Annual Report and Accounts 2015/16

Patient First – Respect – Innovation – Delivery - Excellence

About this Annual Report

The National Health Service and Community Care Act 1990 requires NHS Trusts to produce an Annual Report. The content and format is required to follow the guidance issued by the Department of Health (in the form of a 'Manual for Accounts'). The specific requirements for Annual Reports for 2015/16 are that NHS bodies must publish, a single Annual Report and Accounts (ARA) document, comprising the following:

- A Performance Report (which must include an overview, and a performance analysis)
- An Accountability Report (which must include: A Corporate Governance Report and a Remuneration and Staff Report)
- The Financial Statements

The Department of Health's guidance sets out the minimum content of the Annual Report. Beyond this however, the Trust is expected to take ownership of the Report and ensure that additional information is included where necessary to reflect the position of the Trust within the community and give sufficient information to meet the requirements of public accountability. The Report is divided into several sections:

- "Performance Report for 2015/16", which is split into the following sections:
  - An overview. This includes the purpose and activities of the Trust; the Chairman and Chief Executive's report; the 'story of the year' (month by month); the key issues and risks affecting delivery of the Trust's objectives; an explanation of the adoption of the going concern basis; and a Performance summary
  - A Performance analysis, which includes details of how the Trust measures performance; the Trust's development and performance in 2015/16; and a review of financial performance for 2015/16
  - A summary of the Trust's Quality Accounts for 2015/16
  - Sustainability Report. This follows the standard reporting format from the NHS Sustainable Development Unit
- "Accountability Report for 2015/16", which is split into the following sections:
  - "Corporate Governance Report for 2015/16", which in turn is split into:
    - A Directors' report (which provides details of the Trust Board; a Statement as to disclosure to Auditors; attendance at Trust Board meetings; details of Directors' interests; the Trust's Management Structure; complaints performance and the Trust's application of the 'Principles for Remedy' guidance; disclosure of "incidents involving data loss or confidentiality breaches"; & details of Emergency Preparedness arrangements)
    - The "Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust"
    - The "Governance Statement for 2015/16"
  - "Remuneration and Staff Report for 2015/16" (including details of 'off-payroll' engagements)
- "Financial Statements for 2015/16", which includes Pension Liabilities, exit packages and severance payments; and staff sickness absence data
- Independent Auditor's report to the Directors of Maidstone and Tunbridge Wells NHS Trust

The Annual Report and Accounts were approved by the Trust Board of Maidstone and Tunbridge Wells NHS Trust on 25th May 2016.

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Maidstone and Tunbridge Wells NHS

NHS Trust

Performance Report for 2015/16: Overview

The purpose and activities of Maidstone and Tunbridge Wells NHS Trust

Maidstone and Tunbridge Wells NHS Trust (the Trust) is a large acute hospital Trust in the south east of England. The Trust was legally established on 14th February 2000[1], and provides a full range of general hospital services and some areas of specialist complex care to around 560,000 people living in the south of West Kent and the north of East Sussex.

The Trust's core catchment areas are Maidstone and Tunbridge Wells and their surrounding Boroughs, and it operates from three main clinical sites: Maidstone Hospital, Tunbridge Wells Hospital at Pembury and Crowborough Birthing Centre. Tunbridge Wells Hospital is a Private Finance Initiative (PFI) hospital [2] and the majority of the site provides single bedded en-suite accommodation for inpatients. The Trust employs a team of over 5000 full and part-time staff.

In addition, the Trust provides specialist Cancer services to circa 1.8 million people across Kent, Hastings and Rother, via the Kent Oncology Centre, which is sited at Maidstone Hospital and at Kent and Canterbury Hospital in Canterbury. The Trust also provides Outpatient and outreach clinics across a wide range of locations in Kent and East Sussex.

The Trust is registered with the Care Quality Commission (CQC) to provide the following Regulated Activities:

- Assessment or medical treatment for persons detained under the Mental Health Act 1983 (at Maidstone Hospital and Tunbridge Wells Hospital) (this Regulated Activity was added during 2015/16)
- Diagnostic and screening procedures (at Maidstone Hospital and Tunbridge Wells Hospital)
- Family planning services (at Maidstone Hospital and Tunbridge Wells Hospital)
- Maternity and midwifery services (at Maidstone Hospital, Tunbridge Wells Hospital and Crowborough Birthing Centre)
- Surgical procedures (at Maidstone Hospital and Tunbridge Wells Hospital)
- Termination of pregnancies (at Tunbridge Wells Hospital only)
- Treatment of disease, disorder or injury (at Maidstone Hospital and Tunbridge Wells Hospital)

For further details of the Trust's CQC Registration, see www.cqc.org.uk/provider/RWF/registration-info.

[1] See The Maidstone and Tunbridge Wells National Health Service Trust (Establishment) Order 2000
[2] The PFI Project Company is "Kent and East Sussex Weald Hospital Ltd" (KESWHL)

Chairman and Chief Executive's report

Welcome to the Trust's Annual Report for 2015/16. It is fair to say that as with the majority of acute Trusts in the country, the Trust had a difficult year. However, this has to be seen in the context of a large increase in demand, and the Trust maintained its safety standards throughout. The situation is described in more detail later in this Report, but the capacity pressures usually experienced during winter extended for a far longer period than usual. Such pressures led to the need to provide additional inpatient beds by using 'escalation' areas, which incurred higher costs (the staff required to operate such areas safely often have to be engaged from external Agencies), and therefore damaged our financial position. 'Delayed Transfers of Care' have also been a key issue, and although we worked closely with our partners in Social Services and the community to try to reduce these, the level seen at the Trust has been far higher than could have been reasonably planned for. This had knock-on effects on average Length of Stay, which in turn has adversely affected the ability to treat patients (particularly elective) as quickly as we would have liked.

However, despite what seemed like unrelenting pressure, we are very pleased, & proud, to report that staff remained positive & highly committed, and delivered some exceptional achievements. The 'Story of the year' section describes many areas of improved practice and patient experience, but highlights include:

- A 36% reduction in cases of Clostridium difficile, and only 1 case of MRSA bacteraemia
- Achieving the national targets for treating A&E patients within 60 minutes, and for ensuring patients were assessed for the risk of Venous Thromboembolism (VTE)
- Achieving the national target for the proportion of Stroke patients spending at least 90% of their inpatient stay on a Stroke ward, and improving the overall position within the Sentinel Stroke National Audit Programme (SSNAP)
- Improvements in Intensive Care, as demonstrated by the data from the Intensive Care National Audit & Research Centre (ICNARC) and the South East Coast Critical Care Network (SECCCN)
- In February, the go-ahead was given for the transfer of the management of Maternity services in the High Weald area to the Trust. The transfer, which included Crowborough Birthing Centre promises a more seamless Maternity service for women in the High Weald area

The Trust will face similar challenges in 2016/17. However, there is cause for optimism: in March 2016, the new Acute Medical Unit (AMU) at Tunbridge Wells Hospital was opened. The extra 38 beds will provide additional resilience and help address the factors referred to above, by reducing the need for escalation areas, and improving the timeliness of patient flow. However, we, and the entire Trust Board, recognise that although the excellent new Unit will play its part, far greater efforts will be needed from the whole health and social care system. To this end, each area of the country had been asked to produce, by the summer of 2016, a 5-year Sustainability & Transformation Plan (STP) to improve health, care and finances. We were pleased to accept the invitation for the Trust's Chief Executive to lead on this for Kent and Medway, and look forward to working with all the Trust's partners to identify solutions.

Glenn Douglas,
Chief Executive
25th May 2016

Anthony Jones,
Chairman of the Trust Board
25th May 2016

The story of the year: April 2015

Evaluating a major innovation in hospital design: workforce implications and impact on patient and staff experiences of all single room hospital accommodation

Jill Maben,[1*] Peter Griffiths,[2] Clarissa Penfold,[1] Michael Simon,[2] Elena Pizzo,[3] Janet Anderson,[1] Glenn Robert,[1] Jane Hughes,[1] Trevor Murrells,[1] Sally Brearley[1] and James Barlow[3]

[1]National Nursing Research Unit, Florence Nightingale Faculty of Nursing and Midwifery (formerly Florence Nightingale School of Nursing and Midwifery), King's College London, London, UK
[2]Centre for Innovation and Leadership in Health Sciences, University of Southampton, Southampton, UK
[3]Imperial College Business School, London, UK

*Corresponding author

Declared competing interests of authors: Sally Brearley acted as the Chair of the Prime Minister's Nursing and Care Quality Forum from January 2011 to December 2013.

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In April, a study on the effect single rooms have had for patients and staff since the Tunbridge Wells Hospital opened was published. It reported that the advantages of single rooms included increased privacy, dignity, comfort, better sleep, increased visiting hours, less disruption and a general increase in satisfaction. Whilst there were higher costs involved, particularly in relation to housekeeping, there was also the ability to save money as a result of faster recovery times and improved outcomes.

In other developments that month, Dr Syed Husain, Respiratory Physician at Maidstone Hospital, travelled to Kuwait City where he gave a presentation on Thoracic Ultrasound at an International Conference. While he was there, Dr Husain also met the Health Minister of Kuwait and his presentation was appreciated by an audience of more than 680 delegates from around the world. The physicians in Kuwait expressed interest in attending the courses run by Dr Husain at the Trust and also requested his assistance in setting up these courses in Kuwait.

There were a number of developments relating to new technology, including the use of a text reminder system for hospital appointments. Hopefully, with up to date contact details, the Trust can make sure that where possible, late cancellations are avoided and also that the slots which are cancelled can be filled quickly with other patients who have a real need to see a member of staff.

Also, following a successful trial, the "Nervecentre" system was implemented across all Wards. This system enables patients' vital signs to be monitored electronically and the information automatically collated in real time, for colleagues to access. For the first time, our Wards were able to use mobile devices like iPods and iPads to record and automatically calculate Patient At Risk (PAR) scores. These are immediately calculated through "Nervecentre", reducing human error, and trigger an alert to the senior Nurse on the Ward and Outreach team, in real time, where early intervention is required for a deteriorating patient.

The new Maidstone Hospital League of Friends shop and bookstore were officially opened by Glenn Douglas, Chief Executive, following the redevelopment of the reception area. Between May 2014 and April 2015, the Maidstone League of Friends raised and spent over £420,000 on new equipment (including £13,000 on the installation of WiFi), and they committed a further £23,000.

The story of the year: May 2015

The start of the month saw the introduction of patient feedback campaign boards at Tunbridge Wells Hospital, similar to those previously installed at Maidstone Hospital. The boards are a really creative way of getting patients to see some of the fantastic and positive comments made about our staff, which in turn will hopefully give them more confidence in the care and treatment they are going to receive themselves.

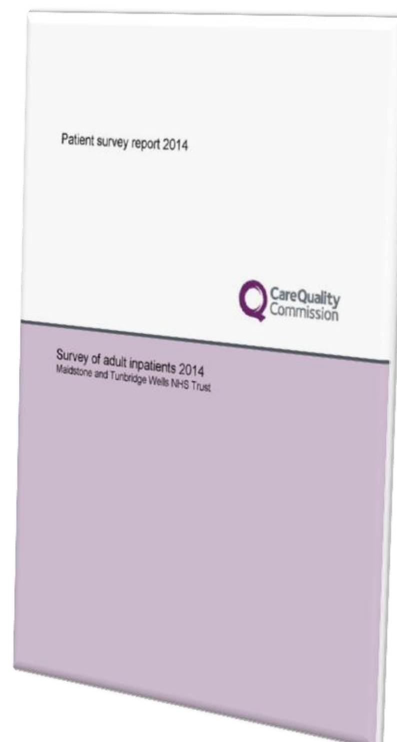
The Trust's Grand Innovations Day held on 15 May saw a demonstration of the much-anticipated Air Glove – an innovation from the Trust which had been in development for several years of. As well as this, there were a number of speakers, demonstrations of other innovations and prizes were presented to the winners and runners up of the 'Apps Competition'. Innovation is one of our Trust values and is hugely important for the Trust's development. It means there is an opportunity for good ideas and concepts to be made into a reality and help the Trust to deliver the best possible patient care.

The latest National Adult Inpatient Survey for 2014 was published in May, and showed that there had been a significant improvement in the number of patients who rated their experience highly. A total of 85% of patients who took part in the survey scored the Trust's hospitals 'ten out of ten' or 'nine out of ten' for their overall experience. This was an improvement of 31% on the same measure in 2013 (when the Trust scored 54%) and moved the Trust further above the score for the 2012 survey (of 45%).

Here are some other examples of how the Trust compares nationally:

- 79.5% said they were always well looked after compared to 77% nationally
- 97.8% said their room or Ward was very clean (72.9%) or fairly clean (24.9%) compared to 97% nationally (69% and 28%)

The full survey results are available at: www.cqc.org.uk/provider/RWF/surveys.


Patient survey report 2014
CareQuality Commission
Survey of adult inpatients 2014
Maidstone and Tunbridge Wells NHS Trust

The story of the year: June 2015

The Maidstone Birth Centre celebrated an important milestone in June, with the delivery of its 1500th baby. Leon Guntrip was born on 1st June at 7.39pm, weighing 6lb 10 ounces and his mum, Hannah, was presented with a keepsake box by staff to mark the occasion. Hannah praised the staff at the Birth Centre, who she said were amazing.

The Estates and Facilities Department had an external audit in the month, and passed with flying colours, resulting in them obtaining their ISO 14001 registration. ISO 14001 is an internationally accepted Management System Standard that outlines how to put an effective environmental management system in place. It is designed to help businesses and organisations run effectively and appropriately while still being environmentally friendly. These standards are highly prestigious and demanded all over the world by organisations and consumers. Achieving certification makes a positive statement to all the Trust's contractors and service users about the importance the Trust places on meeting customers' needs. The Trust is the only one in the NHS to hold this certification for their Estates and Facilities Service, and is now listed on the International Register.

The Trust also appointed 5 new Consultants in May, which will fulfil the requirements set out by the Royal College of Paediatrics that there should be a Paediatrician on-site until 10pm every day. This service started in October 2015, and will mean the Trust will have a paediatrician in A&E at Tunbridge Wells Hospital between 2pm-10pm (peak attendance times) for acute emergency cover. The Trust also recruited a number of children's Nurses who are based in A&E.

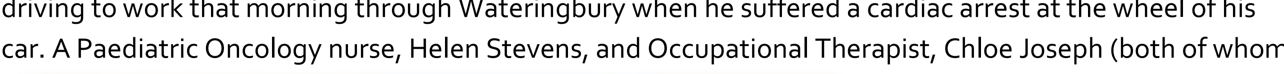
The story of the year: July 2015

A national survey, published in July, based on the experiences of almost 19,000 children and young people, revealed that the majority of those seen at the Trust were happy with the care they received. All the children surveyed either stayed in hospital overnight, or were seen as a day-patient. Results also showed that they felt staff did everything possible to control their pain and that they understood the information given to them. The full survey results are available at: www.cqc.org.uk/provider/RWF/surveys.

Huge congratulations were in order for the Professional Standards Team who were awarded the Quality Mark by Skills for Health for the Clinical Support Worker Induction Programme, Diploma 2 and 3 in Clinical Healthcare Support and the Care Certificate. This is a very prestigious award and the Trust was the first organisation in Kent, Surrey and Sussex to be awarded this recognition. The final report described the Trust's overall approach as supportive, innovative and suiting the local and national needs of the health sector as well as the individual needs of its learners.

On a similar note, two Stoma Nurses also won a national award which recognised outstanding Stoma care and exemplary service. Judy Mallett and Kirsty Craven were presented with the Colostomy Association Purple Iris award when they attended the charity's open day and annual gala dinner in Reading. The award nominations are made by patients who want to recognise outstanding care they have received from individuals or departments.

The Trust received a huge amount of positive coverage following an incident in Wateringbury on 1st July. 62-year-old Peter Rabbatts was driving to work that morning through Wateringbury when he suffered a cardiac arrest at the wheel of his car. A Paediatric Oncology nurse, Helen Stevens, and Occupational Therapist, Chloe Joseph (both of whom



work for the Trust), were in vehicles behind Peter at the traffic lights and had an instinct that something was wrong so ran to Peter's car to check on him. Helen immediately began Cardiopulmonary resuscitation (CPR), supported by Chloe, whilst a member of the public called for an ambulance and helped to direct traffic. As Chloe took over the chest compressions a few minutes later, the Trust's Medical Director, Paul Sigston, arrived and assisted with CPR. Once the Ambulance crew arrived, Paul continued to offer medical support and Peter was taken to Maidstone Hospital. Thanks to the prompt and effective actions of those staff members, Peter arrived at Maidstone Hospital's A&E department alive and has gone on to make a good recovery.

The story of the year: August 2015

Following an assessment by a team of external senior healthcare professionals, the Cancer and Haematology Directorate was accredited by CHKS in August. CHKS is a provider of healthcare intelligence and quality improvement services to the NHS and independent healthcare sector. This prestigious accreditation means that our processes and standards meet internationally-recognised best practice, legislation and regulatory requirements. Accreditation by CHKS provides a standards-based framework for quality assurance and quality improvement, and taking part in the assessment process gives us the resilience and vigilance needed to deliver consistently high quality healthcare services.

Every year, annual Patient-Led Assessments of the Care Environment (PLACE) inspections take place at every hospital in the country. The results of the 2015 inspection were published this month, and the Trust exceeded the national average scores in all but one category.The assessments see staff and local patient representatives assess how the environment in a hospital (or other type of treatment centre) supports patients. It focuses entirely on the care environment and does not cover clinical care provision or how well staff are doing their jobs. The Trust exceeded results in every category except one – the condition, appearance and maintenance category at Maidstone Hospital. The Trust scored 89% against a national average of 90%, however, it was recognised that the multi-million pound refurbishment programme for Maidstone Hospital will improve lots of areas and Ward environments for our patients and visitors.

In other developments, a 7-day Pharmacy service was announced, meaning that the Trust's Pharmacy dispensaries will be open from 9am to 4pm on Saturdays and from 10am to 4pm on Sundays at both hospitals. This additional support really benefits patients as they have greater access to the Pharmacy department and Pharmacist advice.

The story of the year: September 2015

At the start of the month the Trust was presented with the Quality Mark certificate (see July 2015). The delivery of the Care Certificate course is a mandatory requirement to achieving the Quality Mark which, as a Trust, we have run since March 2015, and prior to this we were a nominated pilot organisation.The Skills for Health Quality Mark was awarded for the robust training offered to Clinical Support W orkers at the Trust.

The Trust offered support to a neighbouring Trust for a short period during September. For two days, ambulances were diverted from Medway Maritime Hospital between 7am and midday to Maidstone, Darent Valley and Kent and Canterbury Hospitals, according to the patients' clinical need. The Trust saw minimal impact from the divert and has been working with partners across the healthcare system to put in place further measures to support staff at Medway.

The story of the year: October 2015

Praise was due for the Radiography department, who in October scooped two high profile regional awards. The Radiotherapy Treatment Team was awarded the Society of Radiographers (SOR) South East Radiography Team of the Year Award 2015 (see January 2016), while Christine Richards, Radiotherapy Services Manager, won their award for the South East Radiographer of the Year Award 2015.

October also saw the Critical Care Directorate begin operating a 24 hour, 7 days per week Critical Care Outreach Service at both Hospitals. This meant that staff caring for critically ill and deteriorating patients on the Wards now had access to experienced Critical Care Nurses for assistance, support & advice at all hours.

A Respiratory Awareness Day for patients with lung conditions was held on 17 October at the Academic Centre at Maidstone. Over 150 people attended the event which was organised by our Consultant Respiratory Physician, Dr Syed Arshad Husain, with the help of the Trust Research Unit, and was opened by the Deputy Mayor, Councillor Derek Butler. It was a really informative and interesting day and there were lots of experienced and knowledgeable speakers and some great demonstrations. The event showcased the Trust as an innovative and dynamic organisation which wants to inform and educate its patients to improve the management of their conditions and the care they receive.

The Trust also launched a new, dedicated Facebook page all about its Maternity services. The page has been used to share information and as a discussion/feedback forum, and it is hoped that the page will become a useful tool for women, their partners & families. The Maternity Department also introduced a new IT system (EuroKing E3) which digitalised records for mums-to-be. Previously, most records about a pregnancy and birth have been kept in the book provided to women at the start of their pregnancy, with just a proportion of those notes being added onto a computer system as well. Now, midwives and other medical professionals can add continuously to the record on the new system at every contact.

The story of the year: November 2015

The new 31-bed John Day Ward opened at Maidstone Hospital at the end of November. This Ward refurbishment was part of ongoing work and development, to improve wards and other areas throughout the Hospital. The refurbished Ward area provides an impressive environment for patients. It includes an enhanced care bay for patients requiring more intensive monitoring or intervention and a negative pressure room for patients with airborne transmitted diseases such as Tuberculosis, who require isolation. The improved Ward layout has five 4-bed bays and one 3-bed bay, all with shower rooms and toilet facilities. There are also 7 single rooms with en-suite facilities.

November also saw the launch of a new Integrated Discharge Team (IDT) covering both hospitals. This team brought together the Trust's Discharge Co-ordinators, Kent County Council Social Care and Kent Community Health NHS Foundation Trust staff to streamline the discharge processes for our more complex patients. The plan is to make this a one-stop-shop for all the Trust's complex patients, with a single contact number on each site, which will make a really positive difference to the discharge process in the future.

One of the Trust's highlights of the year took place on 20th November – the Staff Stars Awards, an annual event which celebrates the professionalism, commitment and achievements of staff. Certificates and prizes were presented by Glenn Douglas (Chief Executive), and Tony Jones (Chairman of the Trust Board), as well as special guest, Cheryl Fergison, who played the long-running, much-loved character Heather Trott in Eastenders. Cheryl nominated the Kent-based Ellenor Hospice to receive the proceeds from our charity raffle on the night – over £775!

Also in November, the Kent Oncology Centre at Canterbury officially unveiled a new piece of Radiotherapy equipment, which has been installed as part of the on-going 10 year, major capital program being undertaken by the Trust, to replace several major pieces of Radiotherapy treatment equipment across Kent. It is the first Radiotherapy machine in the county to have the very latest state-of-the-art "Truebeam" treatment technology installed. It cost £2 million and will help to more quickly and accurately treat certain types of cancers which can be relatively mobile within a patient's body. The event was covered by both BBC South East and ITV Meridian, along with Heart and KMfm radio, and the Trust received some great coverage as a result. The new equipment is a very positive enhancement to the Cancer services the Trust offers.

The story of the year: December 2015

This month, the latest national Maternity survey results were published. The report confirmed that women were increasingly likely to have a good overall experience of Maternity services provided by the Trust, and that they have confidence and trust in its services. The survey also showed that women have a high regard for their Midwives and the clinical teams caring for them, with 82% reporting that they definitely had confidence and trust in local Maternity services – up 12% since the last time the survey was carried out in 2013. More than 20,000 women who gave birth during February 2015 took part in the Survey nationally, whilst locally, 202 women who gave birth at either Tunbridge Wells Hospital or our Birth Centre at Maidstone took part. The Trust was rated among the best in the country in 10 areas (twice as many as in the 2013 survey) and there were no areas rated within the bottom 20% of Trusts. The full survey results are available at: www.cqc.org.uk/provider/RWF/surveys.

The survey results came shortly after a group of the Trust's Midwives returned from training staff in China about Kangaroo care (skin to skin contact between mother and baby) at the behest of Save The Children in partnership with Chinese Health Authorities. This followed a visit to the Trust earlier this year by senior Chinese health officials to see the benefits of Kangaroo care and to hear about our research in this area. The Trust's midwives provided training for staff from 8 specially selected hospitals in China. This included practical sessions at a leading maternity hospital in Beijing and Nanjing that resulted in some amazing and emotional scenes for parents and staff. The staff in China will now be introducing and embedding Kangaroo care in their hospitals as the start of a 4 year program to introduce this across China.

The Trust's new public website was launched in December (see www.mtw.nhs.uk). The site can now be viewed on mobiles and tablets as well as computers, which means the information we provide is far more easily accessible to our users.

The Christmas period at the Trust was a busy one – between Christmas Eve and 28th December, there were 1,750 A&E attendances and 846 admissions (522 of which were emergency). The Trust carried out 44 planned operations and 86 emergency operations (130 in total), as well as 165 CT scans and 69 MRI scans. 75 babies were born during the same period – 18 of them on Christmas day!

The story of the year: January 2016

At the start of January, the Trust was able to confirm that December saw no attributable (post 72 hour) Clostridium difficile infections. This was great news for the Trust and our patients and was directly related to a reduction in the prescribing of certain antibiotics as well as a focus by staff on infection control and improvements in care.

There was also good news on the recruitment front in the month, with 100 more substantive staff employed by the Trust compared with this time in 2015.

Patient falls in the Trust also fell to 6.2 per 1,000 bed days, an improvement on the previous 3 months. Work continues to reduce the Falls rate, which includes training, observations and risk assessments.

Congratulations were in order for Christine Richards and the Radiotherapy team, who were given their awards for their excellent work by the Society and College of Radiographers. As was noted above (for October 2015), the Radiotherapy Team were named as South East Radiography Team of the Year and Christine was named, individually, as the South East Radiographer of the Year. Rehman Chishti, MP for Gillingham and Rainham, visited the Kent Oncology Centre to meet with Christine and her team to see their work first-hand, after he heard about their recent accolades.

The story of the year: February 2016

This month, the go-ahead was given to the transfer of the management of Maternity services in the High Weald area, from East Sussex Healthcare NHS Trust, to the Trust. The final agreement, which included Crowborough Birthing Centre, was made at the East Sussex Healthcare NHS Trust Board meeting and follows agreement from the Trust's own Board in January 2016. The transfer promised a more seamless maternity service for women in the High Weald area, and follows feedback to the "Better Beginnings" consultation in 2014 when local people said they would support the transfer of the service.

The results of the annual National Staff Survey were published this month and once again, the Trust saw significant improvement. Further details of the survey findings are contained in the "Our staff" section later in the Report.

The story of the year: March 2016

March saw the launch of an official pledge from the Trust to make changes to improve the service and care provided for secondary Breast Cancer patients. The Trust teamed up with the UK's leading Breast Cancer charities (Breast Cancer Now and Breast Cancer Care) to identify these important changes, which include:

- Clinicians working with a patient focus group to develop a directory of local services available for people living with secondary breast cancer
- Streamlining referrals to counselling services to provide emotional support for patients and relatives
- Piloting the use of Information Prescriptions to identify tailored and relevant information for patients at each stage of their secondary breast cancer

The general Histopathology external quality assurance (EQA) scheme (which is run by the Trust's Histopathology service, and serves the South East including Kent, Surrey, Sussex, Essex and South London), was awarded ISO 17043 accreditation by UKAS. This is the first scheme of its type in England to achieve this. The EQA scheme sends out prepared microscope slides of biopsies and similar specimens for Consultant Histopathologists in South East of England to examine and make a diagnosis and then scores the results. This gives assurance to the participants and Trusts that the quality of diagnosis is maintained for patients across South East England.

