

Formal meeting of the
Kent Community Health NHS Foundation
Trust Board

In Public

25 May 2022

Reports to the Board

Section 6

Committee / Meeting Title:	Board Meeting - Part 1 (Public)
Date of Meeting:	25 May 2022
Agenda Number:	6.1
Agenda Item Title:	2022/23 Annual Budgets – Revenue and Capital
Presenting Officer:	Gill Jacobs, Acting Director of Finance
Action – this paper is for:	<input type="checkbox"/> Decision <input checked="" type="checkbox"/> Information <input type="checkbox"/> Assurance

What is the purpose of the paper and the ask of the Committee or Board?

The report is submitted to the Board for noting following approval of the budget at the Board meeting on 31 March 2022 as follows:

The purpose of the paper is to present the budgets for 2022/23 and to ask the Board to approve these budgets. The Finance Business and Investment Committee reviewed the budgets at their meeting on 23 March 2022 and have recommended that the Board approves the budgets.

Summary of key points

The Trust has set budgets, building on 2021/22 budgets, using the methodology described in the budget setting framework which was agreed by the FBI Committee. Budgets have been adjusted in-line with the block funding included in the system funding assumptions for 2022/23.

The budget shows income and expenditure of £271.99m for 2022/2023 and a break-even income and expenditure position. The capital expenditure plan totals £6.9m and the working capital position remains strong.

This paper details the changes that have been made to budgets and presents the 2022/23 budgets for approval.

Proposal and/or recommendation to the Committee or Board

The Board is asked to note the approach to planning and the draft £3m deficit plan submitted to the Kent and Medway system on 17th March.

The budgets will be updated for final changes to the agreed allocation in advance of the final plan submission on 28th April.

The Board approved the 2022/23 budgets, subject to the final changes.

The Board approved the 2022/23 budgets, subject to the final changes.

If this paper relates to a proposed change linked to any of the below, have you completed an equality analysis for this paper?

National guidance or legislative change, organisational or system redesign, a significant impact to patients, local policy or procedural change, local impacts (service or system) or a procurement process.

You can find out more about EAs here on [flo](#)

If not, describe any equality and diversity issues that may be relevant.

Protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

☐ Yes (please attach)

☒ No
 (please provide a summary of the protected characteristic highlights in your paper)

Highlights relating to protected characteristics in paper

Name:	Gill Jacobs	Job title:	Acting Director of Finance
Telephone number:	01622 939751	Email	g.jacobs@nhs.net

PLANNING APPROACH AND BUDGETS – 2022/23

1. Summary

This paper gives an overview of the planning guidance for 2022/23 and sets out the budget for approval. The budget shows a balanced plan with income and expenditure of £271.99m. There is still work to be done across the Kent and Medway system to finalise the allocation of funding to providers, the current planning gap for the Trust is £3m and is related to KMCR which the CCG has not yet identified a funding source for. Given that the Trust has a signed contract for KMCR we have assumed that the CCG will fund this and so this income has been reflected in the budget. Across the Kent and Medway system there is a funding gap of £84.7m and the first draft system plan reflects this as a deficit.

The capital expenditure plan totals £6.9m and the working capital position remains strong.

The budget includes £0.93m of Ageing Well income and costs, £0.48m investment in community stroke services, £2.4m of income and costs for the Home with Support team and £0.24m of income and costs for Westbrook House which would fund the beds to the end of April, however there is no firm commitment to funding yet from the CCG. The Trust has put forward a total of £2.51m of bids for Ageing Well schemes for 2022/23 and £0.39m for virtual wards, the outcome of these is expected very early in April following an extraordinary Kent & Medway CCG Finance & Performance committee which is to be held on 31st March specifically to review bids received from all providers. The £2.4m required for Home with Support is based on the current year overspend which has been funded from HDP, Adults services are taking steps to reduce the current overspend to fund posts from the current domiciliary care budget and so ceasing contracts with external providers, and to agree a trajectory with the CCG to reduce costs possibly through fixed term contracts rather than bank and agency staff. Westbrook House is largely staffed through a subcontract agreement.

2. Construction of System envelopes and income assumptions

Since the start of the covid pandemic block contract payments have received from NHSEI and CCGs which were calculated based on the month nine 2019/20 agreement of balances and then uplifted for inflation.

The block payment from Kent and Medway CCG for 2022/23 has been calculated as follows:

- H2 income less covid funding and backdated inflation funding for months one to six
- Multiplied by 2 for a full year budget
- Add 2.8% inflation
- Add 0.8% growth

- Less 1.1% efficiency
- Less 1.2% system efficiency

In addition, funding was agreed for prescribing inflation (£0.238m), the balance of funding for the 2021/22 pay award which was funded non-recurrently in 21/22 from covid funding (£2.147m), NHSPS true up costs (£1.165m), plus funding for new services; Medway Looked After Children (£0.532m) and the Neurodevelopmental service (£3.171m). There was also recognition that the H2 position used as a starting point included non-recurrent items which reduced the overall funding requirement for the Trust in 2021/22 including non-recurrent CIP delivery (£1.5m) and benefits from one of NHSPS credits and lower expenditure on elective services (£1.4m) and these have been added to the funding for 22/23.

Covid funding will continue and has been agreed at £2.76m for 2022/23 reduced from the £3.79m recognised in 2021/22 which was net of the £2.57m that was returned to the system. Covid costs are estimated to be £1.12m next year including the PPE store meaning a non-recurrent benefit of £1.64m in 2022/23. Budgets have not been set for the covid vaccination programme in-line with planning guidance.

East Sussex CCG income has been calculated with 2.8% inflation and 1.1% efficiency. There has also been a contract variation added to the block for the Inclusion Special Educational Needs and Disabilities service (£0.71m).

NHSEI contracts have been uplifted for 2.8% for inflation and reduced by 1.1% efficiency. Specialist Commissioning have notified the contract value for high cost drugs and so budgets have been set at this level, this is a reduction of £0.15m which is offset by a reduction in expenditure budgets, however as high cost drugs are pass through costs true up differences should be settled by NHSEI outside the block contract.

KCC and Medway Council contracts have not been adjusted as CIP savings will offset inflationary rises. Inflation has been included in smaller SLAs where applicable.

3. Budget setting approach

The Trust has set budgets following the methodology set out in the budget setting framework which was approved by the Finance Business and Investment Committee in October 2021 and attached in Appendix A.

Funding for incremental drift has been added to individual pay budgets which equates to £0.82m. Pay budgets have also incorporated the 1.25% increase in employer national insurance contributions which equates to £1.24m.

The pay award for 2022/23 has not yet been agreed but has been assumed at 2% as per planning guidance and is being held within Trust reserves (£3.98m). Reserves will be issued once the pay award has been agreed. Non-pay inflation was calculated at £1.50m and has been utilised together with a further £0.54m budget to fund agreed cost pressures.

The negative budget for staff turnover factor has been increased to provide additional contingency reserves of £2.00m. The previous turnover budget was set at 2% of pay budgets, this has been increased to an average of 3% over the year starting at 4% for the first quarter then stepping down to 3.33% in Q2, 2.67% in Q3 then back to 2% for the final quarter. This has increased the negative WTE budgets from 100 to 202 in Q1.

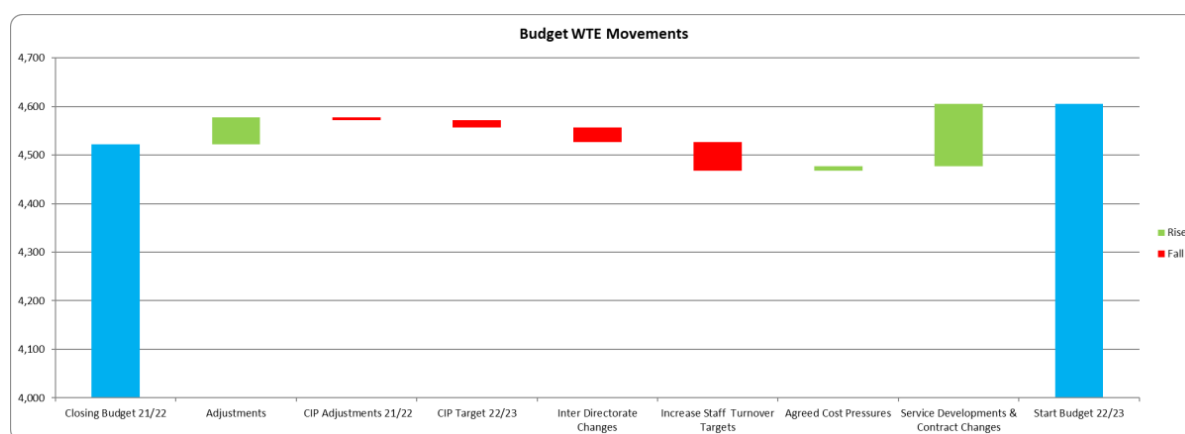
4. Draft budgets for 2022/23

Table 4.1 shows the draft WTE budgets for 2022/23 which sets out the changes made from the 2021/22 budgets.

