Maidstone and Tunbridge Wells NHS

NHS Trust

Annual Report and Accounts 2014/15

taking pride

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 of such Annual Reports 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 2014/15 are that NHS bodies must publish, as a single document, the following:

The Annual Report comprising the: Strategic Report, Directors' report, Remuneration report' and Sustainability report;

- A statement of the Accountable Officer's responsibilities;
- A Governance Statement;
- The Audit Opinion and Report; and
- The Primary Financial Statements and Notes to the accounts

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.

This document contains the content mandated by the Department of Health, but also includes details of events and developments that, when read with the mandated content, give an accurate picture of how the Trust performed during 2014/15. The document is divided into several sections:

- The "Strategic Report for 2014/15". This includes business information about the Trust; the Chairman and Chief Executive's report; Performance against the 2014/15 plans; and details of the Trust's staff;
- A summary of the Trust's Quality Accounts for 2014/15
- The "Sustainability Report for 2014/15". This follows the standard reporting format from the NHS Sustainable Development Unit
- The "Directors' Report for 2014/15". This includes details of the Trust Board; a Statement as to disclosure to auditors; Pension Liabilities, exit packages and severance payments; details of Directors' interests; the Trust's application of the 'Principles for Remedy' guidance; disclosure of "incidents involving data loss or confidentiality breaches"; details of the Trust's Health and Safety and Emergency Preparedness arrangements; and a review of financial performance for 2014/15 (including performance against the 'Better Payments Practice' and 'Prompt Payments' Codes, and details of Counter Fraud arrangements'); and staff sickness absence data
- The "Remuneration Report for 2014/15" (including details of 'off-payroll' engagements)
- The "Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust"
- The "Governance Statement for 2014/15"
- Independent auditor's report to the Directors of Maidstone and Tunbridge Wells NHS Trust and
- The Primary Financial Statement and Notes for 2014/15

The Annual Report was approved by the Trust Board of Maidstone and Tunbridge Wells NHS Trust on 27th May 2015.

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Strategic Report for 2014/15

taking Pride

About 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 two main clinical sites: Maidstone Hospital, and Tunbridge Wells Hospital at Pembury. The latter is a Private Finance Initiative (PFI) hospital [2] and provides wholly single bedded en-suite accommodation for in-patients. 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 Stroke Rehabilitation at Tonbridge Cottage Hospital, as well as providing Outpatient clinics across a wide range of locations in Kent and East Sussex.

[1] 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

We would like to welcome you to our Annual Report for 2014/15. It remains our absolute aim to ensure safe, compassionate and sustainable health services are provided for patients in all areas and at every level of Maidstone and Tunbridge Wells NHS Trust (MTW).

During the year we maintained, and continued to deliver, safe, high standards of care, throughout prolonged periods of unprecedented demand for unplanned inpatient acute NHS care.

This was a key factor for MTW from October to March and it is testament to the skills and determination of our healthcare professionals, clinical leadership and organisational planning, that many hundreds of patients with higher levels of acuity and complex discharge needs, continued to receive good outcomes within a harm-free and caring environment.

For example, 96.7% of the inpatients we treated during 2014/15, as measured by the national Patient Safety Thermometer initiative, received harm-free care. Our clinical teams also achieved a 20% reduction in cases of Clostridium difficile. There are many other areas of good clinical practice and safer outcomes for patients covered in this report.

Despite our best efforts, due to the unprecedented demand for emergency care, we did not always consistently meet all of our waiting time standards during this time, and this is reflected in some areas of overall performance for the year. We have revised our 2015/16 planning in the light of this.

We are working with our partners throughout the local health economy, and taking a leadership role in meeting the changing needs of our patients during 2015/16. We do not envisage a reduction in unplanned admissions for year ahead and are therefore opening a new medical ward at Tunbridge Wells Hospital and a new elderly care ward at Maidstone, to better support flows of planned and unplanned patients through our hospitals.

The unprecedented increase in unplanned admissions, and longer lengths of stay associated with an increase in the age and acuity (and complex discharge needs) of our patients, had a financial consequence for MTW, increasing our cost base through the earlier opening, and longer use of, our escalation wards, and associated increase in agency staffing to support our clinical teams.

MTW achieved £23.8 million in efficiency savings without impacting on frontline patient services and care during 2014/15 and we ended the year with a small surplus. We managed this position by reducing costs, getting better procurement deals, cutting waste and bringing modern cost-effective systems into the NHS. We received £12 million in non-recurrent deficit funding from the Department of Health, by meeting our agreed improvement plan to steadily and sustainably return to financial balance.

We face a similar financial challenge in 2015/16 with efficiency savings needed totalling £23 million, and a planned deficit position of £13 million. This is in line with our long-term, and previously reported plans to steadily return to financial balance, while improving our patient experience by driving up the quality and safety of our services with low rates of infection, low rates of avoidable patient harms, and generally high levels of patient satisfaction.

We had our first full review by the Care Quality Commission (CQC), under its new `Chief Inspector of Hospitals' process in October 2014. Although we were disappointed to be rated as `Requires Improvement' we were pleased that inspectors found our staff to be caring and compassionate across all areas and saw the inspection as a positive opportunity to support improvements in patient care. At the same time, the CQC recognised there are many examples of good and excellent practice throughout our hospitals and that our

nurse staffing levels are good. It is our aim to ensure these areas of excellence are reflected throughout our organisation during 2015/16 both by sharing the good practice we have and by learning from others.

In January 2015, we received a high level of support from our partners in the local health economy at a Health Summit, which was arranged following the CQC inspection. We have a clear direction of travel to further improve patient care, which is supported by our partners, and we are working hard to achieve all of the improvements identified during our inspection.

We are strongly supporting the NHS Duty of Candour and are an open and honest organisation that seeks to learn both from its own mistakes and when things go wrong in other organisations. As part of our learning, we have benefited from having patients and patients' relatives share their experiences with us in person at our monthly public board meetings. We would like to thank these people again through our Annual Report, for sharing their powerful stories with us and helping us shape our journey of improvement.

Our overall high-level objectives for the year ahead, as part of our strategic plan, are:

- To transform the way we deliver services so that they continue to meet the needs of our patients
- To deliver services that are clinically viable and financially sustainable
- To actively work in partnership to develop a joint approach to future local health care provision

These objectives reflect our experience and endeavours both in 2014/15 and in the year ahead. We hope you enjoy our Annual Report.

Glenn Douglas, Chief Executive

27th May 2015

Anthony Jones, Chairman of the Trust Board

27th May 2015

Performance against our 2014/15 plans

The Trust's annual objectives for 2014/15 are covered under 3 themes, as follows:

- To transform the way we deliver services so that they meet the needs of patients;
- To deliver services that are clinically viable and financially sustainable; and
- To actively work in partnership to develop a joint approach to future local health care provision

The Trust's performance under each of these aims is outlined below.

To transform the way we deliver services so that they meet the needs of patients

The Trust performed excellently against the Department of Health objective of having no more than 40 Clostridium difficile cases, and had a total of 28 cases for the year, which was 7 cases (20%) fewer than for 2013/14. The Trust also reported only 1 case of MRSA bacteraemia, which was 2 fewer than 2013/14. The Trust also made positive steps towards increasing the level of clinical services that are available seven days a week.

The Trust made concerted efforts to improve the quality of its Stroke service, and was pleased to see that the latest data from the Sentinel Stroke National Audit Programme (SSNAP) showed that such efforts had resulted in improved ratings. The Trust also achieved the required standard of 80% of Stroke patients spending 90% of their time on a Stroke Ward, and we look forward to continuing to improve the delivery of our Stroke service in 2015/16.

To deliver services that are clinically viable and financially sustainable

One of the most significant challenges faced by the Trust during the year was in managing the sustained increase in clinical activity, which, when combined with increases in the acuity and complexity of patient's conditions, had an adverse impact on our ability to achieve the required performance against the 4-hour A&E waiting time target (the Trust's performance was 92% compared to the target of 95%). However, the Trust achieved the 95% target for patients being assessed in A&E within 15 minutes. Other notable achievements include achieving 8 out of 9 Cancer Waiting Time Targets; achieving the aggregate Trust level standards for all 3 pathways (admitted, non-admitted and incomplete) for the 18-week waiting time targets; and achieving the standard for operations cancelled at the last minute of below 0.8% for the sixth year running. The Trust also delivered its main financial target for the year, and returned a surplus of £157,000. This was a hard fought achievement, which included delivering efficiency savings of £23.8 million.

To actively work in partnership to develop a joint approach to future local health care provision

The Trust developed a new Strategy, 'Moving Forward -2015/16 to 2019/20' in the year, and continued to take a leading role with our stakeholders in the Local Health and Social Care economy with regards to tackling some of the system-wide issues that affected all providers during 2014/15. This role will continue to be important during 2015/16, and the Trust is committed to working with our partners to identify sustainable solutions.

Leading the way in Lung Cancer and Bronchial care

A service launched by the Trust at the start of October 2013 has progressed thanks to another generous donation by the Peggy Wood Foundation cancer charity. The Endobronchial Ultrasound (EBUS) can help with carrying out an accurate biopsy of lymph glands, via a bronchoscope with an ultrasound sensor tip and a processor, which assists in diagnosing and accurately staging Lung Cancer. It also helps in diagnosing other types of cancers.

With the donation of more equipment, a microscope, camera and HD monitor, the EBUS service is now complimented by a Rapid access Onsite Slide Evaluation (ROSE) service, which means Consultants performing the procedure should know immediately if an adequate sample has been taken from a patient's lymph glands, and results can be confirmed (with further testing) in a matter of days. Prior to the EBUS and ROSE services being introduced, patients had to travel to London, which sometimes resulted in a two to three week delay in examination and then further weeks lost waiting for results. EBUS and ROSE complement the Endoscopic Ultrasound (EUS) service already run by the Trust. MTW is the only Trust in Kent to provide both EBUS with ROSE techniques, as well as having EBUS and EUS on the same site for the investigations of lymph glands.

National recognition for Infection Control

Our Infection Prevention and Control Team were named as the top Acute Trust in the category of Infection Prevention Team of the Year at the Infection Prevention Society (IPS) annual meeting and awards event.

The IPS Awards are in their second year and recognise excellence, energy and results, in the field of infection prevention and control. The award ceremony took place in September in Glasgow and was attended by Dr Sara Mumford, Director of Infection Prevention and Control and members of the Infection Control team.

The Team were recognised for their clear focus, effective teamwork, leadership and their 'design and implementation of a rapid improvement programme which has had a dramatic impact on both infection and cross infection'.

Maternity services

In 2014, a total of 5,625 babies were born at Tunbridge Wells Hospital or the Maidstone Birth Centre (421 at the Birth Centre). That's around 187 school classes!

2014 was the busiest year ever for the maternity department at Tunbridge Wells Hospital. The team has continued to work to give the environment a more homely feel and two lounge areas have also been created for women and their partners to relax and to have somewhere to meet others. The Tunbridge Wells Hospital League of Friends kindly donated funds to purchase some telemetry units so that women needing to be monitored during labour can do so without having their movement restricted. The units can also be used in the birth pools, which has helped to offer more choice and has increased the number of women having water births.

For women having their labour induced, the process can often seem long and drawn out and the team wanted to improve the experience. As such, they have introduced the role of Induction Coordinator – this midwife cares for all of the women having an induction and liaises closely with the staff on the delivery suite to ensure safe prioritisation and improved communication to women so they can be kept up to date with what is going on.

Kangaroo Care (skin to skin contact) continues to be promoted by the maternity team across both sites and it is hoped that it will become standard for all mothers to use Kangaroo Care. The benefits of Kangaroo Care have been recognised internationally and a delegation from the Chinese Health Department visited recently to find out more (you can read more about this elsewhere in this Report).

Research has shown that giving birth in a Birth Centre is as safe for women with an uncomplicated pregnancy as it is in hospital. Most women giving birth at the Maidstone Birth Centre came from the local area; however several women travelled a considerable distance because they have heard of the excellent care and facilities on offer (the Birth Centre is available for anyone under the Trust's care to use, subject to them being deemed suitable). Since the Centre opened 3 years ago, more than 1,300 babies have been born there, and the Friends and Family Test and Maternity Survey show that these women are extremely happy with the care they receive.

There were several developments at the Centre in 2014, including a new technique being trialled to help relieve back pain during labour. Six midwives also completed a course enabling them to carry out 'first baby checks', and prevent women from needing to attend other hospital departments for such checks, and each month, the Centre receives around 1,000 calls requesting advice and support (which helps reduce pressure on other services both within the community and the hospitals).

Inspiring technology

Health Informatics is a key element and foundation to supporting the delivery of the Trust's vision. Through the creation, shaping, sharing and application of patient data and the deployment of appropriate technologies, Health Informatics can support service planning, the delivery of the Trust's clinical strategy, and decision-making to achieve desired outcomes for the quality of treatment and patient experience.

The Trust's Health Informatics strategy was approved by the Trust Board in September 2013 and is focused on delivering…**I**ntegrated systems to **S**upport our **P**atients **I**n **RE**al time – **INSPIRE**.

INSPIRE sets out how the Trust can maximise the benefit from the investment already made and exploit it further to enable staff to care for patients in a more responsive, safer way and support the wider Trust's clinical strategy and business plans. INSPIRE will:

- Give patients access to the information we hold about them and their treatment plans
- Give our clinical and operational staff a single and unified view of our patients
- Facilitate the delivery of integrated care in our locality by enabling the secure sharing of patient data
- Enable clinical services to go 'paperless' and reduce the burden of paper

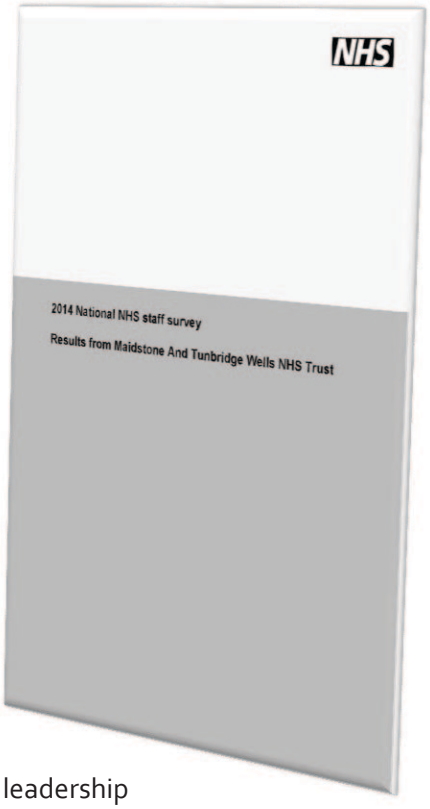
Supported by a number of strategic and technical principles, a 5-year roadmap has been developed that will see the Trust achieve a fully integrated electronic patient record available to clinicians in the Trust, patients and commissioners by 2018. The INSPIRE strategy made good progress in 2014/15…

- The Trust was successful in obtaining £802,000 of funding from the "Safe Hospitals, Safer Wards" Technology Fund 1 for an Electronic Document Management system which will deliver an interactive view of patients medical history with access via PCs and mobile/handheld devices.
- The Trust was successful in obtaining £670,000 from the Nurse Technology Fund 2 for deployment of Nursing observations, including vital signs and Doctor handover, which will commence in summer 2015
- The Trust is leading the implementation of Chemotherapy e-prescribing across all 4 of the acute hospitals in Kent and Medway, which will reduce the risk in prescription errors, ensure easier visibility of patients chemotherapy treatment supporting shared care and meet the requirements of the NHS Standard Contract for Cancer Services

- The GP Kinesis 'Conferrals' system, which has been procured by our partners in West Kent Clinical Commissioning Group (CCG), has been introduced in a number of specialities. This will be a secure web-based software system that directly links GPs to hospital specialists for rapid access to expert advice on referral questions. The system will improve patient experience and pathway, reducing outpatient activity and unnecessary referrals, improve levels of service and reduce costs
- The Trust is working with West Kent CCG to implement a care pathway management system which will enable all providers of care to access a shared care record

Our staff

Although providing the best possible healthcare to our population is, and always will be, our primary focus, we take our responsibilities as an employer seriously. The year saw a reduction in our turnover rates (which measures how long our staff stay in post), increases in the number of permanent staff employed and a heightened level of satisfaction with the Trust as an employer. In 2014, the Trust took part in the 12th annual National NHS Staff Survey, and had a 51% response rate, which was in the highest 20% of acute Trusts. Overall, the survey showed a strong set of results since the 2013 survey and of the 29 key findings, 16 were better than national average, 8 were average, and 5 were worse than average, placing the Trust as one of the best hospital employers in Kent and Medway. The Trust scored highest in the country for the percentage of staff who felt they had been appraised (96%).



Whilst the overall results were good, there are some areas on which the Trust needs to focus:

- Address equality and diversity issues from the point of view of staff and patients
- Creating more meaningful engagement with staff
- Delivering a consistent shift in the prevailing leadership style and
- Shift emphasis to more strategic leadership rather than day-to-day leadership

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 2014/15.

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.

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. We continue to strive to provide an environment in which people want to work and to be a model employer leading in good employment practices. The Trust is also committed to enabling each member of staff to achieve their full potential in an environment characterised by dignity and mutual respect.

The gender distribution of staff employed at the end of 2014/15 is as follows (the 2013/14 equivalent is in brackets):

	Male		Female	
Trust Board members *	9 (8)	64% (57%)	5 (6)	36% (43%)
Employees (head count)	1310 (1471)	24% (26%)	4164 (4141)	76% (74%)

* Includes non-voting Board members (refer to the 'Trust Board' section later in the Report for details)

Staff sickness absence

This information is contained in the 'Financial performance' section below.

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 2014/15 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

Education and Development

The Trust supported many hundreds of staff during the year to attain educational qualifications, from NVQ to Doctorate. We know that staff want the opportunity to develop to improve the service offered to our patients. We also know 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. We will continue to provide opportunities to all our staff in the years to come.

New eye treatment reduces hospital visits

A new long-lasting eye treatment for patients with vision loss has been introduced by the Trust. A tiny implant that slowly releases a drug is inserted into the eye and lasts for up to 3 years. Previously patients were required to have injections every month.