Every Stroke Service in the country is measured by the Stroke Sentinel National Audit Programme (SSNAP). Data is collected continuously & results are reported each quarter. A large number of areas of care (covering imaging, Medical & Nursing care, Therapy input, discharge planning and more) are assessed. These are combined to give a rating for the service as a whole. These ratings are from 'A' (the best) through to 'E' (the worst). When SSNAP started, Maidstone Hospital scored an 'E'. A huge amount of hard work has gone on since then, & in March 2016, for the first time, Maidstone scored a 'B', which meant that not only is the Trust above the national average but is also showing the best performance in West Kent. Tunbridge Wells Hospital also saw an improvement & it is believed there will be further, significant progress in 2016/17 (when the Stroke Rehabilitation service moves back to that hospital from Tonbridge Cottage Hospital).

March also saw the opening pf the new Acute Medical Unit (AMU) at Tunbridge Wells Hospital. The AMU is divided into 3 sections – Ambulatory Emergency Care (AEC), a treatment suite and inpatient beds for a stay of less than 48 hours.

Key issues and risks affecting delivery of the Trust's objectives

The Trust Board agreed the following objectives for 2015/16:

- To provide care & treatment within the upper quartile (as recognised by patients, staff and the Care Quality Commission); and improve the standard of the Trust's clinical governance arrangements
- To increase inpatient capacity to cope with rising non-elective demand
- To reduce the reliance on temporary staff; and ensure the appropriate skill-mix of staff across the Trust
- To deliver the financial plan for 2015/16
- To enhance and sustain a high-performing culture
- To develop a cohesive strategy to deal with the instability and uncertainty in the wider health economy
- To ensure there is effective succession planning for key critical posts

The key issues and risks affecting delivery of these (as described in the Trust's Board Assurance Framework – see the "Governance Statement for 2015/16") are outlined below. Details of how the Trust actually performed in response to these can be found in the "Performance analysis" section below.

To provide care & treatment within the upper quartile (as recognised by patients, staff and the Care Quality Commission); and improve the standard of the Trust's clinical governance arrangements

In order to achieve this, it was known that the following risks needed to be managed effectively: a potential failure to recognise the improvement required following the Care Quality Commission (CQC) inspection in October 2014; a potential failure to adequately monitor care and treatment, and to challenge poor performance; a potential failure to implement the actions within the Quality Improvement Plan (QIP); a potential failure to identify exactly what changes are needed in relation to clinical governance and culture; and a potential failure to respond to current (and future) capacity pressures, resulting in increased potential for poor care and patient experience.

To increase inpatient capacity to cope with rising non-elective demand

In order to achieve this, it was known that the following risks needed to be managed effectively: a potential failure to improve the flow of patients, by reducing Length of Stay (LOS) and reducing the number of Delayed Transfers of Care (DTOC); and a potential failure to recruit to the Trust's workforce establishments.

To reduce the reliance on temporary staff and ensure the appropriate skill-mix of staff across the Trust

In order to achieve this, it was known that the following risks needed to be managed effectively: a potential failure to recruit to clinical vacancies; a potential failure to reduce / remove the agreed number of escalation beds within the Trust; a potential failure to reduce Length of Stay; a potential failure to utilise the existing workforce effectively; and a lack of regular reviews of clinical skill mix.

To deliver the financial plan for 2015/16

In order to achieve this, it was known that the following risks needed to be managed effectively: failing to deliver the required income levels across all contracts; a potential failure to contain costs within the budgets allocated; failure to deliver the Cost Improvement Plan (CIP) in full; not receiving full payment for patient activity undertaken; the impact of increased emergency activity through the winter period; a potential failure to mitigate reliance on temporary staffing (and Agency staffing in particular); and the continuing high level of DTOCs.

To enhance and sustain a high-performing culture

In order to achieve this, it was known that the following risks needed to be managed effectively: dependence on temporary staffing; staff non-alignment to Trust vision and values; reputational damage from the Corporate Manslaughter prosecution; inconsistent and disjointed leadership; staff morale resulting from national changes to terms and conditions of employment; and loss of key staff and lack of succession planning.

To develop a cohesive strategy to deal with the instability and uncertainty in the wider health economy

In order to achieve this, it was known that the following risks needed to be managed effectively: competing priorities and operational pressures; a potential failure to broker agreed models and ways forward; policy decisions, e.g. aspects of financing; and external factors and instability in other organisations.

To ensure there is effective succession planning for key critical posts

In order to achieve this, it was known that the following risks needed to be managed effectively: national Terms and Conditions of employment; business needs (i.e. the ability to release staff for development opportunities); individual aspirations to take-up critical roles; potential insufficient talent for key critical roles; and a reduction in training resources.

Adoption of the ‘going concern’ basis

After making enquiries, the Directors have a reasonable expectation that Maidstone and Tunbridge Wells NHS Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trust continues to adopt the going concern basis in preparing the Annual Accounts.

Performance summary for 2015/16

Overall, 2015/16 was a mixed picture in terms of performance. Performance on the Trust’s agreed objectives, including the delivery of the financial plan, is described in detail in the “Development and performance in 2015/16” section below. For the key performance targets, although the Trust was successful in a number of areas, including that for Clostridium difficile (for which there was a 36% reduction on the number of cases seen in 2014/15), the Trust underperformed on a number of targets. Full details are provided in the “Governance Statement” section in the report.

Performance Report for 2015/16: Performance analysis

How the Trust measures performance

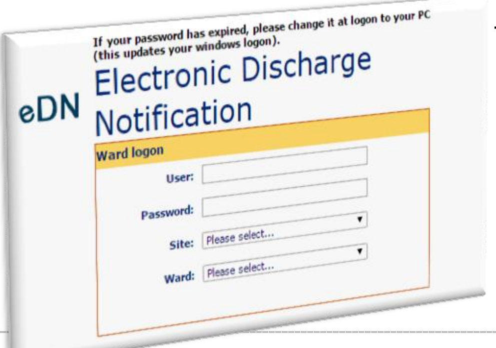
The Trust measures performance in a number of ways. Each month, the Business Intelligence Department produces a Trust Performance Dashboard, which contains details of all key aspects of performance, under the domains of "Safety", "Effectiveness", "Caring", "Responsiveness" and "Well-Led". The "Well-Led" information is provided by colleagues in the Finance and Human Resources Departments. A traditional 'Red, Amber, Green' (RAG) rating system is used to highlight variances against the Trust's plans for the year and/or the required national target. "Green" means "Delivering or exceeding target", "Amber" means "Underachieving target"' and "Red" means "Failing target". Additional performance information is provided on financial matters and clinical quality. These reports are available on the Trust's website, as part of the information provided for Trust Board meetings (see www.mtw.nhs.uk/about-us/trust-board/).

The content of the Performance Dashboard is discussed at meetings of the Trust Management Executive (TME) and Trust Board. The Director responsible for each domain is asked to highlight any key issues of note, and provide an explanation for any areas of under / failing performance. At the Trust Board, the previous month's performance is summarised within a "Story of the month".

At Directorate level, the Trust's "InfoKiosk" portal enables the performance on a wide range of indicators to be shared across the Trust, to enable discussion at Directorate meetings. Clinical Directorates are required to report their key performance issues to the TME and Trust Clinical Governance Committee. Clinical Directorates' performance is also measured and discussed at Quarterly Performance Review meetings; and the Business Intelligence Department also produces Directorate Performance Dashboards containing details of all aspects of performance.

Performance against the Trust's agreed objectives is measured and monitored via the Board Assurance Framework, which is described in more details in the "Governance Statement" later in the Report.

The Trust also uses nationally-published information (where available), to compare performance. This includes national staff and patient surveys (which are described elsewhere in this Report); and national clinical audits. Clinical outcomes are benchmarked against other Trusts via the 'Dr Foster' IT system. This is used in a number of ways. For example, mortality data is reported to the Trust Board, but reviewed in detail at the Trust's Mortality Surveillance Group.



The information within the Performance dashboards originates from a range of sources. These include the main Patient Administration System (PAS); the "Nervecentre" IT system (see the "Story of the year" for April 2015); the Electronic Discharge Notification (eDN) system; and the Kent Oncology Management System (KOMS).

Development and performance in 2015/16

The 'key issues and risks affecting delivery of the Trust's objectives' were described earlier in the Report. The Trust's actual performance against each of its 2015/16 objectives is described below.

To provide care & treatment within the upper quartile (as recognised by patients, staff and the CQC)

This was achieved in part. The Quality Improvement Plan (QIP) developed in response to the Care Quality Commission (CQC)'s inspection in October 2014 was monitored monthly by the Trust Management Executive and Trust Board, and significant progress was made (the majority of Compliance Actions are now closed). The implementation of new, broader, CQC-style reviews is well underway, and this will continue into 2016/17. However, the objective is not considered to be "fully achieved" as the Trust's care and treatment will not be judged to be "upper quartile" by the CQC until the CQC have undertaken a further inspection.

To improve the standard of the Trust's clinical governance arrangements

This was fully achieved, as the standards of the Trust's clinical governance arrangements were improved. This was primarily manifested in a revised Committee structure and the establishment of a new Trust Clinical Governance Committee (further details can be found in the "Governance Statement" section).

To increase inpatient capacity to cope with rising non-elective demand

As noted earlier in the Report, inpatient capacity was increased, but this did not occur by the year-end, so this objective was therefore not achieved. The new Ward at Tunbridge Wells Hospital has 38 beds. In addition, the Trust's escalation plan was fully utilised. However, the overall level of capacity was insufficient, as Length of Stay and Delayed Transfers of Care contributed to the Trust's ability to cope with non-elective demand (which increased beyond the higher limit that had been set).

To reduce the reliance on temporary staff; and to ensure the appropriate skill-mix of staff across the Trust

Whilst the Trust was successful in increasing the number of substantive staff employed during 2015/16, the reliance on temporary staff has been high and above the planned utilisation which is primarily attributed to the number of escalated beds open, number of Delayed Transfers of Care, pressure on A&E on both hospital sites and use of Nursing 'Specials'. This objective was therefore not achieved. However, the Trust is continuing to implement the NHS Improvement Agency Rules and Price Caps, adopt best practice identified by the Lord Carter national efficiency review and drive recruitment to reduce reliance on temporary staff.

To deliver the financial plan for 2015/16

The Trust delivered a deficit of £23.4m against an original planned deficit of £14.1m, and therefore this objective was not achieved. The main drivers for the variance against are discussed in detail within the "Financial performance in 2015/16" section later in the Report.

To enhance and sustain a high-performing culture

This was achieved in part. Culture change takes 5 to 10 years to materialise. The Trust has an ambitious Workforce Strategy which was approved by the Trust Board. The Strategy defined the ambition of the Trust to construct an organisation where people deliver excellence each day and feel engaged, enabled and empowered to work for the Trust. Six interrelated workforce priorities and programmes of work have been identified which will drive improvements in the culture over the next 5 years. Further details of the Strategy can be found in the "Our staff" section later. The 2015 Staff Survey results (also see the "Our staff" section) show that the Trust had improved results when compared to its performance on the 2014 survey, and also when compared against the benchmark of acute Trusts in England. The Trust was also rated "Good" in the national "Learning from Mistakes" League which published in March 2016 (see www.gov.uk/government/publications/learning-from-mistakes-league)

To develop a cohesive strategy to deal with the instability and uncertainty in the wider health economy

This was achieved in part. Good progress has been made on the development of the Strategy, with the document due to be submitted to the Trust Board, for approval, in 2016. The final process of iteration and engagement with Clinical Directorates continues in advance of that meeting, as do discussions with commissioners to ensure alignment with their intentions. The Trust Board discussion will be followed by a period of sustained communication within the Trust, building on the substantial work that has already taken place. The document will also provide important context to the Sustainability and Transformation Plan (STP) process described in the "Chairman and Chief Executive's report" (at the start of the Annual Report) – effectively setting out the Trust's view. The full implications of the STP are unlikely to be completely clear until after the initial June submission. These will need to be reflected in the Trust's rolling process.

To ensure there is effective succession planning for key critical posts

It is acknowledged that an overarching plan needs to be developed and with recent changes to critical roles plans need to be revised and updated. This objective was therefore not achieved. However, a new process will be put in place to review critical roles and existing plans and creation of an overarching plan.

Financial performance in 2015/16

The year proved extremely challenging financially, and resulted in a reported deficit of £23.4m, which was £9.3m adverse to the plan set at the beginning of the year (a £14.1m deficit). The key drivers of this were:

- Significant use of Agency staff, particularly in Nursing and Medical to cover vacancies (£6.6m)
- Staffing costs due to increasing demand for services and the need to open escalated areas throughout the year. These areas were not funded as part of the original financial plan (£2.3m)
- The impact on our ability to deliver elective activity due to the increasing demand of non-elective activity, Length of Stay and Delayed Transfers of Care

Income and Expenditure (Financial Performance)

The table below compares the Trust's income and expenditure plan to the year-end financial position.

Statement of Comprehensive Income	2015/16 (revised Plan)	2015/16 (Actual)	Variance
Income	£400.7m	£400.9m	£0.2m
Expenditure	(£376.9m)	(£392.9m)	(£16.0m)
EBITDA (deficit):	£23.8m	£8.1m	(£15.7m)
EBITDA %	6%	3%	3%
Depreciation & other	(£17.7m)	(£13.8m)	£3.9m
Net interest	(£14.4m)	(£14.3m)	£0.2m
PDC dividend	(£4.8m)	(£3.9m)	£0.9m
Impairments	(£0.5m)	(£13.4m)	(£12.9m)
	(£37.3m)	(£45.4m)	(£8.1m)
(Deficit) before technical adjustments	(£13.5)	(£37.3)	(£23.8)
Technical adjustments	£1.4m	£13.9m	£12.5m
(Deficit) after technical adjustments	(£12.1m)	(£23.4m)	(£11.3m)

Income

The Trust's income exceeded plan by £0.2m by the end of the financial year. Clinical income was £0.7m adverse to plan and other income £0.9m favourable. It should be noted that the Trust faced an increasing demand of non-elective activity during quarter four of 2015/16, which led to a significant reduction in elective activity during this period.

The majority (86%) of the Trust income is from Clinical Commissioning Groups (CCGs) or NHS England.

Expenditure

The Trust's operating expenses were dominated by pay. The Trust's pay costs for 2015/16 were 63% of total operating expenses. Pay was £10om adverse to plan at the end of the financial year. As explained above this adversity to plan was driven by the use of agency staff to cover Nursing and Medical vacancies or the need to staff areas that had been opened due to increasing non elective activity.

Non-pay was £6m adverse to the Trust's plan. The main driver of this was medication of £8m, offset by a £2m favourable variance relating to premises costs and a rates rebate, some of which related to prior years. Of the £8m medication overspend, £7m was recoverable from either NHS England or CCGs.

Cost Improvement Plan (CIP)

The Trust set a £21.5m Cost Improvement Plan during 2015/16. Full year delivery against this Plan was £20.8m, with an adverse variance of £736k. The full details are shown in the following table:

CIP programme by workstream	Plan £'000	Actual £'000	Variance £'000
Medical efficiency	£1,621	£1,500	(£121)
Nursing and STT efficiency	£1,037	£1,889	£852
A&C clinical administration	£397	£273	(£124)
Length of Stay	£1,824	£547	(£1,277)
Theatre productivity	£1,081	£587	(£494)
Outpatient productivity	£540	£689	£149
Procurement	£1,536	£2,541	£1,005
Contract management	£5,944	£6,770	£826
Private Patient Unit	£416	£182	(£234)
Medication	£811	£615	(£196)
Back office functions	£4,339	£3,549	(£790)
Financial management	£1,954	£1,623	(£331)
Total across workstreams	£21,500	£20,764	(£736)

Capital Expenditure plan

During the year the Trust made capital investments totalling £15.4m including £0.6m of assets funded from donated or charitable fund sources. A significant part of the Trust's capital programme in year was opening an Acute Medical Unit (AMU) at Tunbridge Wells Hospital for non-elective patients (£4.7m). £2.4m was also invested in medical equipment, £9.4m in the two hospitals estate (which included the refurbishment of John Day Ward at Maidstone Hospital) and £3.6m on IT.

The Trust's statutory (i.e. legal) duties

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

Capital Cost Absorption Duty

The Trust is required to achieve a rate of return on capital employed of 3.5% and has met that target, achieving a return of 3.5% for the year to March 2016.

External Finance Limit (EFL)

The Trust is required to demonstrate that it has managed its cash resources effectively by staying below an agreed limit on the amount of cash drawn from the Department of Health. In 2015/16, the Trust met its target by managing the year end position to an under shoot against the EFL of £0.2m, actual closing cash balance £1.2m.

Capital Resource Limit

The Trust is expected to manage its capital expenditure within its agreed Capital Resource Limit (CRL). For 2015/16, the Trust's CRL was set at £14.8m which was underspent by £52k.

Capital Investment Financing

The Trust did not take out any additional loans in 2015/16, but was successful in an application for £3.5m of Public Dividend Capital (PDC) in support of the Acute Medical Unit at Tunbridge Wells. In addition the Trust received £16k of central capital for Maternity care, and £200k from the capital incentive fund.

Break-even duty

Each NHS Trust has a statutory duty to break-even taking one year with another. A Trust also has a duty of care to treats its patients in a safe manner. At times these duties could be in conflict.

The Trust's Auditors have opined that because the Trust has not broken even this year with a deficit greater than planned and do not anticipate breaking-even in 2016/17, there is evidence of weakness in proper arrangements for planning finances effectively.

The increase in deficit from that planned in 2015/16, and anticipated performance in 2016/17, is substantially the result of changing demand from patients and the difficulties in transferring patients fit to leave to appropriate places with the consequent need to employ additional staff to provide safe care to our patients rather than as a result of weaknesses in planning finances.

Accounting Issues

The accounts were prepared in accordance with guidance issued by the Department of Health and in line with International Financial Reporting Standards (IFRS). The accounts were prepared under the "Going Concern" concept.

External Auditors

The Trust's External Auditors are Grant Thornton UK LLP. Their charge for the year was £102,000 (in 2014/15 this was £132,000) which includes the audit of the Quality Accounts. Grant Thornton UK LLP did not undertake any non-audit work for the Trust in 2015/16.

Looking forward to 2016/17

- The Trust has set a planned deficit of £22.9m during 2016/17. To deliver this deficit the Trust will need to deliver a £23m Efficiency and Savings Programme (ESP – formerly Cost Improvement Plan). The overall Plan shows that 2016/17 will continue to be financially challenging.
- The key movements year on year are: the reduction in Private Finance Initiative (PFI) support by £4m; a change in tariff for the specialist Cancer Network (£4m); investment in opening additional capacity (2 Wards – one for the full year, and one for 9 months - £2.6m), inflationary factors such as pay awards, pension changes, the NHS clinical negligence insurance scheme and non-pay inflation; and a further investment in services (£3.3m). These movements are offset by the planned £23m Efficiency and Savings Programme, NHS tariff inflation and demographic growth.
- The Trust overall Plan assumes the same level of non-elective activity as per demand during 2015/16. The Plan is underpinned by elective activity returning to a 'steady state' from April 2016, following the winter pressures experienced during quarter 4 of 2015/16.
- The Trust is planning a rolling 5-year capital programme of £78m. This is inclusive of the following:
  - £18m essential improvements in backlog estates
  - Renewal of a main theatre block at Maidstone Hospital (£15m)
  - Replacement equipment programme of £25m, including linear accelerators
  - £6m IM&T modernisation programme
- The Trust is planning for capital investment loans to support the scale of the required estate renewal

Maidstone and Tunbridge Wells NHS
NHS Trust

Performance Report for 2015/16: Summary of Quality Accounts

Quality Accounts are intended to aid the public's understanding of what the Trust does well; identify where improvements in service quality are required; and list the improvement priorities for the coming year.

This section contains a summary of the Quality Accounts for 2015/16, but the full Quality Accounts can be found on the Trust's website (www.mtw.nhs.uk), or the Trust's pages on the NHS Choices website (www.nhs.uk).

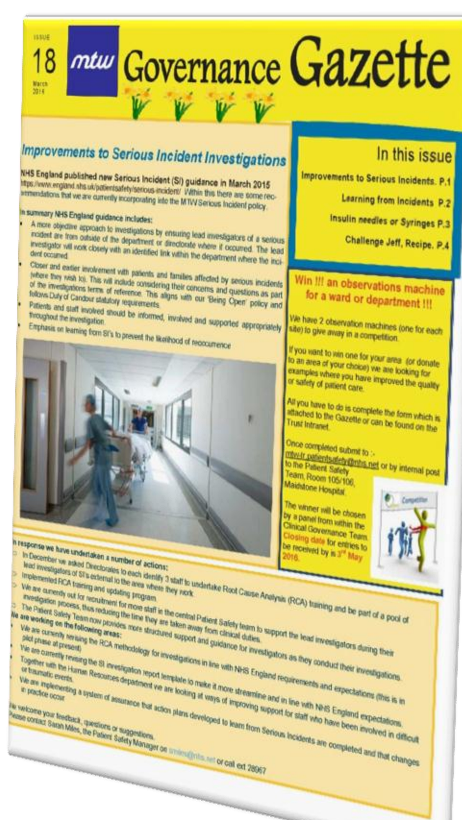
Performance against selected key priorities for 2015/16

Performance against some of the 2015/16 priorities, as stated in the 2014/15 Quality Accounts, is detailed below.

Patient Safety: To improve the system of incident reporting and learning lessons from incidents, complaints and claims.

Examples of the goals set, and the action taken in response is described below:

- "Incident reporting process to be developed to be easier, quicker and more accessible for all staff": A Datix (the Trust's incidents and complaints database) improvement group was established, and the Datix upgrade was completed in March 2015. The reporting page was reviewed and the process is now quicker and easier. A Datix 'app' is also being placed on staff tablets and iPhones for improved access
- "To publish a summary of learning from every serious incident in our Governance newsletter": Learning from Serious Incidents (SIs) are published in the Governance Gazette
- "To review the current communication pathways for lessons learnt from incidents, complaints and claims and, with the informatics and communication teams consider and implement more effective ways to get messages of learning to staff and the public": Improvements have been made to information on the Trust intranet, to provide learning, themes and trends via their forums and communication pathways (such as the Chief Executive's weekly update)



ISSUE 18 March 2016

mtw Governance Gazette

Improvements to Serious Incident Investigations

NHS England published new Serious Incident (SI) guidance in March 2015 https://www.england.nhs.uk/patientsafety/serious-incident/ Within this there are some recommendations that we are currently incorporating into the MTW Serious Incident policy.

In summary NHS England guidance includes:

- A more objective approach to investigations by ensuring lead investigators of a serious incident are from outside of the department or directorate where it occurred. The lead investigator will work closely with an identified link within the department where the incident occurred
- Closer and earlier involvement with patients and families affected by serious incidents (where they wish to). This will include considering their concerns and questions as part of the investigations terms of reference. This aligns with our 'Being Open' policy and follows Duty of Candour statutory requirements
- Patients and staff involved should be informed, involved and supported appropriately throughout the investigation
- Emphasis on learning from SI's to prevent the likelihood of reoccurrence

In this issue

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Learning from Incidents P.2
Insulin needles or Syringes P.3
Challenge Jeff, Recipe. P.4

Win !!! an observations machine for a ward or department !!!

We have 2 observation machines (one for each site) to give away in a competition.

If you want to win one for your area (or donate to an area of your choice) we are looking for examples where you have improved the quality or safety of patient care.

All you have to do is complete the form which is attached to the Gazette or can be found on the Trust Intranet.

Once completed submit to :- mtw-tr.patientsafety@nhs.net or by internal post to the Patient Safety Team, Room 105/106, Maidstone Hospital.

The winner will be chosen by a panel from within the Clinical Governance Team. Closing date for entries to be received by is 3rd May 2016.

Patient Safety: To improve the patient safety culture within the organisation to ensure the organisation and all staff are responsive to learning

Examples of the goals set, and the action taken in response is described below:

- "To implement an engagement campaign called 'Step up to Safety' with the aim of raising awareness and engaging staff sign up to a 'just' culture": A Clinical Governance Roadshow week was undertaken in November 2015. This included patient safety awareness and a challenge to staff to share how they provide safe and quality care on a day to day basis
- "To host a patient safety culture focussed conference for Trust staff": A Patient Safety Conference was hosted on 3rd July 2015, with over 60 attendees and positive feedback

Patient Safety: To improve patient flow through the Trust

Examples of the goals set, and the action taken in response is described below:

- "Review of Wards to improve efficiency and flow through Ward location and co-adjacencies": Service redesign continues to be reviewed; and the Trust has joined the National Programme for Ambulatory Emergency Care (AEC) with the expectation that up to 20% of the Medical take can be treated on ambulatory pathways
- "Creation of additional capacity at the Tunbridge Wells Hospital": As noted earlier in the Report, the new Acute Medical Unit opened in March 2016 with the addition of 38 beds

Patient Safety: To improve the quality of stroke care

Stroke performance is referred to elsewhere in the Report (in the "Chairman and Chief Executive's report", and in the "Story of the month" for March 2016), but an example of the goals set, and the action taken in response is described below:

- "Provision of a high risk TIA service 7 days /week (daytime)": Currently a 5-day service remains operational. Discussions are continuing regarding the ability to provide a 7-day service

Clinical Effectiveness and Governance: To ensure clinical governance frameworks and processes throughout the Trust and at speciality level are effective

Examples of the goals set, and the action taken in response is described below:

- "An external supported review of organisational clinical governance to identify good governance and culture, identify areas for improvement and implement new governance framework within the organisation": An External governance review that included cultural element was completed in August 2015. Further details are contained in the "Governance Statement" section later in the Report
- "Establishment of a system of intelligent monitoring that will enable more effective measurement of quality and safety": An internal assurance process was developed in relation to the CQC domains, and a pilot commenced in April 2016

Clinical Effectiveness and Governance: To review and improve the effectiveness of Morbidity and Mortality meetings and reviews

Examples of the goals set, and the action taken in response is described below:

- "In collaboration with Directorate leads and external partners agree an improved mortality review process that is documented as a standard operating procedure": A revised Mortality Review process and Mortality Surveillance Group was established in January 2016
- "With data analysts and informatics department, consider ways of automating the Mortality Review process that would make for a more timely and efficient process": Support from the Health Informatics Department was established. An automated mortality review process was considered but is not currently achievable due to changes to central patient data systems. However this will be considered and included in longer term plans

Clinical Effectiveness and Governance: To ensure that systems and processes as well as support for our staff is in place to discharge our responsibility to be honest, open and truthful in all dealings with patients and the public

Examples of the goals set, and the action taken in response is described below:

- "To update the 'Being Open' Policy to include the Duty of Candour requirements": The Policy was reviewed and Duty of Candour requirements explicit
- "To further develop resources to assist and support staff when undertaking duty of candour in the clinical setting": A Patient Safety manager commenced in post September 2015 and further staff recruitment has been achieved. The better resourced Patient Safety Team will be able to provide improved support and guidance for clinical staff as well as maintain a central database for assurance

Patient Experience: To meet the needs of our patients with due regard to their cultural and linguistic backgrounds (by reviewing and improving linguistic translation services)

Examples of the goals set, and the action taken in response is described below:

- "Implement the tender process for linguistic translation and adopt an efficient system that meets patients and service needs": The tender process was completed and new provision of linguistic translation will be implemented in May 2016 with new provider
- "Implement a staff flag project, where staff who speak other languages wear a flag of this country on their name badge": This will be part of the work plan for the newly-appointed Staff Engagement and Equality lead in 2016/17

Patient Experience: Implement Friends and Family Test for Outpatient Services and improve learning and action taken in response to Friends and Family feedback

Examples of the goals set, and the action taken in response is described below:

- "Include outpatient services in overall Friends and Family report": This has been fully implemented.
- "Ensure results, learning and changes are publicly displayed in outpatient areas and kept up to date": Detailed analysis is dependent on supplier and support transcribing free text from out-patient returns (the Outpatients system involves an automated telephone service)

Patient Experience: To ensure meaningful patient and public involvement in all service improvements

Examples of the goals set, and the action taken in response is described below:

- "Review of all patient and public involvement activities in the Trust including all local and national patient experience surveys to identify good practice and areas for development": Engagement with Healthwatch Kent has been strengthened. Regular meetings with Healthwatch are held, to identify trends and themes. Healthwatch also have a designated representative on the Patient Experience Committee, undertake a number of 'Enter and View' visits and have been involved in the planning of the new Ward at Tunbridge Wells Hospital
- "Conclude review of Patient Experience Committee": The review was completed, and the core Committee membership was refined, to enable it to provide an 'assurance' function

Quality improvement priorities for 2016/17

The Trust's quality improvement priorities are only ever a small sample of the quality improvement work undertaken across the organisation in any one year. The initiatives selected in previous years will almost always continue into subsequent years, although the focus may change according to need. Selecting new initiatives each year ensures that a wide breadth of areas are covered and prioritised. The Trust has chosen 3 quality priorities for 2016/17:

1. Patient Safety: To improve the dissemination of learning from serious incidents and complaints to drive improvement across the organisation

The key objectives involve: A central database to monitor all actions agreed following Serious Incidents and Complaints reported to the Learning and Improvement committee (nee SI panel); Actions agreed as a result of Serious Incidents and Complaints to be tested in practice through the internal assurance review programme and executive / non-executive walkabouts; Improvements as a result of learning from Serious Incidents and Complaints to be shared in a staff monthly newsletter and on the intranet and website; and Improvements as a result of learning from the review of in-hospital mortalities.

