy for the trust including organisational priorities. The role has a particular focus on the changes made by national policy and that of the Kent and Medway Sustainability and Transformation Plan both internally and as part of whole system partnership working. The director also plays a key role in developing and maintaining relationships with stakeholder organisations and groups.
- **corporate services director:** Leads on regulatory framework, members and governors, governance and risk, estates, and environmental sustainability strategy.

The Board is responsible for setting the vision and strategy of the organisation and for its overall performance. This is informed by the views of the Council of Governors, following consultation with foundation trust members.

Membership of the Board is consistent with requirements of the foundation trust's constitution. The non-executive directors' skills and experience make sure there is sufficient scrutiny of executive decision-making. The Board meets in public four times a year.

The Board delegates responsibility for the day-to-day implementation of strategy to the chief executive. All board members have confirmed their support for, and adherence to, the code of conduct for NHS board members. All non-executive directors are considered to be independent.

Directors' roles and responsibilities

Executive directors

John Goulston,
Trust Chair

Appointed November 2018

John is a father-of-three, from Beckenham, who has a wealth of experience working as a chief executive of both acute and community health providers. He has been an executive director of NHS London, the strategic health authority for London, plus director of finance at two London teaching hospitals during his career.

During his time at Croydon Health Services NHS Trust, he led a transformation of the trust's services, overseeing quality improvements and steering the trust out of financial special measures. He was also instrumental in empowering frontline colleagues to make the changes they wanted to improve care standards.

John helped establish the One Croydon Alliance, a 10-year agreement to integrate services across health and social care for all. Aimed at increasing partnership working between Croydon's NHS, GPs, the local authority and the voluntary sector in the borough, the alliance seeks to give people greater control of their health and choice of services. Much of his early career was in Kent, working in Maidstone during the 80s. John's daughter is a doctor and his wife is a community physiotherapist.

- Chair of Remuneration and Terms of Service Committee

Paul Bentley,
Chief Executive

Appointed March 2016

Prior to joining KCHFT as chief executive, Paul was director of workforce and communications at Maidstone and Tunbridge Wells NHS Trust from 2011. He has worked in the NHS since 1987 and as an NHS director since 1998 leading on strategy, organisational development and workforce and communications. During this time he was also interim chief executive in Surrey.

Paul completed his graduate university education in the UK, before completing his post graduate education in the US.

He lives in south west London with his wife and has grown up children.

- Member of the Finance, Business and Investment Committee
- Member of Quality Committee
- Senior responsible officer for East Kent Integrated Care Partnership.

Paul Bentley stepped down as member of the committees from 1 March 2020.

Pauline Butterworth,
Chief Operating Officer

Appointed December 2019

Pauline, who is originally from Carnoustie, Scotland, joined the trust from East Sussex Healthcare Trust where she was the deputy chief operating officer since 2013. During that time, she was also programme director for transformation of urgent care at Hastings and Rother and Eastbourne and Seaford Clinical Commissioning Group. A trained clinician, Pauline worked as a therapist and manager in the USA and in paediatrics in Australia, before returning to the UK. She moved to work in the NHS in 2008 and has worked across the breadth of services, including mental health, community, acute and commissioning, as well as social care.

- Member of Finance, Business and Investment Committee
- Member of Quality Committee
- Member of Strategic Workforce Committee

Natalie Davies,
Corporate Services Director and Trust Secretary

Appointed 2015

Natalie has worked within the NHS in both acute and community settings for more than 20 years. As the corporate services director, Natalie has a strong background in corporate governance, risk management and compliance. Natalie has primary responsibility for a number of areas, including estates, facilities, legal, risk, compliance and environmental sustainability. In addition to spending time with her two boys, Natalie has a number of hobbies including working with local acting groups.

Natalie is a non-voting member of the Board.

Gordon Flack,
Executive Director of Finance

Appointed 2011

Gordon is a fellow of the Chartered Association of Certified Accountants (FCCA) and has a professional background in NHS finance spanning 35 years. Following an early career with health authorities, his director experience is with acute and community trusts and he has been at the trust since 2011 His responsibilities include financial management and control, capital and audit, IM&T, business development and service improvement, as well as performance and business intelligence. Gordon lives in Essex with his wife and two sons and is keen on gliding and sailing.

- Member of Finance, Business and Investment Committee
- Member of Charitable Funds Committee (to February 2020)

Louise Norris,
Director of Workforce, Organisational Development and Communications

Appointed July 2015

Louise has more than 30 years' experience in NHS Human Resources and joined us from Central and North West London NHS Foundation Trust. She is a Fellow of the Chartered Institute of Personnel and Development. She has an MBA and an MA in Strategic Human Resources. She is a management side representative on the NHS Staff Council. Louise lives with her husband in West Malling.

- Member of Strategic Workforce Committee

Dr Sarah Phillips,
Medical Director

Appointed 2017

Sarah is a GP at Newton Place Surgery in Faversham, Kent.

Prior to joining Kent Community Health NHS Foundation Trust as the medical director, Sarah was clinical chair of Canterbury and Coastal Clinical Commissioning Group and chair of East Kent Strategy Board. The Board, now known as the East Kent Programme Board, has been set up by local health and care commissioners to determine how best to provide health and care services to the population of east Kent. Its work is part of the wider Sustainability and Transformation Partnership (STP) for Kent and Medway. Until April 2017, Sarah was also commissioner co-chair of Kent and Medway Sustainability and Transformation Partnership Clinical Board, which was set up to make sure the NHS future plans meet the health and social care needs of the communities it serves. Sarah currently leads work with colleagues from other NHS organisations and social care to introduce an electronic shared care record to Kent and Medway for the benefit of colleagues and patients. She is also trust lead for quality improvement and is sponsored by the Health Foundation to carry out a Masters programme in healthcare leadership and quality improvement (Generation Q Fellow). Sarah lives in Canterbury with her two children. She is also a keen tennis player.

- Member of Quality Committee

Gerard Sammon,
Director of Strategy and Partnerships

Appointed January 2020; previously
Director of Strategy October 2018 (Board)

Before joining Kent Community Health NHS Foundation Trust on secondment, Gerard had more than 20 years experience working for the NHS in a number of board and managerial roles. In previous posts he led system wide changes and programmes of work with other health and care organisation that spanned North Kent and South East London and pioneered the introduction of group models into the NHS. He previously studied at Kings College London, Ashridge Business School and was a member of the NHS Top Leaders Programme. He is keen on coaching youth basketball and is married with three children.

- Member of Finance, Business and Investment Committee (from March 2020)

Dr Mercia Spare,
Chief Nurse

Appointed January 2020; previously Interim Chief Nurse

Mercia covered our chief nurse role while Ali Carruth was on maternity leave. Originally on secondment from NHS Improvement, Mercia has considerable experience and describes herself as a 'passionate champion of the NHS and the values it embodies'. During her career, Mercia has delivered a number of senior leadership roles within the NHS at both an operational and strategic level. She has worked for a number of provider organisations including University Hospitals Birmingham NHS Foundation Trust as well as the Department of Health, the Trust Development Authority and NHS Improvement. Mercia trained as a general nurse and then specialised in cardio-thoracic nursing before gaining a BSc Honours in applied and human biology and a PhD clinical research degree.

- Member of Charitable Funds Committee (from March 2020)
- Member of Quality Committee
- Member of Strategic Workforce Committee

Ali Carruth,
Director of Quality, Improvement and Patient Experience

Ali qualified as a registered general nurse in 1994. She completed a number of postgraduate studies and qualified as a registered mental health nurse in 2004. Ali graduated from the NHS Leadership Academy Nye Bevan Executive Development Programme in 2014. She has worked in the NHS for more than 27 years holding a variety of senior nursing posts in a number of trusts in London, Devon, Kent, Surrey and Sussex. Ali is passionate about ensuring patients receive the best care possible, delivered by staff with compassion and competence. She has a clinical background in acute, community and mental health nursing, as well as holding a national position with NHS England providing clinical leadership to the National Ebola Team. Ali lives in West Sussex with her partner and children.

Lesley Strong,
Chief Operating Officer/ Deputy Chief Executive

Appointed 2011. Lesley retired as chief operating officer and deputy chief executive in 2019.

Lesley trained as a general nurse in 1976 at Middlesex Hospital London and then pursued a clinical career in the community as a health visitor and district nurse. She moved into a management role in the community sector in 1988.

Lesley is:

- Member of Charitable Funds Committee
- Member of Finance, Business and Investment Committee
- Member of Quality Committee
- Member of Strategic Workforce Committee

Non-executive directors

Sola Afuape,
Non-executive director

Appointed December 2019

Sola has 20 years' experience advising, designing and implementing national, regional and local public sector programmes most notably delivering health inequalities and service improvements. She has been a chair of a national charity tackling social and health inequalities with a particular focus on mental health, for which she was awarded an MBE.

In the early part of her career, she held a number of advisory roles and worked across the Department of Health, Public Health England, Standing Commissioning on Carers and the Arts and more recently across a collaboration of clinical commissioning groups as a lay advisor in integrated care and transformational workforce and organisation development.

She runs her own consultancy specialising in strategy, organisational development and equalities and conducting independent reviews, is a special advisor for the Care Quality Commission and independent member of HMRC's London Advisory Committee. Sola has a deep passion for the wellbeing of patients, their families and carers, colleagues and citizen voice, co-production and systems leadership.

- Member and deputy chair of Charitable Funds Committee (from March 2020)
- Member of Finance, Business and Investment Committee (from March 2020)
- Member of Quality Committee (from March 2020)
- Member of Remuneration and Terms of Service Committee
- Non-executive director lead for Freedom to Speak Up (from March 2020)

Pippa Barber,
Non-executive director

Appointed December 2016

Pippa Barber has more than 30 years' experience in the NHS, with senior experience in acute, community, primary care, commissioning and mental health care. The last 18 years has been in various board roles, most recently, before becoming a non-executive as the executive director of nursing and governance at Kent and Medway Social Care Partnership Trust and executive nurse at NHS Medway.

Before this, Pippa was director of clinical services at Canterbury and Coastal Primary Care Trust and the Kent and Medway Cardiac Network Director.

She is currently the independent nurse for a clinical commissioning group governing body in London, where she maintains an essential focus on clinical quality, safety and effectiveness.

Pippa lives in Kent.

- Member and deputy chair; and chair of Quality Committee (from May 2019)
- Member; and Deputy Chair of Audit and Risk Committee (from March 2020)
- Member of Charitable Funds Committee (from September 2019)
- Member of Remuneration and Terms of Service Committee
- Non-executive director lead for Mortality and Learning from Deaths

Paul Butler,
Non-executive director

Appointed March 2020

Paul is a chartered accountant with extensive management, financial and regulatory experience. For the last 19 years Paul has been managing director of South East Water and Mid Kent Water. He has previously been a non-executive director of WaterUK, the water industry trade body and chairman of UKWIR, a research organisation for the water sector.

- Chair of Finance, Business and Investment Committee (from March 2020)
- Member of Remuneration and Terms of Service Committee

Peter Conway,
Non-executive director and vice chair (from May 2019)

Appointed March 2015

Peter has a professional background in banking and finance spanning 27 years, latterly as a finance director with Barclays Bank PLC. He has been a non-executive director with the NHS since 2006. He has held a portfolio of public sector roles including:

- Non-executive director and audit chair, Rural Payments Agency
- Non-Executive Director and Audit Chair, NHS West Kent
- Independent member of the audit committees of the Home Office, Ministry of Justice, DEFRA, Health and Safety Executive and Child Maintenance and Enforcement Commission
- Trustee director, Citizens Advice North and West Kent Chair of Audit and Risk Committee
- Member of the Finance, Business and Investment Committee
- Member of Remuneration and Terms of Service Committee.

Martin Cook,
Non-executive director

Appointed October 2018 (Designate); May 2019 (Board)

Martin, from Whitstable, has had a long and successful career in the public and private sector, beginning in the Civil Service before moving into professional services with Capgemini and EY (formerly Ernst and Young). Martin has a strong background in strategy, but his experience also includes running a large IT services business and managing major change programmes in both the public and private sectors. Currently, Martin is a lay member of the Council of the University of Kent and a trustee of Turner Contemporary in Margate amongst other things.

- Member of Finance, Business and Investment Committee
- Chair of Finance, Business and Investment Committee (from May 2019)
- Member of Charitable Funds Committee (from May 2019)
- Member of Remuneration and Terms of Service Committee

Professor Francis Drobniewski,
Non-executive director

Appointed October 2018 (Designate); May 2019 (Board)

Francis divides his time between clinical practice, education and research. He is professor of global health and tuberculosis (TB) at Imperial College, London, a consultant medical microbiologist and was a tuberculosis physician. He has worked in Europe, USA and Africa, and was director of the public health UK National TB Laboratory for 19 years. Francis is clinical TB adviser for National Institute of Clinical Excellence (NICE) and an adviser to the World Health Organisation (WHO).

Having spent 20 years as a consultant, he has worked alongside public health, community services and believes in keeping people out of hospital wherever possible.

- Chair of Charitable Funds Committee (from 1 March 2020)
- Member; and deputy chair of Quality Committee (from March 2020)
- Member of Strategic Workforce Committee (from March 2020)
- Member of Remuneration and Terms of Service Committee
- End of life champion (from May 2019)

Richard Field,
Associate non-executive director

Appointed March 2015

- Vice chair (to April 2019)
- Chair of Finance, Business and Investment Committee (to April 2019)
- Deputy chair of Audit and Risk Committee (to April 2019)
- Deputy chair of Charitable Funds Committee (to April 2019)
- Member of the Remuneration and Terms of Service Committee (to April 2019)

Steve Howe,
Associate non-executive director

Appointed March 2015

- Chair of Quality Committee (to April 2019)
- End of life champion (to April 2019)

Bridget Skelton,
Non-executive director

Appointed March 2015

Bridget Skelton has 25 years' experience as a senior executive and board member in organisations in the legal, financial, management consultancy, retail, public and voluntary sectors. She brings particular knowledge to effect business transformation, enhance performance and manage cultural development and change. Bridget lives in rural Kent.

- Senior independent director
- Chair of Strategic Workforce Committee
- Member of Audit and Risk Committee
- Member and deputy chair of Finance, Business and Investment Committee
- Member and deputy chair of Remuneration and Terms of Service Committee

Jen Tippin,
Non-executive director

Appointed March 2015

Jen was appointed the group director, people and productivity for Lloyds Banking Group in July 2017. She is responsible for leading the people function, managing sourcing and supply chain management, property and divestment and development, in addition to managing the group's cost base. Jen is a member of the Group Executive Committee. Before her current position, she held the roles of group organisation design and cost management director, group customer services director and managing director for business banking.

Graduating from Oxford University, Jen has enjoyed a career spanning multiple industries, including banking, engineering and the airline sector. Jen is also a non-executive director on the boards of Lloyds Bank Corporate Markets and will join the Board of Morgan Sindall plc, a FTSE 250 firm specialising in construction and urban regeneration with effect from March 2020.

- Chair of Charitable Funds Committee (to February 2020)
- Member of Finance, Business and Investment Committee (to February 2020)
- Member of Remuneration and Terms of Service Committee (to February 2020)

Nigel Turner,
Non-executive director

Appointed October 2018

Nigel has been a group human resources director and has a proven track record in leading contemporary transformational people-change in some of the most challenging UK organisational scenarios. His career has included leading the people agenda of the £400million digital transformation of Argos before its sale to Sainsbury's. He also took the lead role for people in the government-funded modernisation of the Royal Mail, providing strategic support to the HR director at Northern Rock following the financial crisis and led the people strategy at Spire Healthcare. Nigel lives in Harrietsham, near Maidstone.

- Member of Quality Committee
- Member and deputy chair of Strategic Workforce Committee
- Member of Remuneration and Terms of Service Committee
- Charitable Funds Committee (to February 2020)

Board and committee attendance

	Audit and Risk Committee		Charitable Funds Committee		Council of Governors		Finance Business and Investment Committee		Formal Board		Quality Committee		Strategic Workforce Committee	
Non-executive directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Sola Afuape	0	1			1	1	1	2	2	2	3	3	0	1
Pippa Barber	4	3	3	3	4	3	0	3	8	7	9	9	0	1
Paul Butler							1	1	1	1				
Peter Conway	4	4			4	3	7	7	8	7	0	2	0	2
Martin Cook			1	0	2	1	3	3	4	4	0	2	0	1
Francis Drobniewski					4	2			8	7	9	8	6	4
Richard Field							1	1	1	1	0	1		
John Goulston	0	1	0	1	4	4	0	1	8	8		1	0	1
Steve Howe									1	1	1	1		
Bridget Skelton	4	3			4	4	7	5	8	6			6	6
Jennifer Tippin			3	3	4	0	6	1	7	4			0	1
Nigel Turner					4	1			8	8	9	6	6	6

Executive directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Paul Bentley	0	1			4	4	6	3	8	8	9	1		
Pauline Butterworth			1	1	1	0	2	1	2	2	3	3	2	1
Natalie Davies	0	4			4	4	0	1	8	8				
Gordon Flack	0	4	3	1	4	0	7	6	8	7				
Louise Norris					4	3			8	8			6	6
Gerard Sammon					1	0	1	0	8	8				
Sarah Phillips					4	0	5	2	8	6	9	8	5	2
Dr Mercia Spare					4	3			8	8	9	8	6	5
Lesley Strong			2	0	3	0	5	5	6	5	6	6	4	3

A total number of meetings the director was eligible to attend as a member of the committee.
B total number of meetings the director did attend.