The implant is used to treat patients with diabetic macular oedema, a condition that affects some people with diabetes and causes damage to the light-sensitive layer at the back of the eye. It helps to reduce inflammation and the swelling that builds up in the macula as a result of the condition. The injection is administered in theatre by an eye specialist and helps to improve damaged vision or prevent it from getting worse, and the Trust expects to treat around 50 patients a year.

Integrated Sexual Health services

In February 2015, the Trust was awarded the £4.9m contract to provide integrated Sexual Health services for West Kent. Kent County Council (KCC), who commissions the service, put sexual health services in West Kent out to tender in September 2014. As well as maintaining the service at Maidstone, the Trust has gained services across North Kent, demonstrating the confidence that KCC have in our services.

mtw mtw.nhs.uk
Sexual Health

The service is a 'hub and spoke' model developed in partnership with Kent Community Health NHS Foundation Trust and Brook Young People's services, and it will significantly increase the service provision within West Kent. The new service will consist of dedicated HIV and Young Persons' clinics in each district and help reduce the incidence of Sexually Transmitted Infections.

Free Wi-Fi

In early 2015, thanks to a very generous donation from the Maidstone Hospital League of Friends and the Tunbridge Wells League of Friends, both our hospitals were able to offer free public Wi-Fi for patients and visitors.

A NICE day at Maidstone Hospital

In January 2015, the Trust hosted the National Institute for Health and Care Excellence (NICE), who held its public Board Meeting at Maidstone Hospital. NICE holds their Board meetings every other month in a different hospital/area in the UK, and there was also a "Question Time" session, to enable anyone to ask questions of NICE and its procedures.

NICE

Maidstone and Tunbridge Wells NHS
NHS Trust

Summary of Quality Accounts for 2014/15

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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 2014/15, but the full Quality Accounts, including full details of the improvement priorities for 2015/16, 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 key priorities for 2014/15

Performance against the 2014/15 priorities, as stated in the 2013/14Quality Accounts, is detailed below.

Patient Safety: Reducing the number of avoidable harms with a focus on Hospital acquired infections, in particular MRSA, Clostridium difficile

- The Trust had 28 cases of Clostridium difficile (there were 35 in 2013/14). This is a 20% reduction. The rate of infection was 12 per 100,000 bed days (the national benchmark is 15.7)
- There was 1 case of unavoidable post-48 hour MRSA bacteraemia

Patient Safety: Reduce the rate of falls in the year from 7.2 per 1,000 occupied bed days to 6.75 per 1,000 occupied bed days

- The rate of falls was 6.2 per 1,000 occupied bed days at March 2015

Patient Safety: Reduce the incidence of category 2 pressure ulcers by 15% and to achieve zero incidence of hospital acquired category 3 and 4 pressure ulcers

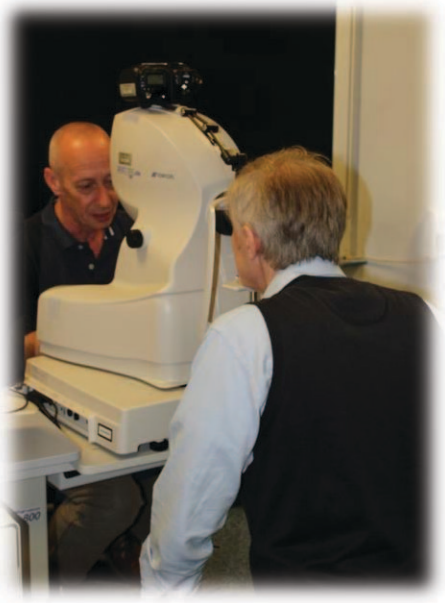
- 2014/2015 has seen a sustained reduction of facility acquired pressure damage (FAPD) of category 3 and 4. During 2014 there were no category 3 FAPD (compared to 8 in 2013/14); 1 category 4 FAPD which when investigated was found to be unavoidable.
- A prevalence audit in February 2015 confirmed that the Trust is continuing to maintain the reduction in FAPD

Patient Safety: Review and enhance the emergency care provision for children in our A&E Departments

- A revised Paediatric pathway has been agreed, and the Trust had recruited 8 Registered Sick Children's Nurses (RSCNs) to work across both sites and ensure implementation of the pathway

Clinical Effectiveness: To identify those patients with dementia with a view to ensuring that an effective care plan is in place to enable them to receive the best care possible throughout their pathway between the acute and community sectors

- Work continues with the Association for Alzheimer's and Dementia Support Services (ADSS) and the Dementia Buddy Scheme, which is now operating on both hospital sites. A Dementia Buddy coordinator is employed through ADSS and leads on the recruitment and training of volunteers. There are currently 53 volunteers, with 2 wards covered at Maidstone and 1 at Tunbridge Wells (although the intention is to expand this as more volunteers are recruited. A Day Room area has been developed between 2 wards at Maidstone Hospital for the Buddies to utilise, and during the year they have run lunch clubs, activity sessions and painting sessions
- In addition, the Estates and Facilities Department has been provided with the Kings Fund documentation on Enhancing the Environment for dementia patients in order to assist them in their planning and implementation of refurbishment and estate development



Clinical Effectiveness: Ensure all patients have their discharge from hospital planned to ensure there is a seamless transfer home with appropriate support in place and communication with all relevant parties, with particular focus on enhanced electronic discharge notification ensuring all agencies receive electronic notification, as appropriate

- Twice weekly conference calls with West Kent CCG, Kent Community Health NHS Foundation Trust, and Kent County Council are in place to discuss and monitor any delays in discharging patients
- Visits have also been made to service providers to start scoping the viability of telemedicine within Respiratory Medicine

Clinical Effectiveness: To ensure 80% of patients with a diagnosis of stroke receive 90% of their care on a dedicated stoke ward

- This objective was achieved, through actions coordinated by the Stroke Steering Group

Patient Experience: To improve our ward environments, with particular focus on day rooms and communal areas between wards at Tunbridge Wells Hospital

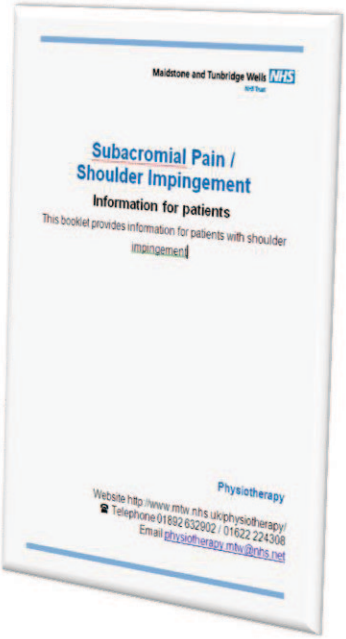
- Ward day rooms were included as part of refurbishment plans for Maidstone Hospital site, but the key focus for Maidstone Hospital in 2014 was the revision of way-finding and colour coding signage and hospital zones. Some investment has been made in furniture on both sites, and particular attention has been paid to maximising 'end of ward' space on the wards at Tunbridge Wells by creating small seating areas by the main window

- The links between the Patient Environment Steering Group (PESG) and the Dementia Steering Group remain strong, with clear understanding of the role both groups play in enhancing the environment for both patients living with Dementia and the wider population

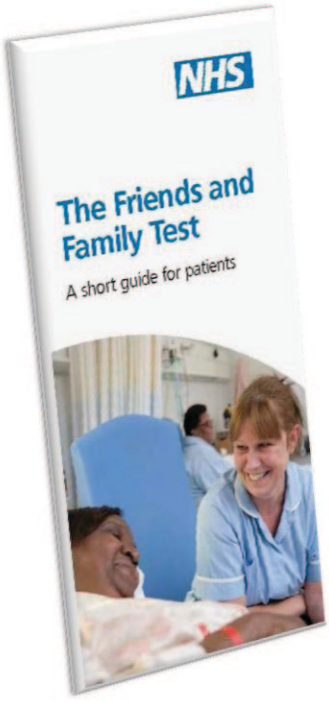
Patient Experience: To improve management and actions in response to complaints to ensure each is used as an opportunity from which we can learn

- Complaints training (focusing on the investigation of complaints and drafting of complaint responses) was delivered by the central complaints team up until June 2014. One of the team objectives moving into 2015/16 is to review and re-launch the training programme, and the intention is to deliver a full day's training, allowing delegates to 'investigate' and 'respond' to a case study. Complaints and PALS case studies have been used in designing a new Trust-wide customer services training programme; the pilot is scheduled to take place in May 2015.
- An amalgamated PALS/Complaints report has been developed which combines the data captured to highlight recurring themes. This is submitted to the Clinical Governance Committee for review
- During 2014/15, the Trust Board agreed to hold meetings in public every month (previously this was every 2 months). A 'patient story' is normally heard at every other meeting, and in 2014/15, stories were relayed in person at the Board meetings in May, October and December 2014, and February 2015. Such stories provide invaluable first-hand experience of being a patient of the Trust, and are supplemented by visits of Board members to hospital areas (which are reported to the Board each quarter)

Patient Experience: To improve the quality of written information, particularly in relation to patient information leaflets & letters to GPs



- Extensive work has been carried out on the letters sent to patients to simplify the content. A standardised format is used by clinical secretaries and information is printed on the reverse
- The Patient Information and Leaflet Group reviewed the Department of Health guidance on leaflets. The Trust guidance was amended to allow more than 2 colours within leaflets that are printed within the Trust (core leaflets printed externally will still follow the 2 colour rule). This allows Directorates to adopt local colour stripes to highlight information by subject matter.



Patient Experience: To significantly improve our response rate for the Friends & Family Test (FFT), whilst maintaining our overall net promoter score

- The FFT now used routinely as part of the Directorate reports to Quality & Safety Committee, and FFT returns for A&E are noted at Site Operational meetings
- Consideration has been given to the use of IT and mobile technologies, and the implementation of 'NerveCentre' Vital Signs software will be considered for FFT feedback once the initial clinical care modules have been fully established.
- The use of text and voice activated technology is being established for Outpatients

Quality improvement priorities for 2015/16

The quality improvement priorities are only ever a small sample of the quality improvement work undertaken across the Trust in any one year. The initiatives selected in previous years will almost always continue into subsequent years, although the focus may change accordingly to need. By selecting new initiatives each year it ensures that a wide breadth of areas are covered and prioritised each year.

We have chosen 10 quality priorities in 2015/16 which represent the views of our stakeholders, but are also in line with the Trust's overarching strategy for quality improvement. The priorities are aligned to the Quality Improvement Plan developed following the recent Care Quality Commission inspection and our Safety Improvement Plan. We have also considered internally generated data such as complaints, patient safety incidents and important national reports such as the Morecambe Bay Investigation, the Keogh Mortality Review, and the Berwick review into patient safety.

Patient Safety:

- To improve the system of incident reporting and learning lessons from incidents, complaints and claims
- To improve the patient safety culture within the organisation to ensure the organisations and all staff are responsive to learning
- To improve patient flow through the Trust

Patient Experience:

- To meet the needs of our patients with due regard to their cultural and linguistic background
- To review and improve linguistic translation services
- To implement Friends and Family Test (FFT) for Outpatient services and improve learning and action taken in response
- To ensure meaningful patient and public involvement in all service improvements

Clinical Effectiveness / Clinical Governance:

- To ensure clinical governance frameworks and processes across the Trust are effective
- To review and improve the effectiveness of Morbidity and Mortality meetings and reviews
- 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

We will monitor our progress against these subjects through our Directorate and Trust level governance structures. This report and assurance of our progress against it will be presented at the Trust Management Executive (TME), Quality and Safety Committee and the Patient Experience Committee. In addition we will provide an update on progress to our health care commissioners every 2 months.

Maidstone and Tunbridge Wells NHS
NHS Trust

Sustainability Report for 2014/15

taking Pride

Sustainability has become increasingly important as the impact of peoples' lifestyles and business choices are changing the world in which we live. In order to fulfil our responsibilities for the role we play, the Trust has the following sustainability mission statement located in our sustainable development management plan (SDMP): "Working with the NHS Sustainable Development Unit (SDU), the Trust aims to provide a healthcare system that is as sustainable as it can be - it will consider all of the environmental impacts of providing this healthcare, not just carbon".

The Trust underwent a radical change between 2009 and 2012 which culminated with the opening of the new Tunbridge Wells Hospital, and the closure and disposal of the old hospitals it replaced. Maidstone Hospital has also changed significantly having considerable new estate added. Therefore 2012/13 is considered the base year against which to measure sustainability progress.

Policies

In order to embed sustainability within our business it is important to explain where in our process and procedures sustainability features. Sustainability is considered in the following areas: Travel, Procurement (environmental), Procurement (social impact) and Suppliers' impact. One of the ways in which an organisation can embed sustainability is through the use of an SDMP (although this has not been approved by the Board in the last 12 months) but the Trust does not currently use the Good Corporate Citizenship (GCC) tool or run awareness campaigns promoting sustainability.

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but 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 us as a provider, evidence of this commitment will need to be provided in part through contracting mechanisms. We have not currently established any strategic partnerships.

Performance

Organisation

Since the 2007 baseline year, the NHS has undergone a significant restructuring process, which is still continuing. 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	2012/13	2013/14	2014/15
Floor space (m^2)	109,896	124,635	134,453	138,533
Number of staff	3,969	4,376	4,604	4,797

Energy

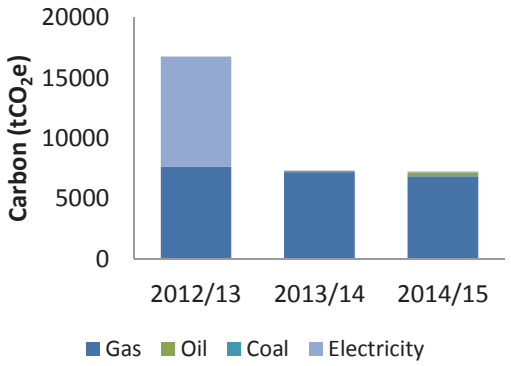
The Trust spent £3,849,104 on energy in 2014/15, which is a 2.4% increase on energy spend from 2013/14. Energy use is very similar to the previous year.

The number of patient contacts has increased from 2.5 million to 2.9 million. The number of degreed days (a measure of heating or cooling) is similar, yet there has been no increase in consumption.

Resource		2012/13	2013/14	2014/15
Gas	Use (kWh)	37,430,130	33,906,661	32,650,186
	tCO_2e	7,649	7,193	6,850
Oil	Use (kWh)	22,536	316,957	1,017,026
	tCO_2e	7	101	325
Coal	Use (kWh)	0	0	0
	tCO_2e	0	0	0
Electricity	Use (kWh)	21,260,601	21,804,450	22,090,528
	tCO_2e	9,126	47	83
Total energy CO_2e		16,782	7,341	7,258
Total energy spend		£3,463,985	£3,760,197	£3,849,104

N.B. tCO2e = Tonnes of CO_2 equivalent. This is used to measure the equivalent CO_2 concentration which causes the same level of absorption in the atmosphere for other greenhouse gases.

Carbon Emissions - Energy Use



99.8% of the Trust's electricity use comes from renewable sources. Our supplier, EDF, provides our electricity for our hospitals and laundry that is Climate Change Levy (CCL) exempt as it is procured from green sources. There has been no investment into energy saving from capital projects. Regular energy awareness campaigns and audits have however been undertaken.

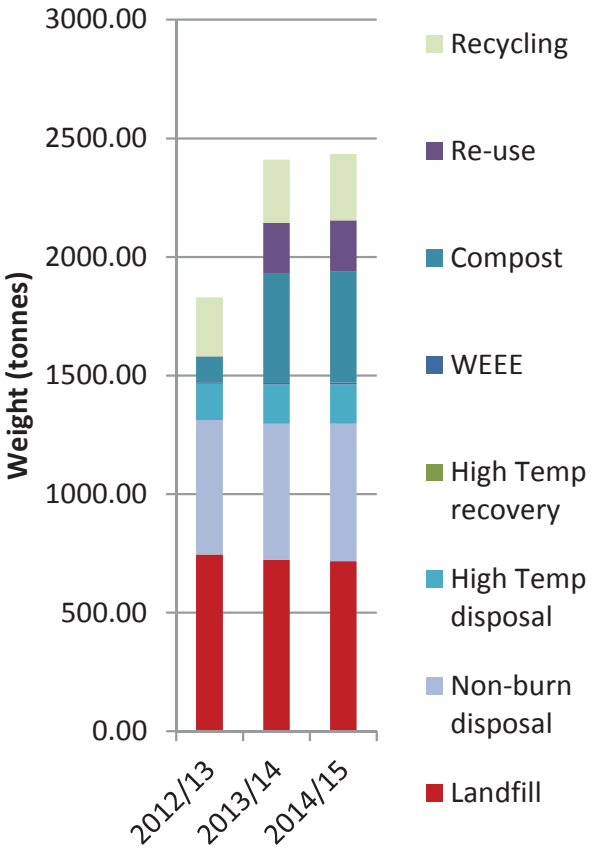
Waste

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

Waste		2012/13	2013/14	2014/15
Recycling	(tonnes)	249	268	280
	tCO_2e	5.23	5.63	5.88
Re-use	Use (kWh)	2	210	214
	tCO_2e	0.04	4.40	4.49
Compost	Use (kWh)	108	464	470
	tCO_2e	0.65	2.78	2.82
WEEE	Use (kWh)	5	7	7
	tCO_2e	0.11	0.14	0.15
High Temp recovery	Use (kWh)	0	0	0
	tCO_2e	0	0	0
High Temp disposal	Use (kWh)	153	166	166
	tCO_2e	33.66	36.51	36.52
Non-burn disposal	Use (kWh)	568	573	579
	tCO_2e	11.93	12.04	12.16
Landfill	Use (kWh)	745	723	718
	tCO_2e	182.09	176.80	175.49
Total waste (tonnes)		1830	2411	2434
% recycled or re-used		14%	20%	20%
Total waste tCO_2e		233.70	238.31	237.51