2. Patient Experience: To improve the use of current feedback mechanisms and provide more innovative ways to receive and act upon feedback.

The key objectives include: Friends & Family results to be clearly and consistently displayed within departments including actions and improvements as a result of qualitative feedback; Positive feedback / plaudits to be gathered and shared in a more robust way with staff to ensure good practices are acknowledged and become drivers for improvement; and Working with Healthwatch partner, consider and implement different ways of listening to staff and service users to drive improvements (such as listening events, better use of social media and technology).

3. Clinical Effectiveness: To improve the management of patient flow.

The key objectives include: Sustained reduction in length of stay achieved through (but not exclusively) the full implementation of SAFER Discharge Bundle; sustaining ring-fenced beds for Stroke and Trauma and Orthopaedic patients; and embedding the new pathway on the AMU at Tunbridge Wells Hospital to further improve ambulatory care.

The Trust will monitor our progress against these subjects through Directorate and Trust-level governance structures. Reports and assurance of progress will be presented at the Trust Management Executive (TME), Quality Committee and the Patient Experience Committee.

Performance Report for 2015/16: Sustainability Report

As an NHS organisation, and as a spender of public funds, the Trust has an obligation to work in a way that has a positive effect on the communities it serves. Sustainability means: spending public money well; the smart and efficient use of natural resources; and building healthy, resilient communities. By making the most of social, environmental and economic assets, the Trust can improve health both in the immediate and long term even in the context of rising cost of natural resources. In order to fulfil its responsibilities for the role the Trust plays, the Trust has the following sustainability mission statement located in the Sustainable Development Management Plan (SDMP): "To embed the ethos of sustainability into everything that we do".

As a part of the NHS, public health and social care system, it is the Trust's duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34% (from a 1990 baseline) equivalent to a 28% reduction from a 2013 baseline by 2020. It is the Trust's aim to supersede this target by reducing our carbon emissions 5% by 2015 using 2012/13 as the baseline year.

Policies

In order to embed sustainability within the Trust's business it is important to explain where in the process and procedures sustainability features. Sustainability is considered in relation to Travel, but not in Procurement (environmental), Procurement (social impact), or Suppliers' impact. One of the ways in which an organisation can embed sustainability is through the use of an SDMP. There is now a Sustainable Development and Environmental Committee, chaired by the Director of Estates and Facilities, which has prepared an Environmental Policy and Procedure (currently in draft form) and within this Policy is a requirement for an SDMP. A new SDMP is also being prepared by this Committee for consideration by the Trust Board. The Trust is now also ISO 14001 (Environmental Management Systems) verified and certificated, but does not currently use the Good Corporate Citizenship (GCC) tool or run awareness campaigns promoting sustainability.

Climate change brings new challenges to the Trust's business both in direct effects to the healthcare estates, and also to patient health. Examples of recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc. The Trust has identified the need for the development of a Board-approved plan for future climate change risks affecting our area.

Partnerships

The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner. Crucially for the Trust as a provider, evidence of this commitment will need to be provided in part through contracting mechanisms. However, the Trust has not yet established any strategic partnerships regarding this.

Performance

Organisation

Since the 2007 baseline year, the NHS has undergone a significant restructuring process, which is still on-going. Therefore in order to provide some organisational context, the following table may help explain how both the organisation and its performance on sustainability has changed over time.

Context info	2007/08	2013/14	2014/15	2015/16
Floor space (m^2)	109,896	138,533	138,533	138,533
Number of staff (WTE)	3,969	4,814	4,800	4,678

As a part of the NHS and public health and social care systems, it is the Trust's duty to contribute towards the level of ambition set in 2014 of reducing the carbon footprint of the NHS, public health and social care system by 34% (from a 1990 baseline) equivalent to a 28% reduction from a 2013 baseline by 2020. However, due to the increasing number of patient contacts, the Trust's emissions will rise in the future, although the Trust will reduce energy and procurement density per patient contact (per m^2 of building).

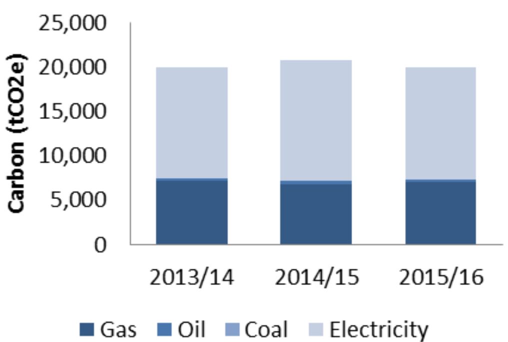
Energy

The Trust spent £3,960,879 on energy in 2015/16, which was a 2.9% increase on energy spend from 2014/15. In previous years energy was from a 'green' source and no Climate Change Levy was payable. However, this exemption was removed on 01/08/15, resulting in an additional cost of £120k.

Resource		2013/14	2014/15	2015/16
Gas	Use (kWh)	33,906,661	32,514,562	33,751,329
	tCO_2e	7,193	6,822	7,081
Oil	Use (kWh)	726,743	1,004,843	561,010
	tCO_2e	232	322	180
Coal	Use (kWh)	0	0	0
	tCO_2e	0	0	0
Electricity	Use (kWh)	22,477,329	21,950,219	22,076,985
	tCO_2e	12,585	13,594	12,693
Green Electricity	Use (kWh)	22,393,473	21,816,665	4,892,105
	tCO_2e	-12,538	-13,512	-2,813
Total energy CO_2e		7,472	7,226	17,141
Total energy spend		£3,886,071	£3,849,104	£3,960,879

N.B. tCO2e = Tonnes of CO2 equivalent. This is used to measure the equivalent CO2 concentration which causes the same level of absorption in the atmosphere for other greenhouse gases.

Carbon Emissions - Energy Use



Energy consumption was similar to previous years despite an increase in patient numbers, additional Medical facilities and ward upgrades to a higher and more energy intensive standard, especially in air conditioning demand and additional mechanical ventilation. Energy commodity costs (especially gas) are significantly reduced but the main cost (66% of budget) is electricity and here distribution costs have risen. Feed in tariffs have also been introduced, and the climate change levy (CCL) relief for 'green' electricity has been removed. The outcome is that energy spend is similar despite reduced commodity prices and is a trend that is expected to continue. 22.2% of the Trust's electricity use came from renewable sources. This is a significant reduction due to change of energy broker and government removal of Climate Change Levy exemption mid-year. However, an Energy Management System to the ISO standard 50001 is in use and being prepared for certification. In addition, a new energy broker is now used and an Energy Performance Contract is at the Investment Grade Audit stage.

Travel

The Trust can improve local air quality & improve the health of its community by promoting active travel – to staff and to the patients and public that use its services. Every action counts and the Trust is a lean organisation trying to realise efficiencies across the board for cost and carbon (CO2e) reductions. The Trust supports a culture for active travel to improve staff wellbeing and reduce sickness. Increased patient and staff numbers has resulted in an increase in business travel. The Trust bus service between the major sites is however still active and transporting more people than ever before and so reducing car mileage.

Category	Mode	2013/14	2014/15	2015/16
Patient & visitor travel	Km	164,430,294	160,707,854	168,820,400
	tCO_2e	37,934	36,880	38,124
Business travel &fleet	Km	1,330,175	104,589	147,682
	tCO_2e	305	24	33
Staff commute	Km	7,113,083	7,420,628	7,232,020
	tCO_2e	1,633	1,694	1,625

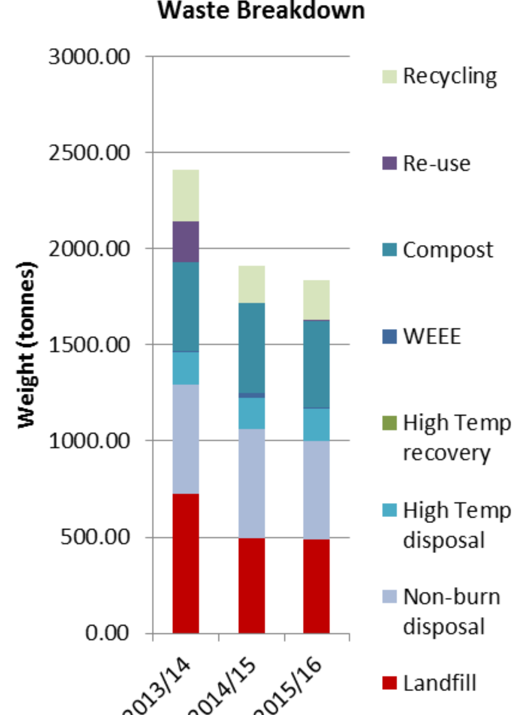
N.B. tCO2e = Tonnes of CO2 equivalent. This is used to measure the equivalent CO2 concentration which causes the same level of absorption in the atmosphere for other greenhouse gases.

Waste

Much of the Trust's waste is now recycled, & volumes of waste reduced. Paper & cardboard is now recycled in more areas at Maidstone Hospital & the amount of recycling is increasing as more recycling bins are installed. The waste management team have also improved staff awareness, & increased recycling.

Waste		2013/14	2014/15	2015/16
Recycling	(tonnes)	268.26	194.00	208.00
	tCO_2e	5.63	4.07	4.37
Re-use	Use (kWh)	209.66	2.00	2.00
	tCO_2e	4.40	0.04	0.04
Compost	Use (kWh)	463.70	470.00	450.00
	tCO_2e	2.78	2.82	2.70
WEEE	Use (kWh)	6.50	23.00	7.00
	tCO_2e	0.14	0.48	0.15
High Temp recovery	Use (kWh)	0	0.00	0.00
	tCO_2e	0	0.00	0.00
High Temp disposal	Use (kWh)	165.95	165.00	166.00
	tCO_2e	36.51	36.30	36.52
Non-burn disposal	Use (kWh)	573.32	569.00	516.00
	tCO_2e	12.04	11.95	10.84
Landfill	Use (kWh)	723.36	491.00	487.00
	tCO_2e	176.80	120.01	119.03
Total waste (tonnes)		2410.75	1914.00	1836.00
% recycled or re-used		20%	10%	11%
Total waste tCO_2e		238.31	175.68	173.64

N.B. WEEE is "Waste Electrical and Electronic Equipment"



Water

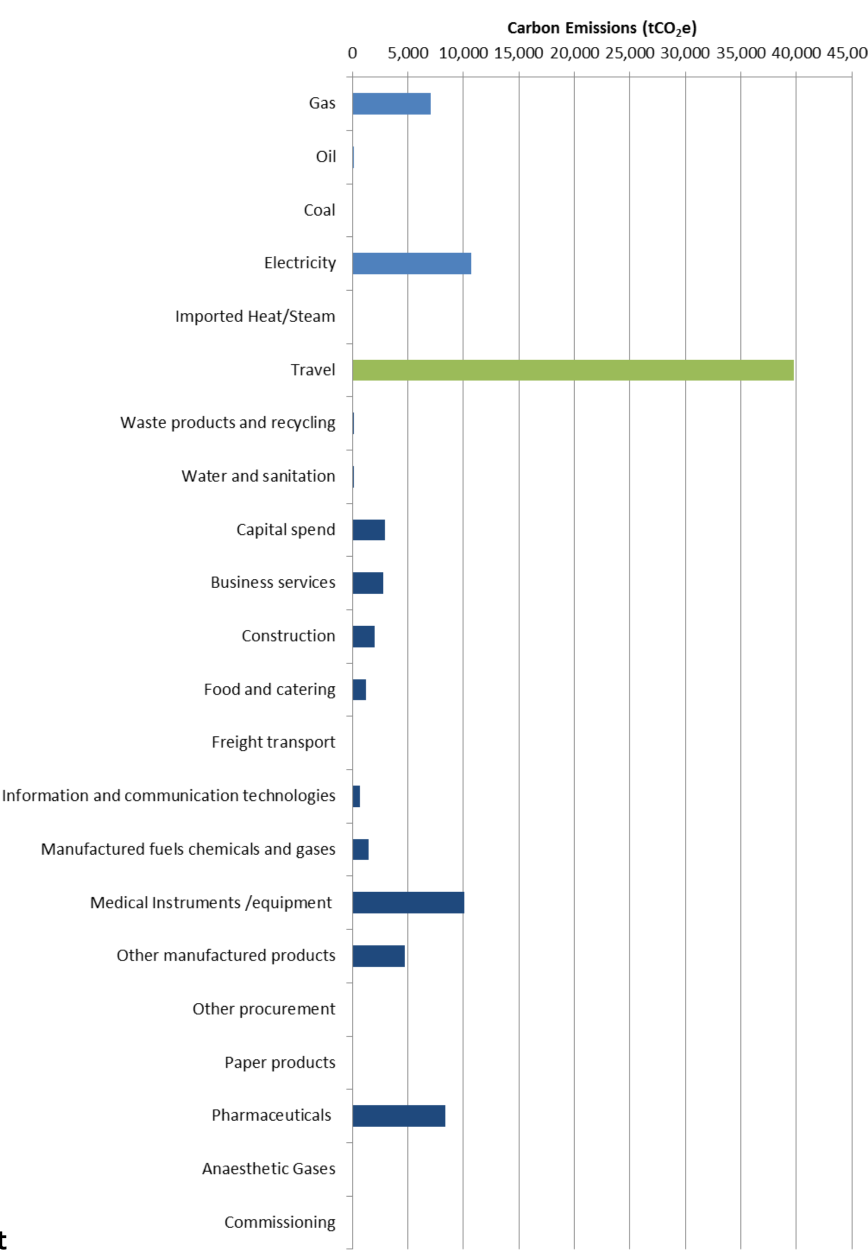
Demand for water is increasing due to increased patient and staff numbers. Water and sewage management is now a part of the Environmental Policy and Procedure. At Maidstone Hospital a new water meter has been fitted due to its age and concerns regarding accuracy. The new meter has the ability to be remotely monitored via the web and a contract with the water supplier to enable this service is being organised. Once arranged the Trust will have more information on water consumption.

Water		2013/14	2014/15	2015/16
Mains	m^3	167248	166287	189551
	tCO_2e	152	151	173
Water & sewage spend		£568,898	£568,781	£604,957

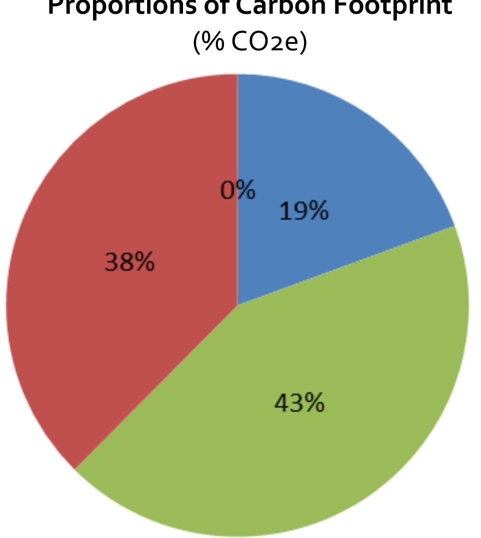
Modelled Carbon Footprint

The information provided in the previous sections of this sustainability report uses the "Estates Return Information Collection" (ERIC) returns as its data source. However, this does not reflect the Trust's entire carbon footprint. Therefore, the following information uses a scaled model based on work performed by the NHS Sustainable Development Unit (SDU) in 2009/10. More information is available at www.sduhealth.org.uk/policy-strategy/reporting/nhs-carbon-footprint.aspx. The application of this model results in an estimated total carbon footprint of 92,460 tonnes of carbon dioxide equivalent emissions (tCO_2e). The Trust's carbon intensity per pound is 597 grams of carbon dioxide equivalent emissions per pound of operating expenditure (gCO_2e/£). The average emissions for acute services is 210 grams per pound.

Carbon Emissions Profile

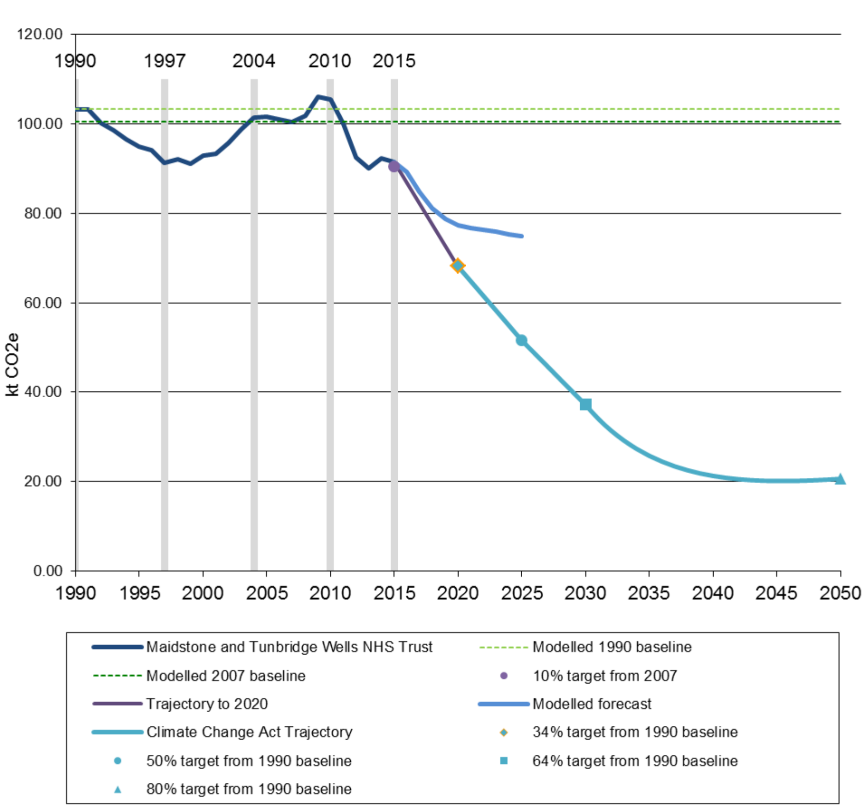


Proportions of Carbon Footprint
(% CO2e)



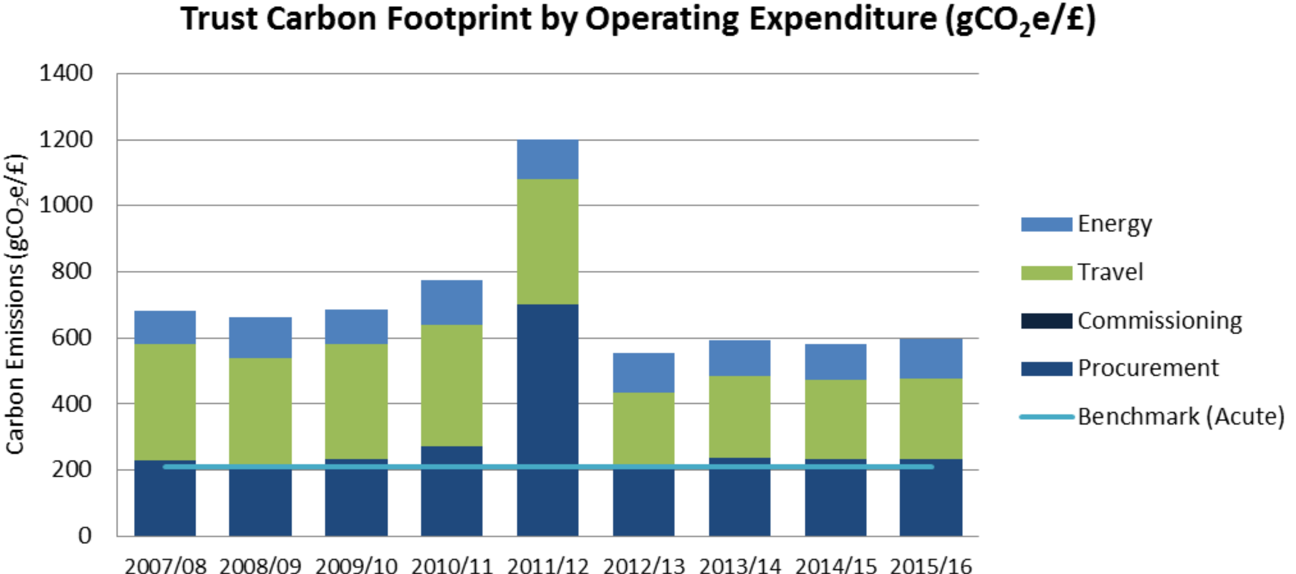
Modelled trajectory

The Trust is currently above the 'trajectorised' emissions level and with an increasing and aging population and with most of the emissions caused by scope 3 items (mainly pharmacy products, Medical equipment and travel emissions), it is difficult to see how the Trust can reduce emissions to the 'trajectorised' level.



Modelled benchmark

Emissions from travel and pharmacy mentioned above are again illustrated below. Emissions from procurement alone place the Trust above the benchmark.



Maidstone and Tunbridge Wells NHS

NHS Trust

Accountability Report for 2015/16: Corporate Governance report

Directors' report

The Trust Board

The role of the Trust Board is to determine strategy and policy for the Trust, to monitor in-year performance against its plans and ensure the Trust is well managed and governed. The Trust Board comprises a Chairman, appointed by the Secretary of State, 5 other Non-Executive Directors, and 8 other Directors (only 5 of whom have voting rights). The Non-Executive Directors bring a range of skills and expertise from outside the NHS, and their role is to hold Executive Directors to account. The Trust Board meets every month, in public. The times and venues of these meeting are advertised on the Trust's website, which also contain the agendas, minutes and reports (see www.mtw.nhs.uk/about-us/trust-board/).

The Board formally operates in accordance with its own Terms of Reference; the Trust's Standing Orders, Scheme of Matters Reserved for the Board and Scheme of Delegation, and Standing Financial Instructions.

Trust Board Members

Taking into account the wide experience of all Trust Board Members, the balance and completeness of the Board is considered to be appropriate. At the end of 2015/16, the Trust Board had the following members:

Anthony Jones

Chairman of the Board*

Tony joined the Trust Board in March 2008, and was appointed Chairman in January 2009. He also attends several other Board sub-committees, two of which he chairs (the Remuneration and Appointments Committee and the Foundation Trust Committee). Outside of his duties at the Trust, Tony was Vice-Chair and Non-Executive Director of "Midland Heart", one of the country's top housing and care associations, sat as a Justice of the Peace on the mid-Kent bench for 8 years and was a Board member for 10 years of Groundwork U.K, a national environmental charity. Previously, Tony had a highly successful career in international human resource management with the Ford Motor Company culminating in his retirement in 2002 as Director of Human Resources for Jaguar. Tony is also a past member of the Accounting Standards Ethics Committee.

Glenn Douglas

Chief Executive*Σ

As the Trust's "Accountable Officer", Glenn is responsible for the overall development and performance of the Trust. In addition to being a Trust Board Member, he attends several Board sub-committees, and also chairs the Trust Management Executive (TME). Glenn has previously been Chief Executive at Ashford and St Peters Hospitals and Eastbourne Hospitals NHS Trusts, and was previously a member of the Independent Reconfiguration Panel (IRP). His career has been mainly in the NHS, having worked finance and operational management in a number of other Trusts and Health Authorities in Sussex, Kent and Manchester. He is a qualified accountant and member of the Institute of Health Services Managers. Glenn became Chief Executive in October 2007

Avey Bhatia

Chief Nurse*Σ

Avey is the professional and clinical lead for the Nursing and Midwifery workforce. She is responsible for providing comprehensive leadership to support the progression, development and positive reputation of the Nursing and Midwifery professions. Avey is also the Trust lead for quality, patient safety and the patient experience. This includes infection prevention & control, safeguarding, continuous development of nursing practice and compliance with regulatory obligations. Avey joined the Trust in July 2013 from South London Healthcare NHS Trust, where she was the Deputy Chief Nurse, frequently deputising for the Chief Nurse. Avey trained as a Registered General Nurse at Maidstone Hospital before developing her career in clinical Nursing, nursing management and general management in a number of London hospitals. Her clinical experience includes Theatres, general Intensive Care, Coronary Care and Cardiothoracic Nursing. Avey holds a postgraduate diploma in Health Services Management and a Masters in Public Administration. In addition to her role on the Trust Board, Avey attends several Board sub-committees.

* denotes Board members with voting rights / Σ denotes member of the Executive Team

Trust Board Members (continued)

Sylvia Denton CBE

Non-Executive Director*

Sylvia joined the Trust Board in March 2008, and in addition to her role on the Board, chairs the Patient Experience Committee and attends some of the other sub-committees. Sylvia has a long and distinguished career in Nursing, when she was a Specialist Cancer Nurse, and as a Health Visitor. She is a former President of the Royal College of Nursing and is recognised nationally and internationally within the nursing profession. Sylvia has served on many Government healthcare bodies and is a Commander of the British Empire (CBE).

Sarah Dunnett OBE

Non-Executive Director*

Sarah joined the Trust Board in January 2014, and arrived from Dartford and Gravesham NHS Trust, where she had been Chairman for the previous 12 years. Sarah's previous experience is in the oil industry, where she held a variety of senior management roles. Her contribution to the NHS was recognised in the 2013 Queen's birthday honours list, when she awarded an OBE. Sarah is married with three sons. In addition to her role on the Trust Board, Sarah chairs the Quality Committee and attends several other Board sub-committees.

Angela Gallagher

Chief Operating Officer*Σ

Angela is the lead for the delivery of patient services through the Trust's Clinical Directorates. Angela joined the Trust in 2004 from North Middlesex University Hospital, and has worked in a variety of senior Nursing and management roles, most recently as Deputy Chief Operating Officer and previously as the 18-week programme director for the Trust. She joined the Trust Board in October 2011, and in addition to her role on the Board, attends several Board sub-committees.