Directors' report: Compliance statements

The directors' register of interests is available on the trust's website at www.kentcht.nhs.uk

The Board and Council of Governors comply with the Fit and Proper Persons test.

The directors' register of interests is available on the trust's website at www.kentcht.nhs.uk

The trust has in place a major incident plan that is fully compliant with the requirements of the NHS England Preparedness, Resilience and Response Framework 2015. The trust regularly participates in exercises and training with public sector partners.

The trust's internal auditor produces an annual internal audit plan, which reviews the economy, efficiency and effectiveness of resources. The work programme is agreed and monitored by the Audit and Risk Committee.

Better payment practice code 2019/20

The trust complies with the better payment practice Code (BPPC), which requires NHS organisations to pay all creditors within 30 days of receiving goods or a valid invoice (whichever is later) unless other payment terms have been agreed.

The trust's compliance with the BPPC for 2019/20 is set out here:

Non-NHS payables	2019/20 number	2019/20 £000s
Total non-NHS trade invoices paid in the period	37,705	59,736
Total non-NHS trade invoices paid within target	37,199	58,720
Percentage of non-NHS trade invoices paid within target	98.66%	98.30%

NHS payables	2019/20 number	2019/20 £000s
Total NHS trade invoices paid in the period	1,829	12,976
Total NHS trade invoices paid within target	1,670	10,904
Percentage of NHS trade invoices paid within target	91.31%	84.04%

Total

Total non-NHS and NHS trade invoices paid in the period	39,534	72,712
Total non-NHS and NHS trade invoices paid within target	38,869	69,624
Percentage of non-NHS and NHS trade invoices paid within target	98.32%	95.75%

The trust is also a signatory of the prompt payment code (PPC), which sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management.

The trust has had regard to NHS Improvement's quality governance framework in arriving at its overall evaluation of the organisation's performance, internal control and board assurance framework and a summary of action plans to improve the governance of quality.

So far as the Board is aware, there is no relevant audit information of which the trust's auditor is unaware. All members of the Board have taken the steps that they ought to have to make themselves aware of any relevant audit information and to establish that the trust's auditor is aware of that information.

The directors consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable providing the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy.

Council of Governors as at 31 March 2020

Public governors

Ashford
Brian Varney

Canterbury
Lynne Spencer

Dartford
Vacant

Dover/Deal
Carol Coleman

Gravesham
Dot Marshall

Maidstone
David Price

Sevenoaks
John Harris

Shepway
Vacant

Swale
Miles Lemon

Jane Hetherington
Thanet

Tonbridge and Malling
Ruth Davies

Tunbridge Wells
Vacant

Rest of England
John Woolgrove

Staff governors

Dawn Gaiger
Health and Wellbeing

Jan Allen
Corporate Services

Maria-Loukia Bratsou
Children and Families

Claire Buckingham
Health and Wellbeing

Amy Heskett
Adult Services

Appointed governors

Dr Susan Plummer
Universities

Andrew Scott-Clark
Public Health

Nigel Stratton
Age UK

Matthew Wright
Head Teachers' Association

Alison Carter
Kent Dementia Action Alliance

Vacant
Carers FIRST

Governors are elected for a period of three years.

Membership: Representation and effectiveness

The trust agreed a membership strategy for 2018 to 2021 which set out four objectives, linked to our communication and engagement goals, to make sure our members are fully informed and involved.

The action plan set against these objectives is monitored by the governors' Communications and Engagement Committee.

The four objectives are:

1. to provide members with accurate information about our services and how to improve on their health and wellbeing
2. to increase opportunities for membership to feedback on our services and make sure these are fed into service design and improvement
3. to increase membership levels by two per cent year-on-year (with a stretch target of five per cent) and make sure our membership reflects the population that we serve
4. to make sure members know who their local governor is, what they do/their role and why and how to contact them.

Understanding the views of governors and members

The trust has continued to deliver an effective governor induction and a continuing governor development programme, which enables all members of the council to keep up-to-date with service delivery and issues around the Sustainability and Transformation Plan, including the development of the Integrated Care Partnerships and Primary Care Networks.

This also makes sure they develop their role as governors, representing their constituents and holding the trust to account for its performance.

Governors are invited to at least one full-day development session each year, as well as four morning sessions held before the council meetings. These sessions are devoted to a range of topics including service presentations and board committee deep dive discussions. Attendance is voluntary but has been consistently high.

Governors continue to meet quarterly with senior operational staff in both east and west Kent to receive updates and discuss local health-related matters. Governors are also invited to take part in a number of trust internal reviews, including the We Care visits and the annual patient-led assessment for the clinical environment (PLACE).

During 2019/20, governors carried out a number of statutory duties including the appointment of two new non-executive directors and the approval of the remuneration and appraisal process for the Chair and non-executive directors.

Governors are supported to gather views from members and the wider public through involvement at public events and meetings, such as the patient engagement groups, let's discuss dementia event and the annual general meeting. Governors are invited to attend trust service visits and conferences and observe board committee meetings. They are also encouraged to attend the annual national Governor Focus Conference, run by NHS Providers.

Governor support staff from all Kent and Medway foundations trusts continue to meet on a quarterly basis, to share best practice, discuss matters of interest and concern and to make sure they can offer a good and consistent support mechanism for their members.

Remuneration report

This remuneration report presents information from 1 April 2019 to 31 March 2020.

Annual statement on remuneration

The chief executive's and medical director's performance against the agreed objectives was discussed by the Remuneration Committee. These were met in full and consequently the committee agreed that there would be no claw back of salary. In addition performance related pay was agreed for the chief executive and deputy chief executive.

Aside the introduction of performance related pay for the chief executive and deputy chief executive there was no other substantial changes relating to senior managers' remuneration made during the year.

The Council of Governors have not been asked to review the salaries for the Chair and the non-executive directors.

Senior managers' remuneration policy

Policy on remuneration for executive directors

The Remuneration Committee determines the salaries of the chief executive and the other executive directors by considering market rates. Existing Trust Very Senior Manager (VSM) contracts and notice periods of six months follow the VSM guidance from the Department of Health and Social Care. Notice periods for all very senior managers hired after 1 March 2015 are three months. Notice periods should normally be worked to ensure the NHS receives benefit during the notice period. This could include undertaking special projects and short term placements.

Pay component	How that component supports the trust's short and long-term strategy	How it operates	Maximum payable
Senior managers are entitled to a basic salary, which is determined by the Remuneration Committee. Rates paid to individual directors are determined by the Remuneration Committee, which takes into account: • qualifications required for the role • spans of responsibility and accountability • performance • market forces	The trust believes that its senior managers should be fairly remunerated for their work. Trust salaries should be competitive and enable the trust to attract and, in due course, retain high-calibre staff. However, salaries should not be overly high and should be positioned in the top quartile of salaries for similar organisations. The Remuneration Committee will reference its salaries to the NHS Providers survey of executive salaries and independent advice, as required.	Salaries are reviewed against external NHS benchmarking and set at the lower end of the upper quartile for similar organisations, taking into account other factors including performance and qualifications. In the case of any salary above £150,000, views of ministers are sought. A claw back scheme is in place for the medical director's salary. Should objectives not be achieved, the salary is reduced by 10%. A report is presented to the Remuneration Committee.	
The annual uplift		A cost of living award in line with what was implemented for Agenda for Change.	1.7%

Pay component	How that component supports the trust's short and long-term strategy	How it operates	Maximum payable
Chief executive earn back	The trust believes that the chief executive should be properly remunerated for their work. Trust salaries should be competitive and enable the trust to attract high-calibre staff. However, salaries should not be overly high and should be positioned in the top quartile of salaries for similar organisations. The Remuneration Committee will reference its salaries to the NHS Providers survey of executive salaries and independent advice as required. Where applicable views of ministers are sought.	A claw back scheme is in place. Should objectives not be achieved, the salary is reduced by 10%.	£15K
Performance related pay	To make sure the delivery of the trust strategic objectives a bonus payment can be made to the chief executive and deputy chief executive.	On the achievement of objectives.	Up to £17K

Each contract for directors gives the trust the right to deduct from a director's salary, or any other sums owed, any money owed to the trust. If on termination of the appointment the director has taken in excess of their accrued holiday entitlement the trust shall be entitled to recover by way of deduction from any payments due. No provisions for the recovery of sums paid or for withholding of sums to senior managers have been made in the period. The trust's policy on senior managers' remuneration and its general policy on employees' remuneration differ only, in so far as other staff are on the Agenda for Change or medical and dental pay scales, while directors' pay is determined outside of this framework.

Policy on remuneration for non-executive directors

The remuneration for non-executive directors (NEDs) is set by the Council of Governors. No 'golden hellos', compensation for loss of office or other remuneration from the trust was received by any of the above during 2019/20. Non-executive members do not receive pensionable remuneration.

The Council of Governors determines the pay for the Chairman and non-executive directors and in so doing take into account comparative remuneration of other foundation trusts. They are on fixed term, renewable contracts. There is no compensation for early termination.

There are three levels of remuneration based on the level of commitment expected of the post holder: Trust Chairman; Chair of Audit and Risk, Quality and Finance, Business and Investment Committees, Strategic Workforce Committee; other non-executive directors.

Pay component	Description	Application
Chair basic pay	A spot rate salary £46,500	Trust's chair
Non-executive basic pay	A spot rate salary £13,800 for NEDs appointed prior to September 2019. For those appointed after this date £13,000 in line with NHSI guidance.	Four NEDs Two NEDs
NED committee – chair responsibility	20 per cent uplift if appointed prior to September 2019. £2k if appointed after September 2019 in line with NHSI.	Quality Committee Chair Strategic Workforce Committee Chair Audit and Risk Committee Chair Finance, Business and Investment Committee Chair

Service contracts obligations

There is one standard contract for all directors. The chief executive and medical director's contract includes a clause regarding claw back. In addition the chief executive and deputy chief executive's contracts include performance related pay. This standard contract puts the following obligations on the Trust;

- Review performance annually.
- Give reasonable notice of any variation to salary.
- To determine redundancy pay by reference to Part XI of the Employment Rights Act 1996. Any redundancy payment will be calculated in accordance with paragraphs 16.8 and 16.9 of the NHS terms and conditions of service handbook.
- To pay appropriate expenses incurred in the course of duties in accordance with the trust's Travel and Expenses policy.
- annual Leave follows standard NHS terms, likewise sickness.
- The notice period for all executive directors appointed post April 2015 except chief executive is three months; chief executive has to give six months' notice.
- No executive director is on a fixed term contract.

Policy on loss of office

- Notice periods as above for resignation chief executive and all directors
- Payments in lieu of notice are at the discretion of the trust.
- Senior manager's performance is relevant for loss of office when a material element of the business plan has not been delivered and then there can be dismissal without notice.

Setting senior managers' remuneration policy

The pay and conditions of employees (including any other group entities) were taken into account when setting the remuneration policy for senior managers.

The trust did not consult with employees when preparing the senior managers' remuneration policy.

The chief executive confirms that the remuneration report covers senior managers who have authority or responsibility for directing or controlling the major activities of the trust. These managers influence the decisions of the entity as a whole rather than the decisions of individual directorates or department.

The policy on diversity and inclusion used by the remuneration committee

As an employer for, and a provider of, health services in Kent, London and East Sussex the remuneration committee take the issues of fairness, rights and equality very seriously.

The remuneration committee undertakes an equality impact assessment on all polices and decisions.

Annual report on remuneration Information Not Subject to Audit

Remuneration Committee

The Remuneration Committee is a formal committee of the Board. The purpose of this committee is to advise the Board on all aspects of the remuneration and terms of conditions for the chief executive, executive directors and directors reporting to the chief executive making sure that these properly support the objectives of the trust, represent value for money and comply with statutory requirements.

The Committee's members are the non-executive directors of the Trust and the Committee is chaired by the Trust Chairman. Between 1 April 2019 and 31 March 2020 there were five meetings of the Remuneration Committee.

Remuneration Committee	Meetings attended 2019/20
John Goulston	5
Sola Afuape	1
Pippa Barber	4
Martin Cook	3
Peter Conway	4
Francis Drobniewski	4
Bridget Skelton	4
Jennifer Tippin	2
Nigel Turner	3

The chief executive and director of workforce, organisational development and communications also attend meetings by invitation; however they are not present where matters relating to them are under discussion.

This committee determines the remuneration and conditions of service of the chief executive, other directors and senior managers with board responsibility who report directly to the chief executive, ensuring that these properly support the objectives of the trust, represent value for money and comply with statutory requirements. The committee does not determine the remuneration of the non-executive chairman and the non-executive directors, which is set by the Council of Governors.

Service contracts

Executive director service contracts are permanent with the following notice periods:

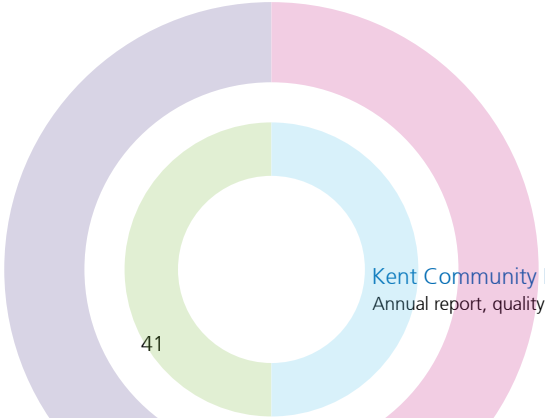
Senior manager	Date effective	Notice
Paul Bentley, Chief Executive Officer	1 March 2016	6 months
Ali Carruth, Chief Nurse (to 05/01/20), Director of Quality Improvement and Patient Experience (from 06/01/20)	10 October 2016	3 months
Pauline Butterworth, Chief Operating Officer (from 16/12/19)	16 December 2019	3 months
Natalie Davies, Corporate Services Director	1 April 2015	3 months
Gordon Flack, Director of Finance and Deputy Chief Executive Officer (Deputy CEO from 01/12/19)	1 March 2015	6 months
Louise Norris, Director of Workforce, Organisational Development and Communications	7 July 2015	3 months
Sarah Phillips, Medical Director	10 April 2017	3 months
Gerard Sammon, Director of Strategy and Partnerships (from 15/10/18)	1 October 2019	3 months
Mercia Spare, Interim Chief Nurse (from 26/11/18 to 31/12/19), Chief Nurse (from 01/01/20)	1 January 2020	3 months
Lesley Strong, Chief Operating Officer and Deputy Chief Executive Officer (to 05/12/19), Returned to Executive Team 16/03/20	1 March 2015	6 months

Mercia Spare and Gerard Sammon were originally seconded staff and were therefore previously on fixed term contracts. They are now employed on substantive contacts, Mercia Spare was appointed as Chief Nurse from 1st January 2020 and Gerard Sammon was appointed as Director of Strategy and Partnerships from 1st October 2019.

Non-executive director service contracts are fixed-term with the following unexpired terms as at the 31 March 2020:

Non-executive directors	Date effective	End date	Unexpired term
John Goulston, Chair	1 November 2018	31 October 2021	1 year, 7 months
Sola Afuape, Non-executive Director	1 December 2019	30 November 2022	2 years, 8 months
Pippa Barber, Non-executive Director	1 December 2019	30 November 2022	2 years, 8 months
Paul Butler, Non-executive Director	1 March 2020	8 February 2023	2 years, 11 months
Peter Conway, Vice Chair	1 April 2018	31 March 2021	1 year
Martin Cook, Non-executive Director	1 October 2018	30 September 2019	–
Francis Drobniewski, Non-executive Director	1 October 2018	31 January 2022	1 year, 10 months
Richard Field, Vice Chair	1 April 2017	30 April 2019	–
Steve Howe, Non-executive Director	1 April 2018	30 April 2019	–
Bridget Skelton, Non-executive Director	7 April 2019	6 April 2022	2 years
Jennifer Tippin, Non-executive Director	1 March 2017	1 March 2020	–
Nigel Turner, Non-executive Director	1 October 2018	30 September 2021	1 year, 6 months

Richard Field, Martin Cook, Steve Howe and Jennifer Tippin left the Trust during the year, upon Richard's departure, Peter Conway became Vice Chairman. Sola Afuape joined the Trust on 1st December 2019 and Paul Butler joined the Trust on 1st March 2020.