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

Waste Breakdown



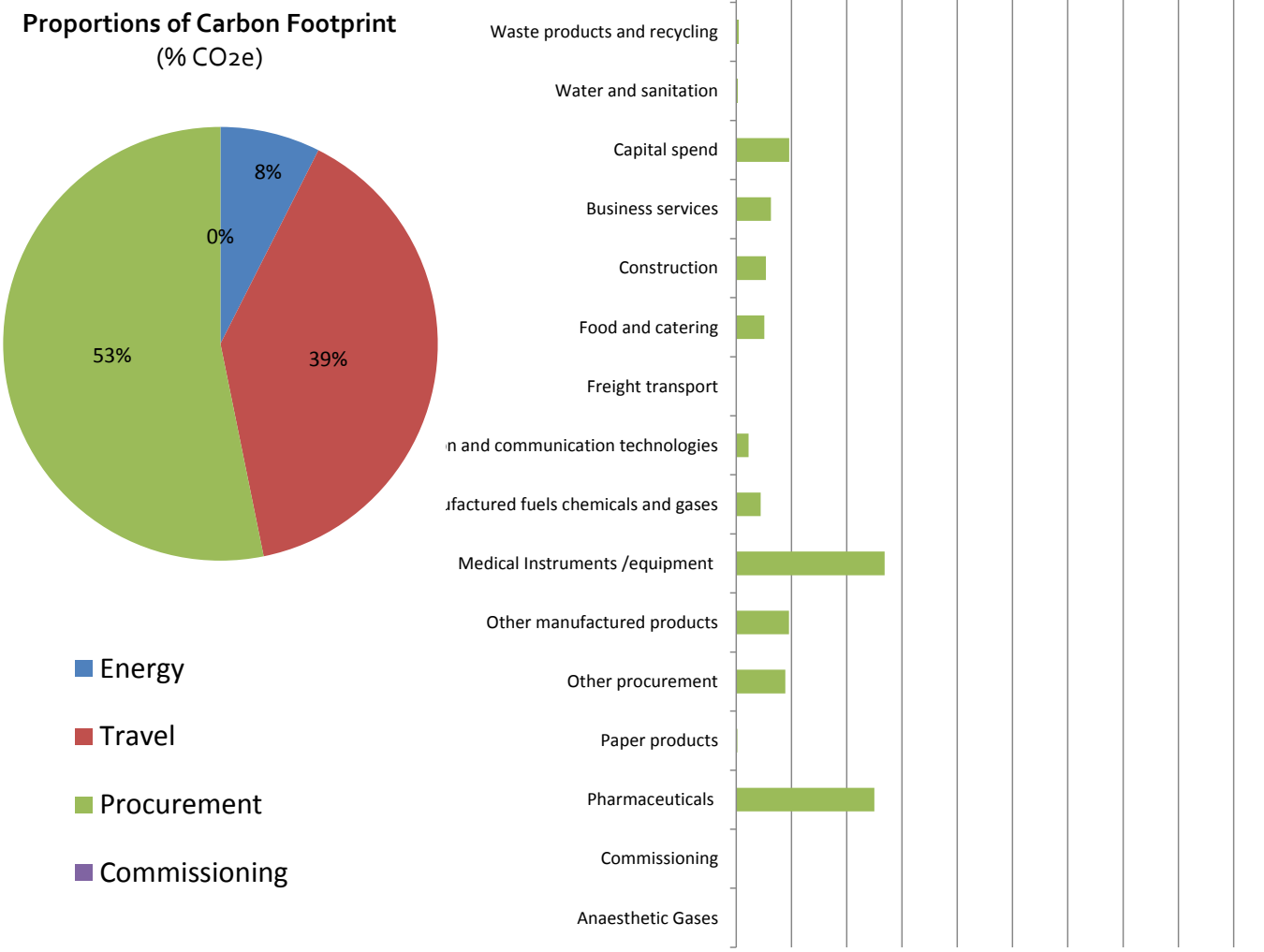
Water

Despite providing more services, the Trust has managed to do so without an increase in water consumption. A specialist company was commissioned to carry out a water audit, and apart from some minor works required at the Laundry and some billing errors, there were no major problems.

Water		2012/13	2013/14	2014/15
Mains	m^3	160,368	167,248	167,216
	tCO_2e	146	152	152
Water & sewage spend		£504,538	£565,814	£578,482

Modelled Carbon Footprint

The information provided in the previous sections of this Sustainability Report uses the NHS Estates Return Information Collection (ERIC) 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 SDU in 2009/10.



Maidstone and Tunbridge Wells NHS
NHS Trust

Directors' Report for 2014/15

taking Pride

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, five other Non-Executive Directors, and eight other Directors (only five of whom have voting rights). The Non-Executive Directors bring a range of skills and expertise from outside the NHS. Their role is to hold Executive Directors to account. The Trust Board meets every month, in public. The times and venues are advertised on the Trust's internet site.

The Trust 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

At the end of 2014/15, the Trust Board had the following members:

Anthony Jones
Chairman*

Joined the Trust Board in March 2008, and was appointed Chairman in January 2009

Glenn Douglas
Chief Executive*

Became Chief Executive in October 2007

Paul Bentley
Director of Workforce and Communications
Joined the Board in February 2011

Avey Bhatia
Chief Nurse*

Joined the Board in July 2013

Sylvia Denton CBE
Non-Executive Director*
Joined the Board in March 2008

Sarah Dunnett OBE
Non-Executive Director*
Joined the Board in January 2014

Angela Gallagher
Chief Operating Officer*
Joined the Board in October 2011

Alex King MBE
Non-Executive Director*
Joined the Board in September 2014

* denotes Board members with voting rights

Sara Mumford
Director of Infection Prevention and Control
Joined the Board in November 2007

Steve Orpin
Director of Finance*
Joined the Board in April 2014

Paul Sigston
Medical Director*
Joined the Board in March 2010

Stephen Smith
Associate Non-Executive Director
Joined the Board in April 2012

Kevin Tallett
Non-Executive Director*
Joined the Board in June 2008

Steve Tinton
Non-Executive Director*
Joined the Board in April 2013

* denotes Board members with voting rights

The following persons also served on the Trust Board during 2014/15:

- Jayne Black, Director of Strategy and Transformation (joined the Board in September 2013 and left at the end of October 2014)
- Terry Coode, Director of Corporate Affairs (joined the Board in 2006 (as Director of Human Resources), became Director of Corporate Affairs in February 2011 and left in early April 2014)

Statement as to disclosure to auditors

Each Director can confirm that as far as they are aware there is no relevant audit information of which the Trust's auditors are unaware; and that they have taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information, and to establish that the Trust's auditors are aware of that information.

Attendance at Board meetings

There were 11 Board meetings in 2014/15. Board members' attendance at each meeting is shown below:

Board member (see above for the time served on the Board during 2014/15)	April 2014	May 2014	June 2014	July 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
Anthony Jones, Chairman	✓	Apologies [3]	✓	✓	✓	✓	✓	✓	✓	✓	Apologies [4]
Glenn Douglas, Chief Executive	✓	✓	✓	✓	✓	✓	✓	Apologies [5]	✓	✓	✓
Avey Bhatia, Chief Nurse	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Angela Gallagher, Chief Operating Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stephen Orpin, Director of Finance	✓	✓	✓	Apologies	✓	✓	✓	✓	✓	✓	✓
Paul Sigston, Medical Director	✓	✓	Apologies	✓	✓	✓	✓	✓	✓	✓	✓
Sylvia Denton, Non-Executive Director	✓	✓	✓	Apologies	✓	Apologies	✓	✓	✓	✓	✓
Sarah Dunnett, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kevin Tallett, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Steve Tinton, Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alex King, Non-Executive Director[6]	N/A	N/A	N/A	N/A	✓	✓	✓	✓	Apologies	✓	Apologies
Paul Bentley, Director of Workforce and Communications	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jayne Black, Director of Strategy & Transformation[7]	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
Sara Mumford, Director of Infection Prevention & Control	Apologies	✓	✓	Apologies	✓	Apologies	✓	✓	✓	✓	✓
Stephen Smith, Associate Non-Executive Director	-	✓	Apologies	Apologies	-	-	✓	Apologies	✓	✓	Apologies

[3] The meeting on 28th May 2014 was chaired by Kevin Tallett
[4] The meeting on 31st March 2015 was chaired by Kevin Tallett
[5] Paul Bentley represented the Chief Executive at this meeting
[6] Alex King joined the Board on 1st September 2014
[7] Jayne Black left the Trust at the end of October 2014

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 2014/15 of those who served on the Trust Board during the year were as follows:

Director (see above for the time served on the Board during 2014/15)	**Details of modifiable interest**
Anthony Jones, Chairman	None
Glenn Douglas, Chief Executive	None
Avey Bhatia, Chief Nurse	None
Paul Bentley, Director of Workforce and Communications	▪ Mr Bentley's spouse is the Director and owner of Nishana Enterprises Ltd (company number 06671417), which contracts with a number of health organisations in the UK and overseas ▪ Non-Executive Director of NHS Innovations South-East Ltd (www.innovationssoutheast.nhs.uk / company number 05210174), which provides support to innovations in health. No equity is held in the company and Mr Bentley is the nominated Non-Executive Director from Maidstone and Tunbridge Wells NHS Trust
Jayne Black, Director of Strategy & Transformation	None
Terry Coode, Director of Corporate Affairs	None
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) ▪ "Expert by Experience" inspector for the Care Quality Commission, on behalf of Age UK
Angela Gallagher, Chief Operating Officer	None
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 ▪ Vice-Chairman of Kent County Council Joint Transportation Board ▪ Chairman of King Partnership Ltd, which provides management and human resource consultancy services to clients in the UK and overseas (company number 02202346)
Sara Mumford, Director of Infection Prevention & Control	None
Stephen Orpin, Director of Finance	▪ Treasurer and Trustee of ECHO (Evelina Children's Heart Organisation), a charity providing support for children and young people with heart conditions who receive treatment at the Evelina Children's Hospital and the outreach clinics at local general hospitals attended by Evelina Cardiologists (www.echo-evelina.org.uk / charity number 1146494)
Paul Sigston, Medical Director	▪ Partner in a private practice LLP (Tunbridge Wells Group of Anaesthetists), which performs clinical work for Private and NHS patients. Mr Sigston is one of 14 partners ▪ Director of PKSigston Enterprises Ltd, which provides anaesthetic services to private patients (company number 07095783)
Stephen Smith, Associate Non-Executive Director	▪ Trustee of Combat Stress, the Veterans' Mental Health Charity (charity number 206002)
Steve Tinton, Non-Executive Director	▪ Lay Governor School of Orient and African Studies London University. ▪ 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
Kevin Tallett, Non-Executive Director	▪ Enterprise & Corporate Change Director at EDF Energy PLC, an energy provider (company number 02366852)

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.

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 Exit Packages agreed in 2014/15 (within Notes 10.6. and 10.4 & 10.5 respectively).

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 2014/15, the Clinical Directorates were as follows:

- Cancer and Haematology;
- Children's Services;
- Critical Care;
- Diagnostics, Therapies and Pharmacy;
- Emergency and Speciality Medicine; (this Directorate was formed in year via the amalgamation of Acute and Emergency Medicine and Speciality and Elderly Medicine Directorates)
- 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 are each responsible to an Executive Director.

'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 by the Legal Department and the Associate Director of Operations for the relevant Directorate. During 2014/15, the Trust made 9 such payments, totalling £2,741.67. Financial redress was also offered in a further 2 cases, but had not been finalised at the time of this Annual Report. This process excludes any claims for clinical negligence, which are pursued under the Trust's Claims Management Policy.

Radiographers achieve accreditation

The Society & College of Radiographers

Dan Miller, Radiotherapist; and Heather Dias, Macmillan Specialist Radiographer, both received the advanced practice accreditation from the Society and College of Radiographers during the year. The award recognises that these two therapy Radiographers are working at an advanced level within their specialist area. Heather specialises in Gynaelogical and Colorectal cancers and is also the Lead Radiographer for Brachytherapy. Dan, who trained at Addenbooke's in Cambridge, undertakes general radiography treatment for cancer patients and will soon be specialising in Head and Neck radiography work.

Disclosure of personal data-related incidents

During the year, the Trust had one Serious Incident Requiring Investigation involving personal data that met the criteria for reporting to the Information Commissioner's Office (a 'Level 2' severity incident), as follows:

Date (month)	Nature of incident	Nature of data involved	No. of people potentially affected	Notification steps
November 2014	Disclosed in Error (breach type B): Email sent to two healthcare colleagues with data attached that had not been anonymised	NHS Number; Name; Date of Birth; Address; Clinical condition; Planned investigations	c.3,250	Individuals not notified
Further action on information risk	As a result of this incident, a Root Cause Analysis was undertaken and a number of actions have been taken to strengthen processes and procedures within the Trust to better safeguard patient-level data. Staff members have been reminded of their responsibilities relating to confidentiality and data protection under the principles of the Data Protection Act 1998.			

The Trust also 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	0
B	Disclosed in error	0
C	Lost in transit	0
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	0
F	Non-secure disposal – hardware	0
G	Non-secure disposal – paperwork	0
H	Unloaded to website in error	0
I	Technical security failing (including hacking)	0
J	Unauthorised access/disclosure	3
K	Other	0

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.

Stroke Unit donation

In October 2014, the Stroke Unit at Tunbridge Wells received a boost from the Inner Wheel Club of Tunbridge Wells, in the form of a cheque for £2,785. Each year the Inner Wheel Club chooses a charity to focus on and raise money for. As one of their own members (as well as members of their families), had been affected by Stroke, this year the club chose the Stroke Unit at Tunbridge Wells Hospital.

HRH The Countess of Wessex unveils First World War memorial stone

HRH The Countess of Wessex visited Tunbridge Wells Hospital in September 2014, to mark 100 years since the first casualties of the First World War were treated. Her Royal Highness unveiled a permanent memorial to the work of the hospitals during wartime. Her visit was a real success, thoroughly enjoyed by all those who attended.

After speeches in our Workhouse Chapel, Her Royal Highness unveiled the stone and spent time meeting staff and representatives from our partner agencies, including the police and ambulance service. She then came into the hospital to see the flags in the main entrance and to look at our World War One historical display in the main corridor. She met the Trauma team, before watching a decontamination demonstration outside (this is captured under the 'Emergency Preparedness' section overleaf).

It was a fantastic event, attended by other special guests as well as the Countess of Wessex. They included Baroness Emerton, Mr Bruno Mariën - Belgium Consul, the Mayor of Tunbridge Wells and many others.

Health & Safety performance

The Trust values its employee's health and safety. Having a fit and healthy workforce is essential in delivering a safe and efficient service for our patients. The Trust monitors accidents to staff and members of the public. A key measure in such monitoring is the number of injuries (reportable to the Health & Safety Executive (HSE)) per 100,000 employees. This is benchmarked against other similar Trusts in the south east and against the HSE's national statistics for the previous year. In 2014/15 the Trust's rate was 329, which was significantly below both the average for the health sector as a whole (436) and most acute Trusts in the South East (477).

The causes of injury are also monitored and compared with previous years. An annual programme is then agreed and delivered, informed by this analysis. This allows best practice to be adopted and continuous improvement to be made.

Emergency preparedness

The Trust has in place plans that are fully compliant with the requirements of the NHS Commissioning Board Emergency Preparedness Framework 2013 and associated guidance. 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 organisation has other obligations as required by contracts and performance standards set by NHS England.

Throughout the year a continuous process of exercises, testing, training and assurance has taken place. There were no Major Incidents, although the Trust undertook a number of table-top and live exercises. The latter included:

- "Exercise Bell" – This exercise focused on testing actions highlighted as a result of Exercise Beacon, which took place in July 2014, and identified the learning and changes required in order to maintain a temporary switchboard service. It included relocating the switchboard to alternative accommodation whilst maintaining services.
- "Exercise Equinox" – This was a Trust-wide Communications Exercise activated by the South East Coast Ambulance service, and tested Trust-wide communications cascades
- "Exercise Harvest 1" – This exercise focused on the response to a Hazardous Materials Incident, and involved Kent Fire & Rescue Service, South East Coast Ambulance Service and Kent Police
- "Exercise Harvest 2" – This exercise focused on the response to a Hazardous Materials Incident and involved Kent Fire & Rescue Service , South East Coast Ambulance Service and Kent Police

The Trust (working in partnership with Kent Fire & Rescue Service Training School) held a series of four one-day sessions to provide innovative training and experience on the skills required to make decisions with partners and to practice the challenges of working with partner agencies. This included a practical multi-agency exercise with Police, Ambulance and Fire. The training was provided equally to Fire Brigade Commanders and Hospital Incident Managers. The sessions also provided experience in using the national decision-making model and understanding other agencies' needs. Excellent training was also provided by the Trust's Medical Physics Team so that managers and multi-agency partners understood the nature of the hazard particularly in a fire incident. The Trust has also supported a pilot national training course targeted at Silver Level Managers designed to meet the requirements of the National Occupational Standards where staff will understand the principles of command and control and crisis decision making.

Although Ebola and other Viral Haemorrhagic Fevers have been around for some time, the spread in parts of Africa and the increased potential for cases in the UK has led to an increase in awareness. Emergency Planning in partnership with the Infection Control Team has coordinated walk-through exercises in both Emergency Departments in the Trust to check on preparedness and have supported the Emergency Departments during suspected cases that have been seen in the Trust.

Chinese delegation visits

In February 2015, Tunbridge Wells Hospital welcomed five top Chinese healthcare professionals who wanted to see how we are encouraging new mothers to implement Kangaroo Care (skin to skin contact) with their babies from birth. The visit was requested by international charity, Save the Children, who were keen to find out more about our research and experience in Kangaroo Care. It is hoped that the visit will have an impact on maternity services in China and could change national policy in the country, now the benefits of Kangaroo Care have been seen first-hand.