Directorate	Closing Budget 21/22	Adjustments	Opening Budget 22/23	CIP Adjustments 21/22	CIP Target 22/23	Inter Directorate Changes	Increase Staff Turnover Targets	Agreed Cost Pressures	Service Developments & Contract Changes	Start Budget 22/23
Operations	3,955	10	3,965	-5	-11	32		0	128	4,109
Adult Services	1,946	7	1,953	-3	0	12		0	60	2,022
Dental and Planned Care	504	-2	502	0	-6	8		0	8	512
Medicines Management	50	-1	49	0	0	6		0	0	55
Operations Management	13	1	15	0	0	-1		0	0	13
Specialist and Public Health Services	1,441	6	1,447	-2	-5	7		0	59	1,507
Clinical, Care and Quality Directorate	64	1	65	0	-1	0		0	0	65
Corporate Services	62	-2	60	0	0	-2		0	0	58
Estates	205	-1	204	-1	0	7		0	0	210
Finance Directorate	97	0	97	0	-1	5		0	0	100
IT	121	3	124	0	-2	14		0	0	135
Medical Director	12	-1	12	0	0	0		0	0	12
People, OD & Communications	88	0	88	0	0	17		0	0	105
Reserves	-81	0	-81	0	0	-6	-102	10	0	-178
Grand Total	4,523	10	4,533	-6	-15	67	-102	10	128	4,616

Table 4.1: Draft WTE budgets for 2022/23

The waterfall chart below shows the change in WTEs from the 2021/22 closing WTE budget to the 2022/23 WTE start position.



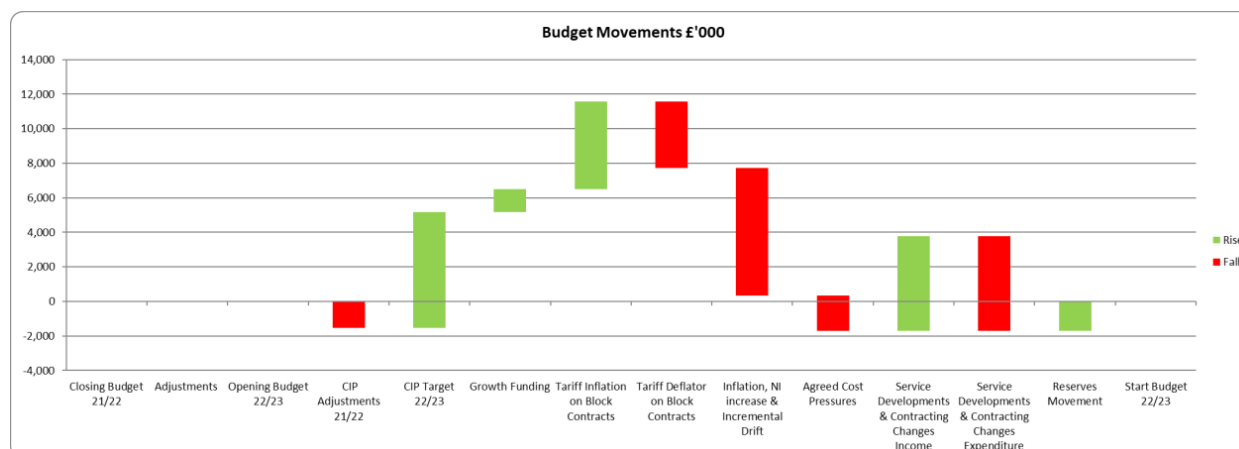
Graph 1: WTE bridge 2021/22 to 2022/23

Table 4.2 sets out the draft budgets for 2022/23.

Directorate £000s	Closing Budget 21/22	Adjustments	Opening Budget 22/23	CIP Adjustments 21/22	CIP Target 22/23	Inter Directorate Changes	Growth Funding	Tariff Inflation on Block Contracts	Tariff Deflator on Block Contracts	Inflation, NI increase & Incremental Drift	Agreed Cost Pressures	Service Developments & Contracting Changes	Reserves Movement	Start Budget 22/23
Operations	171,343	839	172,182	1,064	-5,413	-302				1,707	0	4,710		173,949
Adult Services	84,675	210	84,885	1,064	-2,665	-179				682	0	-313		83,474
Dental and Planned Care	21,147	258	21,405	0	-766	-72				389	0	846		21,802
Medicines Management	2,271	-9	2,262	0	-65	186				31	0	0		2,415
Operations Management	1,324	112	1,435	0	-43	-258				31	0	0		1,165
Specialist and Public Health Services	61,928	267	62,195	0	-1,875	22				575	0	4,177		65,093
Clinical, Care and Quality Directorate	3,706	-18	3,688	0	-104	1				61	0	0		3,647
Corporate Services	5,972	-81	5,891	0	-99	-84				-78	0	0		5,629
Estates	15,477	-197	15,280	474	-584	-677				174	0	30		14,696
Finance Directorate	4,037	24	4,061	0	-133	303				56	0	0		4,287
IT	7,383	73	7,455	0	-225	2,130				95	0	9		9,463
Medical Director	800	-81	718	0	-21	-4				5	0	0		698
People, OD & Communications	3,673	-211	3,462	0	-118	1,127				50	0	0		4,521
Central Income	-214,671	-1,141	-215,812	0	0	-677	-1,353	-5,077	3,864	0	0	-5,468		-224,524
Depreciation	5,696	0	5,696	0	0	2,271				0	0	0		7,967
Reserves	-3,416	794	-2,622	0	0	-4,088				5,314	2,043	720	-1,701	-333
Grand Total	0	0	0	1,538	-6,698	0	-1,353	-5,077	3,864	7,384	2,043	0	-1,701	0

Table 4.2: Draft budgets for 2022/23

The waterfall chart below shows the budget movements from the 2021/22 closing budget to the 2022/23 start position.



Graph 2: Financial bridge 2021/22 to 2022/23

Table 4.2 starts with the closing budget for 2021/22 this is then adjusted for full year effect of developments/changes which commenced in 2021/22 and non-recurrent funding received in 2021/22. These adjustments net down to zero as each change in income budgets has a corresponding change in the expenditure budget within directorates and/or reserves. This gives the opening budget for 2022/23.

The most significant adjustments are:

- Balance of the pay award budget issued as inflationary uplifts for 2021/22 were only issued for staff in post excluding vacancies (£493k increase in central income target offset by an increase in directorate expenditure budgets and Trust reserves).
- Non-recurrent budget set for international recruitment in People & OD funded from reserves non-recurrently (£0.85m).
- Further funding issued for robotic process automation - £0.1m to Business Development and £0.2m to IT.
- Reversal of non-recurrent funding for additional posts in People & OD from the Operations directorate (£56k) and full year budgets for trainees/apprentices issued to Operations funded by the HEE income target in People & OD (£144k).
- Non-recurrent CIP target in Estates from Trust reserves (£169k) agreed earlier in the financial year.

The CIP adjustments 21/22 add back into the budgets the CIPs that were not delivered recurrently in 21/22. The CIP target for 2021/22 shows £1.54m was delivered non-recurrently in 2021/22 which was a combination of travel savings of £1.2m and Estates schemes of £0.3m. The recurrent shortfall on 2021/22 CIP is £1.0m for Adult Services and £0.54m for Estates.

The CIP target for 2022/23 represents the value of the Trust's CIP plans and equates to 2.49% of the closing operating expenditure budgets.

The changes within directorate include:

- £2.3m increase in depreciation/interest, the main changes are; £1m for phase two repatriated properties from NHSPS mostly offset by rental savings in Estates, £0.95m

for KMCR, £0.19m impact of IFRS 16 partly offset by the setting of a budget for interest receivable of £0.17m.

- £0.85m non-recurrent funding to People, OD & Communications for international recruitment.
- £0.35m of cost pressures agreed by Exec Team earlier in the financial year.
- £1.94m of KMCR funding to IT to fund software costs of £1.23m plus staffing costs.

Service developments incorporated into budgets are:

- £3.17m - Adult Neurodevelopment Service (Kent & Medway CCG)
- £0.53m - Medway Looked After Children Service (Kent & Medway CCG)
- £0.71m - Special Educational Needs and Disabilities (East Sussex CCG)
- £0.60m - North East London Dental Services – non-recurrent (NHSEI London)
- £0.44m - Prison Health Services (CNWL and Oxleas)

The following services developments have also been incorporated into budgets although are pending agreement funding from Kent and Medway CCG:

- £2.4m - Home with Support
- £0.48m - Early Supported Discharge Stroke team
- £0.37m - Case management and nursing input care homes pathway 3 (Ageing Well)
- £0.36m - Community frailty support (Ageing Well)
- £0.25m - Extend LRU for UCR SPA (Ageing Well)
- £0.24m - Westbrook House inpatient beds

CCG income also assumes that the funding for the purchase of spot beds continues at the current level, expenditure budgets have also been rolled forward to 2022/23. There has been a request to redirect £0.9m of the funding to support the additional staffing requirement in the East Kent Rapid Treatment service as the number of spot/block beds the Trust purchases has significantly reduced.

Growth funding reflects the funding the Trust expects to receive from Kent and Medway CCG.