Richard Hayden

Director of WorkforceΣ

Richard Joined the Trust Board in March 2016, and is accountable for the development of the Trust's workforce strategy, Organisational Development and Human Resource (HR) management. In addition to his role on the Board, Richard attends a number of Board sub-committees. Richard joined the Trust in January 2008, to focus on organisational development and learning, and since 2011 was the Deputy Director of Workforce. Richard has held various management and HR positions in a NHS career spanning over 14 years. Richard holds a BSc honours degree in Geography from Aberdeen University, an MA in Human Resources Management, a postgraduate diploma in Health and Social Care Management, is a qualified coach and mentor, and is a Chartered Fellow of the CIPD (Chartered Institute of Personnel and Development). Richard is also a Non-Executive Director for the Valley Invicta Academies Trust.

Alex King MBE

Non-Executive Director*

Alex Joined the Trust Board in September 2014. He has a strong business background, and has worked in the local health service before in a Non-Executive capacity. He is also one of the longest serving Councillors on Kent County Council. Alex was Deputy Leader of the County Council for a number of years and is currently Chairman of Kent County Council's Policy and Resources Committee and Joint Transportation Board. His business background is in management consultancy, specialising in Human Resources, general management and organisation and business development. Alex lives in Hawkhurst with his wife, Susan. In addition to his role on the Trust Board, Alex chairs the Workforce Committee and attends some other Board sub-committees.

* denotes Board members with voting rights / Σ denotes member of the Executive Team

Trust Board Members (continued)

Jim Lusby

Deputy Chief Executive[Σ]

Jim joined the Trust Board in April 2015 and leads on the development of strategy. Before joining the Trust Jim was a Portfolio Director at the NHS Trust Development Authority (TDA), with responsibility for oversight of NHS Trusts in the South East. During his final five months with the TDA he acted into the position of Director of Delivery & Development for the South of England. Jim joined the TDA from King's Health Partners where he was Director of Integrated Care. He previously held senior positions in South East London Strategic Health Authority, the Department of Health and the Prime Minister's Delivery Unit.

Sara Mumford

Director of Infection Prevention and Control

Sara joined the Trust Board in November 2007, and attends a number of Board sub-committees. She leads the Trust's infection prevention strategy. Sara is also a Consultant Microbiologist, and is the Clinical Director for Diagnostics, Pharmacy and Therapies. Sara joined the Trust in 2007, and has previously worked as Consultant Microbiologist at East Kent Hospitals University NHS Foundation Trust, and as a Consultant in Communicable Disease Control (CCDC) at Kent Health Protection Unit.

Steve Orpin

Director of Finance[*Σ]

Steve is responsible for providing information and advice to the Trust relating to all financial management issues. Steve joined the Trust Board in April 2014 from Medway NHS Foundation Trust, where he had been Deputy Director of Finance; including a 12-month spell as Director of Finance. Steve has held various positions within the Finance function in a number of NHS organisations across London and the South East in a NHS career spanning over 20 years. Steve is a Fellow of Chartered Association of Certified Accountants and holds an MBA. In addition to his role on the Board, Steve attends several Board sub-committees.

Paul Sigston

Medical Director[*Σ]

Paul joined the Trust Board in March 2010. As Medical Director, Paul is the professional lead for the whole Medical workforce, with specific interest in clinical leadership, Medical practice, doctor development, clinical governance and research. In addition to his role on the Board, Paul attends several Board sub-committees. He is also a Consultant Anaesthetist, with an interest in Intensive Care, mostly working at Tunbridge Wells Hospital. Paul graduated from Edinburgh University and spent his junior doctor years in Edinburgh, Chester and London. Paul has worked at the Trust since 1998 and was previously the Divisional Director for the Planned Services Division.

Kevin Tallett

Non-Executive Director[*]

Kevin joined the Trust Board in June 2008, and in addition to his role on the Board, attends several other Trust Board sub-committees, one of which he chairs (the Audit and Governance Committee). Kevin has had a highly successful career at a senior level in the energy industry and is currently Enterprise IT Strategy, Architecture and Change Director at EDF Energy (which includes looking after corporate and enterprise-wide change projects). His previous roles include Director of IT Operations at EDF, leading a team of 550 people and with a multi-million pound budget.

[*] denotes Board members with voting rights / [Σ] denotes member of the Executive Team

Trust Board Members (continued)

Steve Tinton

Non-Executive Director*

Steve joined the Trust Board in April 2013, but has held a number of Non-Executive Director positions since 2006, including for the NHS South of England Strategic Health Authority (SHA), and its predecessor South East Coast SHA, where he was also chair of the Audit and Risk Committees. Steve also completed a secondment as Interim Chairman of East Sussex Healthcare NHS Trust in 2011, and in 2007/8 was seconded to the Trust for 6 months as a Non-Executive Director and chair of the Audit Committee. Steve is also currently Vice Chair of the School of Oriental and African Studies, London University, and an independent external member of the Audit Committee of the World Health Organisation. Steve was a partner in PricewaterhouseCoopers (PwC) from 1982 to 2006, which he joined in 1970 from Cambridge University. For his last 3 years with PwC, he was responsible for the oversight of risk management and quality policies and quality assurance programmes in over 17 countries in Asia. During his career Steve has led projects in a wide range of healthcare activities, including major hospitals and ambulance organisations, private healthcare hospitals and care homes. In addition to his role on the Board, Steve attends several Board sub-committees, one of which he chairs (the Finance Committee).

* denotes Board members with voting rights / Σ denotes member of the Executive Team

The following persons also served on the Trust Board during 2015/16:

- Paul Bentley, Director of Workforce and Communications (joined the Board in February 2011. Left at the end of February 2016)
- Stephen Smith, Associate Non-Executive Director (joined the Board in April 2012. Left on 22nd July 2015)

Attendance at Trust Board meetings

There were 10 formal Trust Board meetings in 2015/16. Attendance at each meeting is shown below:

Trust Board Member (see above for the time served on the Board during 2015/16)	April 2015	May 2015	June 2015	July 2015	Sept. 2015	Oct. 2015	Nov. 2015	Jan. 2016	Feb. 2016	March 2016
Anthony Jones, Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Glenn Douglas, Chief Executive	✓	✓	✓	✓	✓	✓	✓	Apologies	✓	Apologies
Paul Bentley, Dir. of W'force and Comm's	✓	✓	✓	✓	✓	✓	✓	Apologies [3]	✓	N/A [4]
Avey Bhatia, Chief Nurse	✓	✓	✓	✓	✓	Apologies	✓	✓	✓	✓
Sylvia Denton, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apologies
Sarah Dunnett, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Angela Gallagher, Chief Operating Officer	✓	✓	✓	✓	✓	Apologies	✓	✓	✓	✓
Richard Hayden, Director of Workforce	N/A [5]									✓
Alex King, Non-Executive Director	Apologies	✓	✓	✓	✓	Apologies	✓	✓	Apologies	✓
Jim Lusby, Deputy Chief Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sara Mumford, Director of Infection Prevention & Control	✓	Apologies	✓	Apologies	✓	✓	✓	✓	✓	✓
Steve Orpin, Director of Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul Sigston, Medical Director	✓	✓	✓	✓	✓	✓	✓	Apologies [6]	✓	✓
Stephen Smith, Ass. Non-Executive Director	✓	✓	✓	✓	N/A [7]					
Kevin Tallett, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Steve Tinton, Non-Executive Director	✓	✓	✓	✓	✓	Apologies	✓	✓	Apologies	✓

[3] The Director of Workforce and Communications was however represented at this meeting by Richard Hayden (Deputy Director of Workforce)
[4] Paul Bentley left the Trust Board on 28th February 2016
[5] Richard Hayden was appointed as Director of Workforce in March 2016
[6] The Medical Director was however represented at this meeting by Graham Russell (Deputy Medical Director)
[7] Stephen Smith left the Trust Board on 22nd July 2015

Directors' interests

The Trust Board and other committees routinely ask that any interests relevant to agenda items be declared at each meeting. In addition, a Register of Directors' interests is maintained. The interests recorded on the Register at the end of 2015/16 for those on the Board at the end of that year were as follows:

Director (see above for the time served on the Board during 2015/16)	**Details of modifiable interest**
Anthony Jones, Chairman	None
Glenn Douglas, Chief Executive	None
Avey Bhatia, Chief Nurse	▪ Governing Board Nurse of East Surrey Clinical Commissioning Group
Sylvia Denton, Non-Executive Director	▪ Trustee (unremunerated) of the PSP Association, a charity dedicated to the support of people with Progressive Supranuclear Palsy (PSP) and the related disease Cortico Basal Degeneration (CBD), and those who care for them (charity number: 1037087)
Sarah Dunnett, Non-Executive Director	▪ Trustee of The Sevenoaks Almhouse Charity (charity number: 226418) ▪ Governor of Sevenoaks School (www.sevenoaksschool.org / charity number: 1101358)
Angela Gallagher, Chief Operating Officer	None
Richard Hayden, Director of Workforce	▪ Trustee of Valley Invicta Academies Trust (company number: 07559256)
Alex King, Non-Executive Director	▪ Member of Kent County Council – Councillor for Tunbridge Wells Rural (Wards: Brenchley & Horsmonden, Capel, Goudhurst & Lamberhurst, Paddock Wood) ▪ Chairman of Kent County Council Policy and Resources Committee ▪ Chairman of Kent County Council Joint Transportation Board ▪ Chairman of Paddock Wood Community Advice Centre ▪ Trustee of Cranbrook School (charity number: 290237) ▪ President Tunbridge Wells Conservatives ▪ President Kent Conservatives ▪ Chairman of The King Partnership Ltd (www.kingpartnership.com / company number: 02202346), which provides management and human resource consultancy services to clients in the UK and overseas
Jim Lusby, Deputy Chief Executive	None
Sara Mumford, Director of Infection Prevention & Control	None
Stephen Orpin, Director of Finance	None
Paul Sigston, Medical Director	▪ Partner in a private practice LLP (Tunbridge Wells Group of Anaesthetists), which performs clinical work for Private and NHS patients. One of 14 partners ▪ Director of PKSigston Enterprises Ltd, providing anaesthetic services to Private patients (company number: 07095783)
Kevin Tallett, Non-Executive Director	▪ Enterprise Strategy Architecture & Change Director at EDF Energy PLC, an energy provider (company number: 02366852) ▪ Owner/Director Discidium Ltd (company number: 10042570)
Steve Tinton, Non-Executive Director	▪ Interim Vice Chair, School of Orient and African Studies London University (Board of Trustees) ▪ Trustee of Educare Small School (www.educaresmallschool.org.uk) ▪ Member of the Independent Expert Oversight Advisory Committee of the World Health Organisation (effectively the Audit Committee of WHO), based in Geneva

N.B. Some Directors' notifiable interests changed during the year. Further details can be obtained from the Trust Secretary, who can be contacted via Maidstone Hospital, Hermitage Lane, Maidstone, Kent ME16 9QQ (or see www.mtw.nhs.uk/about-the-trust/trust-board.asp). The interests of Trust Board Members who left the Board during 2015/16 can also be obtained from the Trust Secretary.

Pension Liabilities, Exit Packages and severance payments

Details of how the Trust treats Pension Liabilities are outlined in the Principal Financial Statements, along with details of any Exit Packages agreed in 2015/16 (within Notes 10.4, 10.5 and 10.6).

Board sub-committees

The Board has a number of sub-committees, to assist it in meeting its role and duties. Further details of these can be found in the 'Governance Statement' section later in the Annual Report.

The Trust's Management Structure

The Trust is organised into a number of Corporate and Clinical Directorates. At the end of 2015/16, the Clinical Directorates were as follows:

- Cancer and Haematology;
- Children's Services;
- Critical Care;
- Diagnostics, Therapies and Pharmacy;
- Emergency and Medical Services;
- Surgery, General Surgery, Urology, Head & Neck and Gynae Oncology;
- Trauma and Orthopaedics; and
- Women's and Sexual Health

Each clinical area has a designated Clinical Director, General Manager and Matron, whilst Associate Directors of Nursing and Associate Directors of Operations also provide oversight. Corporate departments (Human Resources, Finance, Estates and Facilities, Clinical Governance, Trust Management) are each responsible to an Executive Director.

Complaints: Ready to listen, ready to learn

The Trust aims to provide the best possible care and treatment but sometimes, despite the best efforts of staff, things can go wrong. In such circumstances, patients and relatives are encouraged to tell a member of staff on the Ward or in the clinic as soon as they can, to enable their concerns to be responded to as soon as possible. However, if concerns cannot be resolved in this way, the Trust has a formal complaints process.

In 2015/16, the Trust received a total of 513 formal complaints (in 2014/15, this was 485), and 74.3% of complaints received were responded to within the agreed timescale.

'Principles for Remedy'

The Trust applies the 'Principles for Remedy' guidance issued by the Parliamentary and Health Service Ombudsman as part of its Complaints handling policy and procedure. Under the Trust's Policy, financial remedy is only considered when a complaint is upheld and the complainant has clearly suffered a financial loss as a result of a service failure or breach of a Trust policy. In such circumstances, the Trust will consider paying a sum that restores the person to the position they would have been in prior to the circumstances which necessitated the complaint. The amount of financial remedy is agreed between the Complaints Manager and senior Directorate management team, with input from Legal Services as required. During 2015/16, the Trust offered financial remedy in 3 cases, totalling £757.70[8]. Financial redress was also recommended by the Parliamentary and Health Service Ombudsman in a further 3 cases, at a total of £3,900[9]. This process excludes any claims for clinical negligence, which are pursued under the Trust's Claims Management Policy.

[8] This is based on complaints received between 01/4/15 and 31/03/16 inclusive, though some complaints received towards the end of that period are still open at the time of this report, so further financial redress may be offered

Disclosure of personal data-related incidents

The Trust had no Serious Incident Requiring Investigation involving personal data that met the criteria for reporting to the Information Commissioner's Office (i.e. a 'Level 2' severity incident).

The Trust had the following severity 'Level 1'data-related incidents in the year:

Category	Nature of Incident	Total
A	Corruption or inability to recover electronic data	4
B	Disclosed in error	44
C	Lost in transit	0
D	Lost or stolen hardware	1
E	Lost or stolen paperwork	6
F	Non-secure disposal – hardware	0
G	Non-secure disposal – paperwork	3
H	Unloaded to website in error	0
I	Technical security failing (including hacking)	0
J	Unauthorised access/disclosure	3
K	Other	20

Policy on setting charges

The Trust has complied with HM Treasury's guidance on setting charges for information, as set out in Chapter 6 of HM Treasury's "Managing Public Money" guidance.

Emergency preparedness

As a Category One responder under the Civil Contingencies Act 2004, the Trust has specific statutory duties in relation to emergency planning and response. In addition the Trust has other obligations as required by contracts and performance standards set by NHS England, and throughout the year a continuous process of exercising, testing, training, assurance took place.

Incidents that took place during the year

On 29/04/15, an IT failure occurred at Tunbridge Wells Hospital. This was followed on 04/05/15 with a Power Failure at Maidstone Hospital. Both resulted in Business Continuity Arrangements being activated, but investigations and Action Plans have since been completed.

On 10/06/15, 13 vehicles were involved in a collision with a heavy goods vehicle in Tunbridge Wells. The South East Coast Ambulance Service (SECAmb) initially declared a Major Incident and alerted the Trust accordingly. Once a more thorough assessment of the scene was possible, SECAmb stood the Incident down, but the incident gave the Trust the opportunity to test its Communications Cascades. It was a good reminder to staff to make sure all contact details are kept up to date with the Switchboard.

[9] This is based on recommendations made by the Parliamentary and Health Service Ombudsman between 01/04/15 and 31/03/16, but not all of the relevant complaints were received within that time span

Throughout the summer of 2015, the Emergency Planning Team were involved in reviewing the issues facing the Trust from the prolonged use of Operation Stack on the M20. Additional contingency planning became necessary as new operational responses were needed on the ground very quickly by Kent Police and other partner agencies especially during hot weather.

In November 2015, Business Continuity Plans were activated when boilers at the Trust Laundry failed. The plans put in place enabled no loss of service to patients and staff. In the same month, Virgin Media cut through a major incoming phone cable resulting in loss of phone services. This required activation of business continuity plans to ensure that key responses remained operational, and again, plans were able to be activated quickly and enabled critical communications to be maintained.

Multi-agency cooperation & training

The Trust continues to work closely with other multi-agency partners, providing the basis for exercising and training, and has signed an agreement to train Air Sea Rescue Helicopter Medics from HM Coastguard. In addition, the Trust's innovative Command Accreditation Scheme provides a structured programme for all levels of Command in the Trust, whilst the National Occupational Standards and Hazardous Incident Training Programme provides skills for those on the front line. Both schemes are being implemented at other Kent hospitals. Training exercises in the year included:

- Exercise "Paratum Communitas", held in April 2015 was a regional exercise held by NHS England. The Trust was represented by a number of staff to work through scenarios with other agencies including the Military, Blue light services and Trauma Networks
- "Exercise Carbine" was the Trust's major tabletop exercise for the year, & was held on 25/06/15. This involved all areas of the Trust, Kent Police &SECAMb working through a firearms scenario, testing all areas of the Major Incident Response
- "Exercise Polar" was a tabletop exercise which reviewed Winter Resilience Plans for the organisation in conjunction with West Kent Clinical Commissioning Group, out of hours providers and SECAmb
- "Exercise Neptune" was carried out in October 2015, and tested the Business Continuity plans relating to Pathology and Blood Transfusion Services
- In November, the Trust hosted a workshop for all Trusts in Kent & Medway (in conjunction with partners including Police, Fire & Rescue, Local Authorities & SECAmb), to examine hospital evacuation plans

Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust

The Chief Executive of the NHS Trust Development Authority has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Chief Executive of the NHS Trust Development Authority. These include ensuring that:

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

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

I confirm that, as far as I am aware, there is no relevant audit information of which the 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 Trust's Auditors are aware of that information.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Glenn Douglas, Chief Executive,

25th May 2016

Governance Statement for 2015/16

1. Scope of responsibility

As Accountable Officer, and as Chief Executive of Maidstone and Tunbridge Wells NHS Trust, I have responsibility for maintaining a sound system of internal control and governance that supports the achievement of the Trust's policies, aims and objectives whilst safeguarding quality standards and public funds. I acknowledge these and my other responsibilities, as set out in the Accountable Officer Memorandum.

This statement describes the internal control and governance framework that has been in place at Maidstone and Tunbridge Wells NHS Trust for the period 1st April 2015 to 31st March 2016.

2. The governance framework of the organisation

The Trust Board

The Trust Board meets in public every month (with the exception of August, and in 2015, December), and its agenda is focused around the key aspects of: quality; performance; planning and strategy; assurance; and reports from its sub-committees. A forward programme of agenda items is actively managed throughout the year to ensure the Board receives the information, and considers the matters it requires to perform its duties efficiently and effectively. A key tenet of the information the Board receives at each meeting in public is an Integrated Performance Report, which contains up-to-date details of performance across a range of indicators, including the national priorities set out in the NHS Trust Development Authority (TDA) Accountability framework for 2015/16. The Board also normally hears a 'patient story' at every other meeting, which provides invaluable first-hand experience of being a patient of the Trust. Such stories are supplemented by visits of Board members to Wards and Departments (which are then reported to the Board each quarter). Each Executive and Non-Executive Director (NED) is paired, with each other and particular Wards and Departments, as part of this programme of visits (though it is made clear that such pairings should not prevent Trust Board Members from visiting any area they wish).

In 2015/16, the following changes in personnel occurred within the Trust Board:

- Jim Lusby (Deputy Chief Executive) joined the Trust in April 2015
- Stephen Smith (Associate Non-Executive Director) left the Trust Board in July 2015
- Paul Bentley (Director of Workforce and Communications) left the Trust at the end of February 2016
- Richard Hayden was appointed as Director of Workforce in March 2016

Board sub-committees and other key forums

The Board operates with the following sub-committees:

- The Audit and Governance Committee. The Committee supports the Trust Board by critically reviewing the governance and assurance processes on which the Board places reliance. This therefore incorporates reviewing Governance, Risk Management and Internal Control (including the Board Assurance Framework); oversight of the Internal and External Audit, and Counter Fraud functions. The Committee also undertakes detailed review of the Trust's Annual Report and Accounts, and in 2015/16 was appointed as the Trust's "Auditor Panel" (to advise the Trust Board on the selection, appointment and removal of External Auditors, for appointments for 2017/18 onwards). The Committee is chaired by a NED, and meets quarterly. All other NEDs (apart from the Chairman of the Trust Board) are members.
- The Charitable Funds Committee. This aims to ensure that the Maidstone and Tunbridge Wells NHS Trust Charitable Fund is managed efficiently and effectively in accordance with the directions of the Charity Commission, relevant NHS legislation and the wishes of donors. The Committee is chaired by a NED, and meets three times per year.

- The Finance Committee. This Committee aims to provide the Trust Board with assurance on the effectiveness of financial management, treasury management, investment and capital expenditure and financial governance; and an objective assessment of the financial position and standing of the Trust. In addition the Committee seeks assurance on Information Technology performance and business continuity. The Committee is chaired by a NED, and meets monthly.
- The Foundation Trust Committee. This oversees the development of the Trust in order to submit a successful application to become a NHS Foundation Trust. The Committee is chaired by the Chairman of the Trust Board, and although it remains a sub-committee of the Board as part of the Trust's Structure, it did not meet in 2015/16.
- The Patient Experience Committee. This presents the patient and public perception of the services delivered by the Trust, and monitors any aspect of patient experience, on behalf of the Trust Board. The Committee is chaired by a NED, and meets quarterly.
- The Quality Committee. This aims to seek and obtain assurance on the effectiveness of the Trust's structures, systems and processes to enable delivery of the Trust's objectives relating to quality of care. The Committee is chaired by a NED and meets monthly. On alternate months, the Committee meets in the form of a 'deep dive', with a smaller membership, focusing on 1 or 2 specific areas.
- The Remuneration and Appointments Committee. This Committee reviews the appointment of Executive Directors and other staff appointed on Very Senior Manager (VSM) contracts, to ensure such appointments have been undertaken in accordance with Trust Policies. It also: reviews the remuneration, allowances and terms of service of such staff; reviews (with the Chief Executive), the performance of Executive Directors and other staff appointed on VSM contracts; oversees appropriate contractual arrangements for such staff (including the proper calculation and scrutiny of termination payments, taking account of such national guidance, as appropriate); and considers and approves, on behalf of the Trust Board, proposals on issues which represent significant change. The Committee is chaired by the Chairman of the Trust Board, and meets on an ad-hoc basis (but at least twice a year).
- The Workforce Committee. This aims to provide assurance to the Board in the areas of workforce development, planning, performance and employee engagement. The Committee also works to assure the Board that the Trust has the necessary strategies, policies and procedures in place to ensure a high performing and motivated workforce that is supporting business success. The Committee is chaired by a NED and meets quarterly.

Attendance records are maintained for the Trust Board and its main sub-committees. The attendance record for Trust Board meetings is reported within the body of the Trust's Annual Report.

Although not a Board sub-committee, the Trust Management Executive (TME) is the senior management committee within the Trust. Its purpose is to oversee and direct: the effective operational management of the Trust (including achievement of standards, targets and other obligations); the delivery of safe, high quality, patient-centred care; the development of Trust strategy, culture and policy; and the identification, mitigation and escalation of assurance and risk issues. The TME meets monthly, and is chaired by the Chief Executive.

The Trust Board receives a written summary report from each meeting of its main sub-committees (and the TME) in a timely manner, supplemented by a verbal report from each sub-committee Chair, which highlights the main subjects discussed, and draws attention to any matters requiring the Board's consideration and/or action. The Audit and Governance Committee also submits an Annual Report to the Board, in May, to inform the Board's consideration of the Annual Report and Accounts. The key issues regarded as needing to be drawn to the attention of the Board from its sub-committees in 2015/16 included the following:

- The need for greater consistency in risk management processes (from the Audit and Governance Committee, 06/08/16)
- The need to explain why staff numbers had increased at a greater rate than increases in activity (from the Finance Committee, 24/08/15 and 22/02/16)

- The importance of the review of Nursing establishments and the need to rigorously manage nursing staff costs in 2016/17 (whilst ensuring safe levels of Nursing) (from the Finance Committee, 21/03/16)

In addition to the above committees, there are a range of other forums, structures and processes in place to oversee and manage any issues relevant to particular aspects of risk and governance. In this respect, the Trust has, for example, a Trust Clinical Governance Committee, an Infection Prevention and Control Committee; a Health and Safety Committee; a Medicines Management Committee; an Information Governance Committee; and Safeguarding Adults and Children Committees. In 2015/16 the Trust's Committee structure was revised and strengthened, in response to observations made during the Care Quality Commission's (CQC) inspection in October 2014, and a subsequent external "Good Governance and Culture Review" that the Trust commissioned. The Trust Board received the detailed response to that review in January 2016. The main change to the Committee structure was the establishment of the new Trust Clinical Governance Committee, and the transfer of the Quality Committee's sub-committees to other Committees (primarily TME), thereby emphasising the Quality Committee's assurance role.

The Board assesses its effectiveness, and that of its sub-committees via a range of methods. The Terms of Reference of the Board and its sub-committees are reviewed annually, to ensure the role and function of each reflects the Board's wishes. The Terms of Reference of the Trust Board and all its sub-committees (with the exception of the Foundation Trust Committee) were reviewed and approved in 2015/16. In addition, two Board 'away day' meetings were held, in July and November 2015. These enabled discussion of the Trust's future strategy of the Trust, and the Board's role in developing and implementing that strategy; and also enabled discussion of the aforementioned revised Committee structure. The Finance Committee undertook a self-evaluation in the year, and the findings were discussed at the Finance Committee in March 2016. In early 2016/17, self-evaluation assessments of the Audit and Governance Committee and Trust Board will be issued, and the findings and response will be discussed later in 2016/17.

To support the Trust's corporate governance framework, a Chartered Secretary is employed, as Trust Secretary. The post-holder supports the Trust Board in the discharge of its statutory functions and duties, and ensures that any issues regarding legal compliance, as well as best practice in corporate governance, are drawn to the Board's attention. To the best of my knowledge, the Trust Board, and the wider organisation, has complied with its legal obligations during 2015/16, and is, in general, compliant with those aspects of the UK Governance Code considered to be relevant to the Trust.

I can also confirm that the Trust's arrangements in place for the discharge of statutory functions have been checked for any irregularities, and that, to the best of my knowledge, they are legally compliant

The Trust has, for several years, acted as host on behalf of the local health economy for the Kent and Medway Health Informatics Service (KMHIS). The KMHIS governance arrangements were underpinned by formal agreements with all KMHIS customers, and explicit risk-sharing arrangements were in place, which shared risks or liabilities in a transparent and equitable way, and provided fair protection to the Trust as the host. However, during 2015/16, the withdrawal of external partners from KMHIS led to an assessment of future viability, and it was agreed to dissolve the KMHIS at the end of 2015/16. The Board and Finance Committee have been apprised of the relevant issues throughout 2015/16, including the risks associated with the managed closure of the KMHIS, and how such risks have been managed.