During the visit, the delegates were given the opportunity to visit the post-natal ward to speak with new mothers using Kangaroo Care, attend theatre, meet key members of staff within the Trust and go to the neonatal unit where premature babies are cared for. They were impressed with what they saw. Kangaroo Care involves skin to skin contact between mothers and babies from birth. In low income settings it has been estimated to reduce perinatal mortality rates by up to 40% and there is an urgent need to accelerate its use on a global basis. It also has significant benefits for preterm babies in high income countries, and there are significant advantages for all babies, including helping mother and baby to bond and breastfeed successfully. Midwives from the Trust have developed a KangaWrap Kardi (which is similar to a wrap-over cardigan) for mothers who are having a caesarean section. This helps to facilitate immediate Kangaroo Care in the operating theatre as soon as the baby is born.

Local cardiology service a success

More than 130 cardiology patients have benefitted from a new service that was introduced by the Trust in 2013 - around 50 more patients than expected.

The Electrophysiology service, which comprises two Consultant Cardiologists, a Specialist Arrhythmia Nurse, outpatient clinics and the Cardiac Catheter Laboratory at Maidstone Hospital, is the first of its kind in Kent. The service has meant people no longer have to travel to London hospitals to receive specialist assessment and treatment. An Electrophysiology study (EPS) is a diagnostic test that is used to detect extra electrical pathways in the heart that could be causing abnormal heart rhythms. They treat patients from the age of 16 years and older. Ablation is a treatment that controls or corrects some abnormal heart rhythms, and can be carried out at the same time as the EPS. Treatment with ablation has success rates of up to 95% and a very low risk of complications. Of those 130 patients who have received an EPS, around 80 per cent required ablation.

Financial performance in 2014/15

The Income & Expenditure out-turn for the year was a £0.2m surplus on an NHS breakeven duty basis, equating to an International Reporting Financial Reporting Standards (IFRS) deficit of £15m. Of the difference, £14.3m was in respect of impairment of Property, Plant and Equipment and £0.9m relating to the difference between the PFI 'on balance sheet' accounting and the off balance sheet equivalent (excluding relevant impairments).

In meeting the breakeven position the Trust had to deal with a number of significant pressures. These pressures included record demand for the Trust's A&E services and non-elective admissions which required the Trust to commission and staff additional beds on both hospital sites. Much of this activity had to be supported using more costly temporary staffing while only being funded at 30% of national tariff.

In order to deal with the issue of increased non-elective demand the Trust is planning to expand its capacity to assess and treat its non-elective patients by investing in an additional ward. The Trust is also looking to improve its ability to recruit and retain clinical staff in order to further reduce its reliance on temporary workers. This is more cost effective and provides better quality and patient experience. The Trust will continue to work with Clinical Commissioning Groups and other healthcare providers to develop more effective and efficient patient pathways.

The Trust needs to meet the continued requirement to become more efficient. In 2014/15 £23.8m of improvements were delivered whilst treating a higher number of patients and improving patient care. To assist with managing the in-year cost pressures of financing the PFI hospital, the Trust continued to receive central financial support from the Department of Health and the local commissioners. This totalled £16.3m in 2014/15 and will reduce to £12m in 2015/16. In 2014/15 the Trust received £12m of non-recurrent income from the Department of Health to support meeting its breakeven duty and provide sufficient cash.

Capital investments totalling £13.4m were made on medical equipment, IT and improvements to the estate which enhanced the patient experience and facilities.

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.

Breakeven duty

The statutory breakeven duty is formally measured over a three year period, or a five year period if agreed with the Department of Health. The requirement is to achieve breakeven on an income and expenditure basis. In 2014/15, the Trust has delivered a NHS breakeven duty surplus of £0.2m. This was the first year of a formal recovery plan to bring the Trust back into financial balance following a deficit in 2013/14.

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 2015.

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 2014/15, the Trust met its target by managing the year end position to an under shoot against the EFL of £2.9m, actual closing cash balance £3.8m.

Capital Resource Limit

The Trust is expected to manage its capital expenditure within its agreed Capital Resource Limit (CRL). For 2014/15, the Trust's CRL was set at £13.4m which was underspent by £56k.

Capital Investment Loans

The Trust did not take out any additional loans in 2014/15, but did receive £1.1m of central funding for safer ward, safer hospital and nurse technology initiatives.

Better Payments Practice and Prompt Payments Codes

The Trust is required to pay its suppliers promptly in accordance with the Confederation of British Industry's Better Payments Practice Code (BPPC) and has also signed up to the Prompt Payments code. This requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later. The Trust's BPPC performance over the last two years is reported below:

The Trust improved its cash-flow management in a difficult environment. This translated into higher achievement against the target than in 2013/14. Some delays in final funding settlements in the last quarter reduced the degree of compliance.

	2014/15 (number)	2014/15 (£'000)	2013/14 (number)	2013/14 (£'000)
Total bills paid in the year	104,523	182,738	101,715	183,587
Total bills paid within target	80,521	145,072	45,717	103,166
% paid within target	77%	79%	45%	56%

The Trust made six payments totalling £158.60 and two interest charges of £386.45 during the year under the 'Late Payment of Commercial Debts (Interest) Act 1998'.

Staff Sickness absence

The staff sickness absence for 2014/15 (and 2013/14) is reported below:

	2014/15	2013/14
Total days lost	43,881	42,116
Total staff years	4,962	4,990
Average working days lost	8.8	8.4

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 data is based on the 2014 calendar year, due to timing difficulties with financial year data, but the DH considers this a reasonable proxy for the financial year.

Counter Fraud

The Trust has a range of Policies and Procedures in place to identify and respond to risks of fraud, including an "Anti Fraud, Bribery and Corruption Policy and Procedure"; "Standing Financial Instructions", "Risk

Management Policy and Strategy"; "Serious Incidents (SI) Policy and Procedure", and "Speak Out Safely (SOS) Policy and Procedure (formerly Whistle Blowing)" as well as Policies relating to, for example, employee verification checks. Such Policies are available to all staff via the Trust's Intranet. The Audit and Governance Committee also approves the programme of work for the Local Counter Fraud Specialist (LCFS), which aims to prevent, deter, and detect fraudulent activity. The LCFS is professionally accredited and acts as the first line of defence against fraud and corruption in the Trust. The LCFS works closely with NHS Protect and will refer all appropriate cases to the relevant NHS Protect Regional, Specialist, or National Proactive teams.

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 £132,000 (in 2013/14 this was £134,000) which includes the audit of the Quality Accounts. Grant Thornton UK LLP did not undertake any non-audit work for the Trust in 2014/15.

Looking forward to 2015/16

- The Trust is planning to deliver £21.5m of operational efficiencies in 2015/16 as it continues to deliver its Recovery Plan which is designed to ensure that resources deliver the best value for money without adversely impacting on patient services and the quality of care. The Plan shows that 2015/16 and 2016/17 will remain challenging years financially with a deficit expected as implementation of change is carried out against a backdrop of reducing tariffs and increasing demand

- The drivers of the deficit in 2015/16 include a reduction in financial support for the PFI from £16m to £12m (£4m); the national deflator on tariffs of 1.6% (£5.5m); change in tariff for the specialist cancer network; continued levels of non-elective activity that impact upon the ability of the organisation to run efficiently and effectively, and generate a reduced level of income through application of national tariff guidance; and other inflationary factors such as pay awards and the premium for the clinical negligence insurance scheme.
- Capital investment to improve buildings, medical equipment and IT infrastructure are planned for 2015/16 totalling £20.3m. This is planned to be funded via internally generated depreciation, disposal of assets and business cases for £6.5m of capital investment loans.
- In collaboration with East Kent Hospitals University NHS Foundation Trust, the Trust has established the Kent Pathology Partnership to develop centralised laboratory services for the major pathology specialities alongside local hot labs. This will be implemented in phases throughout the next 18 months.
- The outlook past 2015/16 sees the Trust continue to deliver on the long-term aims of improving quality, reducing cost and maintaining or increasing income.

Maidstone and Tunbridge Wells NHS
NHS Trust

Remuneration Report for 2014/15

taking pride

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 the members of the Trust Board (refer to the 'Directors' Report' for further details).

The Trust Board has maintained a Remuneration 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. Membership of the Committee comprises the Chairman of the Trust Board and all Non-Executive Directors.

The Chief Executive and Directors' remuneration is reviewed annually by the Remuneration 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). 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 Committee will agree any severance arrangements following appropriate approval from the TDA and 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.

Salaries and allowances for the year ending 31st March 2015 (subject to audit)

Comparatives for the year ending 31st March 2014 are shown in brackets below the figure for 2014/15.

Name and title (alphabetical by surname) N.B. Dates of service are for the full 2014/15 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)	0 (0)	0 (0)	0 (0)	N/A	0 (0)	40 - 45 (40 - 45)	N/A
Glenn Douglas, Chief Executive	200 - 205 (200 - 205)	70 (70)	0 (0)	0 (0)	N/A	0 (27.5 - 30)	205 - 210 (235 - 240)	N/A
Paul Bentley, Director of Workforce and Communications	130 - 135 (130 - 135)	0 (0)	0 (0)	0 (0)	N/A	0 (7.5 - 10)	130 - 135 (135 - 140)	N/A
Avey Bhatia, Chief Nurse	110 - 115 (80 - 85)	0 (0)	0 (0)	0 (0)	N/A	25 - 27.5 (102.5 - 105)	135 – 140 (185 – 190)	N/A
Jayne Black, Director of Strategy & Transformation (until November 2014)	55 - 60 (50 - 55)	0 (8)	0 (0)	0 (0)	N/A	180 - 182.5 (125 - 127.5)	235 - 240 (175 - 180)	N/A
Terry Coode, Director of Corporate Affairs (until 11.04.14)	5 - 10 (90 - 95)	0 (0)	0 (0)	0 (0)	N/A	0 (10 - 12.5)	5 – 10 (105 - 110)	N/A Ω
Sylvia Denton, Non-Executive Director	5 - 10 (5 - 10)	0 (0)	0 (0)	0 (0)	N/A	0 (0)	5 - 10 (5 - 10)	N/A
Sarah Dunnett, Non-Executive Director	5 - 10 (5 - 10)	0 (0)	0 (0)		N/A	0 (0)	5 - 10 (5 - 10)	N/A
Angela Gallagher, Chief Operating Officer	115 - 120 (115 - 120)	0 (0)	0 (0)	0 (0)	N/A	0 (175 - 177.5)	115 - 120 (290 - 295)	N/A
Alex King, Non-Executive Director (from 01.09.14)	0 - 5 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A	0 (N/A)	0 - 5 (N/A)	N/A
Ian Miller, interim Director of Finance (until 11.04.14)	20 – 25 Δ (180 - 185)	0 (0)	0 (0)	0 (0)	N/A	N/A	20 - 25 (180 – 185)	N/A
Sara Mumford, Director of Infection Prevention and Control	15 - 20 (15 - 20)	1 (0)	0 (0)	0 (0)	110 - 115 Ψ (115 - 120)	7.5 - 10 (0)	135 - 140 (130 - 135)	N/A
Steve Orpin, Director of Finance (from 14.04.14)	120 - 125 (N/A)	0 (N/A)	0 (N/A)	0 (N/A)	N/A	130 - 132.5 (N/A)	250 - 255 (N/A)	N/A
Paul Sigston, Medical Director	210 - 215 (150 - 155)	0 (0)	0 (0)	0 (0)	20 - 25 Ψ (50 - 55)	80 – 82.5 (47.5 - 50)	315 - 320 (250 - 255)	N/A
Stephen Smith, Associate Non-Executive Director	N/A Σ							
Kevin Tallett, Non-Executive Director	5 - 10 (5 - 10)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	5 - 10 (5 - 10)	N/A
Steve Tinton, Non-Executive Director	5 - 10 (5 - 10)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	5 - 10 (5 - 10)	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.

Ω Relevant 'Payments or compensation for loss of office' were reported within the Trust's Annual Report and Accounts 2013/14.

Δ For comparative purposes this is the equivalent salary payment net of VAT; payments totalling £20,700 (plus VAT) were made for the secondment of Mr Ian Miller, as Interim Director of Finance; to a company he controls (Maxentius Limited).

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

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

Pension benefits for the year ending 31st March 2015 (subject to audit)

Name and title Ψ (alphabetical by surname) N.B. Dates of service are for the full 2014/15 year unless otherwise disclosed	**(a) Real increase in pension at age 60 (bands of £2,500)**	**(b)** Real increase in pension lump sum at aged 60 **(bands of £2,500)**	**(c)** Total accrued pension at age 60 at 31st March 2015 **(bands of £5,000)**	**(d)** Lump sum at age 60 related to accrued pension at 31st March 2015 **(bands of £5,000)**	**(e)** Cash Equivalent Transfer Value Λ at 1st April 2014	**(f)** Cash Equivalent Transfer Value Λ at 31st March 2015	**(g)** Real increase in Cash Equivalent Transfer Value Σ	**(h)** Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Glenn Douglas, Chief Executive Ω	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Paul Bentley, Director of Workforce and Communications	0 - 2.5	0 - 2.5	45 - 50	140 - 145	771	824	32	0
Avey Bhatia, Chief Nurse	0 - 2.5	5 - 7.5	30 - 35	95 - 100	479	533	41	0
Jayne Black, Director of Strategy & Transformation (until November 2014)	7.5 – 10	22.5 - 25	45 - 50	135 – 140	578	876	165	0
Terry Coode, Director of Corporate Affairs (until 11.04.14)	0	0	10 – 15	35 – 40	273	276	0	0
Angela Gallagher, Chief Operating Officer	0 - 2.5	0 - 2.5	45 – 50	135 – 140	802	852	29	0
Ian Miller, interim Director of Finance (until 11.04.14)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sara Mumford, Director of Infection Prev. and Control	0 - 2.5	0	35 - 40	70 - 75	511	553	28	0
Steve Orpin, Director of Finance (from 14.04.14)	5 – 7.5	17.5 - 20	35 - 40	105 - 110	391	511	105	0
Paul Sigston, Medical Director	2.5 - 5	12.5 - 15	45 - 50	140 - 145	746	868	102	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.

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 2014/15 was £235,000 to £240,000 (in 2013/14, this was £200,000 to £205,000). This was 8.4 times the median remuneration of the workforce (in 2013/14, this was 7.3 times), which was £28,200 (in 2013/14, this was £27,900).

In 2014/15, no employees received remuneration in excess of the highest paid Director (in 2013/14 there was one employee). Remuneration ranged from £5,200 to £236,400 (in 2013/14, this was £6,000 to £208,000). The ratio of median remuneration to the highest paid Director for 2014/15 has increased slightly. The highest paid Director in the financial year 2014/15 was the Medical Director (in 2013/14 this was also the Medical Director).

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind, but does not include 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 2015, for more than £220 per day and lasting for longer than 6 months

	Number
Number of existing engagements as of 31st March 2015 Of which, the number that have existed…	6
for less than 1 year at the time of reporting =	3
for between 1 and 2 years at the time of reporting =	3 Λ
for between 2 and 3 years at the time of reporting =	0
for between 3 and 4 years at the time of reporting =	0 Ω
for 4 or more years at the time of reporting =	0 Ω

Λ Two arrangements have been terminated at year-end, and the remaining arrangement will be terminated during 2015/16
Ω This reporting requirement has been in place since 2012, therefore the Trust has not recorded arrangements existing in earlier periods

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 2014 and 31st March 2015, 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 2014 and 31st March 2015	3 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	3
Number for whom assurance has been requested Of which…	3
Assurance has been received	0
Assurance has not been received	3 Ψ
Engagements terminated as a result of assurance not being received	0

Θ Two of the three arrangements have been terminated, and the third arrangement will be terminated during 2015/16
Ψ Assurance regarding one of the arrangements will be obtained on 27th April 2015. Assurance for the other two arrangements will continue to be pursued.

Number of off-payroll engagements of Board members and/or senior officers with significant financial responsibility, during the year	1 Δ
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

Δ This arrangement ceased on 11th April 2014. The details of the exceptional circumstances that led to this arrangement were the resignation of the Trust's substantive Director of Finance in 2013/14, and the need to appoint an interim Director of Finance.
Σ This includes the Board members that left the Trust Board during 2014/15. Please refer to the 'Directors' Report' for further details.

Statement of Accountable Officer's responsibilities

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.

Glenn Douglas, Chief Executive,

27th May 2015

Maidstone and Tunbridge Wells NHS
NHS Trust

Governance Statement for 2014/15

taking pride

1. Scope of responsibility

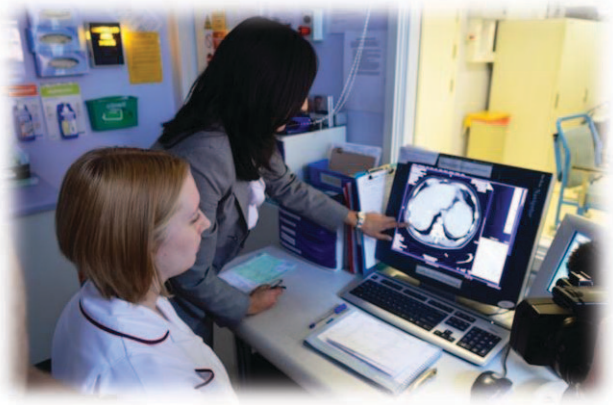
The Trust Board is accountable for internal control. As Accountable Officer, and as the Chief Executive, I have responsibility for maintaining a sound system of internal control and governance that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding quality standards, public funds and the organisation's assets. I acknowledge these and other responsibilities, as set out in the Accountable Officer Memorandum.

This statement describes the governance framework that has been in place for the period 1st April 2014 to 31st March 2015.

2. The governance framework of the organisation

The Trust Board

The Trust Board now meets in public every month (with the exception of August), 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 2014/15. 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 clinical areas (which are then reported to the Board each quarter). In 2014/15, the Trust paired each Executive and Non-Executive Director (NED) with particular Wards and Departments, as part of this programme of visits (though it is made clear that such pairings should not prevent Board members from visiting any area they wish).



In 2014/15, the following changes in personnel occurred within the Trust Board:

- Jayne Black (Director of Strategy & Transformation) left the Trust at the end of October 2014 (though Ms Black was not actually a formal/voting member of the Board)
- Alex King joined the Board as a Non-Executive Director on 1st September 2014
- Steve Orpin joined the Trust as Director of Finance on 14th April 2014

Board sub-committees and other key forums

The Board operates with the following sub-committees:

- The Audit and Governance Committee. This provides assurance to the Board in relation to the effectiveness of controls to minimise or mitigate the principal risks to the Trust; and its regulatory compliance obligations. The Committee is chaired by a NED, and 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 and the wishes of donors. The Committee is chaired by a NED.