Expenses of senior managers and governors

The following expenses were paid to senior managers in the period:

Directors and senior managers	Expenses* (rounded to nearest 100) £00	
	2019/20	2018/19
Paul Bentley, Chief Executive Officer	13	16
Lesley Strong, Chief Operating Officer/Deputy CEO (to 05/12/19), Returned to Executive Team 16/03/20	17	28
Pauline Butterworth, Chief Operating Officer (from 16/12/19)	1	–
Gordon Flack, Director of Finance and Deputy CEO (Deputy CEO from 01/12/19)	15	13
Ali Carruth, Chief Nurse (to 05/01/20), Director of Quality Improvement and Patient Experience (from 06/01/20)	–	16
Mercia Spare, Interim Chief Nurse (from 26/11/18 to 31/12/19), Chief Nurse (from 01/01/20)	3	80
Sarah Phillips, Medical Director	22	19
Natalie Davies, Director of Corporate Services	10	14
Louise Norris, Director of Workforce, OD and Communications	17	19
Gerard Sammon, Director of Strategy and Partnerships (from 15/10/18)	18	11
David Griffiths, Chairman (to 24/05/18)	–	3
John Goulston, Chairman (from 01/11/18)	32	14
Richard Field, Vice Chairman (to 30/04/19, Interim Chairman from 25/05/18 to 31/10/18)	2	22
Peter Conway, Vice Chairman (from 01/05/19)	10	8
Sola Afuape, Non-Executive Director (from 01/12/19)	11	–
Pippa Barber, Non-Executive Director	23	22
Paul Butler, Non-Executive Director (from 01/03/20)	–	–
Martin Cook, Non-Executive Director (from 01/10/18 to 30/09/19)	4	4
Francis Drobniewski, Non-Executive Director (from 01/10/18)	14	–
Steve Howe, Non-Executive Director (to 30/04/19)	3	13
Bridget Skelton, Non-Executive Director	7	10
Jennifer Tippin, Non-Executive Director (to 01/03/20)	–	–
Nigel Turner, Non-Executive Director (from 01/10/18)	–	–
Total	222	312

* Taxable benefits are included within the remuneration tables on pages 49 to 50.

There were a total of 22 executive and non-executive directors in post in the reporting period 19/20 and 18 of these received expenses paid by the Trust. The aggregate sum of directors' expenses totals £22,182.06.

The following expenses were paid to governors in the period:

Governors	Expenses (rounded to nearest 100) £00	
	2019/20	2018/19
Jo Clifford	2	3
Carol Coleman	10	14
Ruth Davies	2	–
John Fletcher	3	3
John Harris	1	1
Miles Lemon	2	0
Anthony Moore	–	2
David Price	3	1
Anthony Quigley	1	1
Mary Straker	–	1
Nigel Stratton	1	1
Pete Sutton	–	4
Total	**25**	**31**

There are a total of 24 governor positions. There have been 28 individuals working as governors within the year, with eight leaving and six starting in the period, four of which filled vacant posts. Two new governor positions were added representing Kent Dementia Action Alliance and Carers FIRST. As at 31 March 2020, there are 20 governors in post, with four vacant positions. In the reporting period 19/20, nine governors received expenses paid by the trust. The aggregate sum of governors' expenses totals £2,485.25.

The remaining information in this report is subject to audit

Name and title	2019/20						2018/19					
	Salary and fees	Taxable benefits	Annual performance -related bonuses	Long-term performance -related bonuses	All pension -related benefits	Total	Salary and fees	Taxable benefits	Annual performance -related earn back*	Long-term performance -related bonuses	All pension -related benefits	Total
	(bands of £5,000) £000	(to the nearest £100) £	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(to the nearest £100) £	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Paul Bentley, Chief Executive Officer	185–190				0	185–190	175-180		5–10		0	**185–190**
Lesley Strong, Chief Operating Officer/Deputy CEO (to 05/12/19), Returned to Executive Team 16/03/20	95–100				0	95–100	130–135				0	**130–135**
Pauline Butterworth, Chief Operating Officer (from 16/12/19)	35–40				10–12.5	45–50						
Gordon Flack, Director of Finance and Deputy CEO (Deputy CEO from 01/12/19)	150–155	2,500			0	155–160	145–150				0	**145–150**
Ali Carruth, Chief Nurse (to 05/01/20), Director of Quality Improvement and Patient Experience (from 06/01/20)	60–65				0–2.5	65–70	95–100				35–37.5	**130–135**
Mercia Spare, Interim Chief Nurse (from 26/11/18 to 31/12/19), Chief Nurse (from 01/01/20)	110–115				122.5–125	230–235	35–40				20–22.5	**55–60**
Sarah Phillips, Medical Director	175–180				52.5–55	230–235	170–175		5–10		57.5–60	**235–240**
Natalie Davies, Director of Corporate Services	100–105				45–47.5	150–155	95–100				30–32.5	**125–130**
Louise Norris, Director of Workforce, OD and Communications	120–125				42.5–45	160–165	115–120				20–22.5	**135–140**
Gerard Sammon, Director of Strategy and Partnerships (from 15/10/18)	125–130				0	125–130	60–65				5–10	**65–70**

*The annual performance related earn back awarded to the Chief Executive Officer and the Medical Director outlined in the table above, have been granted in line with the CE earn back and earn back scheme applied to the Medical Director's salary.

**The taxable benefits above are in relation to lease car benefits.

Name and title	2019/20						2018/19					
	Salary and fees	Taxable benefits	Annual performance -related bonuses	Long-term performance -related bonuses	All pension -related benefits	Total	Salary and fees	Taxable benefits	Annual performance -related bonuses	Long-term performance -related bonuses	All pension -related benefits	Total
	(bands of £5,000) £000	(to the nearest £100) £	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(to the nearest £100) £	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
David Griffiths, Chairman (to 24/05/18)							5–10	0				**5–10**
John Goulston, Chairman (from 01/11/18)	45–50					45–50	15–20	1,400				**20–25**
Richard Field, Vice Chairman (to 30/04/19, Interim Chairman from 25/05/18 to 31/10/18)	0–5					0–5	25–30	2,000				**30–35**
Peter Conway, Vice Chairman (from 01/05/19)	15–20					15–20	15–20	800				**15–20**
Sola Afuape, Non-Executive Director (from 01/12/19)	0–5					0–5						
Pippa Barber, Non-Executive Director	15–20					15–20	10–15	2,100				**15–20**
Paul Butler, Non-Executive Director (from 01/03/20)	0–5					0–5						
Martin Cook, Non-Executive Director (from 01/10/18 to 30/09/19)	5–10					5–10	5–10	300				**5–10**
Francis Drobniewski, Non-Executive Director (from 01/10/18)	10–15					10–15	5–10	0				**5–10**
Steve Howe, Non-Executive Director (to 30/04/19)	0–5					0–5	15–20	1,300				**15–20**
Bridget Skelton, Non-Executive Director	15–20					15–20	15–20	1,000				**15–20**
Jennifer Tippin, Non-Executive Director (to 01/03/20)	10–15					10–15	10–15	0				**10–15**
Nigel Turner, Non-Executive Director (from 01/10/18)	10–15					10–15	5–10	0				**5–10**

During the period 1 April 2019 to 31 March 2020 there were a couple of changes in personnel to the executive team. Lesley Strong retired from the trust in December 2019 and returned to the trust in early 2020 on a part-time basis as programme director to oversee project work. Due to the COVID-19 pandemic Lesley re-joined the executive team on 16 March 2020. Upon Lesley's departure, Gordon Flack was appointed deputy chief executive officer. Pauline Butterworth joined the trust as chief operating officer on 16 December 2019. Mercia Spare has been interim chief nurse since 26 November 2018, on secondment from NHS Improvement, as of 1 January Mercia was appointed chief nurse and is now employed by the trust. At this time, Ali Carruth returned from maternity leave on 6 January 2020 in her new role as director of quality improvement and patient experience.

Gerard Sammon has been working for the trust since 15 October 2018 and this was initially on secondment from Dartford and Gravesham NHS Trust, he has since been employed substantively by the trust as of 1 October 2019.

The trust remunerates Dr Sarah Phillips solely for her management role, as she does not carry out a direct patient care role with the trust.

With reference to the tables above the value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual. No payments were made for loss of office or to past senior managers in the period.

Pension benefits

Name and title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31.03.20 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31.03.20 (bands of £5,000) £000	Cash equivalent transfer value at 01.04.19 £000	Cash equivalent transfer value at 31.03.20 £000	Real increase in cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Paul Bentley, Chief Executive Officer	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lesley Strong, Chief Operating Officer/Deputy CEO (to 05/12/19), Returned to Executive Team 16/03/20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pauline Butterworth, Chief Operating Officer (from 16/12/19)	0–2.5	0	20–25	0	257	308	8	n/a
Gordon Flack, Director of Finance and Deputy CEO (Deputy CEO from 01/12/19)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ali Carruth, Chief Nurse (to 05/01/20), Director of Quality Improvement and Patient Experience (from 06/01/20)	0–2.5	0	40–45	90–95	654	685	9	n/a
Mercia Spare, Interim Chief Nurse (from 26/11/18 to 31/12/19), Chief Nurse (from 01/01/20)	5–7.5	7.5–10	35–40	90–95	635	783	117	n/a
Sarah Phillips, Medical Director	2.5–5	0	20–25	30–35	285	345	27	n/a
Natalie Davies, Director of Corporate Services	2.5–5	2.5–5	30–35	65–70	449	509	35	n/a
Louise Norris, Director of Workforce, OD and Communications	2.5–5	2–2.5	50–55	140–145	1,053	1,154	58	n/a
Gerard Sammon, Director of Strategy and Partnerships (from 15/10/18)	0–2.5	0	40–45	90–95	663	697	0	n/a

Any data expressed as n/a in the above tables is not applicable.

The Chief Executive Officer was a deferred member of the NHS Pension Scheme and recently opted back into the scheme in late February 2020. Due to the timing of this in comparison to the Greenbury submission deadline, pension information was not available from NHS Pensions for this report. Lesley Strong and Gordon Flack opted out of the NHS Pension Scheme in October 2018.

As non-executive members do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive members.

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV figures are only applicable up to the Normal Pension Age (NPA). NPA is age 60 in the 1995 Section, age 65 in the 2008 Section, or State Pension Age (SPA) or age 65, whichever is the later in the 2015 Scheme.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Inflation figure applied to calculate real increases to pensions, lump sums and CETVs during the period

The inflation applied to the accrued pension, lump sum and CETV is the percentage (if any) by which the Consumer Prices Index (CPI) for the September before the start of the tax year is higher than it was for the previous September. For 2019/20 the difference in CPI between September 2017 and September 2018 was 2.4%. Therefore for calculation purposes the Trust has used an inflation rate assumption of 2.4% to calculate real increases to pensions, lump sums and CETVs over the period. The Trust considers this an appropriate inflation figure to be used in calculations and this is also in line with the Greenbury Pension Guidance.

Fair pay multiple

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

The banded remuneration of the highest paid director in Kent Community Health NHS Foundation Trust in the financial year 2019/20 was £185k–£190k (2018/19, £185k-£190k). This was 7.0 times (2018/19, 7.0 times) the median remuneration of the workforce, which was £27k (2018/19, £27k).

In 2019/20, no employee (2018/19, no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £11k to £189k (2018/19 £11k–£187k).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Signed.....

Paul Bentley, Chief Executive Officer
(On behalf of the Board)

Date: 21 May 2020

Staff report

This year was a great year for KCHFT, with our biggest achievement to date – being rated as Outstanding by the CQC – which we couldn't have done without the fantastic work of our people.

Further work has continued this year to deliver our People Strategy and preparations have started for our new People Strategy for 2021-2026. We have run a number of staff engagement events – both face-to-face and online – over the year with great feedback and ideas generated.

We continued to expand our Nursing Academy offering the first occupational therapy apprenticeships and recruiting another 16 adult nursing apprentices and a further four learning disability nursing apprentices. We are truly growing our own workforce of the future for the organisation

Key achievements in 2019/20

- A reduction in vacancy rate from 9.68 per cent in April 2019 to 6.92 per cent in February 2020 (March 2020 reporting has been suspended due to COVID-19).
- A reduction in turnover from 17.29 per cent in April 2019 to 15.52 per cent in February 2020 (March 2020 reporting has been suspended due to COVID-19).
- Exceeded our appraisal completion rate target of 85 per cent, achieving 99.09 per cent.
- Exceeded our statutory and mandatory training target of 85 per cent, achieving 96.49 per cent (as at February 2020).

The information in the following tables is subject to audit

Staff costs

	Permanent £000	Other £000	2019/20 Total £000	2018/19 Total £000
Salaries and wages	128,849	6,785	**135,634**	123,616
Social security costs	10,848	503	**11,351**	10,555
Apprenticeship levy	645	–	**645**	595
Employer's contributions to NHS pensions	23,719	590	**24,309**	15,801
Pension cost – other	45	2	**47**	26
Termination benefits	171	–	**171**	309
Temporary staff	–	6,571	**6,571**	5,361
Total gross staff costs	**164,277**	**14,451**	**178,728**	**156,263**
Recoveries in respect of seconded staff	(286)	(13)	**(299)**	–
Total staff costs	**163,991**	**14,438**	**178,429**	**156,243**
Of which Costs capitalised as part of assets	740	162	**902**	78

Staff numbers

	Permanent number	Other number	2019/20 Total number	2018/19 Total number
Medical and dental	78	7	**85**	87
Administration and estates	1,376	73	**1,449**	1,375
Healthcare assistants and other support staff	861	109	**970**	815
Nursing, midwifery and health visiting staff	1,080	105	**1,186**	1,145
Nursing, midwifery and health visiting learners	11	–	**11**	11
Scientific, therapeutic and technical staff	694	25	**719**	688
Total average numbers	**4,100**	**318**	**4,418**	**4,121**
Of which Number of employees (WTE) engaged on capital projects	**16**	**2**	**19**	2

Gender distribution

The gender distribution of our workforce as at 31 March 2020 is:

Role FTE	Female	Male	Total	% Female	% Male	% Total
Director	5.6	3.00	**8.6**	65.1%	34.9%	**100.00%**
Other senior manager	19.8	7.4	**27.2**	72.9%	27.1%	**100.00%**
Employees	3644.3	500.8	**4145.1**	87.9%	12.1%	**100.00%**
Grand total	3669.7	511.2	**4180.8**	87.8%	12.2%	**100.00%**

Staff sickness absence

The staff sickness data is provided centrally by NHS Digital (using reconciled data from within the NHS Electronic Staff Record and the Cabinet Office reported by central government to permit aggregation across the NHS). To see the NHS staff sickness data, visit: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Staff policies and actions

Equality and diversity

As an inclusive employer, the trust is committed to making sure equality of access to employment, career development and training and the application of human rights for all staff.

This approach is set out in the equality and diversity policy, which gives full and fair consideration to disabled applicants and continuing support to staff who become disabled.

Our Workforce Equality Group has developed guidance for managers and staff on introducing reasonable adjustments and unconscious bias training has been rolled out across the organisation.

Equality is written into the trust's values framework. It makes sure all colleagues receive training in the subject, it uses equality analysis, and equality and diversity is embedded into trust policies.

Additionally, we use Equality Diversity System two to record and evidence work we do and publish equality objectives annually on our website. Staff networks promote and support staff from a BME background, LGBTQ+, disabled and those who have religious beliefs.

We are also working closely with Kent Supported Employment Agency for the active recruitment of disabled persons.

We are proud to have been awarded Disability Confident level two this year and will continue to work with our partners and people to make sure we maximise ever opportunity to build the best and most diverse workforce possible.

Gender pay gap

You can find information about our gender pay gap on our website at https://www.kentcht.nhs.uk/download/gender-pay-gap-report-2019/ or via https://gender-pay-gap.service.gov.uk.

Freedom to speak up

The trust has had a freedom to speak up guardian (FTSU) in post all year, who has a key role in fostering a culture of openness.

A campaign to promote the benefits of speaking up ran throughout the year, and will continue during 2020/21. The campaign included ways to get in touch, such as the dedicated email and phone line for colleagues to report their concerns.

Between 1 April 2019 and 31 March 2020, the FTSU guardian logged and was involved in eight new cases. Themes of the cases were discussed with the chief executive and a six monthly report is presented to the Board. The trust has a named non-executive director lead for Freedom to Speak Up, who acts as an alternative source of advice and support for the guardian. Sola Afuape is currently the non-executive director lead, taking over from Jennifer Tippin on 1 March 2020.

The trust has developed a freedom to speak up ambassadors' programme and there are currently 10 ambassadors across the trust. Their role includes encouraging colleagues to speak up by providing informal advice, sign-posting and promoting positive examples of changes that have occurred as a result of speaking up.

Communication with our people

Our Communications and Engagement Team has a successful track record of delivering communications and engagement campaigns both internally and externally.

The trust has good communication and engagement channels and mechanisms for gaining feedback and involving patients and colleagues in shaping our services. We value our people – our most important asset.

We recognise the challenges that they face and we want them to feel listened to and involved and create a culture of openness trust and accountability. Research has shown that a more engaged workforce results in better patient care.