5. Reserves

Table 5.1 sets out the Trust reserves position. The reserves of -£0.33m includes;

- £3.98m pay inflation reserve which will be issued when the 2022/23 pay award is agreed and paid.
- £2.04m cost pressure reserves which will be issued as per the agreed cost pressures report.
- £2.00m non-pay non-recurrent contingency reserve which will need to cover new cost pressures, income shortfalls, potential CIP underachievement and other unforeseen costs.
- £0.07m non-pay recurrent contingency reserve. The non-recurrent reserves are driven by the movement in the vacancy factor, however the funding of £0.85m for international recruitment is also non-recurrent and so will return to reserves in 2023/24.
- £0.82m apprenticeship levy budget which is 0.5% of the salaries budget.
- £0.57m overheads for service developments of which £0.27m relates to confirmed investment and £0.30m relates to unconfirmed investments.
- £0.34m additional funding for West Kent UTCs to be agreed with MTW

- £0.20m CIP contingency to share the savings benefit of estates schemes with services.
- £0.17m nurse associate training budgets which will be issued when placements are known.
- (£1.64m) Covid budgets which is made up of £2.76m Kent and Medway CCG income offset by costs of £1.12m.
- (£2.88m) KMCR income target, held in reserves to reflect the risk that Kent and Medway CCG are still to identify a funding source.
- (£6.01m) staff turnover budgets

Reserves Type	Reserves Detail £000s	Closing Budget 21/22	Adjustments	Opening Budget 22/23	Inter Directorate Changes	Inflation & Incremental Drift	Agreed Cost Pressures	Service Developments & Contracting Changes	Reserves Movement	Start Budget 22/23
Budget Reserves	Trust Reserves									
	KMCR Income Target				-2,880					-2,880
	Apprenticeship Levy	789	-6	783		40				823
	Pay Inflation Reserve	0		0		3,976				3,976
	Staff Turnover Budgets	-3,684	-111	-3,795		-209			-2,002	-6,006
	Nurse Associate Trainee (held centrally as placement TBC)	0		0	171					171
	CIP Contingency for Estates shared benefit schemes	0		0	-50				250	200
	Contingency Reserves - Non-recurrent								2,002	2,002
	Contingency Reserves - Recurrent	-492	142	-350	722	1,501		153	-1,951	75
	Contingency Reserves to cover Cost Pressures						2,043			2,043
Service Developments	Contingency Reserves from Service Development Overheads - Confirmed							265		265
	Contingency Reserves from Service Development Overheads - Unconfirmed	0		0				302		302
	Service Developments Reserve									
	Health Promotion Support Practitioner	38	1	39	-39					0
	South Kent Coast MIU Tariff Contingency	196		196	-196					0
Central Provisions	Swale MIU additional funding (from budget setting 2021/22)	142	4	146	-146					0
	West Kent MIU additional funding from MTW (from budget setting 2021/22)	328	10	338						338
	Central Provisions									
Covid-19	KCC Income for Pay Award (reduction in credit note provisions)	-734	734	0						0
	Covid-19 Budget									
TOTAL	Income	-3,628		-3,628	807					-2,821
	Expenditure	3,629	19	3,648	-2,476	6				1,178
TOTAL		-3,416	794	-2,622	-4,088	5,314	2,043	720	-1,701	-333

Table 5.1: Reserves 2022/23

6. Cost Pressures

A full list of cost pressures was collated which totalled £8.9m and was reviewed at IMM, the Executive Team Meeting and a sub group of IMM. The total cost pressures agreed for funding was £2.04m; £1.32m was approved for release into budgets from April with a further £0.72m held in reserves until the cost pressure materialises and the value can be assessed as these cost pressures largely related to estimated inflationary increases. Table 6.1 below shows the original cost pressures by directorate and type and table 6.2 reflects the funding decisions. Cost pressures where funding was not agreed will be monitored and reviewed via Executive Performance Review meetings.

Directorate	Clinical Staffing (£000s)	Clinical Supplies & Services (£000s)	Corporate (£000s)	Income Target Reduction (£000s)	IT (£000s)	Premises (£000s)	Telephones (£000s)	Travel (£000s)	Grand Total (£000s)
Operations	2,093	809	17	306	18	368		2	3,613
Adult Services	1,704	464		42		192		2	2,405
Children's Specialist Services	50	25		48		49			172
Dental and Planned Care	91	65	17	50		36			258
Medicines Management	94	136							229
Public Health	155	119		165	18	91			549
CCQ	49		154		15				218
Corporate Services		68	43						111
Estates			21			1,675			1,696
Finance			144		17				161
IT					785		819		1,604
Medical Directorate			48						48
People, OD & Communications			1,391		5	9			1,405
Grand Total	2,142	877	1,817	306	840	2,052	819	2	8,855

Table 6.1: Cost pressures put forward by directorate and type

Row Labels	Fund from trust reserves (£000s)	Request to CCG to utilise spot beds funding to cover additional costs (£000s)	Utilise domiciliary care budget to fund (£000s)	Discuss with commissioners (£000s)	Reimagine Space Group (£000s)	Telecoms (£000s)	To be monitored via EPRs (£000s)	Grand Total (£000s)
Operations	277	900	559	506	258		1,113	3,613
Adult Services	22	900	559	293	166		464	2,405
Children's Specialist Services	50						122	172
Dental and Planned Care	51						207	258
Medicines Management	136			94				229
Public Health	18			119	91		320	549
CCQ	143						74	218
Corporate Services	3						108	111
Estates	610				303		783	1,696
Finance	90						71	161
IT	434					819	350	1,604
Medical Directorate							48	48
People, OD & Communications	485				9		911	1,405
Grand Total	2,043	900	559	506	569	819	3,458	8,855

Table 6.2: Cost pressure funding agreed

Appendix B has the final cost pressures SBAR that was agreed at IMM and by the Executives.

7. Draft Capital Plan

A new approach to capital funding was introduced in 2020/21 with the move to a model of system-level operational capital envelopes to improve value for money and provide systems with greater power and responsibility for prioritising their local capital expenditure. In turn, this approach aims to provide more clarity and confidence on the level of capital resource available, support system working and discussion on capital priorities, and enable faster access to national capital funding.

For 2022/23, the same approach adopted for 2021/22 of issuing system level capital envelopes and a requirement for this to be managed within system level plans will be applied.

The 2022/23 K&M system level capital envelope was advised by NHSE/I in January 2022, with the system being requested to produce a capital expenditure plan for 2022/23 that is consistent with the published allocation. The Trust's own draft indicative operational capital envelope allocation as set out in the table below, has been received and internally reviewed.

2022-23 Draft Indicative Capital Envelope						
Org Code	Organisation	22-23 Self Financed - Depreciation (Note 1) £000s	22-23 Plan Self Financed (Gross Asset Basis) (Note 2) £000s	22-23 Self Financed - Share of Surplus (Note 3) £000s	22/23 K&M System Allocation (Note 4) £000s	22/23 Final Total Provider Operational Capital Allocation £000s
RYY	Kent Community Health NHS FT (Total)	3,767	299	1,579	726	6,371

Note 1 Depreciation - funded on E for E basis based on final 2020-21 accounts

Note 2 Gross Assets - based on final 2020-21 accounts and adjusted as per set distribution methodology

Note 3 Share of Surplus - based on financial performance 2016-17 to 2019-20 (excludes 2020-21 due to disparities/volatilities created by COVID funding) and adjusted as per set distribution methodology

Note 4 Represents agreed system allocation for KMCR project

Table 7.1: Operational Capital Allocation

The Trust has also received confirmation of £520k external funding allocation for 2022-23 as follows:

External Funding Commitments 22-23	£000s	Confirmed
Frontline Digitisation - EPMA	520	Y
Total	520	

Table 7.2: External Funding Allocation

The Trust's capital plan for 2022/23 has been drafted following engagement with Estates, IT and Operational leads. The plan has been prepared following a review of capital spend requirements with each scheme scored against a prioritisation matrix and the total programme tested in terms of affordability against the funding allocations outlined above. The draft plan has undertaken review and approval from the Capital Steering Group and has also undertaken review and scrutiny of a designated K&M system capital check and challenge group.

The 2022/23 draft capital plan is summarised in the table below with further detail presented in Appendix C.

2022-23 Draft Capital Plan - Summary		
Plan Area	Plan Reference	2022-23 Full Year Plan £000s
Estates	Backlog Maintenance incl. Health, Safety & Security Compliance Measures	860
Estates	Capitalisable Responsive Maintenance incl. Leasehold Improvements	165
Estates	Estates Developments	780
Estates	Energy Efficiency	380
	Estates - Total	2,185
IT	K&M Digital Priority Scheme - Kent & Medway Care Record	726
IT	IT Developments - Innovation and Strategy	597
IT	IT Developments - Clinical Systems	507
IT	IT Developments - EPMA System	820
IT	IT Infrastructure and Networks	520
IT	IT Rolling Replacement - Hardware	777
IT	Cyber Security	360
	IT - Total	4,307
Dental	Dental Services	150
	Dental Services - Total	150
Other	Other Minor Schemes & Equipment Purchases (IMM)	250
	Other Minor Schemes & Equipment Purchases (IMM) - Total	250
	Total 2022-23 Capital Expenditure	6,892

Affordability Check	£000s
Provider Operational Capital Allocation	5,646
Add System Allocation:	
KMCR System	726
Add External Funding:	
Frontline Digitisation - EPMA	520
Total Funding	6,892

Initial Plan Submitted	6,892
Funding Gap (Current)	0

Table 7.3: Draft Capital Plan 22/23

8. Statement of Financial Position and Cashflow

The 2022/23 Statement of Financial Position (SOFP) plan is as per below and includes the impact of the 2022/23 draft capital plan, plus the current estimated transitional effect of IFRS16 (Leases) to be implemented from 1 April 2022. The SOFP presented also includes the forecast effect of the continued NHS Property Services phase 2 transfers with the assumption that the transfer of Sevenoaks Hospital and Queen Victoria Memorial Hospital (QVMH) will be completed in April 2022.