- The Finance Committee. This seeks assurance on the effectiveness of financial management, investment & capital expenditure and financial governance. The Committee is chaired by a NED.
- 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, it did not meet in 2014/15.
- The Remuneration Committee. This sets appropriate remuneration and terms of service for the Chief Executive, other Executive Directors, and other senior employees. The Committee is chaired by the Chairman of the Trust Board.
- The Patient Experience Committee. This presents the patient and public perception of services, via engagement with a range of external stakeholders. The Committee is chaired by a NED.
- The Quality & Safety Committee. This provides assurance to the Trust Board that risks to achieving excellence in clinical and organisational operation are being effectively understood, managed and mitigated. The Committee is chaired by a NED, and in 2014/15, it was agreed to increase the frequency of meetings to monthly. A 'deep dive' meeting is therefore now held on alternate months, to enable certain subjects to be reviewed in detail, by a small membership of the 'main' Committee
- The Workforce Committee. This 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.

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

The Board receives a summary report from each meeting of its sub-committees 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.

Although not a Board sub-committee, the Trust Management Executive (TME) oversees and directs the effective operational management of the Trust, including achievement of standards, targets and other obligations; and the identification, mitigation and escalation of assurance and risk issues. The TME meets monthly, and is chaired by the Chief Executive. Summary reports from each TME meeting are also received at the Trust Board.

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, an Infection Prevention and Control Committee; a Standards Committee; a Health and Safety Committee; a Medicines Management Committee; an Information Governance Committee; a Clinical Governance Committee; Safeguarding Adults and Children Committees; and a Patient Environment Steering Group.

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 regularly, to ensure the role and function of each reflects the Board's wishes. In addition, two Board 'away day' meetings were held, in May and October 2014, to enable reflection on the future clinical strategy of the Trust, and the Board's role in developing and

implementing that strategy. The Finance Committee undertook a self-evaluation in the year, and the findings were discussed at the March 2015 Finance Committee meeting. In early 2015/16, 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 2015/16. At the end of the 2014/15, the Trust also engaged an external adviser to provide insight and advice into the Trust's governance structures, and this is likely to result in changes to such structures in 2015/16.

The Trust acts as host on behalf of the local health economy for the Kent and Medway Health Informatics Service (HIS). The HIS governance arrangements are underpinned by formal agreements with all HIS customers. There are explicit risk-sharing arrangements, which share risks or liabilities in a transparent and equitable way, and provide fair protection to the Trust as the host. These include explicit arrangements in respect of any member requiring exit. Each customer organisation has an individual Service Level Agreement to reflect the range of services they wish to commission. There is a regular HIS Board meeting which is attended by a senior representative of each customer organisation which acts as a decision-making forum, and which is chaired by the Trust's Chief Executive. During 2014/15, the Board has been apprised of the issues and risks associated with the HIS and its future.

In September 2014, the Board approved the Collaboration Agreement for the Kent Pathology Partnership (KPP). KPP is a contractual joint venture between the Trust and East Kent Hospitals University NHS Foundation Trust, which aims to create an efficient and innovative diagnostic service. The Chief Executives of both Trusts signed the Agreement on 24th October 2014, and work has continued to ensure that KPP comes into effect early within 2015/16. A substantive Managing Director started in post on 1st April 2015, and the Board will be updated with any significant developments regarding KPP during 2015/16.

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 Board, and the wider organisation, has complied with its legal obligations during 2014/15, and is, in general, compliant with those aspects of the UK Governance Code considered to be relevant to the Trust.

Quality Governance

The Trust's Quality Governance arrangements are overseen by the Quality & Safety Committee, and its sub-committees, as described above; and on a number of associated systems and processes. The arrangements are described in detail within the Trust's annual Quality Accounts, which are reviewed by the Quality & Safety 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 2013/14 Quality Accounts (which was concluded in 2014/15) resulted in an unqualified limited assurance report. The audit of the 2014/15 Quality Accounts will be available in the summer of 2015.

Clinical audit is supported by a central team, within the Governance Department, and is primarily overseen by the Standards Committee, a sub-committee of the Quality & Safety Committee which is chaired by the Medical Director.

The investigation of, and learning from, incidents and complaints is predominantly managed via Directorate governance meetings, but more significant incidents are discussed and monitored at a corporate level via the Serious Incident (SI) Panel. For clusters of incidents, Risk Summits are held, to identify root causes, and identify remedial action. SIs are also reported routinely to the Quality & Safety Committee and Trust Board.

Regrettably, two 'Never Events' occurred at the Trust in 2014/15, which were subject to Board-level scrutiny to ensure that lessons were learnt.

In August 2014, a Patient Safety Think Tank (PSTT) was established, to review, consider and propose developments to improve the patient safety culture within the Trust. Membership is from all areas of the organisation and involves junior and senior staff. The first aim of the PSTT was to establish the current position and to identify issues around the Trust's patient safety culture. A snapshot survey was therefore issued to all Trust staff, and the findings informed the development of a 'Roadmap' focusing on 3 areas: Reporting and Learning; Education and Support; and Human Factors: Leadership and Collaboration. The PSTT's output will continue to be reported to the Quality & Safety Committee and Trust Board in 2015/16.

In October 2014, the Trust was inspected by the Care Quality Commission (CQC) under its new 'Chief Inspector of Hospitals' process, and the reports of the inspection were published in February 2015. Overall, the Trust was given a rating of "Requires Improvement", which primarily related to concerns regarding Critical Care services, and clinical governance arrangements. However, the "Caring" domain was universally rated as "Good" across all areas. The Trust welcomed the inspection, and its findings, which largely reflected the Trust's position at that point. It was pleasing that the Quality Summit that was held in February, which involved a range of external stakeholders (including West Kent Clinical Commissioning Group (CCG), the TDA, and Healthwatch Kent) was supportive of the Trust and its efforts to improve. The Quality Improvement Plan developed in response to the inspection findings was discussed at the Trust Board and Quality & Safety Committee before being submitted to the CQC in March 2015. The TME and Trust Board will monitor progress with the Plan regularly during 2015/16. The full inspection reports are available on the Trust's website (www.mtw.nhs.uk).

Performance on national priorities

The Trust faced significant non-elective activity pressures throughout 2014/15, which were increased during the winter period, and which had adverse effects in a number of areas. Escalation beds had to be opened in far greater numbers than was expected, and the Trust was unable to achieve the required performance (95%) in relation to the A&E 4-hour waiting time target (which was one of the national priorities set out in the TDA Accountability framework for 2014/15). The Board was kept up to date with the extent of the pressures, which were compounded by a marked increase in the acuity and complexity of patients; and acknowledged the need to learn lessons from the experience. The Board recognises that although there is more the Trust can do to improve its effectiveness, the underlying causes relate to the functioning of the wider local health and social care economy, and efforts have been made during 2014/15 to work with our partners in West Kent CCG, High Weald Lewes Havens CCG and Social Services to develop solutions. At the end of 2014/15, the Trust launched 'Breaking the Cycle', a national initiative aimed at improving patient flow and producing a step change in patient safety, patient experience and performance. Together with health and social care partners, the Trust targeted the initiative on improving the non-

elective care pathway by dealing with issues relating to patient discharge. Work to improve patient flow and capacity will continue into 2015/16.

The Trust achieved all of the other national priorities set out in the TDA Accountability framework for 2014/15, with the exception of the following:

- "Referral to treatment waiting times of more than 52 weeks". Regrettably, 4 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
- "Proportion of patients receiving first definitive treatment for cancer within 62 days of referral by GP". The Trust has systems in place to monitor patients on a cancer pathway on a daily basis and a formal review occurs at the weekly Patient Tracking List (PTL) meeting. The key factors contributing to the underperformance have been related to delays in the diagnostic phase, capacity constraints in outpatients, and late referrals from other units. The cancer management team have a clear improvement plan in place to address the internal and external issues and regular reports are provided for both the TDA and the CCG regarding our progress
- "Patients waiting in A&E for more than 12 hours for a bed". Regrettably, two patients breached this target, though lessons have been learned from each following detailed investigations of the circumstances

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 has recently been reviewed by the NHS Intensive Support Team (who were engaged to support the Trust with its non-elective patient pathways at the end of 2014/15), who confirmed that the Policy satisfied their standards
- Compliance with the above Policy is audited in two ways: firstly, an annual in-house audit of data quality in undertaken by the Information Team. The latest audit, in 2014/15, confirmed that the elective waiting time data is accurate (though some areas for improvement were identified). Secondly, the Trust's Internal Auditors (TIAA Ltd) have been commissioned to review the effectiveness of its process. At the time of writing this statement, the findings from this latter review are not yet available, but these will be reported to the Audit and Governance Committee in due course.

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. The BAF therefore differs from the Risk Register in that the latter can be considered a register of all risks that exist within the Trust, whilst the BAF only contains a sub-set of these risks (those that pose a direct threat to the achievement of the Trust's stated objectives). In addition to the Trust Board, the BAF and Risk Register are reviewed at the Audit and Governance Committee, and TME. The functioning of the BAF and Risk Register has been subject to debate during 2014/15, particularly within the Audit and Governance Committee. However, the annual Internal Audit review of "Assurance Framework & Risk Management", undertaken at the end of 2014/15, concluded that the underlying processes are robust (although the final report of the review was not available at the time of producing this Statement), and in February 2015, the Audit and Governance Committee and Trust Board agreed a number of steps to strengthen the Trust's use of the BAF. These steps will be introduced during 2015/16, along with other measures to improve the BAF and Risk Register, following further discussion by the Board and its sub-committees.

A number of new risks were identified in-year, but mitigated to an acceptable level. The risks recorded on the Trust Risk Register at the end of the 2014/15 year will be subject to a critical review, to ensure that the Risk Register entry accurately reflects the risk, within the context of the full scope of the Trust's operations. The 'red-rated' risks that remain following this will be reviewed by the TME in early 2015/6, to determine whether further action is required to address the risk, or whether the risk should either be accepted or have its 'red' rating moderated. In a related exercise, the Trust Board has identified that the key risks faced by the Trust for 2015/16 are as follows:

- Quality i.e. failure to provide care and treatment within the upper quartile; and 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
- Reputation i.e. the potential impact on the Trust's future reputation as a result of the prosecution under the Corporate Manslaughter and Corporate Homicide Act 2007; and
- 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 Trust had one notifiable Information Governance Serious Incident Requiring Investigation (SIRI) in 2014/15. Data relating to children attending A&E was sent to two colleagues at the Clinical Commissioning Group (CCG), via NHS mail, as part of the CQUIN monitoring progress (the data used had originally been generated for another purpose). The CQUIN evidence was in the form of a Word document that contained other embedded documents, and one of these embedded documents was an Excel spreadsheet containing a graph showing performance. This file also contained the data used to generate the graph. The two CCG colleagues were not entitled to see this patient-level data, and this therefore represented a breach. A number of lessons have emerged following the Root Cause Analysis and an action plan has been developed to strengthen the Trust's safeguards to try to prevent a recurrence being possible. The incident was declared to the Information Commissioner's Office and Department of Health.

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 new 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.

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, primarily from the Governance and Estates and Facilities departments. 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). Similarly, the Trust obtains advice from an external Dangerous Goods Safety Advisor (DGSA), and in 2014/15, the Trust appointed an Authorising Engineer to advise the Trust in relation to Domestic Water Hygiene Management, following concerns raised by the CQC during its October 2014 inspection. These concerns resulted in an Enforcement Notice being issued, but the necessary actions have been taken by the Trust, and the CQC has been asked to remove the Notice.

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 2014/15 states that "Reasonable assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk".

Executive managers within the organisation 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 2014/15 resulted in a 'significant assurance' conclusion, a number also led to a conclusion of 'limited assurance'. These reviews have been (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 2015/16).

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 2014/15 with a £157,000 surplus, but the underlying challenges the Trust faces to its future financial viability remain, and the Trust's financial plan for 2015/16 shows a deficit of £13.4m
- In February 2014, the inquest into a patient who died at Tunbridge Wells Hospital in October 2012 after suffering a major obstetric haemorrhage due to complications following Caesarean Section, was adjourned, to allow the Police to investigate the death further. In April 2015, the Crown Prosecution Service authorised a charge against the Trust under the Corporate Manslaughter and Corporate Homicide Act 2007. The first hearing in the case is scheduled to take place in May 2015. The Trust Board will be kept updated with the development of the prosecution throughout 2015/16.
- In September 2014, the Trust pleaded guilty to breaches of the Health and Safety at Work etc. Act 1974, following a burn injury suffered by a patient in September 2012. The injury related to the use of a resistive polymer warming blanket, and resulted in significant burns to the patient's hip. The incident was investigated by the Health and Safety Executive (HSE), who concluded that a prosecution was warranted. The Trust's guilty plea arose in recognition of a number of failings in relation to procurement and training in medical devices, and a fine of £160,000 was imposed. Public apologies were made to the affected patient during the Trust's court appearances, and the patient attended the Trust Board in February 2015 to relay their experiences to Board members in person. The Trust has reviewed and amended its processes for procuring, training and maintenance of medical devices in response to the incident, with the aim of preventing recurrence.
- As was reported in the Governance Statement for 2013/14, in response to the findings from an Invited Review of Upper Gastrointestinal Cancer Resection practice from the Royal College of Surgeons, the Trust suspended Oesophago-Gastrectomy operations in 2013/14, and asked Guy's and St Thomas' NHS Foundation Trust to provide care and treatment for the patients requiring this service. The Clinical Advisory Group that the Trust established to ensure the recommendations of the Invited Review report were responded to systematically was disestablished in 2014, on the basis that the recommendations had been implemented, and in response to NHS England's intention to establish an Upper GI pathway Advisory Group. In November 2014, the Board approved a recommendation that the Trust not undertake Upper Gastrointestinal Cancer surgery in the future, but the Trust continues to liaise with NHS England in relation to its decisions on the future of the service for the patients of the Kent and Medway area

Glenn Douglas, Chief Executive

27th May 2015

Generous donation from League of Friends will benefit Rheumatology patients

Patients with Rheumatoid Arthritis will benefit from quicker diagnosis and more precise treatment thanks to a generous donation from the League of Friends.

The League of Friends at both Maidstone and Tunbridge Wells hospitals have funded the purchase of two new state-of-the-art ultrasound machines, at a cost of around £40,000 each - one for each hospital.

Rheumatoid Arthritis is an autoimmune disease where the immune system attacks the cells that line the joints, making them swollen, stiff and painful. Over time, this can damage the joint itself, the cartilage and nearby bone.

Rheumatoid Arthritis typically affects the joints symmetrically (both sides of the body at the same time) but this is not always the case. The small joints in the hands and feet are often the first to be affected

Specialist chair for Intensive Care

Maidstone's Intensive Care Unit (ICU) and Maidstone Hospital League of Friends have jointly purchased a brand new, specialist chair for patients.

The chair cost £3,740 and will help patients with severe weakness to sit up and get out of bed; as well as strengthening their posture and muscle activity, stimulating their respiratory muscles to aid the weaning process if they have been ventilated for a period of time, and boosting patient mood and morale. Some patients will even be able to go outside with the help of this specialist chair.

The chair is wheeled and fully adjustable so it can support a patient's head, torso and limbs. It can also be extended to almost flat and raised to tip forward to help a patient stand up with the physiotherapists during their rehabilitation, when they are well enough.

Independent auditor's report to the Directors of the Trust

We have audited the financial statements of Maidstone and Tunbridge Wells NHS Trust for the year ended 31 March 2015 under the Audit Commission Act 1998. 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 the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers and related narrative notes on page 39
- the table of pension benefits of senior managers and related narrative notes on page 40
- the details of pay multiples on page 40

This report is made solely to the Board of Directors of Maidstone and Tunbridge Wells NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts, 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 also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 which comprises the strategic report, directors' report and governance statement 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.

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 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the NHS Trust Development Authority's Guidance;
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, ·efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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 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, published by the Audit Commission in October 2014, as to whether the Trust has proper arrangements for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness

The Audit Commission has determined these two 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 2015.

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.

Basis for qualified conclusion

In considering the Trust's arrangements for securing financial resilience, we identified the following matter:

- The Trust delivered a £157,000 surplus in 2014-15 with the injection of £12 million of non-recurrent support from the Trust Development Authority. It is projecting a deficit of £14.1 million for 2015-16. The deficit plan for 2015-16 has been agreed with relevant stakeholders and includes the provision of additional cash support and liquidity requirements. The planned deficit is evidence of weakness in arrangements in respect of the Trust's strategic financial planning.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects Maidstone and Tunbridge Wells NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

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 Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Darren Wells

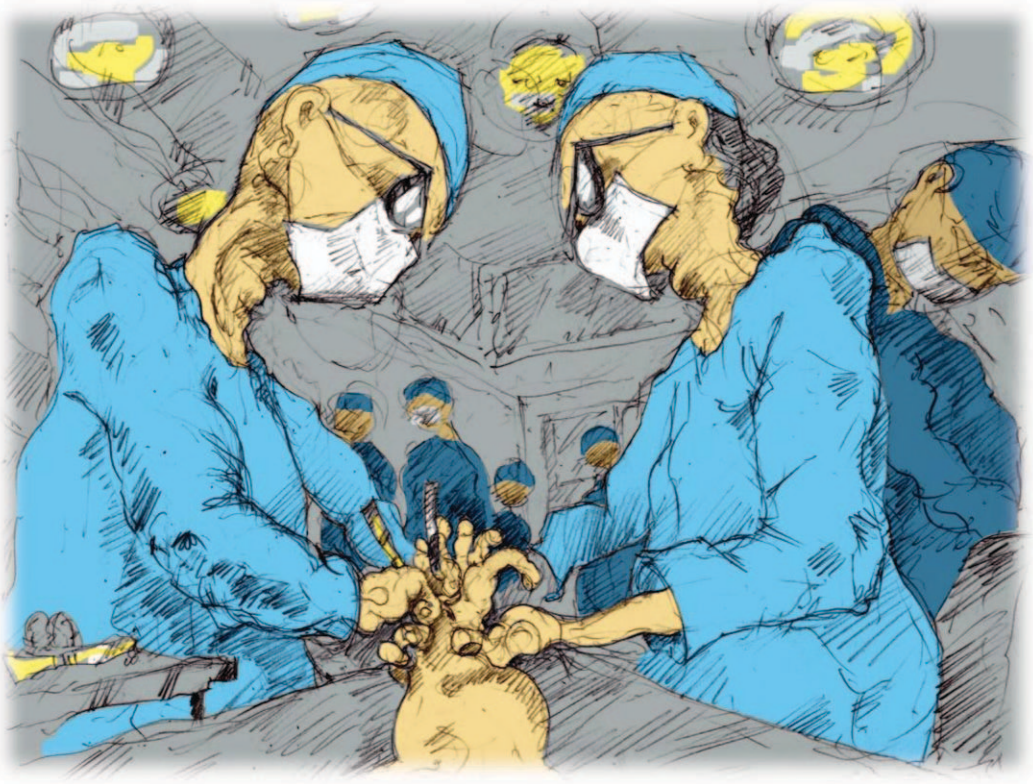
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Fleming Way, Manor Royal, Crawley, RH10 9GT

1st June 2015

A handy sketch

At the end of 2014/15, one of our patients drew a sketch of an operation he underwent on his hand. The patient, Paul Bryan, was so pleased with how things went, he wrote a letter to a local newspaper to give praise and congratulations to the Surgical team, and all the Hospital staff, who Mr Bryan stated were extremely pleasant and helpful.