Our award-winning social intranet, flo, can be accessed by all colleagues on various devices. The intranet enables team members, working in different geographical areas, to collaborate, share ideas, join workspaces, read policies and guides, stay up-to-date with trust news and blogs and access health and wellbeing initiatives. The site receives more than

400,000 monthly page views and there are more than 40 blog posts each month. The next step for the intranet is to launch a flo app, which will give colleagues a quicker and improved experience when using the intranet on a mobile.

The Comms Team produces flomail, a digital weekly round-up of what is happening in the organisation, which is shared with all colleagues and our governors. The newsletter has an average read rate of 65 per cent, which is above industry standard. Since the outbreak of COVID-19, the team has produced a daily newsletter to make sure colleagues can stay informed of constant changes relating to Coronavirus.

The team produce a monthly Team Brief for managers to use in meetings to cascade key messages, plus add their own service specific news. They also produce a stakeholder bulletin communicating good news stories to our partners and commissioners.

Communications support played an integral role in announcing the fantastic Outstanding rating from the CQC with a successful social media campaign and press coverage from Kent newspapers and broadcast channels.

Our magazine Community Health – featuring case studies of good outcomes – is published four times a year. 40,000 copies are printed of each edition and it is also available on our website and in an easy read format.

Many of our staff stay connected with each other on our established social media profiles on Facebook, Twitter and YouTube. We have more than 9,000 followers on Facebook and 4,000 Twitter followers. Our videos on YouTube and Vimeo have been viewed more than 100,000 times.

More information can be found in the communication and engagement strategy published at www.kentcht.nhs.uk

Consultation with staff

The trust takes a consultative approach to engagement with staff. Our active staff partnership forum is well attended by both staff-side and management representatives. All change proposals are taken to this forum for discussion as well as full staff consultation regarding any changes that will impact staff. Views from all parties are gathered and given due consideration before any final decisions are made.

Counter fraud and corruption

The trust's counter fraud specialists provide professional expertise and operate within a national legal framework for tackling fraud, corruption and bribery. All work was completed in accordance with legal standards and in compliance with guidance from NHS Counter Fraud Authority. The trust's approach to counter fraud and corruption is documented in its counter fraud, corruption and bribery policy, available to staff on the intranet.

Involvement of staff in trust's performance

The trust has a robust performance reporting structure from the Board down with a clear line of accountability and monitoring. The trust Integrated Performance Report is supported by division level performance reports that are produced monthly and reviewed and discussed at performance reviews with the Executive Team. These division reports also include service level dashboards and in some cases include performance data for individual teams to allow services to have a clear understanding of their performance. Service leads are encouraged to share these reports within their teams to give staff an understanding of their role in performance and share accountability.

In addition, the trust has a business intelligence tool which enables team leaders and managers the ability to access performance data on a more routine basis and share this information with their teams, or investigate areas of adverse performance.

Health and safety performance

The trust fully meets all its obligations under the Health and Safety at Work etc. Act 1974 and various associated regulations.

The trust has a Health and Safety Committee, which reports to the Corporate Assurance and Risk Management Group. Health and safety, fire, security, estates and moving and handling report into the Health and Safety Committee to provide assurance of compliance with safety legislation.

The trust reported 17 incidents, which fell under the requirements of the reporting of injuries, diseases and dangerous occurrences regulations 2013 (RIDDOR). All but one of these reports were submitted to the Health and Safety Executive within the required legal timeframes.

The trust's approach to health and safety is documented in the health and safety policy and other associated policies, strategies and guidance available on the staff intranet.

Occupational health and counselling

Optima Health is our occupational health provider. It provide pre-employment screening, vaccinations, advice to managers following referral to support colleagues, as well as numerous online resources available to both team members and managers to help them with their health and well-being needs.

Our staff counselling provision is provided by Staff Care Services and can be accessed by individuals directly or via a management referral. The service is entirely confidential. The initial four sessions are funded by the trust with the option to extend this provision if necessary with the agreement of the line manager.

We value our staff – our most important asset.

Staff survey

Staff engagement

A key part of our People Strategy has been our culture change programme. We are developing a culture of trust and ownership, where people feel engaged and empowered to make decisions and act upon them. Work is underway through a number of initiatives including the Buurtzorg programme with two pilot sites operational and further pilot sites identified.

The Strategic Workforce Committee has introduced a focus on staff members mental health. We introduced our 'Time to Change' programme, training champions across The trust to reduce the stigma around mental health and increase awareness. This programme has been well received and we now have more than 100 champions across the organisation.

NHS staff survey

The NHS staff survey is carried out annually. From 2019 onwards, the results from questions are grouped to give scores in 11 key themes. The 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 colleagues was 58.8 per cent (2018: 59.7 per cent). Scores for each indicator together with that of the survey benchmarking group (other community trusts) for the past three year are presented overleaf. Please note that team working is a new theme for 2019/2020 but previous year comparative data has been provided. Please also note that morale was a new theme in 2018/2019 however there is only one previous year of comparison data available for this metric. Please also note that the comparison figure for benchmarking is the average score of our comparator organisation (with best and worse scores shown in brackets).

	2019/20		2018/19		2017/18	
	KCHFT	Benchmarking Group – other community Trusts*	KCHFT	Benchmarking Group – other community Trusts*	KCHFT	Benchmarking Group – other community Trusts*
Equality, diversity and inclusion	9.5	9.4 (best 9.6/worst 8.8)	9.5	9.3 (best 9.6/worst 8.8)	9.4	9.3 (best 9.6/worst 8.9)
Health and wellbeing	6.4	6.0 (best 6.7/worst 5.4)	6.2	5.9 (best 6.5/worst 5.2)	6.2	6.0 (best 6.5/worst 5.7)
Immediate managers	7.6	7.2 (best 7.6/worst 6.9)	7.4	7.0 (best 7.6/worst 6.7)	7.2	7.0 (best 7.4/worst 6.8)
Morale	6.6	6.3 (best 6.7/worst 5.9)	6.2	6.1 (best 6.6/worst 5.7)	–	–
Quality of appraisals	6.1	5.8 (best 6.3/worst 5.2)	5.8	5.6 (best 6.0/worst 5.0)	5.6	5.4 (best 5.9/worst 4.6)
Quality of care	7.6	7.4 (best 8.0/worst 7.1)	7.3	7.3 (best 8.0/worst 7.1)	7.3	7.3 (best 7.9/worst 7.0)
Safe environment – bullying and harassment	8.6	8.4 (best 8.7/worst 7.6)	8.6	8.4 (best 8.8/worst 7.1)	8.5	8.4 (best 8.7/worst 8.0)
Safe environment – violence	9.8	9.7 (best 9.9/worst 9.6)	9.8	9.7 (best 9.9/worst 9.6)	9.7	9.7 (best 9.9/worst 9.5)
Safety culture	7.3	7.0 (best 7.5/worst 6.5)	7.0	7.0 (best 7.3/worst 6.2)	6.9	6.9 (best 7.2/worst 6.4)
Staff engagement	7.4	7.2 (best 7.5/worst 6.6)	7.0	7.1 (best 7.5/worst 6.5)	6.9	6.9 (best 7.4/worst 6.7)
Team working	7.5	7.1 (best 7.5/worst 6.5)	7.2	6.9 (best 7.4/worst 6.5)	7.1	6.8 (best 7.4/worst 6.6)

Key data highlights:

- KCHFT had better results than 2018/2019 in eight themes, all of which were statistically significant improvements.
- There were no themes which received a lower score than 2018/2019. KCHFT maintained or improved across all themes.
- KCHFT is the best performing community trusts in two themes.
- Although there was a drop in response rate from 2018/2019, KCHFT had a higher than average response rate compared to other community trusts (average community trust response rate was 57.5 per cent).

Future priorities and targets

Our approach will be to develop action plans, both corporate and directorate level, to address the areas of the survey with the biggest variance from our community trust comparators. We believe we can push ourselves to achieve the best within our benchmarking group.

Our main overall corporate focus will continue to be:

- Increasing our response rate
- Improving our quality of appraisal score
- Improving our health and well-being score
- Incorporation of WRES and WDES result outcomes into our existing action **plans**

The Strategic Workforce Committee will monitor progress against action plans. Quarterly, we will measure whether or not actions are having an impact via the staff friends and family test.

Overall, the staff survey findings for 2019 are very positive. It is important that we continue to strive to improve all scores; that there is ownership of actions and these are followed through so staff understand what they have to say does matter and that as a trust we listen and act on feedback.

*best and worse scores in brackets

Trade union facility time disclosures

Table 1

Relevant union officials

Number of employees who were relevant union officials during the relevant period	FTE employee numbers
26	24.49

Table 2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	5
1% – 50 %	21
51% – 99%	0
100%	0

Table 3

Percentage of pay bill spent on facility time

	Figures
Provide the total cost of facility time	£68,962
Provide the total pay bill	£163,969k
Provide the percentage of the total pay bill spent on facility time	0.04%

Table 4

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours
33%

Expenditure on consultancy

The trust's own expenditure on consultancy in 2019-20 was £1,457k (2018-19 £649k).

The trust hosted the Kent and Medway Sustainability and Transformation Partnership from 1 October 2019, which incurred consultancy expenditure of £2,483k during the reporting period.

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

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

All off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	Number of engagements
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll arrangements	22

Exit packages

The information in the following tables is subject to audit

Reporting of compensation schemes – exit packages 2019/20

	Number of compulsory redundancies number	Number of other departures agreed number	Total number of exit packages number
Exit package cost band (including any special payment element)			
<£10,000	6	13	**19**
£10,001-£25,000	5	1	**6**
£25,001-50,000	1	–	**1**
£50,001-£100,000	–	–	–
£100,001-£150,000	–	–	–
£150,001-£200,000	–	–	–
>£200,000	–	–	–
Total number of exit packages by type	**12**	**14**	**26**
Total resource cost (£)	£171,000	£55,000	**£226,000**

Reporting of compensation schemes – exit packages 2018/19

	Number of compulsory redundancies number	Number of other departures agreed number	Total number of exit packages number
Exit package cost band (including any special payment element)			
<£10,000	1	13	**14**
£10,001-£25,000	9	1	**10**
£25,001-50,000	3	–	**3**
£50,001-£100,000	1	–	**1**
£100,001-£150,000	–	–	**–**
£150,001-£200,000	–	–	**–**
>£200,000	–	–	**–**
Total number of exit packages by type	**14**	**14**	**28**
Total resource cost (£)	£309,000	£83,000	**£392,000**

Exit packages: other (non-compulsory) departure payments

	2019/20		2018/19	
	Payments agreed number	Total value of agreements number	Payments agreed number	Total value of agreements number
Exit packages: other (non-compulsory) departure payments				
Voluntary redundancies including early retirement contractual costs	–	–	–	–
Mutually agreed resignations (MARS) contractual costs	–	–	–	–
Early retirements in the efficiency of the service contractual costs	–	–	–	–
Contractual payments in lieu of notice	14	55	14	83
Exit payments following employment tribunals or court orders	–	–	–	–
Non-contractual payments requiring HMT approval	–	–	–	–
Total	**14**	**55**	**14**	**83**
Of which: Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary	–	–	–	–

Disclosures set out in the NHS foundation trust code of governance

NHS foundation trust code of governance

Kent Community Health NHS Foundation Trust has applied the principles of the NHS foundation trust code of governance on a comply or explain basis. The NHS foundation trust code of governance, most recently revised in July 2014, is based on the principles of the UK corporate governance code issued in 2012.

This table of disclosures is required so the trust complies with the requirements of the code of governance.

Disclosure relating to	NHS Improvement Code of Governance reference	Kent Community Health NHS Foundation Trust disclosure
Board and Council of Governors	A.1.1	The trust's Board meets 11 times a year; four of those meetings are held in public. Seven meetings are held to discuss trust strategy and board development. There are approved standing orders, standing financial instructions and a scheme of delegation in place. The annual governance statement describes the role of each of the Board's committees. The trust's constitution sets out how disagreements between the council and the Board would be resolved; the chair, as chair of both bodies, would initially seek to resolve the disagreement, if this is not successful, a joint committee of governors and directors would be established. If this committee's recommendations were unable to resolve the dispute, the Board would make a final decision. A referral to NHS Improvement or other external body might also be considered. There has been no requirement to activate this process during 2019/20.
Board, Nomination Committee(s), Audit and Risk Committee, Remuneration and Terms of Service Committee	A.1.2.	This annual report describes the roles and responsibilities of the Board on pages 25 to 32. The number of Board, Council and committee meetings and a record of attendance are found on page 33.
Council of Governors	A.5.3	Page 35 of this annual report identifies the members of the Council of Governors, the lead governor and their respective constituencies. The council has formally met four times during 2019/20. It is due to continue formal quarterly meetings.
Board	B.1.1	The directors of the trust all meet the required independence criteria set out by NHS Improvement. The directors are identified on pages 25 to 32 of this annual report. All material pecuniary and non-pecuniary interests are declared and reported as per the trust's policy and regularly reported to the Board. They are also included in this annual report and are published on the Trust's public website.
Board	B.1.4	The biographies of Board members are included in this report on pages 27 to 32. The Board has completed a self-assessment and considers that the skills and experience of the members gives an appropriate balance in order to effectively conduct its business. This is reviewed continually through the Nominations Committee.

Disclosure relating to	NHS Improvement Code of Governance reference	Kent Community Health NHS Foundation Trust disclosure
Board Council of Governors	B.2.2	Directors on the Board and governors on the Council of Governors meet the fit and proper persons test as described in the provider licence. The trust also abides by the updated guidance from the Care Quality Commission (CQC) regarding appointments to senior positions in the organisation subject to CQC regulations.
Nominations Committee(s)	B.2.10	The Nominations Committee is a committee of the council, which is designed to consider the appointment or removal, succession planning and process for appraisal for non-executive directors. The committee does this by reviewing the overall balance and skills of all the non-executive directors and makes recommendations to the council for consideration. The Nominations Committee sat nine times in the past year. In addition, Nominations Committee members participated in interview panels and stakeholder events to recruit a new chair and two non-executive directors.
Chair/ Council of Governors	B.3.1.	The job specification for the trust's chair defines the role and capabilities required and the expected time commitment. The Nominations Committee will oversee future appointments, as required.
Council of Governors	B.5.6	Mechanisms for canvassing members continue to develop. Election of governors – there is a process for electing new governors, which is conducted by an external election company (formerly Election Reform Services). In the past 12 months, seven public governors were elected. The council now consists of 13 publicly elected governors, five staff elected governors and four appointed governors. All governors have been to at least one formal meeting of the council during the past 12 months.
Board	B.6.1	The trust commissioned EYP to do a Board effectiveness review as part of a Board development programme. The Board is assessed for effectiveness and individual effectiveness assessments of Board members are conducted as part of the appraisal process. The Board collectively assesses its effectiveness after every formal meeting.
Board	B6.2	The Audit and Risk Committee takes responsibility for oversight of the governance process. It achieves this through internal audit, external audit, deep dives and the assessment of the risk profile of the organisation.
Board	C.1.1	The statement of the directors' responsibilities for the annual report and accounts is on page 26.
Board	C.2.1	This is covered in the annual governance statement included in this annual report.

Disclosure relating to	NHS Improvement Code of Governance reference	Kent Community Health NHS Foundation Trust disclosure
Audit Committee/ Control Environment	C.2.2	This is covered in the annual governance statement included in this annual report. The independent auditor's report is on page 76.
Audit Committee/ Council of Governors	C.3.5	This information is included in the trust's annual governance statement, included in this report.
Audit Committee	C.3.9	This information is included in the trust's annual governance statement, included in this report.
Board/Remuneration Committee	D.1.3	None of the trust's executive directors are released to serve on external appointments, such as non-executive directorships elsewhere.
Board	E.1.5	The members of the Board and, in particular the non-executive directors, will attend meetings of the Council of Governors, as and when required, to develop an understanding of the views of the council and the trust's members about the organisation. The Board will take account of surveys and consultations canvassing the opinion of the membership.
Board/Membership	E.1.6	There is a trust membership strategy. The methodology for NHS monitoring of effective member engagement and how representative it is of the community the trust serves is included in the communications and engagement strategy. The council has established a Communications and Engagement Committee to discharge this responsibility.
Membership	E.1.4	The trust's corporate services director oversees compliance with this requirement. The governors of the trust can be contacted by: email: kcht.governors@nhs.net phone 01622 211972 Post: Governor Support Office Kent Community Health NHS Foundation Trust The Oast Unit D Hermitage Court Hermitage Lane Barming Maidstone Kent ME16 9NT

Statement of accounting officer's responsibilities

Statement of the chief executive's responsibilities as the accounting officer of Kent Community Health 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 Kent Community Health 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 Kent Community Health NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the accounting officer is required to comply with the requirements of the Department of Health and Social Care 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 and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements,
- make sure the use of public funds complies with the relevant legislation, delegated authorities and guidance,
- confirm the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy, and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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

Signed.....