The Kent Pathology Partnership (KPP), which was intended to be a contractual joint venture between the Trust and East Kent Hospitals University NHS Foundation Trust, did not proceed as intended in 2015/16. However, an alternative scheme emerged during the year, under the name of the "Kent Transforming Pathology Service" (KTPS). The project (which again involves East Kent Hospitals University NHS Foundation Trust) aims to identify a third party partner to invest in both Trusts' Pathology services. The Trust Board will be apprised of the development of this project during 2016/17.

In January 2016, the Trust Board approved the transfer of Crowborough Birthing Centre and High Weald Community Midwifery Services to the Trust (from East Sussex Healthcare NHS Trust). The transfer was subsequently managed successfully and the Trust commenced provision of services on 1st April 2016.

Quality Governance

The Trust's Quality Governance arrangements are managed via the Trust Clinical Governance Committee (and its sub-committees); and via a number of associated systems and processes. As noted above, the Quality Committee then aims to seek and obtain assurance on the effectiveness of these structures, systems and processes. The arrangements are described in detail within the Trust's annual Quality Accounts, which are reviewed by the Quality Committee, approved by the Trust Board, and published as a separate document. The Trust's Quality Accounts are also independently assessed by External Audit, with regards to whether the performance information reported therein is reliable and accurate. The audit of the 2014/15 Quality Accounts (which was concluded in 2015/16) resulted in an unqualified limited assurance report. The External Audit of the 2015/16 Quality Accounts will be available in the summer of 2016.

Clinical audit is supported by a central team, within the Clinical Governance Department, and is primarily overseen by the Trust Clinical Governance Committee. However, during the year, the Quality Committee received details of the Trust's performance in relation to national clinical audits, and undertook a 'deep dive' review of the national clinical audits relating to Cancer.

The investigation of, and learning from, incidents are predominantly managed within Directorates and discussed at Directorate and Specialist Clinical Governance meetings. Serious Incidents are discussed and monitored at a corporate level via the Serious Incident (SI) Panel (which was re-named as the Learning and Improvement Committee in 2015/16). SIs are reported routinely to the Quality Committee and the most significant incidents are discussed at the Trust Board. In March 2016, the Trust Board received a report describing the process for ensuring institutionalised learning following SIs.

Complaints are managed by the central complaints team in partnership with the Directorates concerned. Complaints numbers and performance are monitored by the Trust Board. Themes and trends from complaints, incidents, legal, PALS and Audit are triangulated and monitored weekly through a "CLIPA" meeting and monthly via the Trust Clinical Governance Committee.

Regrettably, two 'Never Events' occurred at the Trust in 2015/16, which were subject to Board-level scrutiny to ensure that lessons were learnt.

In November 2015, the Trust Board received the final details of the work of the Patient Safety Think Tank (PSTT), which was established in August 2014. The Board heard that a number of actions had been taken, including practical improvements to patient safety systems; an improved incident reporting process; improved support for investigators; a Patient Safety Conference; the introduction of a "Governance Gazette" newsletter; and the introduction of 'Safety Moments' at Trust Board and other Committees.

Throughout 2015/16, the TME and Trust Board were informed of progress against the Quality Improvement Plan (QIP) developed in response to the CQC's inspection in October 2014. Good progress has been made for all Compliance Actions, and at the end of the year the implementation of the QIP is almost complete.

Performance on national priorities in the NHS Trust Development Authority Accountability Framework 2015/16

Although the Trust was successful in achieving the targets in a number of areas, including that for cases of Clostridium difficile (for which there were only 18 against a limit of 27, a reduction of 36% on 2014/15), the Trust underperformed on a number of key areas, as follows:

- "Referral to treatment waiting times of more than 52 weeks". Regrettably, 6 patients waited longer than 52 weeks, and although this is very low when compared with the overall number of patients treated within 52 weeks, the target is absolute, and all breaches were due to administration errors
- "Patients waiting in A&E for more than 12 hours for a bed". Regrettably, 1 patient breached this target, though lessons have been learned from each, following detailed investigations of the circumstances

- "Patients not re-scheduled within 28 days of being cancelled". Regrettably, 16 patients were not re-scheduled within 28 days of having their operation cancelled, primarily as a result of the significant non-elective pressures faced by the Trust during the year
- "A&E 4-hour Waiting Time Target". The Trust did not achieve the 95% target, and overall performance was 87.79% (with 93.2% for Maidstone Hospital and 82.9% for Tunbridge Wells Hospital). As with the above target, this was primarily as a result of the significant non-elective pressures faced by the Trust during the year
- "Patients in Mixed Sex Accommodation Overnight". 6 patient were in Mixed Sex Accommodation Overnight (although this was only 1 occurrence that affected 6 patients)
- "Referral to Treatment Waiting Times". The Trust achieved the aggregate Trust target of 92% of patients waiting less than 18 weeks at the end of each month for 11 months out of 12 (April 2015 to February 2016). However the data for March 2016 is estimated to be below the 92% target. In addition, not all specialties (i.e. Trauma & Orthopaedics, ENT, Neurology and Gynaecology) achieved the 92% target every month
- "Delayed Transfers of Care". The 3.5% target was not achieved, and year-end performance was 6.2%. The levels of Delayed Transfers was an oft-discussed issue at Trust Board meetings during the year, and liaison with Kent County Social Services occurred throughout the year, although this did reap the intended benefit of reducing the Delayed Transfers to the required level
- 7 of the 9 Cancer waiting time targets were not achieved[10]. Again, Cancer performance was discussed often at the Trust Board during the year. It was noted that the Multidisciplinary Team Meeting (MDM) leads for each Tumour Site had reviewed the Cancer pathways, and this culminated in a Cancer Summit that was held in January 2016. The Summit involved the Cancer Leads, the Deputy Chief Executive, Chief Operating Officer, and other, and the issues leading to delays were reviewed, and actions were agreed. The key factor affecting performance was the increased number of patients referred with suspected Cancer, and the increase in the number of treatments being undertaken. The plan is to recover the position by the end of September 2016

The following processes are in place to ensure the quality and accuracy of elective waiting time data (and to manage the risks to such quality and accuracy):

- The Trust has a "Patient Access to Treatment Policy and Procedure", which encompasses Standard Operational Procedures for waiting list management at all stages of a referral to treatment pathway. The Policy also states the responsibilities of key staff, including those for auditing data quality. The Policy was reviewed by the NHS Intensive Support Team at the end of 2015/16, who confirmed that the Policy satisfied their standards
- Compliance with the above Policy is audited annually by means of in-house audit of data quality undertaken by the Information Team. The latest audit, in 2015/16, confirmed that the elective waiting time data is accurate (though some areas for improvement were identified).
- In addition to the above the Trust's Internal Auditors (TIAA Ltd) are requested to undertake a review of "Data Quality". The report of the review covering the processes in place during 2014/15 (which was reported to the Audit and Governance Committee in May 2015) concluded 'Significant Assurance', and one recommendation was made (which has been fully implemented). The report of the review covering 2015/16 was returned a "Reasonable Assurance" conclusion.

[10] The target of 85% for first definitive treatment for Cancer within 62 days was not achieved in any quarter during the year; the target of 93% for Cancer 2 week wait was not achieved for Quarter 3 (90.6%) and Quarter 4 (at present, estimated to be 72%); the target of 93% for Cancer 2 week wait Breast symptoms was not achieved for Quarter 3 (89.3%) and Quarter 4 (at present, estimated to be 84%); the target of 96% for 31 day first definitive treatment was not achieved in Quarter 4 (at present, estimated to be 95%); the target of 97% for 31 day subsequent treatment was not achieved in Quarter 2 (96.2%, Quarter 3 (96.2%) and Quarter 4 (at present, estimated to be 95%); the target of 94% for 31 day subsequent Surgery treatment was not achieved in any quarter during the year (88.6%, 94.9%, 93.8% and 92% (estimated)); the 90% 62 day screening target was not achieved in Quarter 2 (89.7%), Quarter 3 (84.6%) and Quarter 4 (at present, estimated to be 72%); and the 85% 62 day Consultant upgrade target was not achieved in Quarter 1 (78.3%), Quarter 3 (73.5%) and Quarter 4 (at present, estimated to 62.5%)

3. Risk assessment

Risks are identified, analysed and controlled in accordance with the Trust's Risk Management Policy and Strategy. The Trust has a Board Assurance Framework (BAF), and a Risk Register. The BAF is the document through which the Trust Board is apprised of the principal risks to the Trust meeting its objectives, and to the controls in place to manage those risks. In addition to the Trust Board, the BAF and Risk Register are reviewed at the Audit and Governance Committee, and TME, whilst the financial aspects of both are reviewed at the Finance Committee. The format of the BAF was revised in 2015/16, and the discussion of the BAF was scheduled earlier on the agenda of Trust Board meetings (before the discussion of the Integrated Performance Report).

As is the case every year, the BAF and Risk Register are subject to an Internal Audit review. The review for 2015/16 gave a "Reasonable Assurance" conclusion, and the report's "key findings" included the statements that "The BAF and Risk Management processes have been subject to regular review by the Trust, including at the Audit and Governance Committee and the Trust Management Executive" and "Clear risk management processes are in place to support the identification and management of risks".

A number of new risks were identified in-year, but mitigated to an acceptable level. The 'red-rated' risks on the Risk Register were reviewed in detail by the TME in September 2015. The TME was asked, for each risk, whether further action should be taken to reduce the risk; whether the risk score/rating should be moderated (on the basis of a collective assessment of the actual risk); or whether the risk should be accepted as rated. A further review of 'red-rated' risks will be undertaken by TME in 2016/17.

In April, May and June 2015, the Trust Board discussed the key risks faced by the Trust, and how these should be reflected in the Trust's objectives. The 7 key risks (which then formed the basis of the BAF) were agreed as follows:

- Quality i.e. failure to provide care and treatment within the upper quartile (as recognised by patients, staff & the CQC); & the need to improve the standard of the Trust's clinical governance arrangements
- Capacity i.e. the need to increase inpatient capacity to cope with rising non-elective demand
- Staffing i.e. the need to reduce reliance on temporary staff and have the appropriate skill-mix
- Finances i.e. the need to deliver the financial plan for 2015/16
- Culture i.e. the need to enhance and sustain a high-performing culture
- Strategy i.e. the need for an updated cohesive strategy to deal with the instability and uncertainty in the wider health economy
- Senior workforce i.e. the need to ensure effective succession planning for key critical posts, to ensure the continual development of the Trust and its services

The associated objectives were then agreed as follows:
1.a. To provide care & treatment within the upper quartile (as recognised by patients, staff and the CQC)
1.b. To improve the standard of the Trust's clinical governance arrangements
2.a. To increase inpatient capacity to cope with rising non-elective demand
3.a. Reduce the reliance on temporary staff
3.b. To ensure the appropriate skill-mix of staff across the Trust
4.a. To deliver the financial plan for 2015/16
5.a. To enhance and sustain a high-performing culture
6.a. To develop a cohesive strategy to deal with the instability and uncertainty in the wider health economy
7.a. To ensure there is effective succession planning for key critical posts

The Board received formal updates on the performance of each objective, and the management of risks to non-achievement, via the BAF, at its meetings in July, September and November 2015 and February 2016. A 'closure' report for the objectives is scheduled to be received in April 2016.

The Trust had no notifiable Information Governance Serious Incidents Requiring Investigation (SIRI) in 2015/16.

4. The risk and control framework

The Trust has in place a range of systems to prevent, deter, manage and mitigate risks and measure the associated outcomes. Some of these systems are described in the "The governance framework of the organisation" and "Risk assessment" sections above, and in addition to the Trust's Risk Management Policy and Strategy, a full range of risk management policies and guidance is made available to staff. This includes the procedures for incident reporting, managing complaints, risk assessment, investigation of incidents, health and safety, and 'being open' to staff and patients (to support the statutory Duty of Candour). Additional advice on good practice can be obtained from a range of professional and specialist staff. The remit of the Trust's Governance Department includes clinical risk management; clinical governance; clinical audit; complaints; the Patient Advice and Liaison Service (PALS); staff health and safety; medico-legal service and claims handling; research and development; and the management of all clinical and non-clinical incident reporting. In addition, Directorates and sub-specialities have identified clinical governance and risk leads. There is a forum for clinical governance and risk management within each Directorate and within the majority of clinical sub-specialties.

At Board-level, the Trust has a Senior Independent Director (who is the Vice-Chairman of the Trust Board), and in October 2015, the Board appointed the same individual as the "Freedom to Speak Up Guardian" (in response to the "Freedom to Speak Up" report from Sir Robert Francis QC).

Trust staff are involved in risk management processes in a variety of ways, including raising any concerns they may have (anonymously, if they so wish); being aware of their responsibility to report and act upon any incidents that occur; being involved in risk assessments; and attending regular training updates.

In-house support and advice on risk management and mitigation is available. This includes specific advice relating to patient safety, health and safety, finance, and information governance etc. Certain types of risk are also addressed via the engagement of external expertise. For example, the risk of fraud is managed and deterred via the appointment of a Local Counter Fraud Specialist (LCFS).

5. Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of risk management and internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the BAF and on the controls reviewed as part of the work of Internal Audit. The Head of Internal Audit Opinion for 2015/16 states that "In my opinion, there is "reasonable" assurance that Maidstone and Tunbridge Wells NHS Trust has a generally sound system of internal control, designed to meet the organisations objectives and that controls are generally being applied consistently. However, some weaknesses in the design and/or inconsistent application of control, put the achievement of particular objectives at risk".

Executive managers within the Trust who have responsibility for the development and maintenance of the system of internal control also provide me with assurance, via regular meetings and submission of reports to the Committees referred to above. The BAF and Risk Register processes also provide me with evidence that the effectiveness of controls to manage the risks to the organisation have been reviewed, and scrutinised appropriately. Further evidence is provided by a range of sources including reports from Internal Audit (including Counter Fraud) and External Audit, and reports from external agencies, following inspections and/or accreditation visits (including the CQC).

The Audit and Governance Committee approves the Internal Audit plan for the year and receives details of the findings from each of the Internal Audit reviews that are undertaken. Although a number of the Internal Audit reviews completed in 2015/16 resulted in a 'Reasonable assurance' conclusion, a number also led to a conclusion of 'Limited assurance'. These latter reviews have, or will be, considered at the Audit and Governance Committee, and actions to address the weaknesses identified in controls have been taken (or will be taken during 2016/17).

6. Significant issues

In addition to those referred to earlier in the Governance Statement, the following issues are considered significant, and warrant disclosure:

- The Trust ended 2015/16 with a deficit of £23.4m. This was adverse to the Trust's original financial plan for 2015/16, which was to have a deficit of £14.1m. The Finance Committee and Trust Board have closely monitored the financial position, and the actions being taken and/or planned to address this throughout the year. The TDA have also been kept informed of the Trust's position and the remedial action being taken. Such action will continue into 2016/17, which will again be very challenging from a financial perspective.
- On 28th January 2016, the Judge considering the Corporate Manslaughter charge against the Trust (which related to the death of Mrs Frances Cappuccini in October 2012) ruled that there was no case to answer without the defence case being presented. The allegation of Corporate Manslaughter had been consistently denied by the Trust and was comprehensively rejected by the Court.

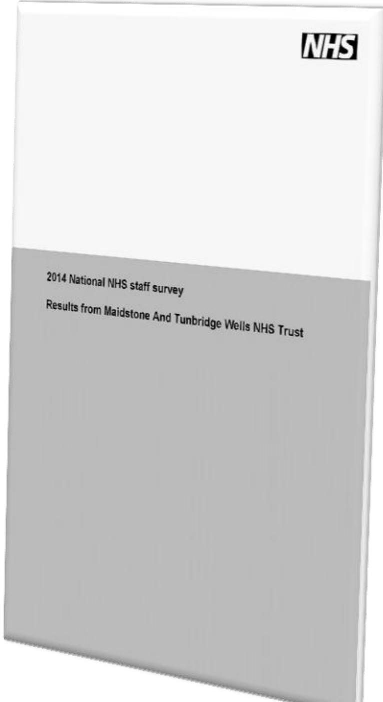
Glenn Douglas, Chief Executive

25th May 2016

Maidstone and Tunbridge Wells NHS

Accountability Report for 2015/16: Remuneration and Staff Report

Our staff



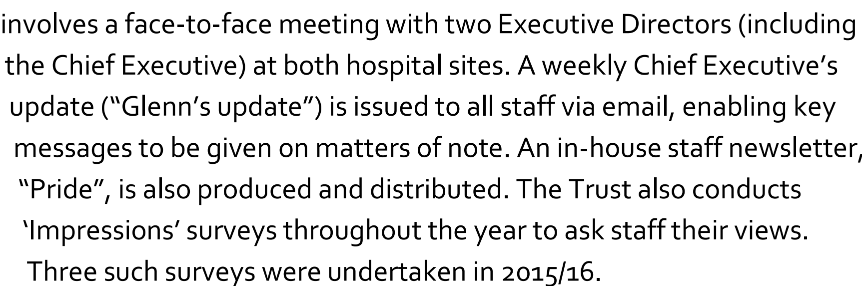
Although providing the best possible healthcare to our population is, and always will be, the Trust's primary focus, the Trust takes its responsibilities as an employer seriously. The year saw an increase in the number of permanent staff employed and a heightened level of satisfaction with the Trust as an employer. In 2015, the Trust took part in the 13th annual National NHS Staff Survey. Overall, the survey showed a strong set of results and of the 32 key findings, 15 were better than national average, 10 were average, and 7 were worse than average, placing the Trust as one of the best hospital employers in Kent and Medway. The Trust continued with its strong performance for the percentage of staff who felt they had been appraised (94%). Whilst the overall results were good, there are some areas on which the Trust needs to focus:

- Staff health and wellbeing
- Creating more meaningful engagement with staff
- Address equality and diversity issues from the point of view of staff and patients

The full survey results are available at: www.nhsstaffsurveys.com/Caches/Files/NHS_staff_survey_2015_RWF_full.pdf.

Employee consultation (understanding and learning from the views of staff)

The Trust meets with local Trade Union representatives formally, via the Joint Staff Consultative Committee. A quarterly Open Staff Meeting system also operates, to cascade information to all staff, which involves a face-to-face meeting with two Executive Directors (including the Chief Executive) at both hospital sites. A weekly Chief Executive's update ("Glenn's update") is issued to all staff via email, enabling key messages to be given on matters of note. An in-house staff newsletter, "Pride", is also produced and distributed. The Trust also conducts 'Impressions' surveys throughout the year to ask staff their views. Three such surveys were undertaken in 2015/16.



The Trust has a range of support mechanisms for staff, beyond that provided by their line manager. This includes counselling services, and full Occupational Health services.

Education and Development

The Trust supported many hundreds of staff during the year to attain educational qualifications, from NVQ to Doctorate. The Trust knows that staff want the opportunity to develop to improve the service offered to patients. The Trust also knows that Medical staff in training like to come to the Trust, and when they do the developmental opportunities they receive are of the highest standard. This in turn provides the medical workforce of the future. The Trust will continue to provide opportunities to all staff in the years to come.

Equal opportunities

The Trust is committed to being an organisation within which diversity , equality and human rights are valued and appreciated, recognising that everyone is different, valuing the unique contribution that individual experience, knowledge and skills can make in delivering service goals and that this is visible at all levels of the organisation. The Trust is committed to continuous development of services, which are open, equally accessible and meet the needs of all sections of the community served. The Trust continues to strive to provide an environment in which people want to work and to be a model employer leading in good employment practices; and is committed to enabling each member of staff to achieve their full potential in an environment characterised by dignity and mutual respect.

The gender, age and ethnic group distribution of staff and Trust Board Members at the end of 2015/16 is as follows (the 2014/15 equivalent is in brackets):

Gender	Staff [head count]		Trust Board Members [11]	
Male	1874 (1310)	24% (24%)	9 (9)	64% (64%)
Female	5933 (4164)	76% (76%)	5 (5)	36% (36%)

Age (age at 31/03/16)	Staff [head count]		Trust Board Members [11]	
16-30	1932 (1696)	26% (24.2%)	0 (0)	0% (0%)
31-40	1732 (1648)	23% (23.5%)	1 (0)	7% (0%)
41-50	1908 (1874)	25.5% (26.7%)	3 (4)	21% (29%)
51-60	1532 (1461)	20.5% (20.8%)	6 (6)	43% (43%)
61 and over	361 (343)	5% (4.9%)	4 (4)	29% (29%)

Ethnic group [12]	Staff [head count]		Trust Board Members [11]	
Asian/Asian British: Any other Asian background	376 (423)	4.8% (5.8%)	0 (0)	0% (0%)
Asian/Asian British: Bangladeshi	14 (11)	0.2% (0.2%)	0 (0)	0% (0%)
Asian/Asian British: Indian	379 (318)	4.9% (4.3%)	1 (1)	7% (7%)
Asian/Asian British: Pakistani	84 (72)	1.1% (1%)	0 (0)	0% (0%)
Black/African/Caribbean/Black British: African	183 (164)	2.3% (2.2%)	0 (0)	0% (0%)
Black/African/Caribbean/Black British: Any other Black/African/Caribbean background	23 (25)	0.3% (0.3%)	0 (0)	0% (0%)
Black/African/Caribbean/Black British: Caribbean	30 (25)	0.4% (0.3%)	0 (0)	0% (0%)
Mixed/Multiple ethnic groups: Any other Mixed/Multiple ethnic background	40 (29)	0.5% (0.4%)	0 (0)	0% (0%)
Mixed/Multiple ethnic groups: White and Asian	40 (32)	0.5% (0.4.%)	0 (0)	0% (0%)
Mixed/Multiple ethnic groups: White and Black African	16 (14)	0.2% (0.2%)	0 (0)	0% (0%)
Mixed/Multiple ethnic groups: White and Black Caribbean	16 (18)	0.2% (0.2%)	0 (0)	0% (0%)
White: Any other White background	739 (564)	9.5% (7.7%)	1 (1)	7% (7%)
White: English/Welsh/Scottish/Northern Irish/British	5045 (4817)	64.6% (65.7%)	11 (11)	79% (79%)
White: Irish	105 (125)	1.3% (1.7%)	1 (1)	7% (7%)
Any other ethnic group	232 (163)	3% (2.2%)	0 (0)	0% (0%)
Not known / not stated / undefined	485 (529)	6.2% (7.2%)	0 (0)	0% (0%)

[11] Includes non-voting Board Members (refer to the 'Trust Board' section later in the Report for details)
[12] Recommended Office of National Statistics (ONS) Ethnicity Classifications, 2012

Staff sickness absence

The staff sickness absence for 2015/16 (and 2014/15) is reported below:

	2015/16	2014/15
Total days lost (adjusted to the Cabinet Office measure)	43,757	43,881
Total staff years (WTE)	5,054	4,962
Average working days lost	8.7	8.8

N.B. This data is provided via the Department of Health (DH) (as it is necessary to reconcile NHS Electronic Staff Record data with the 'Cabinet Office' data reported by central Government, to permit aggregation across the NHS). The sickness absence figures are actually reported on a calendar year basis, rather than for the financial year (i.e. Jan. to Dec. 2015; and Jan. to Dec. 2014). However, the DH considers this to be a reasonable proxy for the financial year

Disabled employees

The Trust has continued its commitments as a 'Two Ticks' Disability Symbol employer. The symbol is awarded in recognition of positive commitments regarding the employment, retention, training and career development of disabled people. In 2015/16 the Trust:

- Interviewed all applicants with a disability who met the minimum short-listing criteria
- Ensured there was a mechanism in place to annually discuss with disabled employees what we can do to ensure they develop and use their abilities
- Made every effort when employees become disabled to make sure they stay in employment
- Took action to ensure that all employees develop disability awareness and
- Reviewed the achievements against each of the 5 commitments to identify ways to continuously improve and maintain 'Two Tick' recognition

POSITIVE ABOUT DISABLED PEOPLE

"Shaping Our Future Together, 2015-2020"

In September 2015 the Trust Board approved a 5 Year Workforce Strategy. The Strategy defines the ambition of the Trust to construct an organisation where people deliver excellence each day and feel engaged, enabled and empowered to work for the Trust. The Strategy has 6 interrelated workforce priorities:

- Recruitment & Retention
- Temporary Staffing
- Culture
- Health & Wellbeing
- Integrated Education
- Equality & Diversity

Six programmes of work have been identified to deliver the above priorities. Implementation plans will be reviewed and refreshed on a quarterly basis, and will be reported to the Trust Board through the Workforce Committee during 2016/17. The full Strategy is available on the Trust's website, within the reports for the September 2015 Board meeting (see www.mtw.nhs.uk/wp-content/uploads/2015/08/Trust-Board-Part-1-30.09.15.pdf).

"Senior Managers" remuneration

In accordance with Section 234b and Schedule 7a of the Companies Act, as required by NHS Bodies, this report includes details regarding "senior managers" remuneration. In the context of the NHS, this is defined as: "Those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments".

It is usually considered that the regular attendees of the entity's Board meetings are its "Senior Managers", and the Chief Executive has confirmed that the definition of "Senior Managers" only applies to Trust Board Members (refer to the 'Directors' Report' for further details).

The Trust Board has maintained a Remuneration and Appointments Committee to advise and assist in meeting its responsibilities to ensure appropriate remuneration, allowances and terms of service for the Chief Executive, Directors and other key senior posts (refer to the 'Directors' Report' for further details of the Remuneration and Appointments Committee).

The Chief Executive and Directors' remuneration is reviewed annually by the Committee and decisions are based on market rates, national pay awards and performance. Reward is primarily through salary adjustment, although non-recurrent awards can be used to recognise exceptional achievements.

Pay rates for Non-Executive Directors of the Trust are determined in accordance with national guidelines, as set by the NHS Trust Development Authority (TDA) [13]. Remuneration for the Chairman of the Trust Board is also set by the TDA.

The Directors are normally on permanent contracts and subject to a minimum of 6 months' notice period; the Chief Executive's notice period is 6 months. Contract, interim and seconded staff will all have termination clauses built into their letters of engagement, which will be broadly in line with the above.

Termination arrangements are applied in accordance with statutory regulations as modified by Trust or National NHS conditions of service agreements, and the NHS pension scheme. The Remuneration and Appointments Committee will agree any severance arrangements following appropriate approval from NHS Improvement and HM Treasury as appropriate.

The figures included in the tables below show details of salaries, allowances, pension entitlements and any other remuneration of the Trust's 'Senior Managers' i.e. non-recurrent awards etc.

[13] From 01/04/16, the NHS Trust Development Authority became part of NHS Improvement

Salaries and allowances for the year ending 31st March 2016 (subject to audit)

Comparatives for the year ending 31st March 2015 are shown in brackets below the figure for 2015/16.