The newspaper printed the sketch (which is reproduced here), which shows the surgeon, James Nicholl, and his Registrar in the midst of the operation.

Thank you all for your continued support

The Trust continues to be very grateful to all those who make charitable donations[8] that support the Trust's work. Several significant purchases of equipment were only possible during 2014/15 because of the continued kindness of such donors. Thank you to all.

The Trust also would like to recognise the support and commitment to all our Volunteers, who work on the hospital wards, in offices and other departments, and meet and greet patients and visitors on their arrival.

Finally, the Trust also wishes to recognise and praise the undocumented hours given by a whole range of others from our communities, including those who give their time as lay members of Trust committees, and as fundraisers.

[8] To "Maidstone and Tunbridge Wells NHS Trust Charitable Fund". Charity No: 1055215. Please refer to the separate "Maidstone and Tunbridge Wells NHS Charitable Fund: Annual Report and Accounts for the year ended 31st March 2015' for further details

Maidstone and Tunbridge Wells NHS
NHS Trust

Primary Financial Statements and Notes for 2014/15

taking pride

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

Statement of Comprehensive Income for year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Gross employee benefits	10.1	**(236,753)**	(227,421)
Other operating costs	8	**(162,190)**	(160,746)
Revenue from patient care activities	5	**359,435**	331,394
Other operating revenue	6	**43,875**	44,320
Operating surplus/(deficit)		**4,367**	(12,453)
Investment revenue	12	**48**	29
Other gains and (losses)	13	**(50)**	1,322
Finance costs	14	**(14,438)**	(14,286)
Surplus/(deficit) for the financial year		**(10,073)**	(25,388)
Public dividend capital dividends payable		**(4,881)**	(5,558)
Retained surplus/(deficit) for the year		**(14,954)**	(30,946)

Other Comprehensive Income

		2014-15 £000s	2013-14 £000s
Impairments and reversals taken to the revaluation reserve		**(6,158)**	(4,961)
Net gain/(loss) on revaluation of property, plant & equipment		**5,818**	6,732
Net gain/(loss) on revaluation of intangibles		**0**	0
Other gain /(loss)		**0**	0
Net gain/(loss) on revaluation of available for sale financial assets		**0**	0
Total other comprehensive Income	17	**(340)**	**1,771**
Total comprehensive income for the year*		**(15,294)**	(29,175)

Financial performance for the year

Retained surplus/(deficit) for the year	**(14,954)**	(30,946)
Prior period adjustment to correct errors and other performance adjustments	**0**	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	**9,870**	10,573
Impairments (excluding IFRIC 12 impairments)	**5,241**	7,942
Adjustments in respect of donated gov't grant asset reserve elimination	**0**	57
Adjusted retained surplus/(deficit)	**157**	(12,374)

The IFRIC 12 adjustment relates to the difference in accounting for PFI between IFRS and UK Gaap of £0.9m and impairments relating to the PFI of £9m. Impairments on non PFI assets are £5.2m.

The notes on pages 5 to 46 form part of this account.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

Statement of Financial Position as at 31 March 2015

	NOTE	31 March 2015 £000s	31 March 2014 £000s
Non-current assets:			
Property, plant and equipment	15	**371,921**	390,278
Intangible assets	16	**2,396**	1,366
Investment property	18	**0**	0
Other financial assets		**0**	0
Trade and other receivables	22.1	**1,227**	1,075
Total non-current assets		**375,544**	392,719
Current assets:			
Inventories	21	**6,519**	7,009
Trade and other receivables	22.1	**33,636**	37,661
Other financial assets	24	**0**	0
Other current assets	25	**0**	0
Cash and cash equivalents	26	**3,796**	1,287
Sub-total current assets		**43,951**	45,957
Non-current assets held for sale	27	**0**	0
Total current assets		**43,951**	45,957
Total assets		**419,495**	438,676
Current liabilities			
Trade and other payables	28	**(33,113)**	(31,734)
Other liabilities	29	**0**	0
Provisions	35	**(2,435)**	(1,996)
Borrowings	30	**(4,776)**	(4,772)
Other financial liabilities	31	**0**	0
DH revenue support loan	30	**0**	0
DH capital loan	30	**(2,174)**	(2,174)
Total current liabilities		**(42,498)**	(40,676)
Net current assets/(liabilities)		**1,453**	5,281
Total assets less current liabilities		**376,997**	398,000
Non-current liabilities			
Trade and other payables	28	**0**	0
Other liabilities	31	**0**	0
Provisions	35	**(1,944)**	(1,798)
Borrowings	30	**(208,034)**	(212,810)
Other financial liabilities	31	**0**	0
DH revenue support loan	30	**0**	0
DH capital loan	30	**(16,676)**	(18,850)
Total non-current liabilities		**(226,654)**	(233,458)
Total assets employed:		**150,343**	164,542
FINANCED BY:			
Public Dividend Capital		**199,548**	198,453
Retained earnings		**(111,941)**	(97,010)
Revaluation reserve		**62,736**	63,099
Other reserves		**0**	0
Total Taxpayers' Equity:		**150,343**	164,542

The notes on pages 5 to 46 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on 27th May 2015 and signed on its behalf by

Chief Executive:  Date: 27.5.15

Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2015

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2014	**198,453**	**(97,010)**	**63,099**	**0**	**164,542**
Changes in taxpayers' equity for 2014-15					
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 available for sale financial assets	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 account boundary	0	0	0	0	**0**
Transfers between revaluation reserve & retained earnings in respect of assets transferred under absorption	0	0	0	0	**0**
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**
New temporary and permanent PDC received - cash	0	0	0	0	**0**
New temporary and permanent PDC repaid in year	1,095	0	0	0	**1,095**
PDC written off	0	0	0	0	**0**
Other movements	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**
Balance at 1 April 2013	**182,068**	**(66,876)**	**62,140**	**0**	**177,332**
Changes in taxpayers' equity for the year ended 31 March 2014					
Retained surplus/(deficit) for the year	0	(30,946)	0	0	(30,946)
Net gain / (loss) on revaluation of property, plant, equipment	0	0	6,732	0	6,732
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	(4,961)	0	(4,961)
Other gains / (loss)	0	0	0	0	0
Transfers between reserves	0	812	(812)	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
New temporary and permanent PDC received - cash	32,385	0	0	0	32,385
	0	0	0	0	0
New PDC received/(repaid) - PCTs and SHAs legacy items paid for by DH					
New temporary and permanent PDC repaid in year	(16,000)	0	0	0	(16,000)
PDC written off	0	0	0	0	0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements	0	0	0	0	0
Net recognised revenue/(expense) for the year	**16,385**	**(30,134)**	**959**	**0**	**(12,790)**
Balance at 31 March 2014	**198,453**	**(97,010)**	**63,099**	**0**	**164,542**

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

Statement of Cash Flows for the Year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		**4,367**	(12,453)
Depreciation and amortisation		**16,696**	17,480
Impairments and reversals		**14,250**	17,175
Other gains/(losses) on foreign exchange		**0**	0
Donated Assets received credited to revenue but non-cash		**0**	0
Government Granted Assets received credited to revenue but non-cash		**0**	0
Interest paid		**(14,431)**	(14,279)
Dividend (paid)/refunded		**(4,757)**	(5,753)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**490**	1,764
(Increase)/Decrease in Trade and Other Receivables		**1,617**	(9,635)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**(2,843)**	(628)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions utilised		**(623)**	(292)
Increase/(Decrease) in movement in non cash provisions		**1,178**	596
Net Cash Inflow/(Outflow) from Operating Activities		**15,944**	(6,025)
Cash Flows from Investing Activities			
Interest Received		**48**	29
(Payments) for Property, Plant and Equipment		**(8,818)**	(14,671)
(Payments) for Intangible Assets		**(946)**	(135)
(Payments) for Investments with DH		**0**	0
(Payments) for Other Financial Assets		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**0**	1,187
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		**(9,716)**	(13,590)
Net Cash Inflow / (outflow) before Financing		**6,228**	(19,615)
Cash Flows from Financing Activities			
Gross Temporary and Permanent PDC Received		**1,095**	32,385
Gross Temporary and Permanent PDC Repaid		**0**	(16,000)
Loans received from DH - New Capital Investment Loans		**0**	0
Loans received from DH - New Revenue Support Loans (previously known as Working Capital Loans)		**0**	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		**0**	0
Other Loans Repaid		**0**	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(4,772)**	(4,531)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		**2,132**	8,430
Net Cash Inflow/(Outflow) from Financing Activities		**(3,719)**	18,110
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,509**	(1,505)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**1,287**	2,792
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		**3,796**	1,287

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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 2014-15 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 SOCNE/SOCNI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury agreed that a modified absorption approach should be applied. For these transactions and only in the prior-period, gains and losses are recognised in reserves rather than the SOCNE/SOCNI.

1.4 Charitable Funds

For 2014-15, the divergence from the FReM that NHS Charitable Funds are not consolidated with bodies' own returns is removed. 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 entities' returns. 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 2014-15 and have not been consolidated, see also 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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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 2014/15 the Trust has not identified any critical judgements that are required to be disclosed under IAS 1 paragraph 122. All the material judgements within this financial year relate to estimations and are disclosed in the relevant notes (see 1.6.2)

The accounts have been prepared on a going concern basis, in accordance with the guidance in the NHS Manual for Accounts. This defines the interpretation for the public sector context as being the anticipated continuation of the provision of the service in the future. Notes 5 (Revenue) and 26 (Cash) contain a reference in respect of future support and cash assumptions.

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 2014/15 accounts are as follows:

Property, Plant and Equipment valuation (see note 15.3)
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 under local agreement (NHS Contracts). 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.

Interest revenue is accrued on a time basis, by reference to the principle 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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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.

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 fair 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 subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would 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.

Financial year 2014/15 is the final year in the 5 year cyclical valuation period. A full valuation was undertaken in September 2014 by Trust valuers Montagu Evans LLP. The lead relationship partner from Montagu Evans LLP is qualified to BSc MRICS. As the BCIS all in tender price index had increase by 4.05% from September to 31st March 2015 the Trust undertook a further desktop valuation at 31st March 2015 to update values to the balance sheet date. The results have been 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.

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

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. The Trust will review annually, high value (over £100k) and long life (over 10 years) plant and machinery assets, to ensure these are held at the correct values and remaining useful lives. IT assets will also be 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.

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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

1.12 Depreciation, amortisation and impairments

Freehold land, assets 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 fixed assets are adopted as follows:	Years
Plant and Machinery	5 - 15
Furniture and Fittings	7 - 10
Information Technology	3 - 5
Vehicles	5 - 15

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.

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.
AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

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

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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.

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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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 2014-15

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 NHS trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS 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 -1.5% short term (1-5 years), -1.05% medium term (6-10 years) and +2.20% long term (over 10 years). 1.30% real (1.8% 2013-14) 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 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 on-going activities of the entity. For 2014/15 the Trust has not recognised a restructuring provision.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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.

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 fair value for current asset, 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 directly/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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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

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

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

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 [NHS trust only]
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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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 whish 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.

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

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.

Maidstone and Tunbridge Wells NHS Trust - Annual Accounts 2014-15

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

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 SOCNE/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 Borrowing Costs

Borrowing costs are recognised as expenses as they are incurred.

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

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014-15. The application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year.

IFRS 9 Financial Instruments - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IFRS 15 Revenue from Contracts with Customers

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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 the current Trust Board reporting practice which is reporting on both an 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 IFRS8. On this basis the potential requirement to report more than one segment is not applicable to the Trust at this time.

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 or was otherwise material.

Summary Table - aggregate of all schemes	**2014-15 £000s**	2013-14 £000s
Income	**4,155**	4,063
Full cost	**(2,630)**	(2,961)
Surplus/(deficit)	**1,525**	1,102
Car Parking		
Income	**2,184**	1,963
Full cost	**(1,773)**	(1,770)
Surplus/(deficit)	**411**	193
Catering		
Income	**1,491**	1,495
Full cost	**(613)**	(600) *
Surplus/(deficit)	**878**	895

* Prior year catering cost have been restated from £880k to £600k following a review of workings.

5. Revenue from patient care activities

	2014-15 £000s	2013-14 £000s
NHS Trusts	**1,314**	725
NHS England	**81,536**	74,633
Clinical Commissioning Groups	**254,097**	244,830
Foundation Trusts	**209**	161
Department of Health	**0**	0
NHS Other (including Public Health England and Prop Co)	**213**	0
Additional income for delivery of healthcare services	**12,000**	0
Non-NHS:		
Local Authorities	**1,767**	1,676
Private patients	**6,922**	8,076
Overseas patients (non-reciprocal)	**71**	3
Injury costs recovery	**1,224**	1,196
Other	**82**	94
Total Revenue from patient care activities	**359,435**	331,394

Injury cost recovery income is subject to a provision for impairment of receivables of 18.9% (15.8% 2013-14) to reflect expected rates of collection.

The £12m additional income for delivery of healthcare services received in 2014/15 relates to non-recurrent deficit funding is provided by the Department of Health.

Included within Revenue from NHS England for 2014/15 is £16.3m of financial support (2013/14 £20.8m):-

	2014-15 £000s	2013-14 £000s
Central Support for PFI scheme	**8,000**	8,000
NHS England support for PFI Scheme	**8,300**	12,810
	16,300	20,810

The 2015/16 plan includes £8m central PFI support and £4m local PFI support, with £8m central PFI support for 2016/17 and ongoing.

6. Other operating revenue

	2014-15 £000s	2013-14 £000s
Recoveries in respect of employee benefits	**0**	0
Patient transport services	**0**	0
Education, training and research	**11,077**	14,637
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	**455**	403
Receipt of Government grants for capital acquisitions	**0**	0
Non-patient care services to other bodies	**14,663**	13,058
Income generation	**4,155**	3,847
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**23**	29
Other revenue	**13,502**	12,346
Total Other Operating Revenue	**43,875**	44,320
Total operating revenue	**403,310**	375,714

Other revenue includes £11.1m (£10.4m 2013/14) income for Health Informatics Services hosted by the Trust.

7. Overseas Visitors Disclosure

	2014-15 £000	2013-14 £000s
Income recognised during 2014-15 (invoiced amounts and accruals)	**71**	3
Cash payments received in-year (re receivables at 31 March 2014)	**0**	0
Cash payments received in-year (in respect of invoices issued 2014-15)	**42**	0
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)	**0**	0
Amounts written off in-year (irrespective of year of recognition)	**14**	0

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8. Operating expenses

	2014-15 £000s	2013-14 £000s	
Services from other NHS Trusts	**2,065**	2,416	
Services from CCGs/NHS England	**37**	67	
Services from other NHS bodies	**31**	137	
Services from NHS Foundation Trusts	**3,160**	4,478	
Total Services from NHS bodies**	**5,293**	7,098	
Purchase of healthcare from non-NHS bodies	**4,819**	3,434	
Trust Chair and Non-executive Directors	**77**	70	
Supplies and services - clinical	**72,155**	69,431	
Supplies and services - general	**5,883**	5,437	
Consultancy services	**2,234**	3,230	
Establishment	**3,992**	4,080	
Transport	**2,150**	2,395	
Service charges - ON-SOFP PFIs and other service concession arrangements	**3,988**	3957	*
Business rates paid to local authorities	**0**	0	
Premises	**16,201**	15,071	*
Hospitality	**0**	0	
Insurance	**486**	377	
Legal Fees	**443**	280	
Impairments and Reversals of Receivables	**476**	173	
Inventories write down	**0**	0	
Depreciation	**16,043**	16,833	
Amortisation	**653**	647	
Impairments and reversals of property, plant and equipment	**14,250**	16,757	
Impairments and reversals of intangible assets	**0**	418	
Impairments and reversals of financial assets	**0**	0	
Impairments and reversals of non current assets held for sale	**0**	0	
Audit fees	**120**	134	
Other auditor's remuneration	**12**	38	
Clinical negligence	**10,692**	8,554	
Research and development (excluding staff costs)	**0**	0	
Education and Training	**910**	1,032	
Change in Discount Rate	**23**	24	
Other	**1,290**	1,276	
Total Operating expenses (excluding employee benefits)	**162,190**	160,746	
Employee Benefits			
Employee benefits excluding Board members	**235,900**	226,342	
Board members	**853**	1,079	
Total Employee Benefits	**236,753**	227,421	
Total Operating Expenses	**398,943**	388,167	

* PFI service charges have been disclosed separately for 2014/15, comparators have been restated separating this expenditure from the premises line.