Paul Bentley, Chief Executive Officer

Date: 21 May 2020

Annual governance statement

Annual Governance Statement

1 April 2019 to 31 March 2020
Kent Community Health NHS Foundation Trust
(Organisational Code – RYY)

1. Scope of responsibility

As accounting officer, I have responsibility for maintaining a robust system of internal control that supports the achievement of the 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 making sure the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

In the delivery of my responsibilities and objectives, I am accountable to the Board and my performance is reviewed regularly and formally by the Chair on behalf of the Board. During 2019/20, the organisation routinely reported on financial, operational and strategic matters.

2. The purpose of the system of internal control

The system of internal control is based on a continuing programme designed to recognise, identify and prioritise the trust's risks against the achievement of aims, objectives and compliance of trust policies. The aim of the internal control systems is to alleviate the likelihood of risks occurring and to manage them effectively and efficiently.

The system of internal control has been in place in Kent Community Health NHS Foundation Trust for the year end 31 March 2020 and up to the date of approval of the annual reports and accounts.

3. Capacity to handle risk

The Governance Framework of Kent Community Health NHS Foundation Trust is overseen by the Board, which comprises of executive and non-executive directors.

The Board and Audit and Risk Committee receive regular reports of the key risks received from the organisation and regularly review the Board Assurance Framework which contains the trust's strategic risks.

The trust's approach to risk management is proactive. Leadership and co-ordination of risk management activities is provided by the corporate services director and their team with support from all members of the Executive Team. Operational responsibility rests with all colleagues aligned to their individual roles. Risk management training is part of induction and training updates for existing members of staff are also provided.

Risk identification, prioritisation, mitigation or elimination occurs through assessment and grading using a nationally-recognised matrix of impact and likelihood. Incident reporting is a factor in the continuing assessment of risk and results in the instigation of changes in practice. Complaints and other feedback from users and stakeholders are also used and reported to the Board.

Identifying sources of potential risk and proactively assessing risk situations forms part of everyday working practise throughout the trust, this includes:

- identifying potential risk issues through incidents, claims, near misses, patient advice and liaison enquiries and complaints through the triangulation of data
- investigating and analysing root cause analysis
- discussing risk and incident management through local governance agendas
- risk management is incorporated in objective setting and appraisals
- risk team ownership of monitoring the delivery and effectiveness of actions taken to control risk
- learning from near misses, risk events, legal claims and complaints and sharing the lessons learned across the trust.

Through its strategic vision, values and goals, the Board is committed to delivering a strong, financially viable and sustainable organisation with quality of service at the heart of its business.

To give Board members grounding and greater understanding and clarity, there has been development in engaging each member with We Care reviews, to help understand patient journeys and pathways with case interrogation of individual case studies.

In March 2015, the trust was authorised as a foundation trust and continues to assess itself to meet all of the requirements of the NHS Code of Governance and the NHS Provider Licence Self-Certification.

4. Risk Management Controls Framework

As accountable officer, I have overall responsibility for risk management. Specific responsibilities are delegated to senior managers throughout the organisation. The Board oversees risks, establishes a risk appetite for high level risks on a risk by risk basis and encourages proactive identification and mitigation of risks.

The Risk Management Policy was presented to the Audit and Risk Committee in 2020. The policy describes the trust's risk appetite and the approach to managing and tolerating risks. The effective implementation of the strategy enables the delivery of a quality service and, alongside staff training and support, provides an improved awareness of the measures needed to prevent, control and contain risk.

The top risks identified through the risk management process that have a significant impact on the ability of the trust to deliver its strategic goals are documented in the Board Assurance Framework. During 2019/20 there has been a significant amount of work carried out to manage, rationalise and make sure consistency of the risks identified through the risk management process.

Key strategic risks (Board Assurance Framework) have been identified through strategic assessment, triangulation and business planning process. These are:

- implementing a clinical system including double running with the existing system and at the same time as the Kent Care Record is being implemented may negatively impact on production of timely information and service delivery
- changes in the system architecture may provide uncertainty in the future delivery of integrated services
- challenges in meeting the referral to treatment waiting time targets could impact on patient experience
- risk that the organisation's services may suffer significant challenges and become compromised as a result of the impact of the COVID-19 pandemic.
- Risk that the availability of staff could impact on the delivery of tier one services during the COVID-19 pandemic potentially due to illness or isolation, and/or morale among staff.

In common with every trust in the UK, KCHFT responded to the national declaration, on 3 March 2020, of a level four incident in relation to the COVID-19 pandemic. The response to this unprecedented incident, carried out within Government guidance, required the suspension of services in the public interest and the diversion of resources to support tier one services. The incident was on-going as at 31 March 2020.

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

The trust learns from good practice through a range of mechanisms including clinical supervision, continuing professional development, clinical and process audit and application of evidence-based practice. At the heart of the trust's risk management policy is the desire to learn from events and situations in order to continuously improve quality of care.

Leadership and co-ordination of risk management activities is provided by the corporate services director, assistant director of corporate operations and the Risk Management Team with support from all members of the Executive Team. Risk management training is part of staff induction and training updates for existing colleagues are also provided.

Risk identification, prioritisation, mitigation or elimination occurs through assessment and grading using a nationally-recognised matrix of impact and likelihood. Incident reporting is a factor in the ongoing assessment of risk and results in the instigation of changes in practice. Complaints and other feedback from users and stakeholders are also used and reported to the Board.

The trust operates a We Care review programme which encompasses the NHS Improvement's well-led framework. The visits encourage shared learning, provide assurance and stimulate quality improvements. The visits focus on assessing our CARE values in action, as well as assessing compliance with the CQC fundamental standards – safe, effective, caring, responsive and well-led.

5. Care Quality Commission

In 2019, the CQC carried out a full inspection of trust services which concluded an overall Outstanding rating. This makes Kent Community Health NHS Foundation Trust the third community trust in the country to be rated outstanding overall now and one of 23 provider trusts to be outstanding overall in England. The trust is the only community provider trust in the south east to have this rating.

Individual ratings against each domain were:

- Are services safe? **Good**
- Are services effective? **Outstanding**
- Are services caring? **Outstanding**
- Are services responsive? **Good**
- Are services well-led? **Good**

Findings include:

- Engagement with patients, staff and stakeholders seen as business as usual and vital to delivering services.
- Leaders have an inspiring purpose, striving to deliver and motivate staff to succeed. Members of staff felt supported, valued and respected by their leaders.
- There was significant cultural shift to reduce bureaucracy and a healthy and authentic culture of valuing staff, openness, fairness and putting the patient at the heart of every policy, strategy and service delivered.
- A clear proactive approach to seeking out and embedding new and more sustainable models of care.
- Safe use of innovative and pioneering approaches to care and how it is delivered are actively encouraged.
- Rigorous and constructive challenge from patients was welcomed

6. The Governance Framework of the Organisation

6.2.3 Council of Governors

The Council of Governors has two general duties – to represent the views of our members and the wider public and to hold the non-executive directors to account for the performance of the Board. The governors' role is to enable local people, patients, members of staff and our partners to meaningfully contribute to development of community services and trust strategy. The governors are a direct link between the trust and the people it serves.

Governors have an important role to play in making the trust publicly accountable for the services it provides. Each category of governor – public, staff and appointed governors bring valuable perspectives and contributions to the trust's activities and future planning.

The full Council of Governors met quarterly and an annual members' meeting was held in October 2019.

6.1 Trust Board

The Board has overall responsibility for the activity, integrity and strategy of the trust and is held accountable. The role of the Board has the following key functions:

- to set strategic direction, define objectives and agree trust operating plans
- to monitor performance and make sure corrective action is taken, where required
- to guarantee financial stewardship
- to make sure high standards of corporate and clinical governance are met
- to appoint, appraise and remunerate directors
- to engage in dialogue with external stakeholders

The Board is made up of non-executive directors who use the skill and experience gained from the private, public and voluntary sectors to help run the trust, but who do not have day-to-day managerial responsibilities within the trust; and executive directors who are paid employees with clear areas of work responsibility within the trust.

In order to give the Board members grounding and greater understanding, board members regularly carry out service visits, review patient stories and talk to colleagues and patients. The Board is also invited to the senior manager conferences, executive and heads of service conferences where they meet the senior management and discuss new service models, service improvements and innovations.

6.2 Committees of the Trust Board

The trust is supported by assurance committees whose membership includes non-executive directors and executive directors of the organisation. A formal update report for each committee is reported to the Board, regularly outlining the activity carried out against the individual committees' terms of reference.

The committees are:

6.2.1 Audit and Risk Committee

This committee is a non-executive committee of the Board with delegated decision-making powers

to provide assurance and hold the Executive Team to account for the corporate governance and internal control.

The director of finance, corporate services director, head of internal audit, head of external audit and the local counter fraud specialist attend meetings. Other individuals with specialist knowledge attend for specific items with the consent of the chair.

The audit committee provides the board with assurance on key aspects including:

- effective systems of internal control and risk management
- effective internal audits and service reviews
- the findings of external audits and other significant assurance functions
- the annual report and financial statements.

It is incumbent upon the Audit and Risk Committee to work closely with other committees of the Board to make sure all issues relating to finance, risk management and internal control are considered in a holistic and integrated way throughout the system.

6.2.2 Charitable Funds Committee

The Charitable Funds Committee will act on behalf of the corporate trustee, in accordance with the Kent Community Health NHS Foundation Trust's standing orders to oversee the charity's operation and to make sure the administration of charitable funds is distinct from the trust's exchequer funds.

The Charitable Funds committee oversees all aspects relating to charitable funds within KCHFT. The committee's main functions include:

- supporting and monitoring fundraising on behalf of the trust's charities
- developing and approving charitable finds guidelines and polices
- consider and manage charitable funds, applications and investments.

6.2.3 Finance Business and Investment Committee

The Finance Business and Investment Committee maintains robust financial management by monitoring financial performance and making recommendations to the Executive Team and the Board. Executive directors and senior service leads attend by invitation when the committee discusses issues relating to their area of responsibility.

The committees' main functions include:

- receiving and approving financial strategy and policy documents including treasury policy
- monitoring the financial management of income and expenditure
- approve financial management policies and monitor financial performance
- approving and assessing the commercial management issues
- scrutinise current financial performance, including cost improvement plans and future financial plans
- scrutinise the development and implementation of service line reporting and service line management
- monitor decisions to bid for business opportunities and approve those up to £15m contract turnover in line with trust strategy and reviewing and then referring and recommending larger and novel bids to the Board for approval
- review and approve capital investment decisions between £1m to £3m within capital budget and the overall capital programme development, refer with recommendation, larger cases to the Board for approval
- review and approve revenue business cases between £1m to £3m annual values and refer with recommendation, larger cases to the Board for approval.

6.2.4 Quality Committee

The Quality Committee is a committee of the Board with delegated decision-making powers. The chief nurse, the medical director and director of quality, improvement and patient experience attend these meetings. Other individuals with specialist knowledge, including clinical representatives attend for specific items with consent of the chair. The Quality Committee provides leadership and assurance that clinical governance systems and processes are in place and effective in providing safe, high quality care.

The committee's main functions include:

- making sure that the strategic priorities for quality assurance are focused on those which best support delivery of the trust's quality priorities in relation to patient experience, safety of patients and service users and effective outcomes
- reviewing compliance with regulatory standards and statutory requirements, for example those of the Duty of Candour, the CQC, NHS Resolution and the NHS Performance Framework
- reviewing quality risks which have been assigned to the Quality Committee and provide assurance that key controls and action plans are adequate to address gaps in controls

- reviewing the annual Quality Report ahead of its submission to the Board for approval
- overseeing deep dive reviews of identified risks to quality identified by the Board or the committee, particularly serious incidents and how well any recommended actions have been fulfilled
- reviewing how lessons are disseminated, learned and embedded in the trust throughout the services at all levels
- overseeing the ratification of clinical policies and any other formal clinical document where mandatory compliance is required.

The trust's approach to quality is informed by listening to patient experience and understanding safety alongside delivering and maintaining services. This approach has been formally identified through trust values and strategic objectives with executive leadership and board ownership.

6.2.5 Remuneration and Terms of Service Committee

Committee members are all the non-executive directors of the trust. The committee is chaired by the trust's chairman. The chief executive and director of workforce, organisational development and communications will also normally attend meetings, except where matters relating to them are under discussion.

The committee is responsible for setting the remuneration and conditions of service for the chief executive and other directors with Board responsibility who report directly to the chief executive. It makes sure these properly support the objectives of the trust, represent value for money and comply with statutory requirements.

The committee does not determine the remuneration of the non-executive chair and the non-executive directors, which is set by the Council of Governors.

When required, the committee will oversee the appointment of executive directors in accordance with standing orders. During these sittings, the committee will be known as the Executive Appointments Committee and the minutes reflect this position.

6.2.6 Strategic Workforce Committee

This is an assurance committee that has delegated authority from the Board to provide assurance and hold the Executive Team to account for strategic workforce issues. Its purpose is also to keep abreast of the strategic context in which the trust is operating in, the consequences and implications on the workforce. Members of the Strategic Workforce Committee include two non-executive directors (one as chair), director of workforce, organisational development and communications, chief nurse and medical director. The strategic workforce committee provides advice and assurance to the Board on all matters relating to workforce planning, strategy and pay and rewards. It is also responsible for organisation development including health and wellbeing and equality and diversity.

The committee's main functions include:

- oversee development and implementation of the trust's People Strategy, making sure the trust has robust plans in place to support continuing development of the workforce
- review the trust's plans to identify and develop leadership capacity and capability in the trust, including talent management
- make sure there is an effective workforce plan in place, so the trust has sufficient staff, with the necessary skills and competencies to meet the needs of patients and service users
- make sure the trust continually reviews its workforce models, to reflect new roles and new ways of working to support delivery of the trust's contractual obligations
- receive and provide assurance that the trust has an appropriate pay and reward system linked to delivery of the organisation's strategic objectives, outcomes and desired behaviours
- make sure the training and education provided and commissioned by the trust is fully aligned to the trust's strategy
- make sure there are mechanisms to support the mental and physical health and wellbeing of the trust's staff
- receive information on strategic themes relating to employment issues, making sure they are understood and actioned
- make sure the trust is compliant with relevant legislation and regulations relating to workforce matters
- make sure the trust has appropriate workforce policies in place.

6.2.7 Management Committee

The membership of the Management Committee is made up of the executive directors and the assistant directors reporting directly to the executive directors. It is chaired by the chief executive.

The Management Committee supports the Board, chief executive and executive to make sure Kent Community Health NHS Foundation Trust operates efficiently and effectively in development of strategy and in the execution and implementation of strategy into operational reality. It contributes to the development of the trust's strategy.

It is a key component of the communication network for information. It peer reviews quality, operating and financial performance, and strategic, corporate and operational risk. It also discusses, agrees and quality assures plans for the delivery of strategy before, during and after implementation.

The committee is responsible for the effective implementation of strategy and for the operational performance of the trust with regard to performance, quality, financial and contractual.

7. NHS Pension Scheme

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

This includes making sure 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.

8. Sustainability

In support of the NHS the Long Term Plan and Sustainability Agenda, our vision is to be a leading provider of outstanding low-carbon care to our patients and colleagues, which incorporates the seven elements of sustainability and resource efficiency. Our aim is to reduce our carbon footprint by 50 per cent over the next five years.

The trust has carried out risk assessments and has a sustainability strategy and delivery plans are in place which also meet emergency preparedness and civil contingency requirements, to make sure the organisation' meets its obligations under the Climate Change Act. The adaptation reporting requirements are complied with.

9. Workforce

The trust makes sure that short, medium and long-term workforce strategies and staffing systems are in place which assures the Board that staffing processes are safe, sustainable and effective.

Assurance is provided through the trust's Strategic Workforce Committee, People Strategy, related Key Performance Indicators (KPIs) and action plans. Workforce risks are also managed throughout the trust committee structures.

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

The Board takes responsibility for oversight and risk management assurance throughout the trust and receives the Board Assurance Framework at its formal meetings.

The trust's strategic goals form the basis of the Board Assurance Framework. The strategic goals are linked to key risks, internal controls and assurance sources. Mitigating controls and assurances are recorded and monitored to deliver reasonable assurance for prevention of risks, deterrent to risks arising and management of current risks. The control mechanisms in place are designed to minimise or eliminate the risk of failure to deliver business objectives, including robust corporate and performance management frameworks, service level agreements and contract monitoring, policies and procedures.

The Board delegated detailed oversight of the Board Assurance Framework to the Audit and Risk Committee. This committee assesses the effectiveness of risk management by: Managing and monitoring the implementation of the Risk Management Strategy; considering findings from internal and external audit reviews; calling executive directors to account for their risk portfolios and monitoring the Board Assurance Framework at each of its meetings. The Audit and Risk Committee is supported by the corporate services director who produces regular reports on risk for review.

The end of year review of the Board Assurance Framework by Audit has resulted in an opinion of reasonable assurance that the Board Assurance Framework is effective.