Name and title (alphabetical by surname) N.B. Dates of service are for the full 2015/16 year unless otherwise disclosed	(a) Salary (bands of £5,000) £000	(b) Taxable expense payments, and other benefits in kind, to the nearest £100 £00 Λ	(c) Annual performance -related pay and bonuses (bands of £5,000) £000	(d) Long-term performance-related pay and bonuses (bands of £5,000) £000	(e) Other remuneration for other offices held alongside Senior Manager role (bands of £5,000) £000	(f) All pension-related benefits (bands of £2,500) £000	(g) TOTAL (columns a - f) (bands of £5.000) £000	(h) Payments or compensation for loss of office £000
Anthony Jones, Chairman of the Trust Board	40-45 (40-45)	5 (0)	0 (0)	N/A (N/A)	N/A (N/A)	N/A (N/A)	40-45 (40-45)	N/A (N/A)
Glenn Douglas, Chief Executive	200-205 (200-205)	70 (70)	0 (0)	0 (0)	N/A (N/A)	0 (0)	205-210 (205-210)	N/A (N/A)
Paul Bentley, Director of Workforce and Communications (until 28/02/16)	130-135 (130-135)	2 (0)	0 (0)	0 (0)	N/A (N/A)	0 (0)	130-135 (130-135)	N/A (N/A)
Avey Bhatia, Chief Nurse	105-110 (110-115)	0 (0)	0 (0)	0 (0)	0 (0)	2.5-5 (25-27.5)	115-120 (135-140)	N/A (N/A)
Sylvia Denton, Non-Executive Director	5-10 (5-10)	0 (0)	0 (0)	N/A (N/A)	N/A (N/A)	N/A	5-10 (5-10)	N/A (N/A)
Sarah Dunnett, Non-Executive Director	5-10 (0-5)	0 (0)	0 (0)	N/A (N/A)	N/A (N/A)	N/A	5-10 (0-5)	N/A (N/A)
Angela Gallagher, Chief Operating Officer	115-120 (115-120)	0 (0)	0 (0)	0 N/A	N/A (N/A)	0 (0)	115-120 (115-120)	N/A (N/A)
Richard Hayden, Director of Workforce (from 02/03/16)	5-10 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A (N/A)	N/A (N/A)	5-10 (N/A)	N/A (N/A)
Alex King, Non-Executive Director	5-10 (0-5)	0 (0)	0 (0)	N/A (N/A)	N/A (N/A)	N/A (N/A)	5-10 (0-5)	N/A (N/A)
Jim Lusby, Deputy Chief Executive (from 27/04/15)	115-120 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	5-10 (N/A)	10-12.5 (N/A)	140-145 (N/A)	N/A (N/A)
Sara Mumford, Director of Infection Prevention and Control Ψ	15-20 (15-20)	2 (0)	0 (0)	0 (0)	115-120 (110-115)	5-7.5 (7.5-10)	140-145 (135-140)	N/A (N/A)
Steve Orpin, Director of Finance	125-130 (120-125)	0 N/A	0 (0)	0 (0)	N/A (N/A)	77.5-80 (130-132.5)	205-210 (250-255)	N/A (N/A)
Paul Sigston, Medical Director Ψ	230-235 (210-215)	0 (0)	0 (0)	0 (0)	10-15 (20-25)	0 (47.5-50)	245-250 (250-255)	N/A (N/A)
Stephen Smith, Associate Non-Executive Director (until 22/07/15)	N/A Σ							
Kevin Tallett, Non-Executive Director	5-10 (5-10)	0 (0)	0 (0)	N/A (N/A)	N/A (N/A)	N/A (N/A)	5-10 (5-10)	N/A (N/A)
Steve Tinton, Non-Executive Director	5-10 (5-10)	0 (0)	0 (0)	N/A (N/A)	N/A (N/A)	N/A (N/A)	5-10 (5-10)	N/A (N/A)

Λ £ hundreds are used for taxable expense payments, and other benefits (column (b)). For this Trust, they relate to the non-cash benefit of a lease car. All other columns are in £ thousands

Ψ Drs Sigston and Mumford hold clinical roles in the Trust alongside their responsibilities as Senior Managers

Σ Mr Smith received no remuneration for undertaking his role as Associate Non-Executive Director

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Pension benefits for the year ending 31st March 2016 (subject to audit)

Please note that on 16/03/16, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report. Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

Name and title Ψ (alphabetical by surname) N.B. Dates of service are for the full 2015/16 year unless otherwise disclosed	(a) **Real increase in pension at pension age (bands of £2,500)** £000	(b) Real increase in pension lump sum at pension age **(bands of £2,500)** £000	(c) Total accrued pension at pension age at 31st March 2016 **(bands of £5,000)** £000	(d) Lump sum at pension age related to accrued pension at 31st March 2016 **(bands of £5,000)** £000	(e) Cash Equivalent Transfer Value Λ at 1st April 2015 £000	(f) Cash Equivalent Transfer Value Λ at 31st March 2016 £000	(g) Real increase in Cash Equivalent Transfer Value Σ £000	(h) Employer's contribution to stakeholder pension £000
Glenn Douglas, Chief Executive Ω	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paul Bentley, Director of Workforce and Communications (until 28/02/16)	0-2.5	0-2.5	45-50	140-145	824	833	0	0
Avey Bhatia, Chief Nurse	0-2.5	0-2.5	35-40	95-100	533	537	0	0
Angela Gallagher, Chief Operating Officer	0-2.5	2.5-5.0	45-50	135-140	852	889	27	0
Richard Hayden, Director of Workforce (from 02/03/16) α	α	α	α	α	α	α	α	α
Sara Mumford, Director of Infection Prev. and Control	0-2.5	0-2.5	40-45	70-75	553	557	0	0
Steve Orpin, Director of Finance	2.5-5	7.5-9.0	40-45	115-120	511	557	40	0
Jim Lusby, Deputy Chief Executive (from 27/04/15)	0-2.5	2.5-5	25-30	85-90	416	450	27	0
Paul Sigston, Medical Director	0-2.5	0-2.5	45-50	145-150	868	879	1	0

Ψ As Non-Executive Directors do not receive pensionable remuneration; there are no entries in respect of pensions for Non-Executive Directors

Λ A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008

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

Ω Mr Douglas ceased payments into the NHS Pensions scheme in 2012/13

α Due to the timing of the appointment the NHS Pensions Agency had not provided the relevant information at the time this report was produced

Pay multiples (subject to audit)

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 the Trust in the financial year 2015/16 was £230,000 to £235,000 (in 2014/15 this was £210,000 to £215,000). This was 8.3 times the median remuneration of the workforce (in 2014/15, this was 8.4 times), which was £28,159 (in 2014/15, this was £28,213).

In 2015/16, 2 employees (2014/15, 3) received remuneration in excess of the highest paid Director (these were all temporary Bank staff). Remuneration ranged from £11,413 to £240,132 (in 2014/15 the range was from £5,182 to £330,176). The ratio of median remuneration to the highest paid Director for 2015/16 has been unchanged from that in 2014/15. The highest paid Director in the financial year 2015/16 was the Medical Director (in 2014/15 this was also the Medical Director).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The calculations of the median pay included in this analysis is based on the month 12 remuneration on an annualised basis (remuneration divided by whole time equivalent multiplied by 12) and therefore is not necessarily the actual remuneration received by those individuals in the financial year.

Reporting relating to the review of tax arrangements of public sector appointees (not subject to audit)

As part of the Review of Tax arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23rd May 2012, the Trust in common with all public bodies, is required to publish information in relation to the number of 'off-payroll' arrangements meeting the specific criteria set by the Treasury. Individuals that are 'on-payroll' are subject to Pay As You Earn (PAYE), with income tax and employee National Insurance Contributions (NICs) deducted by the Trust at source. Individuals engaged to provide services to the Trust but who do not have PAYE and NICs deducted at source are 'off-payroll'.

All off-payroll engagements as of 31st March 2016, for more than £220 per day and lasting for longer than 6 months

	Number
Number of existing engagements as of 31st March 2016 Of which, the number that have existed…	1
for less than 1 year at the time of reporting =	1
for between 1 and 2 years at the time of reporting =	0
for between 2 and 3 years at the time of reporting =	0
for between 3 and 4 years at the time of reporting =	0
for 4 or more years at the time of reporting =	0

All existing off-payroll engagements have at some point been subject to a risk based assessment, as to whether assurance was required that the individual is paying the right amount of tax. Where necessary, that assurance has been sought.

New off-payroll engagements between 1st April 2015 and 31st March 2016, for more than £220 per day that last longer than 6 months

	Number
Number of new engagements, or those that reached 6 months in duration, between 1st April 2015 and 31st March 2016	2 Θ
Number of new engagements which include contractual clauses giving the Trust the right to request assurance in relation to income tax and National Insurance obligations	2 Θ
Number for whom assurance has been requested Of which…	1 Θ
Assurance has been received	0
Assurance has not been received	1
Engagements terminated as a result of assurance not being received	0

Θ One of the two arrangements ceased in year just before the 6-month point and assurance was not requested.

Number of off-payroll engagements of Board members and/or senior officers with significant financial responsibility, during the year	0
Number of individuals that have been deemed "Board members and/or senior officers with significant financial responsibility", during the financial year. This figure includes both off-payroll and on-payroll engagements	16 Σ

Σ This includes the Board members that left the Trust Board during 2015/16. Please refer to the 'Directors' Report' for further details.

Expenditure on consultancy staff

The Trust's expenditure on consultancy staff for 2015/16 (and 2014/15) was as follows:

Quarter	April – June 2015 (£'000)	July – Sep 2015 (£'000)	Oct – Dec 2015 (£'000)	Jan – Mar 2016 (£'000)	Out-turn (£'000)
2014/15	£612.5	£684.0	£298.0	£378.1	£1,972.6
2015/16	£282.8	£321.1	£248.7	£148.1	£1,000.7
Reduction	-£329.7	-£362.9	-£49.3	-£230.0	-£971.9

Maidstone and Tunbridge Wells NHS
NHS Trust

Accountability and audit report for 2015/16: Independent Auditor's report to the Directors of the Trust

Independent Auditor's report to the Directors of Maidstone and Tunbridge Wells NHS Trust

We have audited the financial statements of Maidstone and Tunbridge Wells NHS Trust (the "Trust") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. 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 2015/16 Government Financial Reporting Manual (the 2015/16 FReM) as contained in the Department of Health Group Manual for Accounts 2015/16 (the 2015/16 MfA) and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

This report is made solely to the Directors of Maidstone and Tunbridge Wells NHS Trust, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Directors of the Trust 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 Directors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources. We are required under Section 21 (3)(c) and Schedule 13 paragraph 1 O(a) of the Act to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report our opinion as required by Section 21 (4)(b) of the Act.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any

information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those 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 2016, 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 form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Maidstone and Tunbridge Wells NHS Trust as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM as contained in the 2015/16 MfA and the Accounts Direction.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and 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 2015/16 FReM as contained in the 2015/16 MfA and the Accounts Direction; and
- the other information published together with the audited financial statements in the Annual Report is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if we refer a matter to the Secretary of State under section 30 of the Act because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion would be unlawful and likely to cause a loss or deficiency.

On 18 May 2016, we referred a matter to the Secretary of State under section 30 of the Act in relation to Maidstone and Tunbridge Wells NHS Trust's breach of the break-even duty for the three year period ending 31 March 2016.

We report to you if we are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified value for money conclusion

The Trust outturn position for 2015/16 was a £23.4 million deficit, which is a significant deterioration compared to its budgeted deficit of £14.1 million. The Trust's medium term financial plan shows a continued deficit position, with a forecast deficit of £22.9 million for 2016/17. Using the resources at its disposal and working within the constraints of the local health economy, the Trust has not met its duty to plan for a financial break-even taking one year with another.

The deterioration in the Trust's financial outturn was primarily due to increased emergency demand and consequentially lower than planned elective activity. This reduced planned income and increased costs through opening and running escalation beds with associated increases in substantive and agency staff.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively; to achieve financial break-even; and to support the sustainable delivery of strategic priorities and maintain statutory functions.

Qualified value for money conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2015, except for the effects of the matter reported in the basis for qualified value for money conclusion paragraph, we are satisfied that, in all significant respects, Maidstone and Tunbridge Wells NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We have nothing to report in respect of the following matters where we are required to report by exception if:

- in our opinion the governance statement does not comply with guidance issued by the NHS Trust Development Authority; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Trust under section 24 of the Act.

Certificate

We certify that we have completed the audit of the accounts of Maidstone and Tunbridge Wells NHS Trust in accordance with the requirements of the Act and the Code of Audit Practice.

Darren Wells

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Fleming Way

Manor Royal

Crawley RH10 9GT

27 May 2016

Maidstone and Tunbridge Wells NHS

NHS Trust

Financial Statements for 2015/16

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

Statement of Comprehensive Income for year ended 31 March 2016

	NOTE	**2015-16 £000s**	2014-15 £000s
Gross employee benefits	10.1	**(246,792)**	(236,753)
Other operating costs	8	**(173,267)**	(162,190)
Revenue from patient care activities	5	**361,792**	359,435
Other operating revenue	6	**39,138**	43,875
Operating surplus/(deficit)		**(19,129)**	4,367
Investment revenue	12	**47**	48
Other gains and (losses)	13	**1**	(50)
Finance costs	14	**(14,349)**	(14,438)
Surplus/(deficit) for the financial year		**(33,430)**	(10,073)
Public dividend capital dividends payable		**(3,882)**	(4,881)
Net Gain/(loss) on transfers by absorption		**0**	0
Retained surplus/(deficit) for the year		**(37,312)**	(14,954)

Other Comprehensive Income

	NOTE	**2015-16 £000s**	2014-15 £000s
Impairments and reversals taken to the revaluation reserve		**(22,820)**	(6,158)
Net gain/(loss) on revaluation of property, plant & equipment		**13,986**	5,818
Net gain/(loss) on revaluation of intangibles		**0**	0
Net gain/(loss) on revaluation of available for sale financial assets		**0**	0
Total Other Comprehensive Income	17	**(8,834)**	(340)
Total comprehensive income for the year*		**(46,146)**	(15,294)

Financial performance for the year

	2015-16	2014-15
Retained surplus/(deficit) for the year	**(37,312)**	(14,954)
Prior period adjustment to correct errors and other performance adjustments	**0**	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	**8,609**	9,870
Impairments (excluding IFRIC 12 impairments)	**5,444**	5,241
Adjustments in respect of donated gov't grant asset reserve elimination	**(154)**	0
Adjusted retained surplus/(deficit)	**(23,413)**	157

The IFRIC 12 adjustment relates to the difference n accounting for PFI between IFRS and UK GAAP of £0.7m and impairments relating to the PFI assets of £7.9m. Impairments on non PFI assets are £5.4m.

The notes on pages 7 to 42 form part of this account.

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Statement of Financial Position as at 31 March 2016

	NOTE	31 March 2016 £000s	31 March 2015 £000s
Non-current assets:			
Property, plant and equipment	15	**350,397**	371,921
Intangible assets	16	**3,253**	2,396
Investment property	18	**0**	0
Other financial assets		**0**	0
Trade and other receivables	22.1	**1,200**	1,227
Total non-current assets		**354,850**	375,544
Current assets:			
Inventories	21	**8,286**	6,519
Trade and other receivables	22.1	**31,969**	33,636
Other financial assets	24	**0**	0
Other current assets	25	**0**	0
Cash and cash equivalents	26	**1,197**	3,796
Sub-total current assets		**41,452**	43,951
Non-current assets held for sale	27	**0**	0
Total current assets		**41,452**	43,951
Total assets		**396,302**	419,495
Current liabilities			
Trade and other payables	28	**(43,038)**	(33,113)
Other liabilities	29	**0**	0
Provisions	35	**(2,331)**	(2,435)
Borrowings	30	**(4,774)**	(4,776)
Other financial liabilities	31	**0**	0
DH revenue support loan	30	**0**	0
DH capital loan	30	**(2,174)**	(2,174)
Total current liabilities		**(52,317)**	(42,498)
Net current assets/(liabilities)		**(10,865)**	1,453
Total assets less current liabilities		**343,985**	376,997
Non-current liabilities			
Trade and other payables	28	**0**	0
Other liabilities	29	**0**	0
Provisions	35	**(1,401)**	(1,944)
Borrowings	30	**(203,261)**	(208,034)
Other financial liabilities	31	**0**	0
DH revenue support loan	30	**(16,908)**	0
DH capital loan	30	**(14,502)**	(16,676)
Total non-current liabilities		**(236,072)**	(226,654)
Total assets employed:		**107,913**	150,343
FINANCED BY:			
Public Dividend Capital		**203,264**	199,548
Retained earnings		**(149,151)**	(111,941)
Revaluation reserve		**53,800**	62,736
Other reserves		**0**	0
Total Taxpayers' Equity:		**107,913**	150,343

The notes on pages 7 to 42 form part of this account.

The financial statements on pages *3 to 6* were approved by the Board on 25 May 2016 and signed on its behalf by

Chief Executive: [signature] Date: 26 May 2016

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Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2016

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	**199,548**	**(111,941)**	**62,736**	**0**	**150,343**
Changes in taxpayers' equity for 2015-16					
Retained surplus/(deficit) for the year	0	(37,312)	0	0	**(37,312)**
Net gain / (loss) on revaluation of property, plant, equipment	0	0	13,986	0	**13,986**
Net gain / (loss) on revaluation of intangible assets	0	0	0	0	**0**
Net gain / (loss) on revaluation of financial assets	0	0	0	0	**0**
Net gain / (loss) on revaluation of available for sale financial	0	0	0	0	**0**
Impairments and reversals	0	0	(22,820)	0	**(22,820)**
Other gains/(loss)	0	0	0	0	**0**
Transfers between reserves	0	102	(102)	0	**0**
Reclassification Adjustments					
On disposal of available for sale financial assets	0	0	0	0	**0**
Reserves eliminated on dissolution	0	0	0	0	**0**
Originating capital for Trust established in year	0	0	0	0	**0**
Permanent PDC received - cash	3,716	0	0	0	**3,716**
Permanent PDC repaid in year	0	0	0	0	**0**
PDC written off	0	0	0	0	**0**
Other movements	0	0	0	0	**0**
Net actuarial gain/(loss) on pension	0	0	0	0	**0**
Other pensions remeasurement	0	0	0	0	**0**
Net recognised revenue/(expense) for the year	**3,716**	**(37,210)**	**(8,936)**	**0**	**(42,430)**
Balance at 31 March 2016	**203,264**	**(149,151)**	**53,800**	**0**	**107,913**
Balance at 1 April 2014	**198,453**	**(97,010)**	**63,099**	**0**	**164,542**
Changes in taxpayers' equity for the year ended 31 March 2015					
Retained surplus/(deficit) for the year	0	(14,954)	0	0	(14,954)
Net gain / (loss) on revaluation of property, plant, equipment	0	0	5,818	0	5,818
Net gain / (loss) on revaluation of intangible assets	0	0	0	0	0
Net gain / (loss) on revaluation of financial assets	0	0	0	0	0
Net gain / (loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	(6,158)	0	(6,158)
Other gains / (loss)	0	0	0	0	0
Transfers between reserves	0	23	(23)	0	0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource	0	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0	0
Originating capital for Trust established in year	0	0	0	0	0
New temporary and permanent PDC received - cash	1,095	0	0	0	1,095
New temporary and permanent PDC repaid in year	0	0	0	0	0
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension	0	0	0	0	0
Other pension remeasurement	0	0	0	0	0
Net recognised revenue/(expense) for the year	**1,095**	**(14,931)**	**(363)**	**0**	**(14,199)**
Balance at 31 March 2015	**199,548**	**(111,941)**	**62,736**	**0**	**150,343**

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Statement of Cash Flows for the Year ended 31 March 2016

	NOTE	**2015-16 £000s**	2014-15 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		**(19,129)**	4,367
Depreciation and amortisation	8	**13,816**	16,696
Impairments and reversals	17	**13,369**	14,250
Other gains/(losses) on foreign exchange	13	**0**	0
Donated Assets received credited to revenue but non-cash	6	**0**	0
Government Granted Assets received credited to revenue but non-cash		**0**	0
Interest paid		**(14,343)**	(14,431)
PDC Dividend (paid)/refunded		**(4,273)**	(4,757)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**(1,767)**	490
(Increase)/Decrease in Trade and Other Receivables		**2,006**	1,617
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**13,745**	(2,843)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions utilised		**(1,136)**	(623)
Increase/(Decrease) in movement in non cash provisions		**486**	1,178
Net Cash Inflow/(Outflow) from Operating Activities		**2,774**	15,944
Cash Flows from Investing Activities			
Interest Received		**47**	48
(Payments) for Property, Plant and Equipment		**(18,294)**	(8,818)
(Payments) for Intangible Assets		**(843)**	(946)
(Payments) for Investments with DH		**0**	0
(Payments) for Other Financial Assets		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**0**	0
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Investment with DH		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(19,090)**	(9,716)
Net Cash Inform / (outflow) before Financing		**(16,316)**	6,228
Cash Flows from Financing Activities			
Gross Temporary and Permanent PDC Received		**3,716**	1,095
Gross Temporary and Permanent PDC Repaid		**0**	0
Loans received from DH - New Capital Investment Loans		**0**	0
Loans received from DH - New Revenue Support Loans		**29,408**	0
Other Loans Received		**0**	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		**(2,174)**	(2,174)
Loans repaid to DH - Working Capital Loans/Revenue Support Loans		**(12,500)**	0
Other Loans Repaid		**0**	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(4,776)**	(4,772)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		**43**	2,132
Net Cash Inflow/(Outflow) from Financing Activities		**13,717**	(3,719)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,599)**	2,509
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**3,796**	1,287
Effect of exchange rate changes in the balance of cash held in foreign currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**26**	**1,197**	3,796

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NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 issued by the Department of Health. The accounting policies contained in that manual 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 Manual for Accounts permits a choice of accounting policy, the accounting policy which 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 by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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.

1.2 Acquisitions and discontinued operations

Activities are considered to be ‘acquired’ only if they are taken on from outside the public sector. Activities are considered to be ‘discontinued’ only if they cease entirely. They are not considered to be ‘discontinued’ if they transfer from one public sector body to another.

1.3 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

1.4 Charitable Funds

Under the provisions of IFRS 10 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact. The Charitable Funds for this trust are not material for 2015-16 and have not been consolidated. See policy note 1.32

1.5 Pooled Budgets

The Trust does not have any pooled budgets

1.6 Critical accounting judgements and key sources of estimation uncertainty

In the application of the NHS 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.

1.6.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below 1.6.2) that management has made in the process of applying the NHS Trust’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

For 2015/16 the Trust has identified the following critical judgements that are required to be disclosed under IAS1 paragraph 122. All other material judgements within this financial year relate to estimations and are disclosed in the relevant notes (see 1.6.2)

Material areas of critical judgements within the 2015/16 accounts are as follows:

Charitable Funds are not material for the Trust and have not been consolidated (see note 1.4)

The site area has been reviewed in order to reflect the areas which are strictly essential to the Trust in providing services and would therefore be required for a valuation under the Modern Equivalent Assets (MEA) concept. As a result the valuers consider a MEA replacement facility would not require the soft landscaping or the associated site area (see note 1.10 and 15.3).

The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector. Continuation of the Trust's services, as evidenced by inclusion of financial provision for them in published documents, is therefore sufficient justification for producing financial statements on a going concern basis.

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NOTES TO THE ACCOUNTS

In preparing the financial statements the directors have considered the Trust's overall financial position and expectation of future financial support. The Trust has submitted a financial plan for 2016-17 to NHS Improvement which delivers a post technical deficit of £22.9m with a delivery of £23m savings programme. The plan includes a requirement for £22.9m of working capital financing from the Department of Health to maintain the Trust's cash flows in 2016-17. Note 5 (Revenue) contains a reference in respect of future support.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.6.2 Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year where arising, will be disclosed within the relevant note. The disclosure will include the nature of the assumption and the carrying amount of the asset/liability at the balance sheet date, sensitivity of the carrying amount to the assumptions, expected resolution of uncertainty and range of possible outcomes within the next financial year. The disclosure will also include an expectation of changes to past assumptions if the uncertainty remains unresolved.

Material areas including estimations within the 2015/16 accounts are as follows:
Property, Plant and Equipment valuation (see note15.3)
Pension fund valuation (see note) 10.6
PFI (see note 37 and 38)

1.7 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The NHS Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.8 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, except for bonuses earned but not yet taken which, like leave earned but not yet taken is not accrued for at the year end, on the grounds of immateriality.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the trust commits itself to the retirement, regardless of the method of payment.

1.9 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

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NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:
● it is held for use in delivering services or for administrative purposes;
● it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
● it is expected to be used for more than one financial year;
● the cost of the item can be measured reliably; and
● the item has cost of at least £5,000; or
● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
● Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives, where this would lead to a different depreciation profile. In respect of building and dwelling assets, the Trust has determined that it is appropriate to depreciate the component blocks of the two hospital sites and individual dwellings separately, as this takes into consideration the age and condition of the asset components and their differing depreciation profile and follows the external valuation schedules. The individual elements (e.g. walls, floors, lifts, heating etc.) within these blocks are not deemed to be significant in relation to the block assets.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at current value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

● Land and non-specialised buildings – market value for existing use
● Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

The financial year 2015/16 is the first year in the next 5 year cyclical valuation period. A full valuation was undertaken in September 2014 with a desktop valuation at 31st March 2015. In keeping with the Trust's policies and to ensure that the appropriate values are recorded at 31st March 2016, the Trust commissioned professional valuers, Montagu Evans LLP, to carry out a desktop valuation of the Trust's Land, Building and Dwelling assets. The lead relationship partner from Montagu Evans LLP is qualified to BSc MRICS. The results are recorded in the property plant and equipment note.

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 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. The Trust reviews annually high value plant and machinery assets (net book value over £100k) to ensure these are held at the correct values and remaining useful lives. IT assets are also subject to annual review.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income. Any residual balance in the revaluation reserve in respect to an individual asset is transferred to the retained earnings reserve on disposal of the asset.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

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NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

● the technical feasibility of completing the intangible asset so that it will be available for use
● the intention to complete the intangible asset and use it
● the ability to sell or use the intangible asset
● how the intangible asset will generate probable future economic benefits or service potential
● the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
● the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.12 Depreciation, amortisation and impairments
Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS 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. Assets held under finance leases are depreciated over their estimated useful lives.

Estimated useful lives for non current assets are adopted as follows:	Years
Buildings & Dwellings	1 - 60
Plant and Machinery	5 - 15
Furniture and Fittings	7 - 10
Information Technology Hardware	3 - 5
Vehicles	5 - 15
X ray Tubes	2
Software Licences	3 - 5
IT - In House and Third Party Software	2 - 7

At each reporting period end, the NHS trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

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NOTES TO THE ACCOUNTS

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.13 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.14 Government grants

Government grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust’s surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The NHS Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Trust’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'

PFI Asset
The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability
A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the NHS trust to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS trust's Statement of Financial Position.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Other assets contributed by the NHS Trust to the operator
Assets contributed (e.g. cash payments, surplus property) by the NHS Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

"A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the Trust through the asset being made available to third party users.

The balance is subsequently released to operating income over the life of the concession on a straight-line basis."

1.18 Inventories
Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.19 Cash and cash equivalents
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS trust's cash management.

1.20 Provisions
Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates of -1.55% short term (1-5 years), -1.00% medium term (6-10 years) and -0.80% long term (over 10 years).1.37% real (1.30% 2014-15) is the rate used for employee early retirements and injury benefits.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity. For 2015-16 the Trust has not recognised a restructuring provision.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at Note 35.

1.22 Non-clinical risk pooling

The NHS trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.23 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.24 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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 NHS trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.25 Financial assets

Financial assets are recognised when the NHS trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the NHS Trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset. The Trust has no financial assets held at fair value.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition. The Trust has no financial assets available for sale.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques. The Trust has issued no loans, receivables are held at cost as this is believed to be not materially different to the initial fair value of the financial asset.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the NHS trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.26 Financial liabilities
Financial liabilities are recognised on the statement of financial position when the NHS trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value. The Trust's liabilities are held at cost as this is not believed to be materially different to fair value in respect of current liabilities.