	2021-22 FOT 31/03/2022 Year Ending £'000	2022-23 IFRS16 Adj 01/04/2022 Month 0 £'000	2022-23 Plan 30/04/2022 Month 1 £'000	2022-23 Plan 31/05/2022 Month 2 £'000	2022-23 Plan 30/06/2022 Month 3 £'000	2022-23 Plan 31/07/2022 Month 4 £'000	2022-23 Plan 31/08/2022 Month 5 £'000	2022-23 Plan 30/09/2022 Month 6 £'000	2022-23 Plan 31/10/2022 Month 7 £'000	2022-23 Plan 30/11/2022 Month 8 £'000	2022-23 Plan 31/12/2022 Month 9 £'000	2022-23 Plan 31/01/2023 Month 10 £'000	2022-23 Plan 28/02/2023 Month 11 £'000	2022-23 Plan 31/03/2023 Month 12 £'000	2022-23 Plan 31/03/2023 Year Ending £'000
Statement of Financial Position															
Non-current assets															
Intangible assets	1,924		1,866	1,808	1,749	1,891	1,833	1,775	1,739	1,678	1,617	1,716	1,655	1,594	1,594
Other property, plant and equipment	33,334		47,342	47,541	47,558	47,739	47,743	48,092	48,086	48,095	47,826	47,800	47,591	47,506	47,506
Right of use assets - leased assets for lessee	-	45,556	45,010	44,487	43,964	43,440	42,971	42,447	41,923	41,399	40,875	40,351	39,827	39,303	39,303
Receivables: due from NHS and DHSC group bodies	71		71	71	71	71	71	71	71	71	71	71	71	71	71
Receivables: due from non-NHS/DHSC Group bodies	290		290	290	290	290	290	290	290	290	290	290	290	290	290
Total non-current assets	35,619		94,579	94,197	93,632	93,431	92,908	92,675	92,109	91,533	90,679	90,228	89,434	88,764	88,764
Current assets															
Receivables: due from NHS and DHSC group bodies	9,059		8,862	8,521	8,582	8,567	8,614	8,176	8,524	8,436	8,623	8,861	8,712	8,912	8,912
Receivables: due from non-NHS/DHSC Group bodies	12,149	-273	11,876	11,149	11,349	11,205	11,352	11,780	11,605	11,773	11,658	11,461	11,872	12,068	12,068
Assets held for sale and assets in disposal groups	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents: GBS/NLF	35,649		35,770	36,325	36,105	36,245	36,080	35,520	36,247	36,714	37,283	37,028	37,408	36,490	36,490
Cash and cash equivalents: commercial/in hand/other	30		30	30	30	30	30	30	30	30	30	30	30	30	30
Total current assets	56,887	-273	56,538	56,025	56,066	56,047	56,076	55,506	56,406	56,953	57,594	57,380	58,022	57,500	57,500
Current liabilities															
Trade and other payables: capital	-1,896		-1,626	-1,250	-1,101	-952	-1,163	-948	-963	-1,125	-1,173	-1,115	-1,222	-1,496	-1,496
Trade and other payables: non-capital	-27,256	334	-26,299	-26,291	-26,427	-26,867	-26,618	-26,021	-26,851	-27,171	-27,421	-27,325	-27,577	-26,622	-26,622
Borrowings	-	-6,142	-6,129	-6,116	-6,103	-6,090	-6,096	-6,083	-6,070	-6,057	-6,044	-6,031	-6,018	-6,005	-6,005
Provisions	-320		-320	-320	-320	-320	-320	-320	-320	-320	-320	-320	-320	-320	-320
Other liabilities: deferred income including contract liabilities	-3,979		-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479	-4,479
Total current liabilities	-33,451		-38,853	-38,456	-38,430	-38,708	-38,676	-37,851	-38,683	-39,152	-39,437	-39,270	-39,616	-38,922	-38,922
Total assets less current liabilities	59,055		112,264	111,766	111,268	110,770	110,308	110,330	109,832	109,334	108,836	108,338	107,840	107,342	107,342
Non-current liabilities															
Borrowings	-	-39,475	-38,977	-38,479	-37,981	-37,483	-37,021	-36,523	-36,025	-35,527	-35,029	-34,531	-34,033	-33,535	-33,535
Provisions	-765		-765	-765	-765	-765	-765	-765	-765	-765	-765	-765	-765	-765	-765
Other liabilities: deferred income including contract liabilities	-		0	0	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	-765		-39,742	-39,244	-38,746	-38,248	-37,786	-37,288	-36,790	-36,292	-35,794	-35,296	-34,798	-34,300	-34,300
Total net assets employed	58,290		72,522	72,522	72,522	72,522	72,522	73,042	73,042	73,042	73,042	73,042	73,042	73,042	73,042
Financed by															
Public dividend capital	9,945		9,945	9,945	9,945	9,945	9,945	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465
Revaluation reserve	4,077		13,842	13,842	13,842	13,842	13,842	13,842	13,842	13,842	13,842	13,842	13,842	13,842	13,842
Income and expenditure reserve	44,268		48,735	48,735	48,735	48,735	48,735	48,735	48,735	48,735	48,735	48,735	48,735	48,735	48,735
Total taxpayers' and others' equity	58,290		72,522	72,522	72,522	72,522	72,522	73,042	73,042	73,042	73,042	73,042	73,042	73,042	73,042

Table 8.1: Statement of Financial Position

The cash position for 2022/23 is expected to remain strong, with a planned closing cash balance as at 31 March 2023 of c£36.5m.

The 2022-23 cash flow statement is as presented below:

	2022-23 Plan 31/03/2022 Year Ending £'000
Statement of Cash Flows	
Cash flows from operating activities	
Operating surplus/(deficit)	1,113
Non-cash income and expense:	
Depreciation and amortisation	13,591
(Increase)/decrease in receivables	-45
Increase/(decrease) in trade and other payables	-300
Increase/(decrease) in other liabilities	500
Increase/(decrease) in provisions	0
Net cash generated from/(used in) operations	13,746
Cash flows from investing activities	
Interest received	165
Purchase of intangible assets	-385
Purchase of property, plant and equipment and investment property	-6,907
Net cash generated from/(used in) investing activities	-7,127
Cash flows from financing activities	
Public dividend capital received	520
Capital element of lease payments	-6,133
Interest element of lease payments	-428
Interest paid	0
PDC dividend (paid)/refunded	-850
Cash flows from (used in) other financing activities	-6,891
Increase/(decrease) in cash and cash equivalents	841
Cash and cash equivalents at start of period	35,679
Cash and cash equivalents at end of period	36,520

Table 8.2: Cash Flow Statement

Working Capital

The Trust's planned monthly cash position reflects a cash level sufficient for liquidity purposes and indicates no requirement to enter negotiations for a committed Working Capital Facility or request financial assistance from the Department of Health and Social Care.

9. Opportunities and Risks

Opportunities:

- NHSEI recognises that there are above inflation cost pressures associated with energy costs, depreciation and some consumables. The CCG is hoping to secure some additional funding for these pressures to reduce the system deficit.
- Asset lives for Sevenoaks Hospital and QVMH (phase two repatriated properties from NHSPS) will be reviewed with a view to potential extensions if appropriate and will be informed by professional valuers.

Risks:

- Funding is not received from Kent and Medway CCG for the full cost of KMCR in-line with the contract values of £2.88m

- b. Ageing Well and ESD Stroke funding – no/less funding than the £0.93m and £0.48m planned is received from Kent and Medway CCG. Recruitment has taken place to some of the posts already and work will be undertaken to quantify the current level of commitment or seek redeployment for substantive members of staff.
- c. Home with Support funding – £2.4m budgeted - no/less funding is received for Home with support; the level of overspend is expected to reduce as domiciliary care subcontracts are stopped to fund substantive staff already in post and bank and agency staffing could be reduced.
- d. Westbrook – £0.24 million budgeted for April - no funding received to support the 15 beds currently open as the current funding commitment runs to 31st March. Slippage on Ageing Well funding (if agreed) could be used to support costs in April. If there is no firm commitment to funding then notice could be serviced on the subcontract.
- e. Staff turnover budgets - staffing levels grow quicker than anticipated leaving the trust with insufficient reserves to fund cost pressures. This will be monitored each month.
- f. Estates costs including energy prices increase more than the cost pressure funding agreed.

10. Review of Budgets by Finance, Business and Investment Committee

The Finance Business and Investment Committee reviewed the budgets at their meeting on 23rd March 2022 and have recommended that the Board approves the budgets.

The Committee was informed that Kent and Medway CCG would be taking decisions at the end of March on funding for Ageing Well bids, Home with Support and inpatient beds at Westbrook which will affect KCHFT's income for 22/23. It was agreed that these changes would be reflected in the final budget.

11. Recommendation and Next Steps

The Board is asked to note the approach to planning and the draft £3m deficit plan submitted to the Kent and Medway system on 17th March.

The Board is also asked to approve the 2022/23 budgets.