Clinical risk and patient safety are overseen by the Trust Quality Committee, the chief nurse, the medical director and the operational director. The Board receives monthly quality reports encompassing the quality and patient safety aspects for the trust. The Quality Committee has focused on assurance that the trust is embedding the lessons identified from incidents across the trust. It has also sought assurance on the progress of the action plans that were developed in relation to the Trust's NHS Improvement Quality Governance Assurance Framework score, and the Care Quality Commission's inspection of the trust. This assurance is

reported to the Board.

Specialised risk management activities, for example, emergency planning and business continuity, health, safety, fire and security, are carried out by the Corporate Assurance and Risk Management Group which reports to the Executive Team and is accountable to the Audit and Risk Committee.

The Audit and Risk Committee receives regular reports from the Local Counter Fraud Specialist which identifies specific fraud risks and investigates whether or not there was evidence of those being exploited. No significant risks, classes of transactions or account balances were identified. The committee has focused some attention on the relationship between claims and the associated costs, and incidents reported.

Control measures are in place to make sure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. These include policies, the committee structure and Board assessment of compliance with, and progress against, equality and diversity best practice.

The trust has published an up-to-date register of interests for decision-making staff within the past 12 months.

11. Information Governance (IG)

The trust takes all information governance incidents very seriously and, regardless of severity, are analysed and where appropriate categorised as a serious incident needing further investigation. For the period 1 April 2019 to 31 March 2020 there have been no serious incidents reported to the Information Commissioners Office. The data collected during the year will be used to support training for colleagues and to inform communication published to make sure it is relevant and relatable to prevent reoccurrence of similar events.

12. Emergency Preparedness, Resilience and Response

The trust has a duty to prepare for emergencies and to have plans in place to make sure it returns to business as usual as soon as possible following an event. The trust has developed a comprehensive management framework to make sure it complies with the NHS Core standards of Emergency Preparedness, Resilience and Response. The framework confirms the trust has quality tested business continuity plans and these are regularly tested through a range of exercises.

For 2019/20, the trust gained fully compliant statues within the annual assurance assessment. On 3 March 2020, the government declared a level four incident in relation to COVID-19. The trust responded to this incident using its Emergency Planning and Business Continuity Plans.

13. Annual Quality Report

Each year the trust consults with its staff, the public and other stakeholders to align the priorities for the Quality Report to the risks, business objectives and national priorities.

During the year, as data is collected, the trust reports monthly to the Quality Committee and clinical commissioning groups (CCG) on progress with all metrics.

The draft Quality Report is presented to the trust's Quality Committee, Council of Governors and Board. In addition, it is presented to clinical commissioning groups, the Overview and Scrutiny Committee, Healthwatch, and other stakeholders for comments.

The trust's policies, procedures and clinical guidelines provide a robust foundation for, and support, the delivery of high quality care. All policies, procedures and guidelines are centrally coordinated and are published on the intranet to make sure ease of access for all members of staff. A monthly review of all quality related information, including waiting list data and soft intelligence is carried out by the Executive Team, and queries are followed up by the Nursing and Quality Team who carry out quality reviews (We Care visits) both proactively and reactively.

14. Review of effectiveness

As accountable officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework.

My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and Quality Committee and a plan to address weaknesses and make sure continuous improvement of the system is in place.

There is a clear, dynamic process for monitoring progress against audit recommendations with oversight by the Audit and Risk Committee. Recommendations from any reports providing limited assurance are prioritised.

Reports from executive directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Board Assurance Framework provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed and addressed.

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 supported by the assurance committees' regular reports to the Board.

Processes are in place to maintain and review the effectiveness of the system of internal control by:

- the Board providing overall leadership for the management of risk against the achievement of organisational objectives
- the Board's receipt of the Board Assurance Framework at its meetings
- the Audit and Risk Committee and the Corporate Assurance and Risk Management Group providing assurance on the effective operation of the risk management system
- each level of management being responsible for the risks in their areas, regularly reviewing them and the controls in place to mitigate them
- the internal assurance process used to monitor compliance with the Care Quality Commission Essential Standards.

For the year 2019/20 the following significant risks have been identified.

- EU Exit: Uncertainty around EU exit may affect the trust's ability to deliver on its core objectives.
- COVID-19: Risk that services and the availability of staff may suffer significant challenges and become compromised as a result of the impact of the COVID-19 pandemic.

15. Conclusion

My review confirms that Kent Community Health NHS Foundation Trust has a sound system of internal control. The head of internal audit has assessed Kent Community Health NHS Foundation Trust and given the trust a rating of reasonable assurance overall, which supports the achievement of the goals, vision, values, policies, aims and objectives of the organisation.

The COVID-19 response was a huge challenge, which was well responded to by colleagues across the trust, and demonstrated a positive reflection of the trust's governance.

Signed.....

Paul Bentley, Chief Executive Officer

Date: 21 May 2020

NHS Oversight Framework

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

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

Based on information from these themes, providers are segmented from 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

The latest segmentation information available as at 31 March 2020 places KCHFT in segment two.

Current segmentation information (including descriptions of each segment classification) for NHS trusts and foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from one to four, where one reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the trust disclosed above might not be the same as the overall finance score presented below. The results for KCHFT for 2019/20 and 2018/19 in relation to the finance and use of resources metrics are as follows:

			2019/20 scores				2018/19 scores			
Financial criteria	Weight %	Metric	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	0.2	Capital service capacity	1	1	1	1	1	1	1	1
	0.2	Liquidity (days)	1	1	1	1	1	1	1	1
Financial efficiency	0.2	I&E margin	1	1	1	1	1	1	1	1
Financial controls	0.2	Distance from financial plan	1	1	1	1	1	1	1	1
	0.2	Agency spend	1	1	1	1	1	1	1	1
		Overall scoring	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**

Signed .....

Paul Bentley, Chief Executive Officer

Date: 21 May 2020

Independent auditor's report to the Council of Governors of Kent Community Health NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Kent Community Health 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, 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 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 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 opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Accounting Officer' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2019 to 2020 that the Trust's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Trust's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Trust's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Overview of our audit approach

Financial statements audit

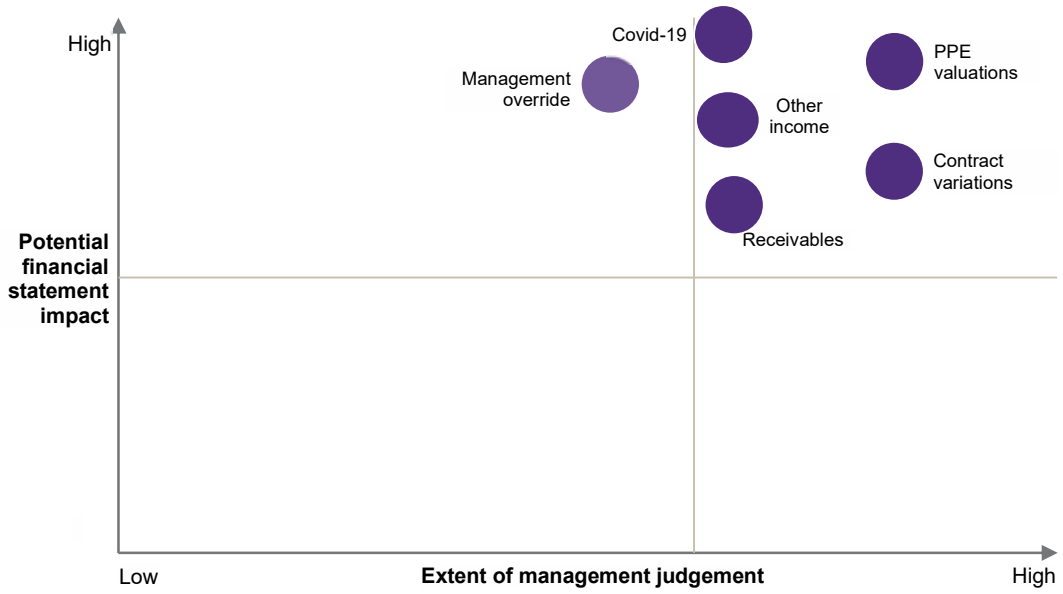
- Overall materiality: £4,900,000, which represents 1.98% of the Trust's gross operating costs (consisting of operating expenses and finance expenses);
- Key audit matters were identified as:
  - Valuation of land and buildings
  - Occurrence and accuracy of non-block contract patient care income and other operating income and existence of associated receivable balances
  - We have exposed to testing the Trust's material income and expenditure streams and assets and liabilities covering 100% of the Trust's income, 100% of the Trust's expenditure, 98% of the Trust's assets and 96% of the Trust's liabilities.

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

- We identified no 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.

Key Audit Matter	How the matter was addressed in the audit
Risk 1 Valuation of land and buildings The Trust revalues its land and buildings on a five-yearly basis to ensure the carrying value in the Trust financial statements is not materially different from current value at the financial statements date. Management have engaged the services of a valuer to estimate the current value as at 31 March 2020. The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to estimate the current value of its land and buildings. The last full valuation was as 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. Inspecting properties could prove difficult and access to evidential data, such as values of comparable assets may be less freely available. 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 a material uncertainty and this was disclosed in note 1.23 to the financial statements.	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 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 valuation was carried out; • challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • evaluating the assumptions made by management for any assets not revalued during the year, including how the impact of market volatility had been considered, and how management had satisfied themselves that the existing valuations were not materially different to current value at 31 March 2020; • testing revaluations made during the year to see if they had been input correctly into the Trust's asset register.

Key Audit Matter	How the matter was addressed in the audit
We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	The Trust's accounting policy on valuation of property, plant and equipment is shown in note 1.7 to the financial statements and related disclosures are included in note 16 **Key observations** As, disclosed in note 1.23 to the financial statements, the outbreak of Covid-19 has caused uncertainties in markets. As a result, the Trust's valuer has declared a 'material valuation uncertainty' in their valuation report which was carried out in February 2020 with a valuation date of 31 March 2020. The values in the valuation 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 note 1.23 to the financial statements and is planning to do in 2020/21 to keep the valuation of the property under frequent review. The Trust's valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. We obtained sufficient, appropriate audit evidence 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.
Risk 2 Occurrence and accuracy of non-block contract patient care income and other operating income and existence of associated receivable balances The Trust's significant income streams are operating income from patient care activities and other operating income. The Trust recognises income from patient care activities during the year based on the completion of these activities. This includes the block contract, which is agreed in advance at a fixed price, and non-block contract income. Patient care activities provided that are additional to those incorporated in the block contracts with NHS commissioners, are subject to verification and agreement of the completed activity by commissioners. As such, there is a risk that income is recognised in the financial statements for these additional services that is not subsequently agreed to by the commissioners. Due to the nature of block contracts and education and training income we have not identified a significant risk of material misstatement in relation to block contracts and education and training income. We therefore identified occurrence and accuracy of all income and other operating income and existence of associated receivable balances as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • evaluated 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; • updated 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 Audit Matter	How the matter was addressed in the audit
	Key observations We obtained sufficient, appropriate audit evidence to conclude that the income recognised in the Trust's financial statements had occurred and was therefore correct to be recognised by the Trust and the amounts recognised were accurate. In addition, we obtained sufficient, appropriate audit evidence to conclude that the associated receivables balances within the financial statements existed and where therefore due to be received by the Trust.
Risk Covid-19 The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including, and not limited to: • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1.	Our audit work included, but was not restricted to: • documenting and understanding the implications that the Covid-19 pandemic has on the Trust's ability to prepare the financial statements and updates to financial forecasts • liaison with other audit suppliers, regulators, and government departments to co-ordinate practical cross sector responses to issues as and when they arise We have evaluated: • the adequacy of the disclosures in the financial statements relating to the impact of the Covid-19 pandemic. • whether sufficient audit evidence can be obtained in the absence of physical verification of assets through remote technology • whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment and • we have reviewed the Trust's Local and Corporate Risk Register, for risks identified from COVID-19, **Key observations** We obtained sufficient audit assurance to conclude that: • The Trust's disclosures are in line with the DHSC guidance relating to the impact of the COVID-19 pandemic • Financial forecasts and the cashflow analysis of the Trust supports the ability for the Trust to prepare the accounts on a going concern basis • The impact of our nonattendance at stocktakes at year end has resulted in a limitation of scope for the existence of inventory and • The inclusion of a material uncertainty disclosure regarding the valuation of the Trust's property, plant and equipment has been emphasised in a Key Audit Matter as detailed in risk 1 above.

Our application of materiality

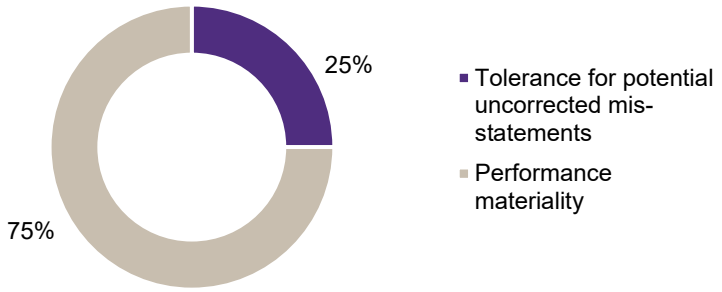
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating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

Materiality was determined as follows:

Materiality Measure	Trust
Financial statements as a whole	£4,900,000 which is 1.98% 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 for the current year is at the same percentage (before rounding down to nearest £000) level of gross operating costs as we determined for the year ended 31 March 2019 as we did not identify any significant changes in the Trust or the environment in which it operates
Performance materiality used to drive the extent of our testing	**75%** of financial statement materiality
Specific materiality	Senior officer's remuneration materiality set as £100,000 due to potential public interest in this figure
Communication of misstatements to the Audit and Risk Committee	£245,000 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:

- Include a description of the scope of our audit, including total percentage coverage of procedures of total revenues/operating costs/assets;
- Include performance of audit– for example, interim visit, evaluation of the Trust's internal controls environment including its IT systems and controls;
- Include changes in the overview of the scope of the current year audit from the scope of that of the prior year and an explanation of those changes.

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.

We have nothing to report in this regard.

In this context, we also 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 64) in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance 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.
- Audit and Risk committee reporting (set out on page 61) 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 unmodified

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
- 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, 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 Audit and Risk 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

Matter on which we are required to report by exception - Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020**.**

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

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. We have not identified any significant risks during our audit.

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 Kent Community Health 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.

Sarah L Ironmonger

Sarah Ironmonger, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

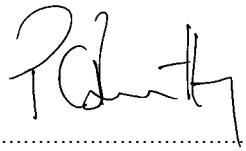
Bishopsgate
16 June 2020

Annual accounts

Foreword to the accounts

Kent Community Health NHS Foundation Trust

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

Signed  Date 21 May 2020

Name Paul Bentley
Job title Chief Executive Officer

Statement of comprehensive income
for the year ended 31 March 2020

	Note	2019/20 £000	2018/19 £000
Operating income from patient care activities	3	237,120	209,770
Other operating income	4	13,285	13,483
Operating expenses	6, 8	(248,102)	(214,514)
Operating surplus/(deficit) from continuing operations		**2,303**	**8,739**
Finance income	11	253	200
Finance expenses	12	(1)	(1)
PDC dividends payable		(36)	(34)
Net finance costs		**216**	**165**
Other gains/(losses)	13	–	(2)
Surplus/(deficit) for the year from continuing operations		**2,519**	**8,902**
Surplus/(deficit) on discontinued operations and the gain/(loss) on disposal of discontinued operations		–	–
Surplus/(deficit) for the year		**2,519**	**8,902**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	125	–
Revaluations	16	380	–
Total comprehensive income/(expense) for the period		**3,024**	**8,902**

The notes on pages 94 to 127 form part of this account.

Statement of financial position
as at 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	14	652	548
Property, plant and equipment	15	19,569	15,252
Receivables	20	414	330
Total non-current assets		**20,635**	**16,130**
Current assets			
Inventories	17	–	–
Receivables	20	17,938	25,835
Cash and cash equivalents	21	44,666	27,377
Total current assets		**62,604**	**53,212**
Current liabilities			
Trade and other payables	22	(34,023)	(23,267)
Provisions	26	(889)	(1,053)
Other liabilities	23	(1,774)	(1,553)
Total current liabilities		**(36,686)**	**(25,873)**
Total assets less current liabilities		**46,553**	**43,469**
Non-current liabilities			
Provisions	26	(788)	(728)
Total non-current liabilities		**(788)**	**(728)**
Total assets employed		**45,765**	**42,741**
Financed by			
Public dividend capital		**2,889**	2,889
Revaluation reserve		**1,199**	694
Income and expenditure reserve		**41,677**	39,158
Total taxpayers' equity		**45,765**	**42,741**

The notes on pages 94 to 127 form part of this account.