Financial guarantee contract liabilities
Financial guarantee contract liabilities are subsequently measured at the higher of:

● The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

● The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

The Trust has no financial guarantee contract liabilities

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the NHS trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability. The Trust does not have any financial liabilities at fair value.

Other financial liabilities
After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.27 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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

NOTES TO THE ACCOUNTS

Notes to the Accounts - 1. Accounting Policies (Continued)

1.28 Foreign currencies

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 retranslated 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.

1.29 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. Details of third party assets are given in Note 44 to the accounts.

1.30 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. 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. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health (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.

1.31 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trust not been bearing their own risks with insurance premiums then being included as normal revenue expenditure. However the note on losses and special payments is compiled directly from the losses and compensations register which is prepared on an accruals basis.

1.32 Subsidiaries

Material entities over which the NHS trust has the power to exercise control are classified as subsidiaries and are consolidated. The NHS trust has control when it is exposed to or has rights to variable returns through its power over another entity. The income and expenses; gains and losses; assets, liabilities and reserves; and cash flows of the subsidiary are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS trust or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1st April 2013, the Trust has established that as the trust is the corporate trustee of the linked NHS charity - Maidstone and Tunbridge Wells NHS Charity (Charity registration 1055215), it effectively has the power to exercise control so as to obtain economic benefit. 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.

The Trust has no subsidiaries.

1.33 Associates

Material entities over which the NHS trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the NHS trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the NHS trust share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the NHS trust from the entity. The Trust has no associates.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

NOTES TO THE ACCOUNTS

Associates that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

Notes to the Accounts - 1. Accounting Policies (Continued)

1.34 Joint arrangements

Material entities over which the NHS Trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture. The Trust has no joint arrangements.

A joint operation exists where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the NHS body is a joint operator it recognises its share of, assets, liabilities, income and expenses in its own accounts. The Trust has no joint operations.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised as an investment and accounted for using the equity method. The Trust has no joint ventures.

1.35 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.36 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

● IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted

● IFRS 15 *Revenue for Contracts with Customers* - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted

● IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

2. Pooled budget

Maidstone and Tunbridge Wells NHS Trust does not have any pooled budgets.

3. Operating segments

Maidstone and Tunbridge Wells NHS Trust reports under a single segment of Healthcare. The Trust has considered the possibility of reporting two segments, relating to Healthcare and Non Healthcare Income, but this does not reflect current Trust Board reporting practice which reports on both the aggregate Trust position and by Directorate. Each of the significant directorates are deemed to have similar economic characteristics under the Healthcare banner and can therefore be aggregated in accordance with the requirements of IFRS 8.

The Trust's income is predominantly from contracts for the provision of healthcare with Clinical Commissioning Groups (CCGs) and NHS England. This accounts for 95% of the Trust's total income.

4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m.

Summary Table - aggregate of all schemes	**2015-16 £000s**	2014-15 £000s
Income	**4062**	4,155
Full cost	**(2,993)**	(2,630)
Surplus/(deficit)	**1,069**	1,525
Car Parking		
Income	**2,232**	2,184
Full cost	**(1,811)**	(1,773)
Surplus/(deficit)	**421**	411
Catering		
Income	**1,315**	1,491
Full cost	**(753)**	(613)
Surplus/(deficit)	**562**	878

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2015-16

5. Revenue from patient care activities

	2015-16 £000s	2014-15 £000s
NHS Trusts	**1,407**	1,314
NHS England	**74,541**	81,536
Clinical Commissioning Groups	**270,212**	254,097
Foundation Trusts	**1,405**	209
Department of Health	**0**	0
NHS Other (including Public Health England and Prop Co)	**718**	213
Additional income for delivery of healthcare services	**0**	12,000
Non-NHS:		
Local Authorities	**4,799**	1,767
Private patients	**6,935**	6,922
Overseas patients (non-reciprocal)	**504**	71
Injury costs recovery	**1,167**	1,224
Other	**104**	82
Total Revenue from patient care activities	**361,792**	359,435

Injury cost recovery income is subject to a provision for impairment of receivables which the trust has estimated using historical information for each main site. The provision rates are 19% for Maidstone Hospital and 14.28% for Tunbridge Wells Hospital (18.9% 2014-15 Trust wide). This provision reflects expected rates of collection.

Included within revenue from NHS England for 2015-16 is £12m of financial support (2014-15 £16.3m):

	2015-16 £000s	2014-15 £000s
Central Support for PFI scheme (excluding inflation)	**8,000**	8,000
NHS England support for PFI scheme	**4,000**	8,300
	12,000	16,300

The Trust's 2016-17 plan includes £8m recurrent central PFI support excluding inflation.

6. Other operating revenue

	2015-16 £000s	2014-15 £000s
Recoveries in respect of employee benefits	**0**	0
Patient transport services	**0**	0
Education, training and research	**11,388**	11,077
Charitable and other contributions to revenue expenditure - NHS	**0**	0
Charitable and other contributions to revenue expenditure -non- NHS	**0**	0
Receipt of donations for capital acquisitions - Charity	**610**	455
Support from DH for mergers	**0**	0
Receipt of Government grants for capital acquisitions	**0**	0
Non-patient care services to other bodies	**15,553**	14,663
Income generation (Other fees and charges)	**4,062**	4,155
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**23**	23
Other revenue	**7,502**	13,502
Total Other Operating Revenue	**39,138**	43,875
Total operating revenue	**400,930**	403,310

Other revenue includes £7.8m (2014-15 £11.1m) income for Health Informatics Service hosted by the Trust to the 31st March 2016. This hosting arrangement ceased as at 31st March 2016.

7. Overseas Visitors Disclosure

	2015-16 £000	2014-15 £000s
Income recognised during 2015-16 (invoiced amounts and accruals)	**504**	71
Cash payments received in-year (re receivables at 31 March 2015)	**18**	0
Cash payments received in-year (in respect of invoices issued 2014-15)	**361**	42
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	**0**	0
Amounts added to provision for impairment of receivables (in respect of invoices issued 2014-15)	**120**	0
Amounts written off in-year (irrespective of year of recognition)	**30**	14

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8. Operating expenses

	2015-16	2014-15
	£000s	£000s
Services from other NHS Trusts	**299**	2,065
Services from CCGs/NHS England	**12**	37
Services from other NHS bodies	**193**	31
Services from NHS Foundation Trusts	**6,155**	3,160
Total Services from NHS bodies*	**6,659**	5,293
Purchase of healthcare from non-NHS bodies	**7,752**	4,819
Purchase of Social Care	**0**	0
Trust Chair and Non-executive Directors	**80**	77
Supplies and services - clinical	**78,755**	72,155
Supplies and services - general	**5,761**	5,883
Consultancy services	**1,001**	2,234
Establishment	**3,997**	3,992
Transport	**1,591**	2,150
Service charges - ON-SOFP PFIs and other service concession arrangements	**4,120**	3,988
Total charges - Off-SOFP PFIs and other service concession arrangements	**0**	0
Business rates paid to local authorities ***	**1,590**	3,747
Premises ***	**13,473**	12,454
Hospitality	**0**	0
Insurance	**342**	486
Legal Fees	**843**	443
Impairments and Reversals of Receivables	**378**	476
Inventories write down	**0**	0
Depreciation	**12,973**	16,043
Amortisation	**843**	653
Impairments and reversals of property, plant and equipment	**13,369**	14,250
Impairments and reversals of intangible assets	**0**	0
Impairments and reversals of financial assets	**0**	0
Impairments and reversals of non current assets held for sale	**0**	0
Internal Audit Fees **	**171**	255
Audit fees **	**103**	120
Other auditor's remuneration	**0**	12
Clinical negligence	**16,573**	10,692
Research and development (excluding staff costs)	**0**	0
Education and Training	**1,060**	910
Change in Discount Rate	**(3)**	23
Other	**1,836**	1,035
Total Operating expenses (excluding employee benefits)	**173,267**	162,190
Employee Benefits		
Employee benefits excluding Board members	**245,713**	235,900
Board members	**1,079**	853
Total Employee Benefits	**246,792**	236,753
Total Operating Expenses	**420,059**	398,943

*Services from NHS bodies does not include expenditure which falls into a category below
**Additional detail in 2015-16 accounts, so prior year comparator adjustment
*** Business rates recategorised from Premises including comparator figures

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9. Operating Leases

The four main operating leases with values charged to operating expenses in year are disclosed below:

Danwood - lease of photocopiers and printers under a managed service arrangement £696k (£696k 2014-15). This arrangement is expected to complete in December 2017.

Ash Corporate Finance - lease of the laundry land, buildings and equipment £323k (£323k 2014-15). The lease is for a 25 year term and contains a break clause in December 2020.

Roche Diagnostic Ltd - lease of equipment to support the pathology and clinical chemistry managed service £253k (£253k 2014-15). This arrangement completes in June 2017 with an option to extend for a further 3 years.

Telewest - lease of telephony equipment £417k (£510k 2014-15). This arrangement completed in 2015/16.

There are no purchase options or escalation clauses and there are no restrictions imposed by the lease arrangements.

9.1. Maidstone and Tunbridge Wells NHS Trust as lessee

	Land £000s	**Buildings £000s**	**Other £000s**	**2015-16 Total £000s**	2014-15 £000s
Payments recognised as an expense					
Minimum lease payments				**2,256**	2,211
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**2,256**	2,211
Payable:					
No later than one year	0	627	1,197	**1,824**	2,047
Between one and five years	0	1,801	1,897	**3,698**	2,716
After five years	0	1,692	0	**1,692**	471
Total	**0**	**4,120**	**3,094**	**7,214**	5,234
Total future sublease payments expected to be received:				0	0

9.2. Maidstone and Tunbridge Wells NHS Trust as lessor

The Trust leases an element of land on the Maidstone Hospital site to a day nursery contractor.

	2015-16 £000	2014-15 £000s
Recognised as revenue		
Rental revenue	23	23
Contingent rents	0	0
Total	**23**	23
Receivable:		
No later than one year	29	23
Between one and five years	115	92
After five years	230	207
Total	**374**	322

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10. Employee benefits and staff numbers

10.1. Employee benefits

	2015-16 Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	**212,514**	172,287	40,227
Social security costs	**14,350**	14,350	0
Employer Contributions to NHS BSA - Pensions Division	**22,310**	22,310	0
Other pension costs	**3**	3	0
Termination benefits	**478**	478	0
Total employee benefits	**249,655**	**209,428**	**40,227**
Employee costs capitalised	**(2,863)**	(1,169)	(1,694)
Gross Employee Benefits excluding capitalised costs	**246,792**	**208,259**	**38,533**

Employee Benefits - Gross Expenditure 2014-15	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	202,080	170,494 *	31,586
Social security costs	14,117	14,117	0
Employer Contributions to NHS BSA - Pensions Division	21,510	21,510 *	0
Other pension costs	0	0	0
Termination benefits	1,023	1,023	0
TOTAL - including capitalised costs	238,730	207,144	31,586
Employee costs capitalised	(1,977)	(707)	(1,270)
Gross Employee Benefits excluding capitalised costs	236,753	206,437	30,316

* Prior year comparators amended to correct a misclassification in 2014-15 reported employee benefits between Salaries and Wages and Employer Contributions categories. This did not affect the Total Employee Benefits reported.

10.2. Staff Numbers

	2015-16 Total Number	Permanently employed Number	Other Number	2014-15 Total Number
Average Staff Numbers				
Medical and dental	**699**	633	66	668
Ambulance staff	**0**	0	0	0
Administration and estates	**1,085**	983	102	1,150
Healthcare assistants and other support staff	**1,415**	1,264	151	1,354
Nursing, midwifery and health visiting staff	**1,649**	1,415	234	1,580
Nursing, midwifery and health visiting learners	**15**	15	0	18
Scientific, therapeutic and technical staff	**762**	710	52	706
Social Care Staff	**0**	0	0	0
Healthcare Science Staff	**0**	0	0	0
Other	**0**	0	0	0
TOTAL	**5,625**	**5,020**	**605**	5,476
Of the above - staff engaged on capital projects	**54**	32	22	34

10.3. Staff Sickness absence and ill health retirements

	2015-16 Number	2014-15 Number
Total Days Lost	43,757	43,881
Total Staff Years	5,054	4,962
Average working Days Lost	8.66	8.84

	2015-16 Number	2014-15 Number
Number of persons retired early on ill health grounds	**5**	3
	£000s	£000s
Total additional pensions liabilities accrued in the year	**76**	102

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10.4. Exit Packages agreed in 2015-16

2015-16

Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	**Cost of compulsory redundancies**	**Number of other departures agreed**	**Cost of other departures agreed.**	**Total number of exit packages**	**Total cost of exit packages**	**Number of Departures where special payments have been made**	**Cost of special payment element included in exit packages**
	Number	**£s**	**Number**	**£s**	**Number**	**£s**	**Number**	**£**
Less than £10,000	1	3,961	10	32,313	**11**	**36,274**	0	0
£10,000-£25,000	7	139,013	2	30,565	**9**	**169,578**	0	0
£25,001-£50,000	2	58,694	0	0	**2**	**58,694**	0	0
£50,001-£100,000	3	224,024	0	0	**3**	**224,024**	0	0
£100,001 - £150,000	0	0	0	0	**0**	**0**	0	0
£150,001 - £200,000	0	0	0	0	**0**	**0**	0	0
>£200,000	0	0	0	0	**0**	**0**	0	0
Total	**13**	**425,692**	**12**	**62,878**	**25**	**488,570**	**0**	**0**

2014-15

Exit package cost band (including any special payment element)	*Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	0	0	0	0	0	0	0	0
£10,000-£25,000	2	38,824	0	0	2	38,824	0	0
£25,001-£50,000	1	34,876	0	0	1	34,876	0	0
£50,001-£100,000	1	95,118	0	0	1	95,118	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	4	168,818	0	0	4	168,818	0	0

Redundancy and other departure costs have been paid in accordance with the provisions of the Trust. Compulsory redundancies were transacted in accordance with NHS Terms and Conditions. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

The redundancies relate to the dissolution of the Health Informatics Service arrangements which the Trust hosted until 31st March 2016. The Trust has recovered costs including those of the exit arrangements from the other members of arrangement (local NHS bodies) and this is reported within income.

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10.5. Exit packages - Other Departures analysis

	2015-16		2014-15	
	Agreements	**Total value of agreements**	Agreements	Total value of agreements
	Number	**£000s**	Number	£000s
Voluntary redundancies including early retirement contractual costs	**0**	**0**	0	0
Mutually agreed resignations (MARS) contractual costs	**0**	**0**	0	0
Early retirements in the efficiency of the service contractual costs	**0**	**0**	0	0
Contractual payments in lieu of notice	**12**	**63**	0	0
Exit payments following Employment Tribunals or court orders	**0**	**0**	0	0
Non-contractual payments requiring HMT approval*	**0**	**0**	0	0
Total	**12**	**63**	0	0
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	**0**	**0**	0	0

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period

As a single exit packages can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 10.4 which will be the number of individuals

*includes any non-contractual severance payment made following judicial mediation, and amounts relating to non-contractual payments in lieu of notice..

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

10.6. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension 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 their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The Trust participates in the National Employees Savings Trust (NEST) scheme as an alternative to those employees who are not eligible to join the NHS Pension Scheme. This came into effect in July 2013 for this Trust as part of the auto enrolment requirements introduced by the Government. NEST is a defined contribution scheme with a phased employer contribution rate, currently 1%. Trust contributions under the NEST scheme for the 2015/16 financial year totalled £3k (£4k 2014/15).

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11. Better Payment Practice Code

11.1. Measure of compliance

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**113,947**	**179,686**	101,241	159,088
Total Non-NHS Trade Invoices Paid Within Target	**77,717**	**134,047**	78,674	129,327
Percentage of NHS Trade Invoices Paid Within Target	**68.20%**	**74.60%**	77.71%	81.29%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,473**	**27,339**	3,282	**23,650**
Total NHS Trade Invoices Paid Within Target	**1,459**	**20,508**	1,847	**15,745**
Percentage of NHS Trade Invoices Paid Within Target	**59.00%**	**75.01%**	56.28%	66.58%

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

11.2. The Late Payment of Commercial Debts (Interest) Act 1998

	2015-16 £000s	2014-15 £000s
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

The Trust made one late payment charge totalling £36.35 and four interest charges of £38.98 (£545.05 total of charges and interest in 2014/15) during the year under the Late Payment of Commercial Debt Act.

12. Investment Revenue

	2015-16 £000s	2014-15 £000s
Rental revenue		
PFI finance lease revenue (planned)	**0**	0
PFI finance lease revenue (contingent)	**0**	0
Other finance lease revenue	**0**	0
Subtotal	**0**	0
Interest revenue		
Bank interest	**47**	48
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Subtotal	**47**	48
Total investment revenue	**47**	48

13. Other Gains and Losses

	2015-16 £000s	2014-15 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	**1**	(50)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	0
Gain/(Loss) on disposal of Financial Assets other then held for sale	**0**	0
Gain (Loss) on disposal of assets held for sale	**0**	0
Gain/(loss) on foreign exchange	**0**	0
Total	**1**	(50)

14. Finance Costs

	2015-16 £000s	2014-15 £000s
Interest		
Interest on loans and overdrafts	**710**	655
Interest on obligations under finance leases	**0**	0
Interest on obligations under PFI contracts:		
- main finance cost	**11,161**	11,416
- contingent finance cost	**2,472**	2,360
Interest on late payment of commercial debt	**0**	0
Total interest expense	**14,343**	14,431
Other finance costs	**0**	0
Provisions - unwinding of discount	**6**	7
Total	**14,349**	14,438

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15.1. Property, plant and equipment

2015-16	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2015	38,580	299,498	3,033	6,758	81,875	960	16,323	2,694	**449,721**
Additions of Assets Under Construction	0	0	0	2,110	0	0	0	0	**2,110**
Additions Purchased	0	9,132	46	0	1,171	0	1,344	61	**11,754**
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	606	0	4	0	**610**
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	529	0	(5,852)	2,839	0	1,669	0	**(815)**
Disposals other than for sale	0	0	0	0	(7,467)	0	0	0	**(7,467)**
Upward revaluation/positive indexation	82	13,176	728	0	0	0	0	0	**13,986**
Impairment/reversals charged to operating expenses	(566)	(21,827)	0	0	0	0	(331)	0	**(22,724)**
Impairments/reversals charged to reserves	(19,821)	(3,277)	278	0	0	0	0	0	**(22,820)**
At 31 March 2016	**18,275**	**297,231**	**4,085**	**3,016**	**79,024**	**960**	**19,009**	**2,755**	**424,355**
Depreciation									
At 1 April 2015	0	3,010	53	0	60,107	882	12,614	1,134	**77,800**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(7,460)	0	0	0	**(7,460)**
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	**0**
Impairment/reversals charged to reserves	0	0	0	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	(9,355)	0	0	0	0	0	0	**(9,355)**
Charged During the Year	0	6,345	108	0	4,294	42	1,910	274	**12,973**
At 31 March 2016	**0**	**0**	**161**	**0**	**56,941**	**924**	**14,524**	**1,408**	**73,958**
Net Book Value at 31 March 2016	**18,275**	**297,231**	**3,924**	**3,016**	**22,083**	**36**	**4,485**	**1,347**	**350,397**
Asset financing:									
Owned - Purchased	18,275	97,687	3,924	3,016	20,599	36	4,456	1,347	**149,340**
Owned - Donated	0	31	0	0	1,446	0	29	0	**1,506**
Owned - Government Granted	0	0	0	0	38	0	0	0	**38**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	199,513	0	0	0	0	0	0	**199,513**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2016	**18,275**	**297,231**	**3,924**	**3,016**	**22,083**	**36**	**4,485**	**1,347**	**350,397**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
									£000's
At 1 April 2015	29,085	32,292	687	0	657	13	0	2	**62,736**
Movements	(19,739)	9,899	1,006	0	102	0	0	0	**(8,732)**
At 31 March 2016	**9,346**	**42,191**	**1,693**	**0**	**759**	**13**	**0**	**2**	**54,004**

Additions to Assets Under Construction in 2015-16	
Land	0
Buildings excl Dwellings	206
Dwellings	0
Plant & Machinery	1,904
Balance as at YTD	**2,110**

15.2. Property, plant and equipment prior-year

2014-15	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 1 April 2014	40,889	332,858	5,501	1,695	80,323	960	15,118	2,694	**480,038**
Additions of Assets Under Construction	0	0	0	6,386	0	0	0	0	**6,386**
Additions Purchased	0	3,157	560	0	1,866	0	638	0	**6,221**
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	418	0	37	0	**455**
Reclassifications	0	56	0	(1,323)	0	0	530	0	**(737)**
Disposals other than for sale	0	0	0	0	(732)	0	0	0	**(732)**
Revaluation	(1,808)	(32,129)	(1,815)	0	0	0	0	0	**(35,752)**
Impairments/negative indexation charged to reserves	(501)	(10,283)	(1,213)	0	0	0	0	0	**(11,997)**
Reversal of Impairments charged to reserves	0	5,839	0	0	0	0	0	0	**5,839**
At 31 March 2015	**38,580**	**299,498**	**3,033**	**6,758**	**81,875**	**960**	**16,323**	**2,694**	**449,721**
Depreciation									
At 1 April 2014	0	25,011	277	0	53,335	835	9,442	860	**89,760**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(683)	0	0	0	**(683)**
Revaluation	(1,808)	(37,947)	(1,815)	0	0	0	0	0	**(41,570)**
Impairments/negative indexation charged to operating expenses	1,808	20,787	1,443	0	109	0	1,138	0	**25,285**
Reversal of Impairments charged to operating expenses	0	(11,035)	0	0	0	0	0	0	**(11,035)**
Charged During the Year	0	6,194	148	0	7,346	47	2,034	274	**16,043**
At 31 March 2015	**0**	**3,010**	**53**	**0**	**60,107**	**882**	**12,614**	**1,134**	**77,800**
Net Book Value at 31 March 2015	**38,580**	**296,488**	**2,980**	**6,758**	**21,768**	**78**	**3,709**	**1,560**	**371,921**
Asset financing:									
Owned - Purchased	38,580	103,284	2,980	6,758	20,458	78	3,670	1,560	**177,368**
Owned - Donated	0	81	0	0	1,243	0	39	0	**1,363**
Owned - Government Granted	0	0	0	0	67	0	0	0	**67**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	193,123	0	0	0	0	0	0	**193,123**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2015	**38,580**	**296,488**	**2,980**	**6,758**	**21,768**	**78**	**3,709**	**1,560**	**371,921**

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15.3. Property, plant and equipment

Within the financial year 2015/16 the trust received donations to purchase medical equipment totalling £606k. £205k was received as a legacy to the Cardiology department which purchased 2 specialist ultrasound machines, £144k donation received from Breast Cancer Kent to purchase a Tomosynthesis upgrade and £104k from the charity Walk the Walk to purchase chemotherapy equipment.

The financial year 2015/16 is the first year in the next 5 year cyclical valuation period. A full valuation was undertaken in September 2014 by the Trust's independent valuers Montagu Evans LLP with further indexation applied by the trust at 31st March 2015. In keeping with the Trust policies and to ensure that the appropriate values are recorded at 31st March 2016, the Trust commissioned Montagu Evans LLP to carry out a desktop valuation of the fair value of Trust Land, Building and Dwelling assets.

The 31st March 2016 valuation resulted in an overall reduction in value of the Trust's Land and Property assets of £21.872m. This included an upward valuation, net value £13.986m, relating to upward pressure on building values as measured by movements in the relevant Building Cost Indices. This value is reported in the PPE note 15.1 on the line "Upward revaluation/positive indexation". Assessment by the Trust's valuers that excess soft landscaping on each site would not be re-provided on a MEA basis led to an impairment charged to reserves of £22.820m less prior reversals which was related primarily to land values. This is reported in note 15.1 on the line headed "Impairments/reversals charged to reserves". A further £13.038m of impairments net of reversals were charged to the SoCI relating mainly to the external works element of the soft landscaping and valuation of new build components undertaken during the year. This is reported in note 15.1 on the lines "Impairment/reversals charged to operating expenses" under both Cost or Valuation, and Depreciation sections i.e. £0.566m land impairment plus £21.827m build impairment less £9.355 associated depreciation. (In addition this line also reports the impairment of £0.331m relating to IT tangible assets as set out below). The sum total of both the upward valuations and the impairments was a net reduction in value of £21.872m.

Specialist properties (main hospitals) have been valued on Depreciation Replacement Cost (DRC) using the Modern Equivalent Assets (MEA)Value concept. Non specialised buildings and land have been valued on an Existing Use Value (EUV) basis and key worker accommodation has been valued on an EUV - Social housing basis in line with RICS guidelines. In addition two properties have been identified as surplus to the Trust's requirements and these have been valued in line with IFRS 13 which requires valuation at the best and highest alternative use.

Under the Modern Equivalent Assets (MEA) concept the independent professional valuers have assessed that the Trust would not re-provide the excess soft landscaping on each site and therefore this adjustment has impacted on reducing both the external works and land valuations. The reduction to the external works valuation was £4.3m at Maidstone hospital site and £4.2m at Tunbridge Wells site. The underlying land valuation reductions were £9.95m for the Maidstone Hospital site and £9.97m for Tunbridge Wells site. The land value impairments were taken fully to existing revaluation reserves whilst the external works impairments were charged to the SoCI as no corresponding revaluation reserve existed.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. The Trust has reviewed high value plant and machinery assets (net book value over £100k) to ensure these are held at the correct values and remaining useful lives, and has carried out a fair value assessment of IT tangible assets based on a valuation model as advised by Trust experts in the relevant asset class. The review of plant and machinery assets has resulted in extensions of asset life to high value Imaging and Radiotherapy equipment as set out in the table below, this is in accordance with the Trust's policy 1.12.