The budgets will be updated for final changes to the agreed allocation in advance of the final plan submission on 28th April.

12. Appendix A – Budget Setting Approach



Budget Setting Framework 2022-23.docx

13. Appendix B – Cost Pressures SBAR



SBAR Cost
Pressures Recommender

14. Appendix C – Draft 2022-23 Capital Plan



Draft 2022-23
Capital Plan.xlsx

Committee / Meeting Title:	Board Meeting - Part 1 (Public)
Date of Meeting:	25 May 2022
Agenda Number:	6.1
Agenda Item Title:	Update on 2022/23 Annual Budgets – Revenue and Capital
Presenting Officer:	Gill Jacobs, Acting Director of Finance
Action – this paper is for:	<input type="checkbox"/> Decision <input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Assurance

What is the purpose of the paper and the ask of the Committee or Board?

The purpose of the paper is to update the Board on the changes made to the budget since the budgets were approved at the Part 2 Board Meeting on 31 March 2022.

Summary of key points

Revenue and capital budgets were approved at the Part 2 Trust Board Meeting on 31 March 2022. The budget paper highlighted an income shortfall of £3m, reflected in our draft plan submission, which was assumed in the budgets to be made up with additional income from the Kent and Medway clinical commissioning group (CCG).

This paper updates the Board on changes made to the revenue budgets and the capital plan since the budgets were approved on 31 March 2022. The revenue budgets have been increased by £1.8m so that the total budgets are now £273.1m. The capital plan related to the Trust remains at £6.9m but the final capital plan submitted to NHSEI also includes a further £2.3m which is being held on behalf of the system and will be allocated to providers on identification and approval of Kent and Medway priority schemes.

Proposal and/or recommendation to the Committee or Board

The Board is asked to note the changes made to the budgets since the budgets were approved on 31 March.

CHANGES TO BUDGETS – 2022/23

1. Summary

This paper updates the Board on changes made to the revenue budgets and the capital plan since the budgets were approved in March 2022. The revenue budgets have been increased by £1.8m so that the total budgets are now £273.1m. The capital plan related to the Trust remains at £6.9m but the final capital plan submitted to NHSEI also includes a further £2.3m which is being held on behalf of the system and will be allocated to providers on identification and approval of Kent and Medway priority schemes.

2. Changes to the Budgets Approved by the Board on 31st March 2022

Table 1 below shows the changes to the budgets approved by the Board on 31st March 2022.

	Start Budget 2022/23 March FBI Paper £000	Start Budget 2022/23 Plan Submission £000	Change £000
Income	271,304	273,152	1,848
Pay	200,352	202,671	2,319
Non-Pay	56,248	55,777	-471
EBITDA	14,704	14,704	0
EBITDA %	5.40%	5.40%	
Depreciation & Financing	14,704	14,704	0
Surplus	0	0	0
Surplus %	0.00%	0.00%	

Table 1: Changes to Budgets Approved by Board

Table 2 shows the breakdown of these changes. The most significant items are the additional £0.7m low volume activity income (formerly known as non-contract activity or NCAs) which had previously been thought to be included in the CCG allocation, increased NHSE income of £0.4m due to being paid on a block rather than activity

basis in 2022/23, a £0.5m reduction in home with support funding compared to the original budget assumption, increased investment in stroke beds of £0.7m and ESD stroke of £0.3m, a reduction in the amount of funding for the rapid transfer service/spot beds of £0.2m and an increase in the ageing well investments of £1.6m. The original planning gap of £2.9m has been removed and inflation funding of £1.8m added. The £1.8m represents non-pay inflationary pressures beyond funding levels. Work has been done across the system to identify these non-pay pressures and it is expected that these will be funded centrally. This is expected to be confirmed within the next couple of weeks.

	Commissioner	Income £000	Pay £000	Non-pay £000
Reduction in Medway LAC	K&M CCG	-49		
Low Volume Activity Income	Various CCGs	691		
Cervical Screening & NHSE Additional Income	NHSE	398		72
Reduction in Home with Support	K&M CCG	-500	-447	-18
Investment in Stroke Beds	K&M CCG	702	541	140
Investment in ESD Stroke	K&M CCG	283	216	28
Spot Beds/Rapid Transfer Investment	K&M CCG	-226	571	-839
Ageing Well: Care Home Monitoring/DOCOBO	K&M CCG	110	96	3
Ageing Well: WK Community Frailty	K&M CCG	612	569	
Ageing Well: EK Community Frailty	K&M CCG	695	512	123
Ageing Well: EK Anticipatory care	K&M CCG	162	121	27
Overheads for telecoms (IT Directorate)				27
Trust Reserves			142	-34
Removal of CCG income assumed to cover planning gap in draft budgets	K&M CCG	-2,880		
Addition of Inflation Funding	K&M CCG	1,850		
Rounding			-2	2
Total		1,848	2,319	-471

Table 2: Detail of budget changes

3. Capital Plan

The Trust Board approved the Trust's capital plan of £6.891m in March. Within the final plan submission, the Trust's capital plan also included £2.295m of ring-fenced monies reserved for Kent and Medway system priorities, which is to be managed separately as part of the wider system capital plans and reallocated to relevant providers on identification and approval of Kent & Medway priority schemes. The capital plan, including the ring-fenced monies, held for the system is shown in Table 3 below:

2022-23 Capital Plan - Summary		
Plan Area	Plan Reference	2022-23 Full Year Plan £000s
Estates	Backlog Maintenance incl. Health, Safety & Security Compliance Measures	860
Estates	Capitalisable Responsive Maintenance incl. Leasehold Improvements	165
Estates	Estates Developments	780
Estates	Energy Efficiency	380
	Estates - Total	2,185
IT	K&M Digital Priority Scheme - Kent & Medway Care Record	726
IT	IT Developments - Innovation and Strategy	597
IT	IT Developments - Clinical Systems	507
IT	IT Developments - EPMA System	820
IT	IT Infrastructure and Networks	520
IT	IT Rolling Replacement - Hardware	776
IT	Cyber Security	360
	IT - Total	4,306
Dental	Dental Services	150
	Dental Services - Total	150
Other	Other Minor Schemes & Equipment Purchases (IMM)	250
	Other Minor Schemes & Equipment Purchases (IMM) - Total	250
	Total 2022-23 Capital Expenditure - KCHFT	6,891
	K&M Capital - Ring-fenced for K&M System Priorities	2,295
	Total 2022-23 Capital Expenditure - (incl.K&M System Contingency)	9,186

Funding	£000s
Provider Operational Capital Allocation	5,645
Add External Funding:	
Frontline Digitisation - EPMA	520
Add System Allocation:	
KMCR System	726
Total 2022-23 Capital Funding - KCHFT	6,891
K&M Capital - Ring-fenced for K&M System Priorities	2,295
Total 2022-23 Capital Funding - (incl.K&M System Contingency)	9,186

Table 3: Capital Plan 22/23

Gill Jacobs

Acting Director of Finance

May 2022

Committee / Meeting Title:	Board Meeting - Part 1 (Public)
Date of Meeting:	25 May 2022
Agenda Number:	6.2
Agenda Item Title:	2022/23 Cost Improvement Plan (CIP)
Presenting Officer:	Pauline Butterworth, Chief Operating Officer
Action – this paper is for:	<input type="checkbox"/> Decision <input type="checkbox"/> Information <input checked="" type="checkbox"/> Assurance

What is the purpose of the paper and the ask of the Committee or Board?

(include reference to any prior board or committee review) Has the paper been to any other committee?

This report is to submit the 2022-23 Business Planning and CIP to the Board.

Summary of key points

The CIP target for 2022-23 is £6,698k which equates to 3% of the trust budget (after exclusions of £17,290k have been applied).

At the time of this report CIP schemes have been identified for £3,728k (56%) of the target, leaving £2,970k unidentified.

Proposal and/or recommendation to the Committee or Board

This report is to submit the 2022-23 Business Planning and CIP to the Board for noting.

If this paper relates to a proposed change linked to any of the below, have you completed an equality analysis for this paper?

National guidance or legislative change, organisational or system redesign, a significant impact to patients, local policy or procedural change, local impacts (service or system) or a procurement process.

You can find out more about EAs here on [flo](#)

If not, describe any equality and diversity issues that may be relevant.

Protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

☐ Yes (please attach)

☐ No
(please provide a summary of the protected characteristic highlights in your paper)

Highlights relating to protected characteristics in paper	

Name:	Pauline Butterworth Gill Jacobs	Job title:	Chief Operating Officer Acting Director of Finance
Telephone number:		Email	

2022-23 Business Planning and Cost Improvement Programme (CIP)

1. Situation

- 1.1 This report is to submit the 2022-23 Business Planning and CIP to the Finance and Business Investment (FBI) Committee.
- 1.2 The CIP target for 2022-23 is £6,698k which equates to 3% of the trust budget (after exclusions of £17,290k have been applied).
- 1.3 At the time of this report CIP schemes have been identified for £3,728k (56%) of the target, leaving £2,970k unidentified.
- 1.4 Please note all figures are subject to change as schemes continue to be identified and developed.

2. Background

- 2.1 Fourteen Business plans have been completed, which include the business objectives, CIPs and Quality Impact Assessments (QIAs) for the CIPs
- 2.2 2022-23 detailed business objectives have been received from all services in operations and infrastructure, this is the first year we have received fully detailed objectives from every area. Objectives were completed under the themes of Collaboration, Workforce, Quality, Value for Money, Performance and Data and Patients and Service Users.