The financial statements on pages 89 to 93 were approved by the Board on 21 May 2020 and signed on its behalf by:

Signed ..... Date 21 May 2020

Name Paul Bentley
Job title Chief Executive Officer

Statement of changes in equity
for the year ended 31 March 2020

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2019 – brought forward	**2,889**	**694**	**39,158**	**42,741**
Surplus/(deficit) for the year	–	–	2,519	**2,519**
Impairments	–	125	–	**125**
Revaluations	–	380	–	**380**
Taxpayers' equity at 31 March 2020	**2,889**	**1,199**	**41,677**	**45,765**

Statement of changes in equity
for the year ended 31 March 2019

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2018 – brought forward	**2,613**	**694**	**30,256**	**33,563**
Surplus/(deficit) for the year	–	–	8,902	8,902
Public dividend capital received	276	–	–	276
Taxpayers' equity at 31 March 2019	**2,889**	**694**	**39,158**	**42,741**

Information on reserves

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 (DHSC). A charge, reflecting the cost of capital utilised by the trust, is payable to the DHSC 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)		2,303	8,739
Non-cash income and expense:			
Depreciation and amortisation	6	3,147	3,263
Net impairments	7	(22)	
(Increase)/decrease in receivables and other assets		8,055	(6,267)
Increase/(decrease) in payables and other liabilties		9,484	(2,131)
Increase/(decrease) in provisions		(104)	321
Net cash flows from/(used in) operating activities		**22,863**	**3,925**
Cash flows from investing activities			
Interest received		259	198
Purchase of intangible assets		(230)	(211)
Purchase of PPE and investment property		(5,318)	(4,346)
Sales of PPE and investment property		–	3
Net cash flows from/(used in) investing activities		**(5,289)**	**(4,356)**
Cash flows from financing activities			
Public dividend capital received		–	276
Other interest		(1)	(1)
PDC dividend (paid)/refunded		(284)	(100)
Net cash flows from/(used in) financing activities		**(285)**	**175**
Increase/(decrease) in cash and cash equivalents		**17,289**	**(256)**
Cash and cash equivalents at 1 April – brought forward		**27,377**	**27,633**
Cash and cash equivalents at 31 March	**21**	**44,666**	**27,377**

The notes on pages 94 to 127 form part of this account.

Notes to the accounts

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

After making enquiries, the directors have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the accounts. The trust's future plans are consistent with the strategic direction of commissioners and long term contracts are agreed with these commissioners. The trust is a key member of the Kent and Medway Sustainability and Transformation Partnership (KMSTP) and will receive continued investment from commissioners to align with the KMSTP forward five year financial and operating plan.

Note 1.3 Interests in other entities

NHS Charitable Fund

The trust is the corporate trustee of Kent Community Health Charitable Fund. The trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund. However, the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

In applying IFRS 15 a number of practical expedients offered in the Standard and mandated by the GAM have been employed. These are as follows:

- As per paragraph 121 of the Standard the Trust will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less;
- The trust is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with the value of the performance completed to date;

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.

Satisfaction of performance obligations will result in immediate payment (in cases of verbal or implied contracts) or creation of a contract receivable with payment from the customer expected in line with the credit terms outlined in the relevant written contract.

Revenue from NHS contracts

The main source of income for the trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the trust accrues income relating to activity delivered in that year.

If in the event a contract or invoice is challenged, revenue is recognised to the extent that collection of the consideration is probable.

The trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. 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.

Provider sustainability fund (PSF)

The PSF 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 1.4.1 Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. The trust did not receive any Government grants in 2019/20.

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.

Note 1.4.2 Other income

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Note 1.5 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. Payments for overtime and enhancements are paid one month in arrears and the accounts presented incorporate an accrual for the cost of overtime and enhancements worked in March 2020 but to be paid in April 2020.

Pension costs

NHS pension scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The schemes are not designed in a way that would enable employers to identify their share of the underlying scheme's assets and liabilities. Therefore, the schemes are accounted for as though they are defined contribution schemes: the cost to the Trust is taken as equal to the employer's pension contributions payable to the schemes for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the schemes except where the retirement is due to ill-health. The full

amount of the liability for the additional costs is charged to operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

National employment savings trust (NEST)

The Pensions Act 2008 (the Act) introduced a new requirement for employers to automatically enrol any eligible job holders working for them into a workplace pension scheme that meets certain requirements and provides a minimum employer contribution. Where an employee is eligible to join the NHS Pension Scheme then they will be automatically enrolled into this scheme. However, where an employee is not eligible to join the NHS Pension Scheme, an alternative scheme must be made available by the Trust. The Trust's alternative scheme is NEST. NEST is a defined contribution pension scheme that was created as part of the Government's workplace pensions reforms under the Pensions Act 2008. Employers' pension cost contributions are charged to operating expenses as and when they become due.

Note 1.6 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 1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- 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.
- items forming part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

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.

Subsequent measurement is as follows:

- Assets held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. For in use non-specialised property assets, current value in existing use should be interpreted as market value for existing use.
- Specialised assets are held at current value in existing use which is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential.
- Assets held for their service potential but are surplus are valued at current value in existing use, if there are restrictions on the trust or the asset which will prevent access to the market at the reporting date. If the trust can access the market then the surplus asset is valued at fair value using IFRS 13.
- Assets which are not held for their service potential are valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale.
- Assets which are not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and do not meet the IFRS 5 and IAS 40 criteria, these assets are considered surplus and are valued at fair value using IFRS 13.

IFRS 13 Fair Value is adopted in full; however, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context which limits the circumstances in

which a valuation is prepared under IFRS 13.

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

- Land and non-specialised buildings – market value for existing use (EUV)
- Specialised buildings – depreciated replacement cost on the basis of a modern equivalent asset.
- Leasehold improvements – in respect of buildings for which the trust is a lessee under an operating lease will be depreciated over the lease duration (or other period deemed appropriate) and carried at depreciated historic cost, as this is not considered to be materially different from current value. Thus improvements are not revalued, and no indexation is applied as the adjustments which would arise are not considered material.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23. Assets are revalued and depreciation commences on assets when they are brought into use, other than grouped information technology (IT) assets. Depreciation commences on grouped IT assets on receipt by the Trust and not when the separable parts are brought into use, as this is more practicable by alleviating the requirement to depreciate the assets individually.

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

Subsequent expenditure

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

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The estimated useful life of an asset is the period over which the trust expects to obtain economic benefits or service potential from the asset. This is specific to the trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification.

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.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

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 life Years	Max life Years
Buildings, excluding dwellings*	1	35
Plant and machinery	1	12
Transport equipment	2	4
Information technology	1	10
Furniture and fittings	1	4

*Category consists of both Trust Owned properties and Leasehold improvements and the minimum life stated recognises the short-term nature of some of the leases in place.

Note 1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust, where the cost of the asset can be measured reliably and where the cost is at least £5,000.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

Software

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, eg application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

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 life Years	Max life Years
Software licences	1	5

Note 1.9 Inventories

The trust holds no material inventories. Community hospitals hold consumables to cover approximately one week's consumption. Consumable expenditure is charged directly to operating expenses.

Note 1.10 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three 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.

Note 1.11 Financial assets and financial liabilities

Recognition

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

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.

The trust's financial assets and financial liabilities are classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

The trust's financial assets consist of cash and cash equivalents; and contract and other receivables. The trust has not issued any loans and does not currently hold any financial assets with different characteristics to their host contract i.e. derivatives.

The trust's financial liabilities consist of trade and other payables. The trust does not have any loans, financial guarantee liabilities or other financial liabilities.

Impairment of financial assets

For financial assets measured at amortised cost i.e. contract and other receivables, the trust recognises an allowance for expected credit losses.

The trust adopts the simplified approach to impairment for contract and other receivables, measuring expected losses as at an amount equal to lifetime expected losses.

The expected credit loss for contract and other receivables is determined by separately categorising contract and other receivables into specific classes of debt i.e. by type of debt and common credit characteristics. This classification exercise is completed

on review of historical credit loss experience for each type of debt and modified to reflect current and forecast economic conditions. In devising such a provision matrix and in line with the GAM, the Trust has excluded the recognition of expected credit losses in relation to other DHSC bodies as it is deemed that the DHSC will provide a guarantee of last resort against the debts of DHSC bodies.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.12 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. The trust does not currently have any finance leases.

All other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Note 1.13 Provisions

The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 26.1 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 1.14 Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 27, 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 1.15 Public dividend capital

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets

are calculated as the value of all assets less the value of all liabilities, except for

i. donated assets (including lottery funded assets),

ii. average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and

iii. any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.16 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 1.17 Corporation tax

The trust has determined that it is has no corporation tax liability on the basis it has no activities subject to corporation tax as all activities are core or related to core healthcare as defined under Section 14(1) of HSCA.

Note 1.18 Foreign exchange

The trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

Note 1.19 Third party assets

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

Note 1.20 Losses and special payments

"Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses."

Note 1.21 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative

effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be 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 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.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Other standards, amendments and interpretations

The following issued accounting standard has not yet been adopted by the HM Treasury FReM and are therefore not applicable in 2019/20:

- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023.

Note 1.23 Critical accounting estimates and judgements

In the application of the trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the bases for the estimations that management have used in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements (note 26 provides further analysis of the provisions accounted):

Redundancy provision

A provision has been recognised in respect of redundancy as a result of service changes and other events, based on estimated probabilities as advised by expert opinion within the trust.

Legal Claims and other provisions

The trust has received expert opinion from external advisers as to the expected value, the assumptions on the timing of the associated cashflow and the probability of such costs being settled.

Valuation of Land and Buildings (Owned)

This is based on the professional judgement of the trust's independent valuer with extensive knowledge of the physical estate and market factors. As outlined in note 16, due to the uncertainties in markets caused by COVID-19, the valuer has declared a 'material valuation uncertainty' in the valuation report produced. The values in the report have been used to inform the measurement of the trust's freehold assets 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 this remains the best and most reliable information available to the trust.

The trust has not made any other assumptions concerning the future or applied any estimations that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 2 Operating segments

The trust does not produce any segmental analysis for any individual elements of the trust's operations. Indicative Service Line Reporting for income and expenditure is produced as management information. Assets and liabilities are not segmented.

The majority of funding was provided by clinical commissioning groups, local authorities and NHS England.Revenue for patient care and other operating activities from these bodies was as follows:

	2019/20 £000	% of total revenue
Clinical commissioning groups	154,387	61.65%
Local authorities	44,853	17.91%
NHS England	24,877	9.93%

	2018/19 £000	% of total revenue
Clinical commissioning groups	129,304	57.92%
Local authorities	44,681	20.01%
NHS England	28,196	12.63%

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)

	2019/20 £000	2018/19 £000
Community services		
Community services income from CCGs and NHS England	173,532	150,813
Income from other sources (e.g. local authorities)	54,577	56,056
All services		
Private patient income	77	34
Agenda for Change pay award central funding*		2,867
Additional pension contribution central funding**	7,372	
Other clinical income***	1,562	
Total income from activities	**237,120**	**209,770**

*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 per cent to 20.6 per cent (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.

***Includes non-recurrent transitional funding for inflationary pay pressures arising from local authority commissioned services (£1,278k) and funding in full for COVID-19 costs (£284k) incurred for the period to 31 March 2020. Both sources of funding are from NHS England.

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:

	2019/20 £000	2018/19 £000
NHS England	29,825	21,816
Clinical commissioning groups	152,641	128,997
Department of Health and Social Care	–	2,867
Other NHS providers	7,320	8,340
Local authorities	44,853	44,681
Non-NHS: private patients	77	34
Injury cost recovery scheme	387	344
Non NHS: other	2,017	2,691
Total income from activities	**237,120**	**209,770**
Of which:		
Related to continuing operations	237,120	209,770
Related to discontinued operations	–	–

Note 4 Other operating income

	2019/20			2018/19		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Education and training	1,553	585	**2,138**	1,689	–	**1,689**
Non-patient care services to other bodies	6,398		**6,398**	2,854		**2,854**
Provider sustainability fund (PSF)	2,313		**2,313**	6,350		**6,350**
Charitable and other contributions to expenditure		40	**40**		46	**46**
Other income	2,396	–	**2,396**	2,544	–	**2,544**
Total other operating income	**12,660**	**625**	**13,285**	**13,437**	**46**	**13,483**
Of which:						
Related to continuing operations			**13,285**			**13,483**
Related to discontinued operations			–			–

Included within 2019-20 non-patient care services to other bodies is income of £4.5m relating to the Kent and Medway Sustainability and Transformation Partnership (KMSTP). The trust agreed to become the financial host of the KMSTP budget from 1 October 2019 to 30 September 2020. This funding is provided in accordance with agreements made by each KMSTP partner with the KMSTP Board to cover the costs of the planned annual programme. The associated costs of the KMSTP are reported within the trust's operating expenses in note 6.

The education and training income presented as non-contract income represents the value of benefit arising from apprenticeship levy funded training received. The corresponding notional expense is recognised within education and training costs in note 6.

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2019/20 £000	2018/19 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,364	1,756

Note 5.2 Transaction price allocated to remaining performance obligations

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 5.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20 £000	2018/19 £000
Income from services designated as commissioner requested services		–
Income from services not designated as commissioner requested services	250,405	223,253
Total	**250,405**	**223,253**

In line with guidance from NHS Improvement all foundation trusts' mandatory services were designated as 'Commissioner Requested Services' when licensing began. However commissioners were required to review this designation by 1 April 2016 and, as a result, none of the trust's services provided since 1 April 2016 have been designated as commissioner requested.

Note 6 Operating expenses

	2019/20 £000	2018/19 £000
Staff and executive directors costs	177,356	155,856
Remuneration of non-executive directors	163	158
Supplies and services – clinical (excluding drugs costs)	22,323	17,599
Supplies and services – general	1,209	1,060
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	4,678	5,623
Consultancy costs	3,940	649
Establishment	7,523	7,689
Premises	9,199	7,349
Transport (including patient travel)	5,345	5,048
Depreciation on property, plant and equipment	2,957	3,117
Amortisation on intangible assets	190	146
Net impairments	(22)	–
Movement in credit loss allowance: contract receivables / contract assets	(18)	47
Movement in credit loss allowance: all other receivables and investments	53	7
Audit fees payable to the external auditor	–	–
audit services – statutory audit	64	62
Internal audit costs	92	114
Clinical negligence	522	453
Legal fees	951	628
Insurance	144	165
Education and training	1,813	1,114
Rentals under operating leases	9,308	7,183
Redundancy	(161)	(148)
Hospitality	37	38
Losses, ex gratia & special payments	2	6
Other services, eg external payroll	301	320
Other	133	231
Total	**248,102**	**214,514**
Of which:		
Related to continuing operations	248,102	214,514
Related to discontinued operations	–	–

Within the above, the associated operating expenses relating to the KMSTP total £4.5m of which £2.5m relate to consultancy expenditure.

As referenced in note 3.1, operating expenditure on the COVID-19 response for the period to 31 March 2020 totals £284k.

Note 6.1 Limitation on auditor's liability

The auditor's liability for external audit work carried out for the financial year 2019/20 is limited to £2,000,000.

Note 7 Impairment of assets

	2019/20 £000	2018/19 £000
Net impairments charged to operating surplus/deficit resulting from:		
Changes in market price	(22)	–
Total net impairments charged to operating surplus/deficit	**(22)**	**–**
Impairments charged to the revaluation reserve	(125)	–
Total net impairments	**(147)**	**–**

Note 8 Employee benefits

	2019/20 £000	2018/19 £000
Salaries and wages	135,634	123,616
Social security costs	11,351	10,555
Apprenticeship levy	645	595
Employer's contributions to NHS pensions	24,309	15,801
Pension cost – other	47	26
Termination benefits	171	309
Temporary staff (including agency)	6,571	5,361
Total gross staff costs	**178,728**	**156,263**
Recoveries in respect of seconded staff	(299)	(20)
Total staff costs	**178,429**	**156,243**
Of which		
Costs capitalised as part of assets	902	78

The employer contribution rate for NHS pensions increased from 14.3 per cent to 20.6 per cent (excluding administration levy) 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 the providers' behalf. The increased cost in employer's contributions (£7,372k) is recognised in full in the 19-20 figures presented above, with the commensurate notional funding from NHS England being recognised in note 3.1.

Note 8.1 Retirements due to ill-health

During 2019/20 there were 2 early retirements from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £154k (£302k in 2018/19).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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 per cent, 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.

Other schemes

The trust participates in the National Employees Savings Trust (NEST) scheme as an alternative for those employees who are not eligible to join the NHS Pension scheme. NEST is a defined contribution scheme with a phased employer contribution rate, currently 3 per cent .

Note 10 Operating leases

Note 10.1 Kent Community Health NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Kent Community Health NHS Foundation Trust is the lessee.