**Services from NHS bodies does not include expenditure which falls into a category below

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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 (£720k 2013/14). This arrangement is expected to complete in December 2017.

Ash Corporate Finance - Lease of the laundry land, buildings and equipment £323k (£283k 2013/14). The lease is for 25 years and contains an opt out clause in December 2020.

Roche Diagnostic Ltd - lease of equipment to support the pathology and clinical chemistry managed service £253k (£253k 2013/14). This arrangement completes in June 2017 with an option to extend for a further 3 years.

Telewest - lease of telephony equipment £510k (£616k 2013/14). This arrangement completes in 2015/16.

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

9.1 Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2014-15 Total £000s	2013-14 £000s
Payments recognised as an expense					
Minimum lease payments				**2,211**	2,329
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**2,211**	2,329
Payable:					
No later than one year	0	559	1,488	**2,047**	2,304
Between one and five years	0	1,532	1,184	**2,716**	3,571
After five years	0	471	0	**471**	564
Total	**0**	**2,562**	**2,672**	**5,234**	6,439
Total future sublease payments expected to be received:				0	0

9.2 Trust as lessor

	2014-15 £000	2013-14 £000s
Recognised as revenue		
Rental revenue	23	29
Contingent rents	0	0
Total	**23**	29
Receivable:		
No later than one year	23	23
Between one and five years	92	92
After five years	207	230 *
Total	**322**	345

* 2013/14 over 5 years restated following review of workings.

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10 Employee benefits and staff numbers

10.1 Employee benefits

	2014-15		
	Total £000s	**Permanently employed £000s**	**Other £000s**
Employee Benefits - Gross Expenditure			
Salaries and wages	**194,306**	162,720	31,586
Social security costs	**14,117**	14,117	0
Employer Contributions to NHS BSA - Pensions Division	**29,284**	29,284	0
Other pension costs	**0**	0	0
Termination benefits	**1,023**	1,023	0
Total employee benefits	**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**

Employee Benefits - Gross Expenditure 2013-14	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	193,413	169,580	23,833
Social security costs	14,075	13,614	461
Employer Contributions to NHS BSA - Pensions Division	20,883	20,583	300
Other pension costs	2	2	0
Termination benefits	326	326	0
TOTAL - including capitalised costs	228,699	204,105	24,594
Employee costs capitalised	(1,278)	(555)	(723)
Gross Employee Benefits excluding capitalised costs	227,421	203,550	23,871

10.2 Staff Numbers

	2014-15			2013-14
	Total Number	**Permanently employed Number**	**Other Number**	Total Number
Average Staff Numbers				
Medical and dental	**668**	629	39	650
Ambulance staff	**0**	0	0	0
Administration and estates	**1,150**	1,045	105	1,175
Healthcare assistants and other support staff	**1,354**	1,190	164	1,322
Nursing, midwifery and health visiting staff	**1,580**	1,413	167	1,559
Nursing, midwifery and health visiting learners	**18**	18	0	18
Scientific, therapeutic and technical staff	**706**	666	40	662
Social Care Staff	**0**	0	0	0
Other	**0**	0	0	1
TOTAL	**5,476**	**4,961**	**515**	5,388
Of the above - staff engaged on capital projects	**34**	17	17	18

10.3 Staff Sickness absence and ill health retirements

	2014-15 Number	2013-14 Number
Total Days Lost	**43,881**	42,116
Total Staff Years	**4,962**	4,990
Average working Days Lost	**8.84**	8.44

	2014-15 Number	2013-14 Number
Number of persons retired early on ill health grounds	**3**	4
	£000s	£000s
Total additional pensions liabilities accrued in the year	**102**	51

10.4 Exit Packages agreed in 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 by cost band	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		£'s
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 number of exit packages by type (total cost	**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. 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.

Compulsory redundancies were transacted in accordance with NHS Terms and Conditions.

Exit Packages agreed in 2013-14

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 by cost band	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		£'s
Less than £10,000	0	0	1	9,669	1	9,669	0	0
£10,000-£25,000	2	34,941	0	0	2	34,941	0	0
£25,001-£50,000	0	0	0	0	0	0	0	0
£50,001-£100,000	1	64,884	1	78,519	2	143,403	0	0
£100,001 - £150,000	1	137,645	0	0	1	137,645	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 number of exit packages by type (total cost	**4**	**237,470**	**2**	**88,188**	**6**	**325,658**	**0**	**0**

10.5 Exit packages - Other Departures analysis

	2014-15		2013-14	
	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	2	59
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	1	29
Total	0	0	3	88

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognise 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.

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 NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

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 the scheme liability is carried out annually by the scheme actuary 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 reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 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, published annually. These accounts can be viewed on the NHS Pension website. 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 scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

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

The scheme Regulations allow contribution rates to be set 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 representatives as deemed appropriate.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pension (increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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 the employer.

Members can purchase additional service in the NHS scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

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 2014/15 financial year totalled £4k (£2k 2013/14).

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11 Better Payment Practice Code

11.1 Measure of compliance

	2014-15 Number	2014-15 £000s	2013-14 Number	2013-14 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**101,241**	**159,088**	98,706	164,115
Total Non-NHS Trade Invoices Paid Within Target	**78,674**	**129,327**	44,797	92,119
Percentage of NHS Trade Invoices Paid Within Target	**77.71%**	**81.29%**	45.38%	56.13%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,282**	**23,650**	3,009	**19,472**
Total NHS Trade Invoices Paid Within Target	**1,847**	**15,745**	920	**11,047**
Percentage of NHS Trade Invoices Paid Within Target	**56.28%**	**66.58%**	30.57%	56.73%

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

	2014-15 £000s	2013-14 £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 six late payment charges totalling £158.60 and two interest charges of £386.45 (£415.60 2013/14) during the year under the late payment of commercial debt act.

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12 Investment Revenue

	2014-15 £000s	2013-14 £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	**48**	29
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**0**	0
Subtotal	**48**	29
Total investment revenue	**48**	29

13 Other Gains and Losses

	2014-15 £000s	2013-14 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	**(50)**	(55)
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**	1,377
Gain/(loss) on foreign exchange	**0**	0
Change in fair value of financial assets carried at fair value through the SoCI	**0**	0
Change in fair value of financial liabilities carried at fair value through the SoCI	**0**	0
Change in fair value of investment property	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0
Total	**(50)**	1,322

14 Finance Costs

	2014-15 £000s	2013-14 £000s
Interest		
Interest on loans and overdrafts	**655**	718
Interest on obligations under finance leases	**0**	0
Interest on obligations under PFI contracts:		
- main finance cost	**11,416**	11,658
- contingent finance cost	**2,360**	1,903
Interest on late payment of commercial debt	**0**	0
Total interest expense	**14,431**	14,279
Other finance costs	**0**	0
Provisions - unwinding of discount	**7**	7
Total	**14,438**	14,286

15.1 Property, plant and equipment

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**
Additions Leased	0	0	0	**0**	0	0	0	0	**0**
Reclassifications	0	56	0	(1,323)	0	0	530	0	**(737)**
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(732)	0	0	0	**(732)**
Upward revaluation/positive indexation	0	5,818	0	0	0	0	0	0	**5,818**
Removal of accumulated depreciation/impairment following revaluation	(1,808)	(37,947)	(1,815)	0	0	0	0	0	**(41,570)**
Impairments/negative indexation	(501)	(10,283)	(1,213)	0	0	0	0	0	**(11,997)**
Reversal of Impairments	0	5,839	0	0	0	0	0	0	**5,839**
Transfers to NHS Foundation Trust	0	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	**0**
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**
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(683)	0	0	0	**(683)**
Removal of accumulated depreciation/impairment following revaluation	(1,808)	(37,947)	(1,815)	0	0	0	0	0	**(41,570)**
Impairments	1,808	20,787	1,443	0	109	0	1,138	0	**25,285**
Reversal of Impairments	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**
Transfers to NHS Foundation Trust	0	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	**0**
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**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	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
At 1 April 2014	29,585	30,919	1,900	0	680	13	0	2	**63,099**
Movements - Revaluation (LB&D), Transfer on disposal (P&M)	(500)	1,373	(1,213)	0	(23)	0	0	0	**(363)**
At 31 March 2015	**29,085**	**32,292**	**687**	**0**	**657**	**13**	**0**	**2**	**62,736**

Additions to Assets Under Construction in 2014-15

	£000's
Land	0
Buildings excl Dwellings	540
Dwellings	0
Plant & Machinery	5,846
Balance as at YTD	**6,386**

15.2 Property, plant and equipment prior-year

2013-14	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:									
At 1 April 2013	38,433	328,726	4,202	2,646	80,222	960	29,258	3,052	**487,499**
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	0	0	0	0	0	0	**0**
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	0	0	**0**
Additions of Assets Under Construction	0	0	0	1,576	0	0	0	0	**1,576**
Additions Purchased	2,098	2,124	1,827	0	1,676	0	1,194	18	**8,937**
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	403	0	0	0	**403**
Additions Leased	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	578	0	(2,527)	887	0	945	0	**(117)**
Reclassifications as Held for Sale and Reversals	(121)	0	(390)	0	0	0	0	0	**(511)**
Disposals other than for sale	0	0	0	0	(2,865)	0	(16,279)	(376)	**(19,520)**
Revaluation	479	6,216	37	0	0	0	0	0	**6,732**
Impairments/negative indexation charged to reserves	0	(7,925)	(175)	0	0	0	0	0	**(8,100)**
Reversal of Impairments charged to reserves	0	3,139	0	0	0	0	0	0	**3,139**
Transfers to Foundation Trust	0	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	**0**
At 31 March 2014	**40,889**	**332,858**	**5,501**	**1,695**	**80,323**	**960**	**15,118**	**2,694**	**480,038**
Depreciation									
At 1 April 2013	0	6,331	162	0	47,679	730	19,820	939	**75,661**
Reclassifications	0	0	0	0	40	0	(40)	0	**0**
Reclassifications as Held for Sale and Reversals	0	0	(27)	0	0	0	0	0	**(27)**
Disposals other than for sale	0	0	0	0	(2,809)	0	(16,279)	(376)	**(19,464)**
Revaluation	0	0	0	0	0	0	0	0	**0**
Impairments/negative indexation charged to operating expenses	0	20,048	0	0	721	0	3,891	0	**24,660**
Reversal of Impairments charged to operating expenses	0	(7,903)	0	0	0	0	0	0	**(7,903)**
Charged During the Year	0	6,535	142	0	7,704	105	2,050	297	**16,833**
Transfers to Foundation Trust	0	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	**0**
At 31 March 2014	**0**	**25,011**	**277**	**0**	**53,335**	**835**	**9,442**	**860**	**89,760**
Net Book Value at 31 March 2014	40,889	307,847	5,224	1,695	26,988	125	5,676	1,834	**390,278**
Asset financing:									
Owned - Purchased	40,889	104,771	5,224	1,695	25,648	125	5,650	1,833	**185,835**
Owned - Donated	0	76	0	0	1,169	0	26	1	**1,272**
Owned - Government Granted	0	0	0	0	171	0	0	0	**171**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	203,000	0	0	0	0	0	0	**203,000**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2014	**40,889**	**307,847**	**5,224**	**1,695**	**26,988**	**125**	**5,676**	**1,834**	**390,278**

15.3 Property, plant and equipment

Within the financial year 2014/15, the Trust received donations to purchase medical equipment totalling £455k. The majority of these donations, £392k, were kindly donated by The League of Friends charities from both hospital sites and included supporting the purchase of a Holmium laser £270k. A further £57k was donated from the Maidstone and Tunbridge Wells Charitable Fund.

2014/15 was the final year in the Trust's 5 year cyclical valuation programme. A full valuation was carried out by Trust independent valuers Montagu Evans LLP at 30th September 2014 with further indexation applied by the Trust at 31st March 2015 to reflect the 4.05% increase in BCIS 'all in tender price' index since the date of the valuation.

The 30th September valuation resulted in a net impairment (reduction in value) of £24,857k across all categories of asset (Land, Build and Dwelling). The indexation at 4.05% increased values by £11,514k. The net change in valuation for 2014/15 is an impairment of £13,343k of which £13,003k has been recognised in the SoCI and the remaining £340k charged to reserves.

Specialised properties (main hospitals) have been valued based on Depreciation Replacement Cost (DRC). Existing Use Value (EUV) has been used as the basis of valuation for Land owner occupied and together with any non specialised buildings. Residential staff accommodation has been valued using Existing Use for Social Housing.

The adoption of EUV for 2014/15 as opposed to market value approach applied previously has resulted in a total impairment of £4,965k in respect of residential accommodation and associated land.

For 2014/15 the Trust commissioned, as part of the full valuation, a more detailed review of Trust external works, hard landscaping (roads, pathways etc) and soft landscaping/woodlands. In previous valuations this had been estimated at a percentage of the building costs, resulting in a disproportionately high value in particular at the Tunbridge Wells Hospital site. The 2014/15 value has been based on "hectares multiplied by build cost" which is a method consistent with that applied to the building valuation. This change in estimation has resulted in an impairment before indexation of £10,173k in external works asset across both sites.

The Trust carried out a fair value assessment of plant and machinery and IT tangible assets based on a valuation model as advised by Trust experts in the relevant asset classes. This resulted in impairments of £109k for Plant and Machinery and £1,138k IT tangible assets.

Economic lives of Non-Current Assets	Minimum Life	Maximum life
Property, Plant and Equipment		
Buildings exc Dwellings	1	60
Dwellings	28	33
Plant & Machinery	1	20
Transport Equipment	1	20
Information Technology	2	8
Furniture and Fittings	5	10

16.1 Intangible non-current assets

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
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 - 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	0	0	0	0	0	**0**
Reclassifications	737	0	0	0	0	**737**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments charged to reserves	0	0	0	0	0	**0**
Reversal of impairments charged to reserves	0	0	0	0	0	**0**
Transfer to NHS Foundation Trust	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	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**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	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**
Transfer to NHS Foundation Trust	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	**0**
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**
Asset Financing: 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**

Revaluation reserve balance for intangible non-current assets	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2014	0	0	0	0	0	**0**
Movements (specify)	0	0	0	0	0	**0**
At 31 March 2015	**0**	**0**	**0**	**0**	**0**	**0**

16.2 Intangible non-current assets prior year

2013-14	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:						
At 1 April 2013	4,304	495	0	0	0	4,799
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0
Additions - purchased	41	94	0	0	0	135
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
Additions Leased	0	0	0	0	0	0
Reclassifications	117	0	0	0	0	117
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	(1,096)	(131)	0	0	0	(1,227)
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2014	3,366	458	0	0	0	3,824
Amortisation						
At 1 April 2013	2,470	150	0	0	0	2,620
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	(1,096)	(131)	0	0	0	(1,227)
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	401	17	0	0	0	418
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	553	94	0	0	0	647
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2014	2,328	130	0	0	0	2,458
Net book value at 31 March 2014	1,038	328	0	0	0	1,366
Net book value at 31 March 2014 comprises:						
Purchased	1,038	328	0	0	0	1,366
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2014	1,038	328	0	0	0	1,366

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16.3 Intangible non-current assets

Economic lives of Non-Current Assets	Minimum Life	Maximum life
Intangible Assets		
Software Licences	3	5
Licences and Trademarks	0	0
Patents	0	0
Development expenditure	0	0
IT - in house & 3rd Party Software	2	7

17 Analysis of impairments and reversals recognised in 2014-15

	Total	Property Plant and Equipment	Intangible Assets	Financial Assets	Non-Current Assets Held for Sale
	£000s	£000s	£000s	£000s	£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**	**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	**14,250**	14,250	0	0	0
Total charged to Annually Managed Expenditure	**14,250**	**14,250**	**0**	**0**	**0**
Total Impairments of Property, Plant and Equipment changed to SoCI	**14,250**	**14,250**	**0**	**0**	**0**
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	**340**	340	0	0	0
Total impairments for PPE charged to reserves	**340**	**340**	**0**	**0**	**0**

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 £13,003k charged to the Statement of Comprehensive Income following the 5 year cyclical valuation at 30th September 2014 and indexation of 4.05% applied at 31st March 2015. The balance of £1,247k represents the fair value assessment of plant and machinery and IT tangible assets based on a valuation model as advised by Trusts experts in the relevant asset classes.

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

18 Investment property

The Trust has no investment properties.

19 Commitments

Capital commitments

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

	31 March 2015 £000s	31 March 2014 £000s
Property, plant and equipment	**2,863**	2,895
Intangible assets	**105**	0
Total	**2,968**	2,895

20 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
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**
prior period:				
Balances with Other Central Government Bodies	22,499	0	9,100	0
Balances with Local Authorities	313	0	14	0
Balances with NHS bodies outside the Departmental Group	0	0	2	0
Balances with NHS bodies inside the Departmental Group	6,777	0	3,694	18,850 *
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	8,072	1,075	18,924	212,810 *
At 31 March 2014	**37,661**	**1,075**	**31,734**	**231,660**

* prior year comparators have been added to reflect the increase in disclosure for 2014/15, to include within the note the DoH capital loan (balances inside the departmental group) and the PFI liability (balances external to government).

21 Inventories	Drugs £000s	Consumables £000s	Work in Progress £000s	Energy £000s	Loan Equipment £000s	Other £000s	Total £000s	Of which held at NRV £000s
Balance at 1 April 2014	**2,975**	**609**	**0**	**69**	**0**	**3,356**	**7,009**	0
Additions	33,385	0	0	0	0	13,249	**46,634**	0
Inventories recognised as an expense in the period	(33,295)	0	0	(23)	0	(13,806)	**(47,124)**	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 2015	**3,065**	**609**	**0**	**46**	**0**	**2,799**	**6,519**	**0**

22.1 Trade and other receivables	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
NHS receivables - revenue	**23,754**	27,922	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**3,568**	2,261	**0**	0
Non-NHS receivables - capital	**43**	2,175	**0**	0
Non-NHS prepayments and accrued income	**3,779**	3,529	**0**	0
PDC Dividend prepaid to DH	**89**	0	**0**	0
Provision for the impairment of receivables	**(971)**	(699)	**0**	0
VAT	**2,161**	1,355	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**104**	87
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**1,213**	1,118	**1,123**	988
Total	**33,636**	37,661	**1,227**	1,075
Total current and non current	**34,863**	38,736		
Included in NHS receivables are prepaid pension contributions:	**0**			

The great majority of trade is with Clinical Commissioning Groups (CCG's) as commissioners for NHS patient care services. As CCG's are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

The movement in non NHS receivables - capital represents receipt of the proceeds due in respect of the sale of the Nurses Home and Oakapple site.