Sessions are being held for each area (Adults, dental and planned care etc) to review the objectives and ensure they are aligned to enable the delivery of the operational priorities, where necessary amending them or the timescales.

This is a transitional piece of work, enabling services to capture long term objectives over 3 years, as opposed to 12 months plans, this gives an opportunity to be more strategic in their vision and also to ensure plans and dependencies are linked to have a joined-up approach across all areas eg workforce, education and training, IT and operations. Plans will be reviewed and progress against objectives captured during the year.

2023-24 facilitated lessons learned sessions have been held to gather feedback about the business objective planning process over the last year, to ensure improvements are made where necessary for the coming year.

Key themes we will be focusing on are:

- Communications – dedicated section on flo to provide focussed information and guidance, including bitesize videos
- Templates and tools – to support the development of SMART objectives including checklists and driver diagrams
- Plans and milestones – acting on feedback around timescales
- Central team – develop priorities based on those set from the top

to ensure consistent and joined up planning, all linked to agreed direction of travel

- Wider team involvement and mixed team sessions e.g. operations and infrastructure combined.

- 2.3 The 2022-23 CIP targets (3% of area budgets) was communicated to areas in Aug-21, with a detailed target paper submitted in Oct-21.
- 2.4 As CIP is becoming increasingly difficult to achieve we are looking at new ways to support achievement e.g. incentivising Directorates to find Estates savings by allowing the Directorate a reduction in their own target equivalent to 50% of the value of the Estates CIP schemes that they have driven. Going forward the Trust will also be looking at multi-year plans and targeting based on opportunities identified through benchmarking and innovation e.g. the RPA robotics programme.
- 2.5 CIP reviews have been held with areas to support development of their plans and included the Chief Operating Officer and Director of Finance.
- 2.6 CIP QIA reviews have been held with the Chief Nurse and Medical Director. £2,170k (32% of the total CIP target) worth of QIAs have been approved.

3. Assessment

3.1

2022-23 CIP Summary		
Complete	2,620	39%
High	163	2%
Low	480	7%
Medium	465	7%
Unidentified	2,970	44%
Total	6,698	100%

The table above shows a summary of the 2022-23 CIP by delivery risk, with a breakdown by area shown below (all savings in tables are shown in £k). Appendix I shows a further breakdown by individual scheme.

3.2

Adults	Unidentified
Pay	1,865
Non pay	799
Total	2,665

The table above shows that Adults have not yet identified any saving schemes for their £2,665k CIP target, which makes up 90% of the total unidentified target (£2,978k) for the trust, with an update below:

- A CIP review for Adults was held with the Chief Operating Officer and Director of Finance in Jan-22 and will continue to be held.
- Budgets continue to be reviewed and aligned for Adults, following the formation of the new division and opportunities will continue to be reviewed.

3.3

Dental and Planned Care	Complete	Low	Unidentified	Total
Pay	281	57	25	363
Non pay	371	17		388
Income	15			15
Total	667	73	25	766

The table above shows that Dental and Planned Care have identified CIP savings for £740k (97%) of their target (£766k), with a breakdown below:

- Pay schemes of £338k across Dental East Kent, Dental North East London (NEL) Integrated Musculoskeletal (IMSK), Podiatry and Kent Oral Health Promotion (OHP). These schemes have been enabled by workforce reviews, leadership reviews across teams, skill mixing in line with revised clinical models and additional national funding.
- Non pay schemes of £388k across Dental East Kent, Dental Management, Dental NEL, IMSK and Podiatry. These schemes have been enabled by an alignment of budgets against expenditure, early completion of a re-procurement exercise, virtual clinical models/meetings/training, consumables review, effective procurement with dental suppliers, national funding and maintenance costs.
- Income scheme of £15k from South East Driveability enabled by activity targets and the associated income tariff.
- QIAs have been approved for £705k (92%) of the target.

3.4

Specialist and Public Health	Complete	Low	Medium	High	Unidentified	Total
Pay	271				87	358
Non pay	1,128	150	8	18	159	1,463
Income		29	24			53
Total	1,399	179	32	18	246	1,875

The table above shows that Specialist and Public Health have identified CIP savings for £1,628k (86%) of their target (£1,875k), with a breakdown below:

- Pay schemes of £271k across Specialist Community Children's Nursing (SCCN) Services, Community Paediatrics, Looked After Children, Division Leadership Team, Adult Learning Disabilities, East Sussex Children's Integrated Therapy Services (ESCITES), Public Health Management, Health Visiting and Sexual Health. These schemes have been enabled by skill mixing, merger of divisional leadership roles, vacancy reviews, administration support reviews and flexible working arrangements.
- Non pay schemes of £1,304k across SCCN, Community Paediatrics, Looked After Children, Kent Children's Therapies, Adult Learning Disabilities, ESCITES, Public Health Management, Health Visiting, Tuberculosis, Adult Health Improvement and Sexual Health. These schemes have been enabled by virtual working, IT equipment upgrades, estate re-design, administration review, online parenting programmes, contract negotiations and alignment of budgets to expenditure.

- Income schemes of £53k across Kent School Public Health and Kent Children's Therapies, enabled by a review of income targets.
- QIAs have been approved for £697k (37%) of the target. Some scheme values have been increased since submission to the Quality Committee in Feb-22. These schemes will be re-submitted to the Chief Nurse and Medical Director for review.

3.5 **Operations Management** have identified CIP savings for their target (£43k), which have been enabled by home working. QIAs have been approved for £22k (50%) of the target.

Clinical Care and Quality	Complete	Medium	Unidentified	Total
Pay	10		30	40
Non pay	34	30		64
Total	44	30	30	104

The table above shows that **Clinical Care and Quality** have identified CIP savings for £74k (71%) of their target (£104k), with a breakdown below:

- Pay scheme of £10k related to the medical equipment bank budget.
- Non pay schemes of £64k enabled by a review of travel budget, vac pumps, training and printing and stationary.
- Further scheme details and QIAs are to be completed for identified schemes.

Estates and Corporate	Complete	Low	Medium	High	Unidentified	(blank)	Total
Non pay	156	27	353	145	78	-97	662
Total	156	27	353	145	78	-97	662

The table above shows that **Estates and Corporate** have identified CIP savings for their target (£662k), with a breakdown below:

- Non pay savings enabled by full year effect savings from schemes completed in 2021-22, further site rationalisation schemes and spend to save initiatives.
- QIAs have been approved for £156k (24%) of the target.

Finance	Complete	Low	Unidentified	Total
Pay	45			45
Non pay	21	32	5	58
Income		30		30
Total	66	63	5	133

The table above shows that **Finance** have identified CIP savings for £128k (96%) of their target (£133k), with a breakdown below:

- Pay schemes of £45k enabled by robotics, re-charges and workforce reviews.
- Non pay schemes of £53k enabled by home working, re-negotiations of fees and a review of contracts.
- Income scheme of £30k enabled by a review of overheads

associated with hosting the Finance Consortium.

- QIAs have been approved for £121k (91%) of the target.

3.9

IT	Complete	Low	Total
Pay	97		97
Non pay	49	79	128
Total	146	79	225

The table above shows that **IT** have identified CIP savings for their target (£225k), with a breakdown below:

- Pay schemes of £97k enabled by a review of responsibilities, alignment of budgets to the establishment and reductions in working hours.
- Non pay schemes of £128k enabled by the replacement of BMS tokens with 'Always-on', home working and bringing the third party contract for sending text messages to patients in house.
- QIAs have been approved for £225k (100%) of the target.

3.10

People, Organisational Development and Communications	Complete	Low	Unidentified	Total
Non pay	108	7	3	118
Total	108	7	3	118

The table above shows that **People, Organisational Development and Communications** have identified savings for £115k (97%) of their target (£118k), with a breakdown below:

- Non pay schemes of £115k enabled by delivery of programmes, virtual training, bringing systems in house, alignment of budgets against expenditure and home working.

3.11 **Medical** have identified CIP savings for their target (£21k). A pay scheme (£16k) has been enabled by a skill mix and alignment with another team. A non pay scheme (£5k) has been enabled by an alignment of budgets against expenditure. QIAs are to be approved for all schemes.

3.12 **Patient and Carer Partnership Team (PCPT)** have identified CIP savings for their target (£21k). Pay schemes (£8k) have been enabled by workforce reviews. Non pay schemes (£13k) have been enabled by virtual delivery of programmes, bringing training in house, re-negotiation of system fees and home working. QIAs have been approved for all schemes.

3.13 **Pharmacy** have identified CIP savings for £50k (77%) of their target (£65k), which have been enabled by a review of the medicines supply contract. QIAs have been approved for £50k (77%) of the target.

3.14

- The 2022-23 CIP will be monitored monthly in line with the monthly Finance CIP performance figures and be submitted to the FBI, Executive and Board as required.
- CIP reviews with the Chief Operating Officer and Acting Director of

Finance will continue to be held to support areas that have unidentified targets (as shown in the Assessment above).

- Any new QIAs identified from this report will be submitted for approval to the Chief Nurse and Medical Director and be submitted to the Quality Committee.