	2019/20 £000	2018/19 £000
Operating lease expense		
Minimum lease payments	9,308	7,183
Contingent rents	–	–
Less sublease payments received	–	–
Total		**7,183**

	31 March 2020 £000	31 March 2019 £000
Future minimum lease payments due:		
– not later than one year;	2,665	2,439
– later than one year and not later than five years;	5,730	6,081
– later than five years.	3,900	4,821
Total	**12,295**	**13,341**

Future minimum sublease payments to be received

Note 11 Finance income

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

	2019/20 £000	2018/19 £000
Interest on bank accounts	253	200
Total finance income	**253**	**200**

Note 12.1 Finance expenditure

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

	2019/20 £000	2018/19 £000
Interest expense:		
Interest on late payment of commercial debt	1	1
Total interest expense	**1**	**1**

Note 12.2 The late payment of commercial debts (interest) Act 1998/ Public Contract Regulations 2015

	2019/20 £000	2018/19 £000
Amounts included within interest payable arising from claims made under this legislation	1	1

Note 13 Other gains/(losses)

	2019/20 £000	2018/19 £000
Gains on disposal of assets	–	3
Losses on disposal of assets	–	(5)
Total gains/(losses) on disposal of assets	–	**(2)**

Note 14 Intangible assets – 2019/20

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation/gross cost at 1 April 2019 – brought forward	841	–	**841**
Additions	43	251	**294**
Disposals/derecognition	–	–	–
Valuation / gross cost at 31 March 2020	**884**	**251**	**1,135**
Amortisation at 1 April 2019 – brought forward	**293**	–	**293**
Provided during the year	190	–	190
Disposals/derecognition	–	–	–
Amortisation at 31 March 2020	**483**	–	**483**
Net book value at 31 March 2020	**401**	**251**	**652**
Net book value at 1 April 2019	**548**	–	**548**

Note 14.2 Intangible assets – 2018/19

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2018	**662**	–	**662**
Additions	211	–	**211**
Disposals/derecognition	(32)	–	**(32)**
Valuation / gross cost at 31 March 2019	**841**	–	**841**
Amortisation at 1 April 2018	**179**	–	**179**
Provided during the year	146	–	**146**
Disposals/derecognition	(32)	–	**(32)**
Amortisation at 31 March 2019	**293**	–	**293**
Net book value at 31 March 2019	**548**	–	**548**
Net book value at 1 April 2018	**483**	–	**483**

Note 15 Property, plant and equipment – 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information Technology £000	Furniture and fittings £000	Total 000
Valuation/gross cost at 1 April 2019 – brought forward	**1,472**	**9,055**	**872**	**2,770**	**207**	**14,573**	**934**	**29,883**
Additions	–	271	2,843	183	–	3,394	56	6,747
Impairments	–	(12)	–	–	–	–	–	(12)
Reversals of impairments	–	159	–	–	–	–	–	159
Revaluations	–	(14)	–	–	–	–	–	(14)
Reclassifications	–	408	(833)	178	–	247	–	–
Disposals / derecognition		(236)	–	(165)	(22)	(1,400)	(11)	(1,834)
Valuation/gross cost at 31 March 2020	**1,472**	**9,631**	**2,882**	**2,966**	**185**	**16,814**	**979**	**34,929**
Accumulated depreciation at 1 April 2019 – brought forward	–	**2,713**	–	**1,317**	**198**	**9,619**	**784**	**14,631**
Provided during the year	–	818	–	275	2	1,776	86	2,957
Revaluations	–	(394)	–	–	–	–	–	(394)
Disposals/derecognition	–	(236)	–	(165)	(22)	(1,400)	(11)	(1,834)
Accumulated depreciation at 31 March 2020	–	**2,901**	–	**1,427**	**178**	**9,995**	**859**	**15,360**
Net book value at 31 March 2020	**1,472**	**6,730**	**2,882**	**1,539**	**7**	**4,954**	**120**	**19,569**
Net book value at 1 April 2019	**1,472**	**6,342**	**872**	**1,453**	**9**	**5,029**	**150**	**15,252**

Note 15.1 Property, plant and equipment – 2018/19

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information Technology £000	Furniture and fittings £000	Total 000
Valuation/gross cost at 1 April 2018	**1,472**	**8,199**	**797**	**2,298**	**294**	**13,240**	**885**	**27,185**
Additions	–	589	801	222	4	1,803	22	3,441
Reclassifications	–	267	(726)	267	6	159	27	–
Disposals / derecognition	–	–	–	(17)	(97)	(629)	–	(743)
Valuation/gross cost at 31 March 2019	**1,472**	**9,055**	**872**	**2,770**	**207**	**14,573**	**934**	**29,883**
Accumulated depreciation at 1 April 2018	–	**1,987**	–	**1,070**	**294**	**8,211**	**690**	**12,252**
Provided during the year	–	726	–	259	1	2,037	94	3,117
Disposals / derecognition	–	–	–	(12)	(97)	(629)	–	(738)
Accumulated depreciation at 31 March 2019	–	**2,713**	–	**1,317**	**198**	**9,619**	**784**	**14,631**
Net book value at 31 March 2019	**1,472**	**6,342**	**872**	**1,453**	9	**4,954**	**150**	**15,252**
Net book value at 1 April 2018	**1,472**	**6,212**	**797**	**1,228**	–	**5,029**	**195**	**14,933**

Note 15.2 Property, plant and equipment financing – 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information Technology £000	Furniture and fittings £000	Total 000
Net book value at 31 March 2020								
Owned	1,472	6,730	2,882	1,539	7	6,819	120	**19,569**
NBV total at 31 March 2020	**1,472**	**6,730**	**2,882**	**1,539**	**7**	**6,819**	**120**	**19,569**

Note 15.3 Property, plant and equipment financing – 2018/19

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant and machinery £000	Transport equipment £000	Information Technology £000	Furniture and fittings £000	Total 000
Net book value at 31 March 2019								
Owned	1,472	6,342	872	1,453	9	4,954	150	**15,252**
NBV total at 31 March 2019 Net	**1,472**	**6,342**	**872**	**1,453**	**9**	**4,954**	**150**	**15,252**

Note 16 Revaluations of property, plant and equipment

A full valuation exercise was undertaken of the trust's owned buildings and land as at 31 March 2020. This followed the last full revaluation exercise carried out as at 28 February 2015 and the interim (desktop) revaluation completed in March 2018 and therefore is in line with the trust's accounting policies and five year full revaluation cycle.

The trust's freehold estate comprises purpose built accommodation used to deliver NHS services. The principal method of valuation of individual assets is by depreciated replacement cost (DRC). Where buildings have been valued using the DRC method of valuation the assumption is that the replacement costs will reflect those of a modern equivalent asset (MEA). Due to the specialised nature of the operational assets valued using the depreciated replacement cost method of valuation, the value is not based on the sale of similar assets in the market. The value of operational assets held for their service potential do not reflect the market value for an alternative use which may be higher or lower than the reported value.

The revaluation exercise was carried out over the period to the beginning of March 2020, with a valuation date as at 31 March 2020 and was completed by Stephen Boshier MRICS of Boshier & Company Chartered Surveyors, an independent and experienced valuer. The valuation was prepared in accordance with the requirements of the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards, including consideration of the issued RICS Valuation Practice Alert (COVID-19).

In applying the RICS Valuation Global Standards (including the Valuation Practice Alert referenced above), the valuer has declared a 'material valuation uncertainty' in the valuation report issued. 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 the trust's freehold estate 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 this remains the best and most reliable information available to the trust.

Note 17 Investments 2019/20

The trust has no investments (including investments in property). Nil for March 2019.

Note 18 Disclosure of interests in other entities

The trust has no interests in other entities other than those disclosed in note 1.3

Note 19 Inventories

The trust holds no material inventories.

Note 20 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	15,345	23,403
Allowance for impaired contract receivables / assets	(31)	(59)
Allowance for other impaired receivables	(238)	(223)
Prepayments (non-PFI)	1,462	1,538
Interest receivable	6	12
PDC dividend receivable	346	98
VAT receivable	350	582
Other receivables	698	484
Total current receivables	**17,938**	**25,835**
Non-current		
Prepayments (non-PFI)	354	330
Other receivables	60	–
Total non-current receivables	**414**	**330**
Of which receivable from NHS and DHSC group bodies:		
Current	9,562	14,814
Non-current	60	–

Note 20.1 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 Apr 2019 – brought forward	**59**	**223**	**–**	**298**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018			61	(61)
New allowances arising	19	83	51	41
Changes in existing allowances	1	3	–	–
Reversals of allowances	(38)	(33)	(4)	(34)
Utilisation of allowances (write offs)	(10)	(38)	(49)	(21)
Allowances as at 31 Mar 2020	**31**	**238**	**59**	**223**

Note 20.2 Exposure to credit risk

The trust adheres to best practice in credit control activities which includes referral to an external debt collection agency and formal litigation procedures if required to trace debtors and seek to recover overdue debt. In addition the majority of the trust's revenue comes from contracts with other public sector bodies which in turn are supported by underlying contractual agreements and specific payment terms. As a result, it is deemed that the trust has a low exposure to credit risk.

Expected credit losses for contract and other receivables are reviewed on a regular basis taking account of historic, current and forecast information to determine a sufficient and appropriate level of allowance for impaired contract and other receivables.

Note 21 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20 £000	2018/19 £000
At 1 April	**27,377**	**27,633**
Net change in year	17,289	(256)
At 31 March	**44,666**	**27,377**
Broken down into:		
Cash at commercial banks and in hand	51	40
Cash with the Government Banking Service	44,615	2,337
Deposits with the National Loan Fund	–	25,000
Total cash and cash equivalents as in SoFP	**44,666**	**27,377**
Total cash and cash equivalents as in SoCF	**44,666**	**27,377**

Note 21.1 Third party assets held by the trust

The trust held no cash and cash equivalents which relate to monies held by the trust on behalf of patients or other parties. Nil for 2018/19.

Note 22.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	3,694	3,610
Capital payables	2,292	799
Accruals	22,161	13,432
Social security costs	2,171	1,960
Other taxes payable	1,241	1,182
Other payables	2,464	2,284
Total current trade and other payables	**34,023**	**23,267**
Total non-current trade and other payables	**–**	**–**
Of which payables from NHS and DHSC group bodies:		
Current	13,199	**7,157**
Non-current	–	–

Note 22.2 Early retirements in NHS payables above

There are no early retirement payables. Nil for 2018/19.

Note 23 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	1,774	1,553
Total other current liabilities	**1,774**	**1,553**

Note 24 Borrowings

The trust has no borrowings. Nil for 2018/19.

Note 25 Finance leases

Note 25.1 Kent Community Health NHS Foundation Trust as a lessor

The trust has no finance lease arrangements. Nil for 2018/19.

Note 25.2 Kent Community Health NHS Foundation Trust as a lessee

The trust has no finance lease obligations. Nil for 2018/19.

Note 26 Provisions for liabilities and charges analysis

	Legal claims £000	Redundancy £000	Other £000	Total £000
At 1 April 2019	**535**	**422**	**824**	**1,781**
Arising during the year	236	169	522	**927**
Utilised during the year	(109)	(171)	(50)	**(330)**
Reversed unused	(372)	(329)	–	**(701)**
At 31 March 2020	**290**	**91**	**1,296**	**1,677**
Expected timing of cash flows:				
– not later than one year	290	91	508	**889**
– later than one year and not later than five years	–	–	345	**345**
– later than five years	–	–	443	**443**
Total	**290**	**91**	**1,296**	**1,677**

The redundancy provision is a recognition of the expected redundancy costs associated with service changes. These are recognised following the development of detailed formal plans for service changes with uncertainties typically about which staff will be successful with re-deployment etc. The legal provision includes on-going Employment Tribunals and the provision for Liabilities to Third Parties Scheme (LTPS) claims administered and informed by the NHS Resolution (see also Accounting Policy Notes 1.13 and 1.23).

The provisions classified as other, include a provision (£821k) for dilapidations liabilities for the trust's commercially leased properties and a provision (£415k) relating to potential repayment of VAT to HMRC. The dilapidations provision represents the estimated re-instatement costs required when the trust is due to vacate the properties and has been advised by an external surveyor (BNP Paribas Real Estate). The VAT provision relates to the potential repayment of VAT not reclaimed in the correct VAT accounting period.

Note 26.1 Clinical negligence liabilities

At 31 March 2020, £3,182k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Kent Community Health NHS Foundation Trust (31 March 2019: £2,836k).

Note 27 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(17)	(31)
Gross value of contingent liabilities	**(17)**	**(31)**
Amounts recoverable against liabilities	–	–
Net value of contingent liabilities	**(17)**	**(31)**
Net value of contingent assets	**–**	**–**

NHS Resolution legal claims – contingent liability relates to Liabilities to Third Party Scheme (LTPS) claims as administered and advised by NHS Resolution.

Note 28 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	4,170	329
Intangible assets	-	–
Total	**4,170**	**329**

Note 29 Other financial commitments

The trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2020 £000	31 March 2019 £000
not later than 1 year	694	904
after 1 year and not later than 5 years	4,754	1,487
paid thereafter	2,640	440
Total	**8,088**	**2,831**

Note 30 Defined benefit pension schemes

The trust has no defined benefit schemes.

Note 31 Financial instruments

Note 31.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that Kent Community Health NHS Foundation Trust (KCHFT) has with NHS and Local Authority commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. KCHFT as an NHS Foundation Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the organisation in undertaking its activities.

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

Currency risk

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

Interest rate risk

The trust has no borrowings and so is not exposed to any interest rate risk.

Credit risk

As the majority of the trust's revenue comes from contracts with other public sector bodies, the organisation has low exposure to credit risk. The maximum exposure as at 31 March 2020 is in receivables from customers, as disclosed in the trade and other receivables note. However the trust exercises effective credit control processes including utilising external tracing and debt collection agencies, and court procedures to pursue overdue debt.

Liquidity risk

The trust's operating costs are incurred under contracts with commissioning organisations, which are financed from resources voted annually by Parliament. The organisation funds its capital expenditure through internally generated cash. The organisation is not, therefore exposed to significant liquidity risks.

Note 31.2 Carrying values of financial assets

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2020				
Trade and other receivables excluding non financial assets	15,774	–	–	**15,774**
Cash and cash equivalents	44,666	–	–	**44,666**
Total at 31 March 2020	**60,440**	–	–	**60,440**

	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Carrying values of financial assets as at 31 March 2019				
Trade and other receivables excluding non financial assets	23,617	–	–	**23,617**
Cash and cash equivalents	27,377	–	–	**27,377**
Total at 31 March 2019	**50,994**	–	–	**50,994**

Note 31.3 Carrying values of financial liabilities

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020			
Trade and other payables excluding non financial liabilities	30,611	–	**30,611**
Total at 31 March 2020	**30,611**	–	**30,611**

	Held at amortised cost £000	Held at fair value through I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019			
Trade and other payables excluding non financial liabilities	20,125	–	**20,125**
Total at 31 March 2019	**20,125**	–	**20,125**

Note 31.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	30,611	20,125
In more than one year but not more than two years	–	–
In more than two years but not more than five years	–	–
In more than five years	–	–
Total	**30,611**	**20,125**

Note 31.5 Fair values of financial assets and liabilities

There is no material difference between the carrying value and fair value of the financial assets and liabilities shown above.

Note 32 Losses and special payments

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Fruitless payments	–	–	1	4
Bad debts and claims abandoned	178	48	197	70
Total losses	**178**	**48**	**198**	**74**
Special payments				
Ex-gratia payments	6	12	9	12
Total special payments	**6**	**12**	**9**	**12**
Total losses and special payments	**184**	**60**	**207**	**86**

Note 33 Related parties

All bodies within the scope of the Whole Government Accounts (WGA) are treated as related parties of an NHS Foundation Trust including the Department of Health and Social Care as the Trust's parent organisation. A list of the main entities (those with transactions or balances of more than £1m) within the scope of the Whole Government Accounts (WGA) with which the Trust has transacted with during the reporting period or has receivables or payables balances reported as at period end, are as follows:

Health Education England
NHS Ashford CCG
NHS Canterbury and Coastal CCG
NHS Dartford, Gravesham and Swanley CCG
NHS Eastbourne, Hailsham and Seaford CCG
NHS Hastings and Rother CCG
NHS High Weald Lewes Havens CCG
NHS Medway CCG
NHS South Kent Coast CCG
NHS Swale CCG
NHS Thanet CCG
NHS West Kent CCG
NHS England
NHS Property Services
East Kent Hospitals University NHS Foundation Trust
Medway NHS Foundation Trust
Dartford and Gravesham NHS Trust
Maidstone and Tunbridge Wells NHS Trust
Kent and Medway NHS and Social Care Partnership NHS Trust
East Sussex County Council
Kent County Council
Medway Council
HM Revenue & Customs
NHS Pension Scheme
HM Treasury National Loans Fund

As at 31 March 2020, the trust has a receivable of £3k with Kent Community Health Charitable Fund 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 1.3.

Note 34 Events after the reporting date

The trust has no events after the end of the reporting period.

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Communications and Marketing Team

Do you have feedback about our health services?

Phone: 0300 123 1807, 8am to 5pm, Monday to Friday
Text: 07899 903499
Email: kentchft.PALS@nhs.net
Web: www.kentcht.nhs.uk/PALS

Patient Advice and Liaison Service (PALS)
Kent Community Health NHS Foundation Trust
Unit J, Concept Court
Shearway Business Park
Folkestone
Kent CT19 4RG

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