22.2 Receivables past their due date but not impaired	**31 March 2015 £000s**	31 March 2014 £000s
By up to three months	**3,353**	15,817
By three to six months	**2,618**	11,903
By more than six months	**5,364**	1,610
Total	**11,335**	29,330

The Trust does not hold any collateral against receivable balances.

22.3 Provision for impairment of receivables	**2014-15 £000s**	2013-14 £000s
Balance at 1 April 2014	**(699)**	(683)
Amount written off during the year	**204**	157
Amount recovered during the year	**184**	266
(Increase)/decrease in receivables impaired	**(660)**	(439)
Balance at 31 March 2015	**(971)**	(699)

The provision of receivables includes provision for all non-NHS invoices over three months overdue plus any other invoices that are deemed to be a specific risk. In addition 18.9% (15.8% 2013-14) of injury cost recovery debt has been provided in accordance with the guidance from the compensation recovery unit.

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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

	31 March 2015 £000s	31 March 2014 £000s
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

26 Cash and Cash Equivalents

	31 March 2015 £000s	31 March 2014 £000s
Opening balance	**1,287**	2,792
Net change in year	**2,509**	(1,505)
Closing balance	**3,796**	1,287
Made up of		
Cash with Government Banking Service	**3,763**	1,221
Commercial banks	**14**	49
Cash in hand	**19**	17
Liquid deposits with NLF	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**3,796**	1,287
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**3,796**	1,287
Patients' money held by the Trust, not included above, see note 44	**0**	1

For 2014/15 the Trust received £12m non-recurrent deficit support as cash. For 2015/16 the Trust plans include the requirement for a working capital facility of £12.3m. The Trust has advised the Trust Development Authority (TDA) that plans for 2016/17 will include a requirement for further working capital facility.

27 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Financial Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2014	0	0	0	0	0	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2015	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2015	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 1 April 2013	1,022	0	478	0	0	0	0	0	0	0	**1,500**
Plus assets classified as held for sale in the year	121	0	363	0	0	0	0	0	0	0	**484**
Less assets sold in the year	(1,143)	0	(841)	0	0	0	0	0	0	0	**(1,984)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2014	0	0	0	0	0	0	0	0	0	0	0

The Trust currently has no assets held for sale

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28 Trade and other payables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
NHS payables - revenue	**2,614**	5,272	**0**	0
NHS payables - capital	**320**	14	**0**	0
NHS accruals and deferred income	**0**	0	**0**	0
Non-NHS payables - revenue	**11,128**	8,594	**0**	0
Non-NHS payables - capital	**5,107**	1,169	**0**	0
Non-NHS accruals and deferred income	**12,590**	11,331	**0**	0
Social security costs	**38**	2,193	**0**	0
PDC Dividend payable to DH	**0**	0	**0**	0
VAT	**0**	0	**0**	0
Tax	**40**	2,380	**0**	0
Payments received on account	**0**	0	**0**	0
Other	**1,276**	781	**0**	0
Total	**33,113**	31,734	**0**	0
Total payables (current and non-current)	**33,113**	**31,734**		
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	**3,016**	2,943		

29 Other liabilities

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
PFI/LIFT deferred credit	**0**	0	**0**	0
Lease incentives	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

30 Borrowings

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £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	**16,676**	18,850
Loans from other entities	**0**	0	**0**	0
PFI liabilities:				
Main liability	**4,776**	4,772	**208,034**	212,810
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**6,950**	**6,946**	**224,710**	**231,660**
Total other liabilities (current and non-current)	**231,660**	**238,606**		

Borrowings / Loans - repayment of principal falling due in:

	31 March 2015		
	DH £000s	**Other £000s**	**Total £000s**
0-1 Years	2,174	4,776	**6,950**
1 - 2 Years	2,174	4,774	**6,948**
2 - 5 Years	8,096	15,739	**23,835**
Over 5 Years	6,406	187,521	**193,927**
TOTAL	**18,850**	**212,810**	**231,660**

The Department of Health loans totalling £29m were 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.

31 Other financial liabilities

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
Embedded derivatives at fair value through SoCI	**0**	0	**0**	0
Financial liabilities carried at fair value through profit and loss	**0**	0	**0**	0
Amortised cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other financial liabilities (current and non-current)	**0**	0		

32 Deferred revenue

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
Opening balance at 1 April 2014	**1,340**	1,014	**0**	0
Deferred revenue addition	**28,855**	1,290	**0**	0
Transfer of deferred revenue	**(25,500)**	(964)	**0**	0
Current deferred Income at 31 March 2015	**4,695**	1,340	**0**	0
Total deferred income (current and non-current)	**4,695**	1,340		

33 Finance lease obligations as lessee

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

34 Finance lease receivables as lessor

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

35 Provisions

		Comprising:			
	Total	**Early Departure Costs**	**Legal Claims**	**Other**	**Redundancy**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 1 April 2014	**3,794**	416	700	2,599	79
Arising during the year	**1,267**	7	370	36	854
Utilised during the year	**(623)**	(17)	(363)	(164)	(79)
Reversed unused	**(89)**	0	(74)	(15)	0
Unwinding of discount	**7**	7	0	0	0
Change in discount rate	**23**	23	0	0	0
Balance at 31 March 2015	**4,379**	**436**	**633**	**2,456**	**854**
Expected Timing of Cash Flows:					
No Later than One Year	**2,435**	28	633	920	854
Later than One Year and not later than Five Years	**1,150**	90	0	1,060	0
Later than Five Years	**794**	318	0	476	0

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

As at 31 March 2015	95,510
As at 31 March 2014	83,662

Early departure costs relates to two ill health injury benefits calculated by current payment made by the 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 potential costs associated with hosted Health Informatics Service

Other includes onerous contract provision £691k and provision for dilapidations of leased properties/equipment £1,765k.

36 Contingencies

	31 March 2015 £000s	31 March 2014 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	**(45)**	(52)
Employment Tribunal and other employee related litigation	**0**	0
Redundancy	**0**	0
Other - Potential claim under the tenancy deposit scheme	**0**	(196)
Amounts recoverable against contingent liabilities	**0**	0
Net value of contingent liabilities	**(45)**	(248)
Contingent assets		
Contingent assets	**0**	0
Net value of contingent assets	**0**	0

37 PFI and LIFT - additional information

The trust signed a PFI project agreement on 26th March 2008 for the new Tunbridge Wells 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 2014/15 year was 2.7%.

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	**2014-15 £000s**	2013-14 £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	**3,988**	3,957
Total	**3,988**	3,957
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**4,348**	4,132
Later than One Year, No Later than Five Years	**19,863**	18,888
Later than Five Years	**200,695**	209,417
Total	**224,906**	232,437

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	**2014-15 £000s**	2013-14 £000s
No Later than One Year	**15,937**	16,188
Later than One Year, No Later than Five Years	**62,581**	62,981
Later than Five Years	**321,178**	336,714
Subtotal	**399,696**	415,883
Less: Interest Element	**(186,886)**	(198,301)
Total	**212,810**	217,582

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due	**2014-15 £000s**	2013-14 £000s
No Later than One Year	**4,776**	15,640
Later than One Year, No Later than Five Years	**20,512**	55,890
Later than Five Years	**187,522**	191,829
Total	**212,810**	263,359

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 Heath for budget reconciliation purposes

	2014-15 £000s	2013-14 £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g. PFI / LIFT)		
Depreciation charges	**3,419**	3,714
Interest Expense	**13,776**	13,562
Impairment charge - AME	**9,009**	9,233
Impairment charge - DEL	**0**	0
Other Expenditure	**3,989**	3,957
Revenue Receivable from subleasing	**0**	0
Impact on PDC dividend payable	**(600)**	(365)
Total IFRS Expenditure (IFRIC12)	**29,593**	**30,101**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)	**(19,723)**	(19,528)
Net IFRS change (IFRIC12)	**9,870**	**10,573**
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12		
Capital expenditure 2014-15	**145**	101
UK GAAP capital expenditure 2014-15 (Reversionary Interest)	**2,949**	2,773

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. 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 strategic health 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 Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2015 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 (CCG's), 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 is not, therefore, exposed to significant liquidity risks.

39.2 Financial Assets

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Available for sale £000s	Total £000s
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**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	27,922	0	27,922
Receivables - non-NHS	0	7,486	0	7,486
Cash at bank and in hand	0	1,287	0	1,287
Other financial assets	0	0	0	0
Total at 31 March 2014	0	36,695	0	36,695

39.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
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**
Embedded derivatives	0	0	0
NHS payables	0	5,286	5,286
Non-NHS payables	0	20,535	20,535
Other borrowings	0	21,024	21,024
PFI & finance lease obligations	0	217,582	217,582
Other financial liabilities	0	0	0
Total at 31 March 2014	0	264,427	264,427

40 Events after the end of the reporting period

In April 2015, the Crown Prosecution Service authorised a charge against the Trust under the Corporate Manslaughter and Corporate Homicide Act 2007. No estimate in respect of any potential financial impact for legal costs can be made at the date of signing the accounts.

41 Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has 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 Maidstone and Tunbridge Wells NHS Trust received £13.1m external financing (including capital £1.1m) and the Trust also has loans with the DoH, interest paid within the year of £655k, capital repayment of £2,174k and the balance outstanding is £18,850k. The Trust has transactions 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	2014-15 Receivables	2014-15 Payables	2014-15 Income	2014-15 Expenditure	2013-14 Receivables	2013-14 Payables	2013-14 Income	2013-14 Expenditure
Ashford CCG	0	0	876	0	249	0	1,328	0
Brighton & Sussex University Hospitals NHS Trust	0	14	2	24	5	6	5,619	27
Dartford & Gravesham NHS Trust	1,202	18	3,975	76	734	105	3,423	289
Dartford, Gravesham & Swanley CCG	220	0	3,681	0	264	0	3,351	0
East Kent University Hospitals Foundation Trust	2,418	1,190	5,899	1,980	4,066	1,782	5,477	2,550
Hastings and Rother CCG	115	0	905	0	283	0	1,099	0
Health Education England	68	0	9,157	2	97	0	3,675	0
High Weald Lewes Havens CCG	2,904	0	20,996	0	1,529	0	17,580	0
Kent and Medway NHS & Social Care NHS Trust	628	152	2,003	99	365	38	1,990	265
Kent Community NHS Trust (trf to FT status 1/3/15)	0	0	2,428	1,674	515	561	3,075	1,704
Kent Community NHS FT	728	657	592	105	N/A	N/A	N/A	N/A
Medway CCG	748	0	11,755	0	1,074	0	11,192	0
Medway NHS Foundation Trust	1,390	202	3,886	657	669	345	3,797	1,187
NHS England	6,463	60	82,705	65	1,988	5	75,202	0
NHS Pension Agency	0	3,016	0	29,284	0	144	0	21,082
Swale CCG	222	0	5,502	0	607	0	5,006	0
The NHS Litigation Authority	0	0	0	11,012	84	0	0	8,872
West Kent CCG	5,404	0	208,013	0	13,616	49	201,974	67

The Trust has not consolidated the Charitable funds that it controls on the grounds of materiality to the Trust (see policy notes 1.4 and1.32). The transactions between the Trust and the Charity (Maidstone and Tunbridge Wells NHS Charitable Fund - charity registration 1055215) are however material to the charity and therefore disclosed below. Please note this disclosure is based on the draft unaudited position of the charity.; the audited accounts of the charity will be available later this year.

	2014-15 £000	2013-14 £000
Total charitable resources expended with the Trust	**196**	611 *
Closing creditor (monies owed to the Trust by the charity)	**72**	102 *
Total income received by the Charity in the reporting period	**152**	638 *
Total Charitable Funds at end of the reporting period	**1,067**	1,094 *

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

42 Losses and special payments

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

The total number of losses cases in 2013-14 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	55,810	77
Special payments	68,919	80
Total losses and special payments	124,729	157

Details of cases individually over £300,000

The Trust has no cases exceeding £300,000

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	**2005-06 £000s**	**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**
Turnover	241,329	243,218	272,939	297,888	311,889	322,176	345,101	367,391	375,714	**403,310**
Retained surplus/(deficit) for the year	1,696	(4,932)	131	143	(17,077)	(20,474)	(27,113)	(4,704)	(30,946)	**(14,954)**
Adjustment for:										
Timing/non-cash impacting distortions:										
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	(5,441)	0	0	0	0	0	0	0
Adjustments for impairments	0	0	0	0	17,266	21,430	23,646	2,610	17,175	**14,250**
Adjustments for impact of policy change re donated/government grants assets	0	0	0	0	0	0	324	182	57	**0**
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*	0	0	0	0	0	754	3,443	2,041	1,340	**861**
Other agreed adjustments	0	0	0	4,952	0	0	0	**0**	0	**0**
Break-even in-year position	**1,696**	**(4,932)**	**(5,310)**	**5,095**	**189**	**1,710**	**300**	**129**	**(12,374)**	**157**
Break-even cumulative position	**1,887**	**(3,045)**	**(8,355)**	**(3,260)**	**(3,071)**	**(1,361)**	**(1,061)**	**(932)**	**(13,306)**	**(13,149)**

* 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.

	2005-06 %	**2006-07 %**	**2007-08 %**	**2008-09 %**	**2009-10 %**	**2010-11 %**	**2011-12 %**	**2012-13 %**	**2013-14 %**	**2014-15 %**
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	0.70	-2.03	-1.95	1.71	0.06	0.53	0.09	0.04	-3.29	**0.04**
Break-even cumulative position as a percentage of turnover	0.78	-1.25	-3.06	-1.09	-0.98	-0.42	-0.31	-0.25	-3.54	**-3.26**

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.

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 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.

	2014-15 £000s	2013-14 £000s
External financing limit (EFL)	**(5,490)**	11,513
Cash flow financing	**(6,228)**	19,615
Unwinding of Discount Adjustment *		7
Finance leases taken out in the year	**0**	0
Other capital receipts	**(2,132)**	(8,430)
External financing requirement	**(8,360)**	11,192
Under spend against EFL	**2,870**	321

* For 2014/15 onwards, the calculation of the Trust performance against the EFL has changed removing the requirement to adjust for unwinding of discount. For information, the value of unwinding discount in respect of provisions for 2014/15 is £7k

The underspend, agreed by the Trust Development Authority, has primarily resulted from a prepayment from Health Education England £2.5m.

43.4 Capital resource limit

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

	2014-15 £000s	2013-14 £000s
Gross capital expenditure	**14,008**	11,051
Less: book value of assets disposed of	**(45)**	(2,040)
Less: capital grants	**(122)**	0
Less: donations towards the acquisition of non-current assets	**(455)**	(403)
Charge against the capital resource limit	**13,386**	8,608
Capital resource limit	**13,442**	12,480
Underspend against the capital resource limit	**56**	3,872

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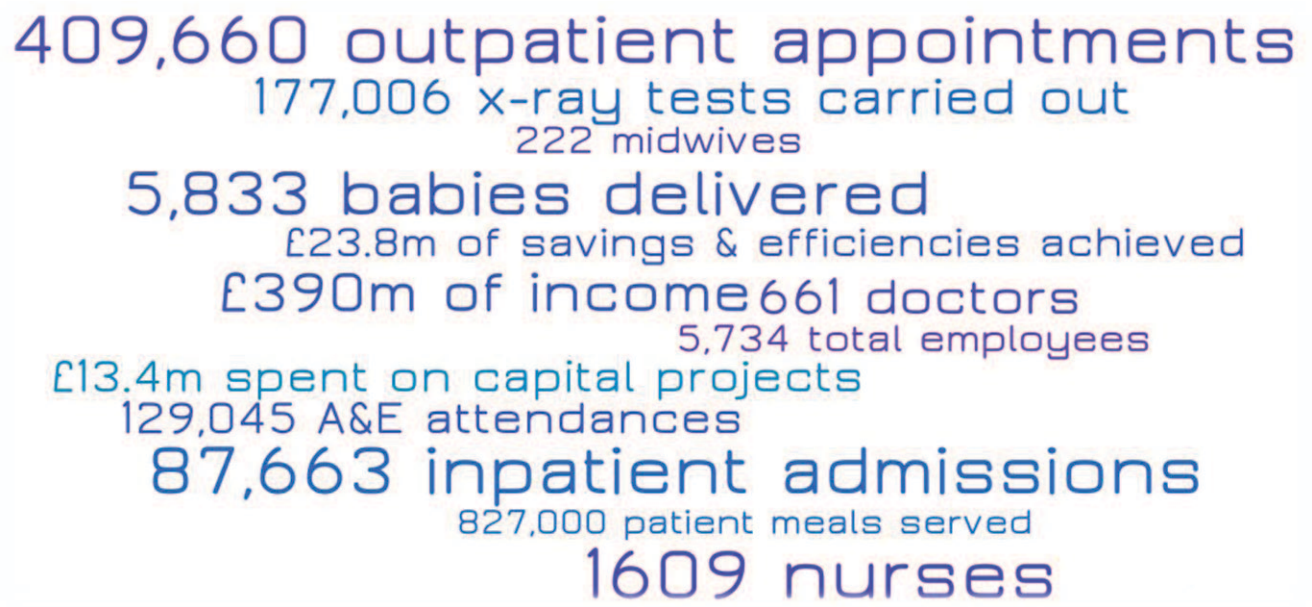
44 Third party assets

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 2015	31 March 2014
	£000s	£000s
Third party assets held by the Trust	**0**	1

At 31st March 2015 the Trust held £244 on behalf of patients (2013-14 £1,147)

Maidstone and Tunbridge Wells Hospitals



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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