4. Recommendation

- 4.1 This report is to submit the 2022-23 Business Planning and CIP to the Finance and Business Investment (FBI) Committee.

Pauline Butterworth, Chief Operating Officer
Gill Jacobs, Acting Director of Finance
17th March 2022

Committee / Meeting Title:	Board Meeting - Part 1 (Public)
Date of Meeting:	25 May 2022
Agenda Number:	6.3
Agenda Item Title:	2022/23 Quality Priorities
Presenting Officer:	Dr Mercia Spare, Chief Nurse
Action – this paper is for:	<input checked="" type="checkbox"/> Decision <input type="checkbox"/> Information <input type="checkbox"/> Assurance

What is the purpose of the paper and the ask of the Committee or Board?

(include reference to any prior board or committee review) Has the paper been to any other committee?

The 2022/23 quality priorities long list was presented to the Executive Management team and Quality Committee before its public consultation in March. The consultation provided information which supported the development of the final 12 quality priorities for 2022/23.

Summary of key points

Every Quality Account must contain the Trust's priorities to be achieved in the following year. The detailed requirement for quality reports states that the indicators be selected by the board in consultation with stakeholders and must include

- at least three indicators for patient safety
- at least three indicators for clinical effectiveness and
- at least three indicators for patient experience

Kent Community Health NHS Foundation Trust (KCHFT) has added a fourth dimension to ensure that this extends to staff experience.

The 2022/23 quality priorities will be developed into quality improvement programmes identifying outcome-based measures from which to measure improvement and will be monitored quarterly by the Quality Committee.

Improving the safety of the people we care for	Improving clinical effectiveness	Improve the experience of the people we care for	Improving the experience of our people
<p>People with a high risk of developing pressure ulcers will receive preventative interventions.</p> <p>90% of patients will have a risk assessment completed upon admission to our caseload and a follow up skin assessment.</p>	<p>Increase research capacity and capability.</p> <p>We will develop a process that maximises the number of patients approached to take part in research studies.</p>	<p>Patients and service users will be involved in co-designing services.</p> <p>This is the second year of a two-year priority: Seven QI projects initiated by patient/service user feedback with patient/service user representation on the project group. Measured through Life QI.</p>	<p>We will support a culture where everyone is comfortable to be themselves.</p> <p>This will be a two-year priority: In year one: All colleagues will have equality, diversity and inclusion objectives included in their annual appraisal and cultural awareness training will be rolled out across the organisation. In year two: Colleagues who have experienced harassment or abuse at work is less than 10% in all categories and comparable with or without a protected characteristic. Measured through WRES/DES.</p>
<p>Increase quality of care through the reduction of missed/deferred visits.</p> <p>Decrease trust wide reported serious incidents where missed/deferred visits were a contributory factor by 50%.</p>	<p>Increase the confidence and capabilities of our people to pursue innovation opportunities that result in better care for patients.</p> <p>We will launch the Innovation Fellowship in partnership with the Academic Health Science Network and recruit a minimum of eight colleagues to the Innovation fellowship to identify and plan opportunities for innovation.</p>	<p>Improve the experience of people waiting for foot and ankle surgery through the utilisation of KCHFT surgery space.</p> <p>100% of patients will receive a treatment review upon admission to the KCHFT caseload.</p> <p>For 100% of patients added to the *PASCOM system, clinical outcomes, patient experience and goals will have been achieved six months post-surgery.</p>	<p>We will attract and recruit colleagues who are representative of the communities we serve.</p> <p>This will be a two-year priority: In year one: Managers will receive inclusive recruitment training which incorporates coaching and interview skills, ethnically diverse panels will be used and a minimum of 5 colleagues will be recruited through Kent Supported Employment In year two: Applicants from a BAME background or have a disability, area a likely as comparator colleagues to be appointed.</p>
<p>Pilot a coordinated referral and booking for Kent families accessing tongue-tie procedures.</p> <p>100% of families will be offered:</p> <ul style="list-style-type: none"> • Pre-procedure support – within 48 hours (urgent) and 5 days (routine). • Tongue-tie procedure appointment – within 10 working days. • Post procedure support – within 5 working days. 	<p>Improved access to the community paediatric service</p> <p>92 per cent of patients will have received an initial assessment within 12 weeks of referral.</p>	<p>Support the reduction of health inequalities by increasing contacts with vulnerable young people in East Sussex.</p> <p>Contacts with young people aged 16-19 will increase by 50% from the 2021/22 baseline (5.9%).</p>	<p>Pilot and implement a new model for clinical supervision across the Specialist Services and Public Health Division.</p> <p>100% of staff will have attended 4 supervision sessions.</p>

*PASCOM is comprehensive data collection tool used in foot and ankle surgery

Committee / Meeting Title:	Board Meeting - Part 1 (Public)
Date of Meeting:	25 May 2022
Agenda Number:	6.4
Agenda Item Title:	Board of Directors - Committee Membership and Designations
Presenting Officer:	John Goulston, Trust Chair
Action – this paper is for:	<input type="checkbox"/> Decision <input checked="" type="checkbox"/> Information <input type="checkbox"/> Assurance

What is the purpose of the paper and the ask of the Committee or Board?

(include reference to any prior board or committee review) Has the paper been to any other committee?

This paper provides an update following recent changes to the Board of Directors. This report presents the proposal for Board membership and Non-Executive Director and Executive Director responsibilities with the required approval where appropriate.

Summary of key points

Following changes to the Board of Directors and guidance changes on discharging some champion roles through committees rather than individual NEDs this paper allocates those roles and refreshes committee membership including chairs and deputies.

Proposal and/or recommendation to the Committee or Board

Board approved:

- From 1 April 2022, the Non-Executive and Executive Director membership of committees as set out in Table 1.
- From 1 April 2022, the Chairs and Deputy Chairs of the Committees as set out in Table 2 and section 4.
- The NED champion roles as set out in section 5.2

The Board is also asked to note the composition of the Board and its voting membership as set out in section 2.

If this paper relates to a proposed change linked to any of the below, have you completed an equality analysis for this paper?

National guidance or legislative change, organisational or system redesign, a significant impact to patients, local policy or procedural change, local impacts (service or system) or a procurement process.

☐ Yes (please attach)

<p>You can find out more about EAs here on flo</p> <p>If not, describe any equality and diversity issues that may be relevant.</p> <p><i>Protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.</i></p>	<p><input checked="" type="checkbox"/> No (please provide a summary of the protected characteristic highlights in your paper)</p>
---	--

Highlights relating to protected characteristics in paper

Name:	John Goulston	Job title:	Chair
Telephone number:	01622 211900	Email	J.Goulston@nhs.net

BOARD OF DIRECTORS - COMMITTEE MEMBERSHIP AND DESIGNATIONS

1. Introduction

The Constitution of Kent Community Health NHS Foundation Trust (the Trust) sets out the composition and makeup of the Board of Directors (the Board) both in terms of Executive and Non-Executive Directors roles. In addition, there are several other roles which are either required by Trust regulators or recommended as part of a system of good governance.

As the Board members are fully aware, there have been several changes to the Membership of the Board over the past year. In concert with this, further changes have been signalled and proposed for consideration.

This paper provides an update following recent changes to the Board of Directors. This report presents the proposal for Board membership and Non-Executive Director and Executive Director responsibilities with the required approval where appropriate.

2. Board Membership

The Constitution sets out that the Board is made up of a maximum of seven Non-Executive Directors and a Chair in addition to this number. Equally, the maximum number of Executive Directors is seven.

2.1. Non-Executive Directors (NED)

Sola Afuape and Francis Drobniowski stood down as a Non-Executive Directors on 20 and 24 January 2022 and Bridget Skelton is standing down as a Non-Executive Director on 31 March 2022 when her second three-year term of office expires. The Council of Governors has approved the appointment of Karen Taylor and Kim Lowe (from 1 February 2022) and Razia Shariff as an Associate Non-Executive Director (from 1 February 2022). From 1 April 2022, the Non-Executive membership of the Board is as follows;

Chair: John Goulston

1. Pippa Barber
2. Peter Conway
3. Nigel Turner
4. Paul Butler
5. Karen Taylor
6. Kim Lowe

Razia Shariff is an Associate Non-Executive Director, a non-voting member of the Board.

2.2. Executive Directors

Paul Bentley left the Trust as Chief Executive on 16 January 2022 to commence his new role as designate Chief Executive of Kent & Medway Integrated Care Board. The Council of Governors approved the appointment of Gordon Flack as Acting Chief Executive and the Board of Directors approved the appointment of Gill Jacobs as Acting Director of Finance. From 17 January 2022 the Executive Directors (ED) are as follows:

1. Gordon Flack, Acting Chief Executive
2. Gill Jacobs, Acting Executive Director of Finance
3. Sarah Phillips, Medical Director
4. Pauline Butterworth, Chief Operating Officer
5. Mercia Spare, Chief Nurse
6. Victoria Robinson-Collins, Director of People, Organisation Development & Communications
7. Gerard Sammon, Director of Strategy & Partnerships

Natalie Davies, Director of Corporate Services is a non-voting member of the Board.

During the time of the Acting Chief Executive being in post, the Remuneration and Terms of Service Committee have approved that the role of Deputy Chief Executive will be shared between all executives (excepting Gill Jacobs) at the discretion of the Acting Chief Executive.