High value plant and machinery	Previous Life	Amended Life
Linear Accelerators	10	13
CT Scanners	7	10
Beds and Mattresses	7	10
Whatman equipment	7	10

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16. Intangible non-current assets

16.1. Intangible non-current assets

2015-16	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	**5,049**	**458**	**0**	**0**	**0**	**5,507**
Additions Purchased	885	0	0	0	0	**885**
Additions Internally Generated	0	0	0	0	0	**0**
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	**0**
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	**0**
Additions Leased (including PFI/LIFT)	0	0	0	0	0	**0**
Reclassifications	815	0	0	0	0	**815**
Disposals other than by sale	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	**0**
Impairments/reversals charged to reserves	0	0	0	0	0	**0**
At 31 March 2016	**6,749**	**458**	**0**	**0**	**0**	**7,207**
Amortisation						
At 1 April 2015	**2,857**	**254**	0	0	0	**3,111**
Reclassifications	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	**0**
Impairment/reversals charged to reserves	0	0	0	0	0	**0**
Impairments/reversals charged to operating expenses	0	0	0	0	0	**0**
Charged During the Year	731	0	0	0	0	**843**
At 31 March 2016	**3,588**	**366**	**0**	**0**	**0**	**3,954**
Net Book Value at 31 March 2016	**3,161**	**92**	**0**	**0**	**0**	**3,253**
Asset Financing: Net book value at 31 March 2016 comprises:						
Purchased	3,161	92	0	0	0	**3,253**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Finance Leased	0	0	0	0	0	**0**
On-balance Sheet PFIs	0	0	0	0	0	**0**
Total at 31 March 2016	**3,161**	**92**	**0**	**0**	**0**	**3,253**

Revaluation reserve balance for intangible non-current assets

	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	£000's
At 1 April 2015	0	0	0	0	0	**0**
Movements	0	0	0	0	0	**0**
At 31 March 2016	**0**	**0**	**0**	**0**	**0**	**0**

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16.2. Intangible non-current assets prior year

2014-15	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:						
At 1 April 2014	3,366	458	0	0	0	3,824
Additions - purchased	946	0	0	0	0	946
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	737	0	0	0	0	737
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
At 31 March 2015	5,049	458	0	0	0	5,507
Amortisation						
At 1 April 2014	2,328	130	0	0	0	2,458
Reclassifications	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	529	124	0	0	0	653
At 31 March 2015	2,857	254	0	0	0	3,111
Net book value at 31 March 2015	2,192	204	0	0	0	2,396
Net book value at 31 March 2015 comprises:						
Purchased	2,192	204	0	0	0	2,396
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Finance Leased	0	0	0	0	0	0
On-balance Sheet PFIs	0	0	0	0	0	0
Total at 31 March 2015	2,192	204	0	0	0	2,396

16.3. Intangible non-current assets

The intangible assets relate to purchase of software and the Trust considers the carrying value to represent fair value
The Trust has no intangible assets with indefinite lives.
The asset lives are set out in policy number 1.12

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17. Analysis of impairments and reversals recognised in 2015-16

	Property Plant and Equipment	Intangible Assets	Financial Assets	Non-Current Assets Held for Sale	Total
					£000s
Impairments and reversals taken to SoCI					
Loss or damage resulting from normal operations	0	0	0	0	**0**
Over-specification of assets	0	0	0	0	**0**
Abandonment of assets in the course of construction	0	0	0	0	**0**
Total charged to Departmental Expenditure Limit					**0**
Unforeseen obsolescence	0	0	0	0	**0**
Loss as a result of catastrophe	0	0	0	0	**0**
Other	0	0	0	0	**0**
Changes in market price	13,369	0	0	0	**13,369**
Total charged to Annually Managed Expenditure	13,369	0	0	0	**13,369**
Total Impairments of Property, Plant and Equipment changed to SoCI	**13,369**	**0**	**0**	**0**	**13,369**
Property, Plant and Equipment Impairments and reversals charged to the revaluation reserve					
Loss or damage resulting from normal operations	0	0	0	0	**0**
Over-specification of assets	0	0	0	0	**0**
Abandonment of assets in the course of construction	0	0	0	0	**0**
Unforeseen obsolescence	0	0	0	0	**0**
Loss as a result of catastrophe	0	0	0	0	**0**
Other	0	0	0	0	**0**
Changes in market price	8,834	0	0	0	**8,834**
Total impairments for PPE charged to reserves	8,834	0	0	0	**8,834**

Donated and Gov Granted Assets, included above	**£000s**
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	**0**
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	**0**

Changes in market price in respect of Property, Plant and Equipment relates to net impairments of £13,038k charged to the SoCI following the desktop valuation at 31st March 2016. The balance of £331k represents the fair value assessment of IT equipment assets based on a valuation model as advised by Trust experts in the relevant asset class.

The net £22.820m impairments less reversals charged to reserves less the uplift where no previous reversal to revaluation reserve existed (£13.986m) results in the net changes in market value of £8.834m (details included in note 15.3).

Further information in respect of the valuation is contained in Note 15.3.

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18. Investment property

The Trust has no investment properties.

19. Commitments

19.1. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2016	31 March 2015
	£000s	£000s
Property, plant and equipment	**115**	2,863
Intangible assets	**9**	105
Total	**124**	2,968

The 2014/15 commitments figure included £2.3m relating to the refurbishment and reconfiguration of the John Day and Jon Saunders wards at Maidstone Hospital completed in 2015/16.

19.2. Other financial commitments

The Trust has no non-cancellable contracts not disclosed elsewhere under PFI contracts or leases.

20. Intra-Government and other balances

	Current receivables	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000s	**£000s**	**£000s**	**£000s**
Balances with Other Central Government Bodies	2,291	0	12,370	0
Balances with Local Authorities	726	0	61	0
Balances with NHS bodies outside the Departmental Group	0	0	17	0
Balances with NHS bodies inside the Departmental Group	22,991	0	7,129	31,410
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	5,961	1,200	30,409	203,261
At 31 March 2016	**31,969**	**1,200**	**49,986**	**234,671**
prior period:				
Balances with Other Central Government Bodies	2,161	0	3,094	0
Balances with Local Authorities	277	0	27	0
Balances with NHS bodies outside the Departmental Group	0	0	10	0
Balances with NHS bodies inside the Departmental Group	23,843	0	5,098	16,676
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	7,355	1,227	31,834	208,034
At 31 March 2015	**33,636**	**1,227**	**40,063**	**224,710**

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21. Inventories

	Drugs	Consumables	Work in Progress	Energy	Loan Equipment	Other	Total	Of which held at NRV
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	**3,065**	**609**	**0**	**46**	**0**	**2,799**	**6,519**	0
Additions	37,148	367	0	5	0	13,851	**51,371**	0
Inventories recognised as an expense in the period	(36,426)	0	0	0	0	(13,178)	**(49,604)**	0
Write-down of inventories (including losses)	0	0	0	0	0	0	**0**	0
Reversal of write-down previously taken to SOCI	0	0	0	0	0	0	**0**	0
Balance at 31 March 2016	**3,787**	**976**	**0**	**51**	**0**	**3,472**	**8,286**	**0**

22.1. Trade and other receivables

	Current		Non-current	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**22,511**	23,754	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**2,594**	3,568	**0**	0
Non-NHS receivables - capital	**0**	43	**0**	0
Non-NHS prepayments and accrued income	**3,700**	3,779	**0**	0
PDC Dividend prepaid to DH	**480**	89	**0**	0
Provision for the impairment of receivables	**(1,273)**	(971)	**0**	0
VAT	**2,317**	2,161	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**138**	104
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**1,640**	1,213	**1,062**	1,123
Total	**31,969**	33,636	**1,200**	1,227
Total current and non current	**33,169**	34,863		
Included in NHS receivables are prepaid pension contributions:	**0**			

The great majority of trade is with Clinical Commissioning Groups (CCGs) as commissioners for NHS patient care services. As CCGs are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary. A provision for the impairment of trade receivables is made for debts over 120 days.

22.2. Receivables past their due date but not impaired

	31 March 2016	31 March 2015
	£000s	£000s
By up to three months	**7,256**	3,353
By three to six months	**2,536**	2,618
By more than six months	**3,708**	5,364
Total	**13,500**	11,335

The Trust does not hold any collateral against receivable balances.

22.3. Provision for impairment of receivables

	2015-16	2014-15
	£000s	£000s
Balance at 1 April 2015	**(971)**	(699)
Amount written off during the year	**76**	204
Amount recovered during the year	**0**	184
(Increase)/decrease in receivables impaired	**(378)**	(660)
Balance at 31 March 2016	**(1,273)**	(971)

The provision of receivables includes provision for all non-NHS invoices over 120 days overdue plus any other invoices that are deemed to be a specific risk. In addition Injury cost recovery debt is provided for in accordance with the approach set out in note 5.

23. NHS LIFT investments

The Trust does not have any LIFT investments.

24.1. Other Financial Assets - Current

The Trust does not have any current financial assets.

24.2. Other Financial Assets - Non Current

The Trust does not have any non-current financial assets.

25. Other current assets

The Trust does not have any other current assets.

26. Cash and Cash Equivalents

	31 March 2016	31 March 2015
	£000s	£000s
Opening balance	**3,796**	1,287
Net change in year	**(2,599)**	2,509
Closing balance	**1,197**	3,796
Made up of		
Cash with Government Banking Service	**1,125**	3,763
Commercial banks	**33**	14
Cash in hand	**39**	19
Liquid deposits with NLF	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial positio	**1,197**	3,796
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flow	**1,197**	3,796
Third Party Assets - Bank balance (not included above)	**0**	0
Third Party Assets - Monies on deposit	3	0

27. Non-current assets held for sale

The Trust does not have any non current assets held for sale

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28. Trade and other payables

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
NHS payables - revenue	**4,949**	2,614	**0**	0
NHS payables - capital	**23**	320	**0**	0
NHS accruals and deferred income	**0**	0	**0**	0
Non-NHS payables - revenue	**15,133**	11,128	**0**	0
Non-NHS payables - capital	**1,584**	5,107	**0**	0
Non-NHS accruals and deferred income	**10,767**	12,590	**0**	0
Social security costs	**4,459**	38	**0**	0
PDC Dividend payable to DH	**0**	0	**0**	0
Accrued Interest on DH Loans	**36**	0	**0**	0
VAT	**0**	0	**0**	0
Tax	**4,717**	40	**0**	0
Payments received on account	**0**	0	**0**	0
Other	**1,370**	1,276	**0**	0
Total	**43,038**	33,113	**0**	0
Total payables (current and non-current)	**43,038**	**33,113**		
Included above:				
to Buy Out the Liability for Early Retirements Over 5 Years	**0**	0		
number of Cases Involved (number)	**0**	0		
outstanding Pension Contributions at the year end	**3,191**	3,016		

29. Other liabilities

The Trust does not have any other liabilities

30. Borrowings

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	**31 March 2016 £000s**	31 March 2015 £000s
Bank overdraft - Government Banking Service	**0**	0	**0**	0
Bank overdraft - commercial banks	**0**	0	**0**	0
Loans from Department of Health	**2,174**	2,174	**31,410**	16,676
Loans from other entities	**0**	0	**0**	0
PFI liabilities:				
Main liability	**4,774**	4,776	**203,261**	208,034
Lifecycle replacement received in advance	**0**	0	**0**	0
Total	**6,948**	**6,950**	**234,671**	**224,710**
Total borrowings (current and non-current)	**241,619**	**231,660**		

Borrowings / Loans - repayment of principal falling due in:

	31 March 2016		
	DH £000s	**Other £000s**	**Total £000s**
0 - 1 Years	2,174	4,774	**6,948**
1 - 2 Years	2,174	5,028	**7,202**
2 - 5 Years	23,804	21,462	**45,266**
Over 5 Years	5,432	176,771	**182,203**
TOTAL	**33,584**	**208,035**	**241,619**

Department of Health loans totalling £29m have been taken out to finance the Trust capital programme. The £11m loan received on the 15th March 2010 has a final repayment date of 15th March 2025 with a fixed interest rate of 3.91%, the further loan of £12m taken out on the 15th September 2010 has a final repayment date of 15th September 2020 with a fixed interest rate of 2.02%. The latest loan taken out on the 15th December 2010 has a final repayment date of 15th September 2035 at a fixed rate of 4.73%.

The PFI liabilities relate to the PFI contract that the Trust signed in March 2008. The contract is a standard form PFI contract with a concession that completes in 2042, when the building reverts to the Trust. Further information is set out in note 37.

The Trust has received a revenue working capital loan of £16.9m in March 2016 consolidating previous interim revolving facilities. The loan is interest bearing at 1.5% per annum and the principal falls due in February 2019.

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31. Other financial liabilities

The Trust does not have any other financial liabilities

32. Deferred income

	Current		Non-current	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
Opening balance at 1 April 2015	**4,695**	1,340	**0**	0
Deferred revenue addition	**35,453**	28,855	**0**	0
Transfer of deferred revenue	**(38,037)**	(25,500)	**0**	0
Current deferred Income at 31 March 2016	**2,111**	4,695	**0**	0
Total deferred income (current and non-current)	**2,111**	4,695		

33. Finance lease obligations as lessee

The Trust has not entered into any finance lease arrangement as lessee.

34. Finance lease receivables as lessor

The Trust has not entered into any finance lease arrangement as lessor.

35. Provisions

	Total	Comprising: Early Departure Costs	Legal Claims	Restructuring	Continuing Care	Equal Pay (incl. Agenda for Change	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	**4,379**	436	633	0	0	0	2,456	854
Arising during the year	**779**	10	113	0	0	0	69	587
Utilised during the year	**(1,136)**	(29)	(70)	0	0	0	(183)	(854)
Reversed unused	**(293)**	0	(264)	0	0	0	(29)	0
Unwinding of discount	**6**	6	0	0	0	0	0	0
Change in discount rate	**(3)**	(3)	0	0	0	0	0	0
Transfers to NHS Foundation Trusts on being authorised as FT	**0**	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	**0**	0	0	0	0	0	0	0
Balance at 31 March 2016	**3,732**	**420**	**412**	**0**	**0**	**0**	**2,313**	**587**
Expected Timing of Cash Flows:								
No Later than One Year	**2,331**	23	412	0	0	0	1,309	587
Later than One Year and not later than Five Years	**1,095**	91	0	0	0	0	1,004	0
Later than Five Years	**306**	306	0	0	0	0	0	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2016	149,922
As at 31 March 2015	95,510

Early departure costs relate to two ill health injury benefits calculated by current payment made by NHS Pension agency adjusted for average life expectancy using tables published by the National Statistics Office. Legal claims are estimates notified by the NHS Litigation Authority or the Trust's solicitors.

The provision for redundancy relates to costs associated with the dissolution of the hosted Health Informatics Service.

Other includes onerous contract provision £526k and provision for dilapidations of leased properties/equipment £1,786k

36. Contingencies

	31 March 2016 £000s	31 March 2015 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	**(65)**	(45)
Employment Tribunal and other employee related litigation	**0**	0
Redundancy	**0**	0
Other	**0**	0
Net value of contingent liabilities	**(65)**	(45)
Contingent assets		
Contingent assets	**0**	0
Net value of contingent assets	**0**	0

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37. PFI and LIFT - additional information

The Trust signed a PFI project agreement on 26th March 2008 for the new Tunbridge Wells Hospital at Pembury. The main building was handed over by the contractor in phases in December 2010 and May 2011 and recognised in the Trust's accounts accordingly. By joint agreement with the Trust's PFI partner the final phase of car parking & landscaping were completed and handed over early in January 2012, although contractual phasing and unitary payments were kept in line with the project agreement completion date of September 2012. The arrangement covers the provision of buildings, hard facilities management services and lifecycle replacement (building & engineering asset renewals). Under the project agreement the Trust has agreed expectations for the provision of these services and has termination options on default. The land remains the Trust's asset throughout the concession. The concession is due to run for 30 years until 2042 when the building will revert to the Trust. The annual unitary payment was contracted at £16.9m at 2005/06 prices, and is subject to an annual uplift by Retail Price Index which for the 2015/16 year was 0.98%.

The information below is required by the Department of Heath for inclusion in national statutory accounts

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

	2015-16 £000s	2014-15 £000s
Total charge to operating expenses in year - Off SoFP PFI	**0**	0
Service element of on SOFP PFI charged to operating expenses in year	**4,120**	3,988
Total	**4,120**	3,988
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**4,394**	4,348
Later than One Year, No Later than Five Years	**19,462**	19,863
Later than Five Years	**161,471**	200,695
Total	**185,327**	224,906

The estimated annual payments in future years will vary according to published RPI rates but are not expected to be materially different from those which the Trust is committed to make during the next year.

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2015-16 £000s	2014-15 £000s
No Later than One Year	**15,686**	15,937
Later than One Year, No Later than Five Years	**62,060**	62,581
Later than Five Years	**306,013**	321,178
Subtotal	**383,759**	399,696
Less: Interest Element	**(175,724)**	(186,886)
Total	**208,035**	212,810

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due	**2015-16 £000s**	2014-15 £000s
No Later than One Year	**4,774**	4,776
Later than One Year, No Later than Five Years	**21,088**	20,512
Later than Five Years	**182,173**	187,522
Total	**208,035**	212,810

Number of on SOFP PFI Contracts	
Total Number of on PFI contracts	**1**
Number of on PFI contracts which individually have a total commitments value in excess of £500m	**0**

38. Impact of IFRS treatment - current year

The information below is required by the Department of Health for budget reconciliation purposes	**2015-16 Income £000s**	**Expenditure £000s**	2014-15 Income £000s	Expenditure £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g. PFI / LIFT)				
Depreciation charges	0	3,424	0	3,419
Interest Expense	0	13,633	0	13,776
Impairment charge - AME	0	7,925	0	9,009
Impairment charge - DEL	0	0	0	0
Other Expenditure	0	4,122	0	3,989
Revenue Receivable from subleasing	0	0	0	0
Impact on PDC dividend payable	0	(494)	0	(600)
Total IFRS Expenditure (IFRIC12)	**0**	**28,610**	0	**29,593**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)		(20,001)		(19,723)
Net IFRS change (IFRIC12)		**8,609**		**9,870**
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12				
Capital expenditure 2015-16		**274**		145
UK GAAP capital expenditure 2015-16 (Reversionary Interest)		**3,084**		2,949

	2015-16 Income/ Expenditure IFRIC 12 YTD **£000s**	**2015-16** Income/ Expenditure ESA 10 YTD **£000s**
Revenue costs of IFRS12 compared with ESA10		
Depreciation charges	**3,424**	0
Interest Expense	**13,633**	0
Impairment charge - AME	**7,925**	0
Impairment charge - DEL	**0**	0
Other Expenditure		
Service Charge	**4,120**	20,001
Contingent Rent	**0**	0
Lifecycle	**2**	0
Impact on PDC Dividend Payable	**(494)**	0
Total Revenue Cost under IFRIC12 vs ESA10	**28,610**	**20,001**
Revenue Receivable from subleasing	**0**	**0**
Net Revenue Cost/(income) under IDRIC12 vs ESA10	**28,610**	**20,001**

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39. Financial Instruments

39.1. 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. Because of the continuing service provider relationship that the NHS Trust has with commissioners and the way those commissioners are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 NHS Trust in undertaking its activities.

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

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

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the NHS Trust Development Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk
Because the majority of the [organisation]'s revenue comes from contracts with other public sector bodies, the [organisation] has low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with Commissioning Care Groups and Specialist Commissioners, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust has received working capital financing and capital financing to support its position and mitigate risks. The Trust is not, therefore, exposed to significant liquidity risks.

39.2. Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0	0	0	**0**
Receivables - NHS	0	22,512	0	**22,512**
Receivables - non-NHS	0	5,293	0	**5,293**
Cash at bank and in hand	0	1,197	0	**1,197**
Other financial assets	0	0	0	**0**
Total at 31 March 2016	**0**	**29,002**	**0**	**29,002**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	23,752	0	23,752
Receivables - non-NHS	0	6,262	0	6,262
Cash at bank and in hand	0	3,796	0	3,796
Other financial assets	0	0	0	0
Total at 31 March 2015	0	33,810	0	33,810

39.3. Financial Liabilities

	At 'fair value through profit and loss'	Other	Total
			£000s
Embedded derivatives	0	0	**0**
NHS payables	0	4,972	**4,972**
Non-NHS payables	0	25,165	**25,165**
Other borrowings	0	33,584	**33,584**
PFI & finance lease obligations	0	208,035	**208,035**
Other financial liabilities	0	0	**0**
Total at 31 March 2016	**0**	**271,756**	**271,756**
Embedded derivatives	0	0	0
NHS payables	0	2,934	2,934
Non-NHS payables	0	24,797	24,797
Other borrowings	0	18,850	18,850
PFI & finance lease obligations	0	212,810	212,810
Other financial liabilities	0	0	0
Total at 31 March 2015	0	259,391	259,391

40. Events after the end of the reporting period

The Trust has no events after the reporting period to report.

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41. Related party transactions

During the year none of the Department of Health Ministers, Trust Board members, members of key management staff, or parties related to any of them, have undertaken any material transactions with Maidstone and Tunbridge Wells NHS Trust. The Department of Health (DOH) is regarded as a related party. During the year 2015/16 the Trust received £16.9m working capital financing, £3.5m exceptional capital PDC and the Trust also has loans with the DH, interest paid within the year £674k, capital repayment of £2,174k and the balance outstanding is £16,676k. The Trust has also had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. The following entities of material transactions of more than £1m are:

£000's	**2015-16**	**2015-16**	**2015-16**	**2015-16**	2014-15	2014-15	2014-15	2014-15
NHS Organisations and other relevant public bodies	**Receivables**	**Payables**	**Income**	**Expenditure**	Receivables	Payables	Income	Expenditure
Ashford CCG	**237**	**0**	**1,225**	**0**	0	0	876	0
Dartford Gravesham and Swanley CCG	**472**	**0**	**4,092**	**0**	220	0	3,681	0
Medway CCG	**0**	**12**	**12,413**	**12**	748	0	11,755	0
Hastings and Rother CCG	**468**	**0**	**1,306**	**0**	115	0	905	0
High Weald CCG	**942**	**0**	**19,688**	**0**	2,904	0	20,996	0
Swale CCG	**500**	**0**	**5,853**	**0**	222	0	5,502	0
West Kent CCG	**7,315**	**29**	**219,839**	**12**	5,404	0	208,013	0
NHS England	**3,741**	**14**	**75,575**	**72**	6,463	60	82,705	65
East Kent University Hospitals Foundation Trust	**2,301**	**1,489**	**3,257**	**1,431**	2,418	1,190	5,899	1,980
Kent Community NHS Foundation Trust	**1,343**	**1,033**	**4,250**	**3,516**	0	0	2,428	1,674
Medway NHS Foundation Trust	**1,183**	**396**	**4,071**	**556**	1,390	202	3,886	657
Royal Surrey County NHS Foundation Trust	**27**	**0**	**1,115**	**0**	63	0	1,100	0
Dartford & Gravesham NHS Trust	**928**	**10**	**3,519**	**7**	1,202	18	3,975	76
Kent and Medway NHS & Social Care NHS Trust	**1,164**	**2**	**2,754**	**83**	628	152	2,003	99
NHS Pension Agency	**0**	**3,194**	**0**	**22,310**	0	3,016	0	29,284
NHS Litigation Authority	**0**	**0**	**0**	**16,881**	0	0	0	11,012
NHS Blood	**0**	**17**	**0**	**2,190**	0	9	0	2,065
Health Education England	**223**	**0**	**9,597**	**3**	68	0	9,157	2
Kent County Council	**721**	**5**	**4,792**	**39**	267	0	1,892	3
Maidstone Borough Council	**0**	**0**	**0**	**1,252**	0	1	0	1,234
Tunbridge Wells Borough Council	**0**	**0**	**0**	**2,640**	0	0	0	2,517
HM Revenue and Customs	**2,291**	**9,176**	**2,291**	**14,350**	2,161	78	2,161	14,117

The Trust has also received revenue and capital payments from the Charitable Funds that it controls, the trustees for which are also members of the Trust board. The Trust has not consolidated the Charitable Funds on the grounds of materiality to the Trust (see policy notes 1.4 and 1.32). The transactions between the Trust and the Charity (Maidstone and Tunbridge Wells NHS Charitable Fund - charity registration number 1055215) are however material to the charity and therefore are disclosed below. Please note that this disclosure is based on the draft unaudited position of the charity. The audited accounts of the charity will be available later this year.

	2015-16	2014-15*
	£000s	£000s
Total charitable resources expended with the Trust	**758**	197
Closing creditor (monies owed to the Trust by the charity)	**377**	72
Total income received by the Charity in the reporting period	**1,434**	154
Total Charitable Funds at end of the reporting period	**1,743**	1,067

* prior year comparators have been restated following the completion of charitable funds accounts.

42. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	**Total Number of Cases**
Losses	75,916	44
Special payments	17,917	48
Total losses and special payments	93,833	92

The total number of losses cases in 2014-15 and their total value was as follows:

	Total Value of Cases £s	**Total Number of Cases**
Losses	50,132	61
Special payments	11,532	36
Total losses and special payments	61,664	97

Details of cases individually over £300,000

The Trust had no cases exceeding £300,000

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43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

43.1. Breakeven performance

	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s	**2015-16 £000s**
Turnover	243,218	272,939	297,888	311,889	322,176	345,101	367,391	375,714	403,310	**400,930**
Retained surplus/(deficit) for the year	(4,932)	131	143	(17,077)	(20,474)	(27,113)	(4,704)	(30,946)	(14,954)	**(37,312)**
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	**0**
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0	0	0	0	0	0	0	0	0
2008/09 PPA (relating to 1997/98 to 2007/08)	0	(5,441)	0	0	0	0	0	0	0	0
Adjustments for impairments	0	0	0	17,266	21,430	23,646	2,610	17,175	14,250	**13,369**
Adjustments for impact of policy change re donated/government grants assets	0	0	0	0	0	324	182	57	0	**(154)**
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*	0	0	0	0	754	3,443	2,041	1,340	861	**684**
Absorption accounting adjustment	0	0	0	0	0	0	0	0	0	**0**
Other agreed adjustments	0	0	4,952	0	0	0	**0**	0	0	**0**
Break-even in-year position	**(4,932)**	**(5,310)**	**5,095**	**189**	**1,710**	**300**	**129**	**(12,374)**	**157**	**(23,413)**
Break-even cumulative position	**(3,045)**	**(8,355)**	**(3,260)**	**(3,071)**	**(1,361)**	**(1,061)**	**(932)**	**(13,306)**	**(13,149)**	**(36,562)**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %	**2015-16 %**
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	-2.03	-1.95	1.71	0.06	0.53	0.09	0.04	-3.29	0.04	**-5.84**
Break-even cumulative position as a percentage of turnover	-1.25	-3.06	-1.09	-0.98	-0.42	-0.31	-0.25	-3.54	-3.26	**-9.12**

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

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43.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

43.3. External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2015-16	2014-15
	£000s	£000s
External financing limit (EFL)	**16,470**	(5,490)
Cash flow financing	**16,316**	(6,228)
Finance leases taken out in the year	**0**	0
Other capital receipts	**(43)**	(2,132)
External financing requirement	**16,273**	(8,360)
Under/(over) spend against EFL	**197**	2,870

43.4. Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2015-16	2014-15
	£000s	£000s
Gross capital expenditure	**15,359**	14,008
Less: book value of assets disposed of	**(7)**	(45)
Less: capital grants	**0**	(122)
Less: donations towards the acquisition of non-current assets	**(609)**	(455)
Charge against the capital resource limit	**14,743**	13,386
Capital resource limit	**14,795**	13,442
(Over)/underspend against the capital resource limit	**52**	56

44. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2016	31 March 2015
	£000s	£000s
Third party assets held by the Trust	**3**	0

The third party assets are all patients' monies held by the Trust.

Maidstone and Tunbridge Wells NHS
NHS Trust

Thank you for your support

Glenn Douglas, Chief Executive

Anthony Jones, Chairman of the Trust Board

The Trust continues to receive support and well wishes from patients, carers, stakeholders, volunteers, fundraisers and Members (of which we have over 10,000). Such support is expressed via a varied number of ways, including compliments sent the Trust; letters sent to the local media; comments posted on social media; participation in the Patient Experience Committee; attendance at Trust Board meetings and the Annual General Meeting; fundraising to buy much needed equipment; to name but a few.

This support is highly valued by the Trust's staff and the Board, and without this, the Trust's task would be far harder. Thank you all.

Maidstone and Tunbridge Wells NHS Trust

Maidstone Hospital | Hermitage Lane | Maidstone | Kent ME16 9QQ

01622 729000

01622 226 416

www.mtw.nhs.uk

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