The constitution allows the Board to have “up to a maximum of 7 other Non-Executive Directors (and)...7 Executive Directors” 8.2.2,3. It goes on to say that “In the event that the number of Non-Executive Directors (including the Chair) is equal to the number of Executive Directors, the Chair (and in his absence, the Deputy Chair), shall have a second or casting vote at meetings of the Board of Directors in accordance with the Standing Orders for the Board of Directors.” (8.8) and finally that there shall be a majority of NEDs including the chair (8.10.2). The above shows that we are in the position of having an equal number of NEDs and EDs. In the interim the chair therefore has a casting vote if we ever need a vote. In the meantime a NED vacancy is acceptable without standing down any ED from voting.

The recruitment of the new Chief Executive has successfully appointed Mairead McCormick who will start in post on 1st July and this appointment was approved by an extraordinary Council of Governors meeting on 21 March 2022 following the nomination of the Trust's Remuneration Committee.

3. Membership of Board Committees

3.1 From 1 April 2022, the membership of Board Committees is set out in table 1 below. 'C' is used to signify the chairperson of the Committee; 'M' is used to signify a member of the Committee.

Table 1 - Membership of Board Committees from 1 April 2022

Board member	Audit & Risk Committee (2 NED's required for quoracy)	Charitable Funds Committee (1 NED required for quoracy)	Finance Business & Investment Committee (2 NED's required for quoracy)	Quality Committee (2 NED's required for quoracy)	Strategic Workforce Committee (2 NED's required for quoracy)	Remuneration and Terms of Service Committee
Pippa Barber	M			C		M
Peter Conway	C		M			M
Nigel Turner	M	C			M	M
Paul Butler		M	C	M		M
Karen Taylor				M	M	M
Kim Lowe			M		C	M
Razia Shariff				M		Attends but not a member
Sarah Phillips			M	M		
Pauline Butterworth			M	M	M	
Mercia Spare		M		M	M	
Victoria Robinson-Collins		M			M	
Gerard Sammon			M	M		
Gill Jacobs	Attends but not a member of ARC		M		M	

3.2 Executive directors will utilise their deputies where necessary to ensure attendance and utilise specific expertise.

3.3 As part of good governance, all non-executive directors, the Chair and the Chief Executive are encouraged to attend at least one meeting per annum of the Board Committees that they are not formal members of.

4. Chairs and Deputies of Board Committees

- 4.1 As detailed in Table 1, each of the Board committees has a chair. In the interests of good governance, each committee should also have a deputy chair. Table 2 proposes deputy chair for each Board committee. This will be reviewed on an annual basis in order to ensure that we take account of succession planning.

Table 2 - Chairs and Deputy Chairs of Board Committees

Committee	Chair	Deputy Chair
Audit and Risk	Peter Conway	Pippa Barber
Finance Business and Investment	Paul Butler	Kim Lowe
Charitable Funds	Nigel Turner	Paul Butler
Quality	Pippa Barber	Karen Taylor
Strategic Workforce	Kim Lowe	Nigel Turner
Remuneration and Terms of Service	John Goulston	Pippa Barber

- 4.2 The Remuneration Committee will continue to be chaired by the Chair of the Trust with the Senior Independent Director as the Deputy Chair of the Committee. Where the Chair proposes an agenda item to the Committee e.g. salary change or appraisal of the Chief Executive, the Deputy Chair of the Committee will chair the relevant item.

5. Other Non-Executive Board Leadership Responsibilities

5.1. Deputy Chair and Senior Independent Director

Paragraph 13.1 of the Trust's Constitution states that "The Council of Governors at a formal meeting of the Council of Governors shall appoint one of the Non-Executive Directors as a Deputy Chair for such period not exceeding their term of office as a Non-Executive Director, as the Council of Governors may specify on appointment."

Deputy Chair means the Non-Executive Director appointed by the Council of Governors to take on the Chair's duties in accordance with paragraph 13.2 of the Constitution if the Chair is absent for any reason.

The Council of Governors at its meeting on 7 February 2019 approved the appointment of Peter Conway as Deputy Chair of the Trust. Peter is also the Chair of the Audit and Risk Committee. The Chair proposes that Peter Conway continues as Deputy Chair.

The Senior Independent Director is appointed by the Council of Governors. Bridget Skelton steps down from the Board on 31 March 2022. The Council of Governors on 21 March 2022 approved the appointment of Pippa Barber as Senior Independent Director.

5.2. Non-Executive Director Champion Roles

In addition to the responsibilities in table 2 and excluding the Vice Chair and the Senior Independent Director; there are the following assigned NED lead roles / responsibilities:

- Staff Health & Wellbeing – Kim Lowe
- Freedom to Speak Up – Karen Taylor
- Security Management - Paul Butler

In addition, under the 2003 Maintaining High Professional Standards in the modern NHS: A Framework for the Initial Handling of Concerns about Doctors and Dentists in the NHS and the associated Directions on Disciplinary Procedures 2005, there is a requirement for chairs to designate a NED member as “the designated member” to oversee each case to ensure momentum is maintained. There is no specific requirement that this is the same NED for each case. The framework was issued to NHS foundation trusts as advice only. Kent Community Health NHS Foundation Trust follows the framework.

The above reflects the new guidance issued by the NHS in December 2021 on NED champion roles Reference: “A new approach to Non-Executive director champion roles” December 2021 - https://www.england.nhs.uk/wp-content/uploads/2021/12/B0994_Enhancing-board-oversight-a-new-approach-to-non-executive-director-champion-roles_December-2021.pdf

This guidance sets out a new approach to ensuring board oversight of important issues by discharging the activities and responsibilities previously held by some NED champion roles, through committee structures. It also describes which roles should be retained and provides further sources of information on each issue.

Table 3 – Committee leadership roles

Role	Committee	Guide suggests
Hip fractures, falls and dementia	Quality	Quality
Palliative and end of life care	Quality	Quality
Resuscitation	Quality	Quality
Learning from deaths	Quality	Quality
Health and safety	Audit and Risk	Quality
Safeguarding	Quality	Quality
Safety and risk	Audit and Risk	Quality
Lead for children and young people	Quality	Quality
Counter fraud	Audit and Risk	Audit and Risk
Emergency preparedness	Audit and Risk	Audit and Risk
Procurement	Finance	Finance
Cyber security	Audit and Risk	Finance/ Board
Security management – violence and aggression	Workforce	Workforce

Health and Safety and safety and risk currently are led by the Audit and Risk Committee which already has an effective link to the corporate assurance management arrangements. It is not therefore proposed to change this arrangement.

Similarly, cyber security is effectively overseen by the Audit and Risk Committee and whilst the Finance and Investment Committee oversee digital the risk component sits best with Audit and Risk.

6. Non-Executive Director Terms of Office

The terms of office for the Non-Executive Directors are detailed in table 3 below.

Table 4 - terms of office for the Non-Executive Directors

First name	Surname	Start date	(Re) Appointment to the Board	Period of appointm't	End date appointm't
Peter	Conway	01/03/2015	01/04/2021 (R2)	3 years	31/03/2024
Pippa	Barber	01/12/2016	01/12/2019 (R)	3 years	30/11/2022
Nigel	Turner	01/10/2018	01/10/2021 (R)	3 years	30/09/2024
Paul	Butler	01/03/2020		3 years	28/02/2023
Karen	Taylor	01/02/2022		3 years	31/01/2025
Kim	Lowe	01/02/2022		3 years	31/01/2025
John	Goulston	01/11/2018	01/11/2021	3 years	31/10/2024
Associate NED Razia	Shariff	01/02/2022		2 years	31/01/2024

NB R – reappointed to the Board of Directors by the Council of Governors for a second term of 3 years. Non-Executive Directors and the Chair can stand for two 3-year terms of office and be offered up to a further 3 years by the Council (R2). The maximum term for a NED is 9 years.

Appointments of Non-Executive Directors are the responsibility of the Council of Governors. The Council of Governors has formed the Nomination Committee to consider the appointment and re-appointment of Non-Executive Directors and make recommendations to the Council.

7. Associate Non-Executive Director

Following the NED recruitment process in the autumn of 2021, the Council of Governors approved the appointment of Razia Shariff as an Associate Non-Executive Director from 1 February 2022. The appointment is to support succession planning and add to the diversity of thinking on Board of Directors.

An Associate NED provides additional support to the Board and constructively challenges the Trust's ambitious vision for integrated care focused on improved public health outcomes, both in terms of strategy and successful execution of service change. The Associate NED role is used successfully in the NHS to support Board succession strategy and achieving a balance of Board level skills. Associate Non-executive directors cannot participate in any formal vote at Board.

8. Recommendations

8.3 From 1 April 2022, the Non-Executive and Executive Director membership of committees as set out in Table 1.

8.4 From 1 April 2022, the Chairs and Deputy Chairs of the Committees as set out in Table 2 and section 4.

8.5 The NED champion roles as set out in section 5.2 and to note in the reference to this paper the new guidance from the NHS, which includes that board oversight would be enhanced through a change from NED champion roles to committee discharge. Table 3 sets out the proposed allocation of roles discharged through committees rather than individual champions. It should also be noted that the new approach should sit alongside other effective governance tools such as walkarounds, for example.

The Board is asked to note the composition of the Board and its voting membership as set out in section 2.

23 March 2022

John Goulston, Chair